

# INGENIOUS DISTRIBUTION SERVICES LIMITED

## REPORT AND FINANCIAL STATEMENTS

5 APRIL 2009

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COMPANIES HOUSE

Company Registration Number  
5041357 (England and Wales)

## INGENIOUS DISTRIBUTION SERVICES LIMITED

**Directors** J L Boyton  
M T Bugden  
J H M Clayton  
N A Forster  
D M Reid  
S J Speight

**Secretary** S Cruickshank

**Registered Office** 15 Golden Square  
London  
W1F 9JG

**Registered Number** 5041357 (England and Wales)

**Auditors** Deloitte LLP  
Chartered Accountants  
London

**Business Address** 15 Golden Square  
London  
W1F 9JG

**Bankers** HSBC Private Bank (UK) Limited  
78 St. James's Street  
London  
SW1A 1JB

# INGENIOUS DISTRIBUTION SERVICES LIMITED

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## **DIRECTORS' REPORT**

5 APRIL 2009

The directors present their Annual Report and audited Financial Statements of Ingenious Distribution Services Limited ("the Company") for the year ended 5 April 2009.

This Directors' Report has been prepared in accordance with the special provisions relating to small companies under the Companies Act 2006.

### **Principal activity**

The principal activity of the Company was the provision of services to the media and entertainment industry.

The directors consider the results for the year and the financial position at the end of it to be satisfactory and believe the Company is well placed for the future.

### **Going concern**

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Under the terms of the agreements, creditors falling due within one year will only become payable when the Company has received settlement of the outstanding debtors. In addition, the nature of the net current liabilities means it is unlikely that they will fall due for repayment within the next 12 months, despite the amount being contractually payable upon demand. The Company expects to continue to generate income from its entitlement to future assumption agreements negotiated with third parties. Accordingly, the directors continue to adopt the going concern basis in preparing the Annual Report and Financial Statements.

### **Principal risks**

Damage to reputation and market risk are continuing risks for the Company. The Company mitigates these risks by maintaining strong internal controls and building and maintaining strong relationships within the industry. Group risks are discussed in the Ingenious Media Holdings plc Annual Report.

### **Financial risk management**

The Company is exposed to financial risk through its financial assets and liabilities. The most important components of financial risk are:

#### **(a) Credit risk**

The settlement of trade debtors is the Company's primary credit risk. The corresponding debtor position in the Company's balance sheet is monitored regularly.

#### **(b) Liquidity risk**

The Company manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense, whilst ensuring that the Company has sufficient liquid resources to meet the operating needs of the business.

**DIRECTORS' REPORT (CONTINUED)**  
**5 APRIL 2009**

**Directors**

The directors in office during the year and subsequently were as follows:

	Appointment date	Resignation date
J L Boyton		
M T Bugden	1 June 2009	
J H M Clayton	1 June 2009	
S E Ford		9 May 2008
N A Forster	18 August 2008	
P A McKenna		1 June 2009
D M Reid		
S J Speight	1 June 2009	

**Creditors payment policy**

The Company does not follow any specific code or standard on payment of creditors. The Company agrees the payment terms as part of the commercial arrangement negotiated with suppliers. Payments are made on these terms provided the supplier meets its obligations.

**Statement of directors' responsibilities**

The directors are responsible for preparing the Annual Report and Financial Statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these Financial Statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the Financial Statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**DIRECTORS' REPORT (CONTINUED)**

**5 APRIL 2009**

**Auditors**

Each of the persons who is a director at the date of approval of this report confirms that so far as the director is aware there is no relevant audit information of which the Company's auditors are unaware and the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

On 1 December 2008 Deloitte & Touche LLP changed its name to Deloitte LLP.

In the absence of a notice proposing that the appointment be terminated, the auditors, Deloitte LLP, will be deemed to be re-appointed in accordance with section 487 of the Companies Act 2006.

This report was approved and signed on behalf of the board of directors on 15/1/10 by:



**S J CRUICKSHANK**

Company Secretary

Registered office:

15 Golden Square

London

W1F 9JG

Company Registration Number: 5041357 (England & Wales)

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INGENIOUS DISTRIBUTION SERVICES LIMITED**

We have audited the Financial Statements of Ingenious Distribution Services Limited for the year ended 5 April 2009 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Accounting Policies and the related notes 1 to 14. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with section 495 and 496 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the Financial Statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the Financial Statements sufficient to give reasonable assurance that the Financial Statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the Financial Statements.

### **Opinion on financial statements**

In our opinion the Financial Statements:

- give a true and fair view of the state of the Company's affairs as at 5 April 2009 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INGENIOUS DISTRIBUTION SERVICES LIMITED  
(CONTINUED)**

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the Financial Statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Calum Thomson (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditors  
London, United Kingdom  
Date *19 Jan* 2010



**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 5 APRIL 2009**

	Notes	Year ended 05 April 2009 £ '000s	Year ended 05 April 2008 £ '000s
<b>Turnover</b>	1	<b>142,875</b>	138
Cost of sales		<u>(143,157)</u>	<u>(256)</u>
<b>Gross loss</b>		<b>(282)</b>	<b>(118)</b>
Administrative expenses		<u>(7)</u>	<u>(6)</u>
<b>Operating loss</b>	2	<b>(289)</b>	<b>(124)</b>
Interest receivable and similar income	4	<u>5</u>	<u>1,171</u>
<b>(Loss) / profit on ordinary activities before taxation</b>		<b>(284)</b>	<b>1,047</b>
Taxation	5	<u>-</u>	<u>-</u>
<b>(Loss) / profit for the financial year</b>	11	<b>(284)</b>	<b>1,047</b>

All of the Company's turnover and operating profit is derived from continuing operations during the current year and prior year.

The Company has no recognised gains and losses other than those shown above and therefore no separate statement of total recognised gains and losses has been presented.

**BALANCE SHEET**  
**AS AT 5 APRIL 2009**

	Notes	05 April 2009 £ '000s	05 April 2008 £ '000s
<b>Current assets</b>			
Debtors	6	106,327	37
Cash at bank and in hand		87	2
		<u>106,414</u>	<u>39</u>
<b>Creditors: Amounts falling due within one year</b>	7	(106,678)	(19)
		<u>(106,678)</u>	<u>(19)</u>
<b>Net current (liabilities) / assets</b>		<u>(264)</u>	<u>20</u>
<b>Total assets less current liabilities</b>		<u>(264)</u>	<u>20</u>
<b>Provision for liabilities and charges</b>	8	-	-
		<u>-</u>	<u>-</u>
<b>Net (liabilities) / assets</b>		<u>(264)</u>	<u>20</u>
<b>Capital and reserves</b>			
Called up share capital	10	-	-
Profit and loss account	11	(264)	20
		<u>(264)</u>	<u>20</u>
<b>Shareholders' (deficit) / funds</b>	12	<u>(264)</u>	<u>20</u>

The Financial Statements were approved by the board and authorised for issue on 15<sup>th</sup> January 2010.

They were signed on behalf of the board of directors by:



**N A FORSTER**  
Director

## STATEMENT OF ACCOUNTING POLICIES

5 APRIL 2009

The principal accounting policies are summarised below. They have been applied consistently throughout the year. The comparative figures are for the year ended 5 April 2008.

### Basis of accounting

The Financial Statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom Accounting Standards.

The Company's business activities and key risks are set out in the Directors' Report. As part of the Ingenious group, the directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

### Going concern

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and Financial Statements. Further details regarding the adoption of the going concern basis can be found in the Directors' Report.

The group has agreed to provide financial support to the Company, if required, for at least twelve months post approval of these Financial Statements.

### Cash flow

The Financial Statements do not include a cash flow statement because the Company, as a wholly-owned subsidiary, is exempt from the requirement to prepare such a statement under Financial Reporting Standard 1 'Cash Flow Statements'.

### Turnover

Turnover represents amounts receivable for services provided in the normal course of business, net of VAT.

### Foreign currencies

Transactions denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the balance sheet date. Exchange differences are taken to the Profit and Loss Account.

### Taxation

Current tax, including United Kingdom corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the Financial Statements.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

**NOTES TO THE FINANCIAL STATEMENTS**  
**5 APRIL 2009**

**1. Turnover**

The total turnover of the Company for the current and prior year has been derived from its principal activities wholly undertaken in the United Kingdom (year ended 5 April 2008: United Kingdom).

**2. Operating loss**

	Year ended 5 April 2009 £ '000s	Year ended 5 April 2008 £ '000s
This is stated after charging:		
Fees for the audit of the Company	7	7
Fees over accrued in the prior year	-	(1)
	<u>7</u>	<u>6</u>

Fees payable to the Company's auditor, Deloitte LLP, and their associates for non-audit services provided to the Company are not required to be disclosed as these fees are disclosed in the consolidated Financial Statements.

**3. Staff costs and directors' remuneration**

The Company incurred no staff costs nor paid any remuneration to its directors during the year (year ended 5 April 2008: £nil). The Company had no employees during the current and prior year.

The emoluments of the directors were paid and borne by other group undertakings and none of their remuneration was specifically attributable to their services to the Company.

**4. Interest receivable and similar income**

	Year ended 5 April 2009 £ '000s	Year ended 5 April 2008 £ '000s
Intra-group interest	-	1,171
Bank interest	<u>5</u>	<u>-</u>
	<u>5</u>	<u>1,171</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
5 APRIL 2009

5. Taxation

The tax charge on the loss on ordinary activities for the year was as follows:

	Year ended 5 April 2009 £ '000s	Year ended 5 April 2008 £ '000s
UK Corporation tax at 28% (year ended 5 April 2008 - 30%) based on the adjusted results for the year	-	-
Current tax charge	-	-

Factors affecting tax charge for the year:

	Year ended 5 April 2009 £ '000s	Year ended 5 April 2008 £ '000s
Loss on ordinary activities before taxation	(284)	1,047
Loss on ordinary activities for the year multiplied by standard rate of corporation tax in the UK of 28% (year ended 5 April 2008 - 30%)	(80)	314
Effects of:		
Group relief surrendered / (claimed)	80	(314)
Current tax charge	-	-

6. Debtors

	Year ended 5 April 2009 £ '000s	Year ended 5 April 2008 £ '000s
Amounts falling due within one year:		
Amount owed by group undertaking	18,229	37
Other debtors	88,098	-
	106,327	37

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
5 APRIL 2009

7. Creditors: amounts falling due within one year

	Year ended 5 April 2009 £ '000s	Year ended 5 April 2008 £ '000s
Other creditors	87,999	-
Amounts owed to group undertakings	18,672	12
Accruals and deferred income	7	7
	<b>106,678</b>	<b>19</b>

8. Provisions for liabilities and charges

	Year ended 5 April 2009 £ '000s	Year ended 5 April 2008 £ '000s
<i>Obligation under collection agreement</i>		
Balance brought forward	-	102,658
Fulfilment of obligation	-	(102,658)
<b>Balance carried forward</b>	<b>-</b>	<b>-</b>

The Company entered into a series of agreements whereby it acted as collection agent for various parties in prior years.

9. Charge over bank accounts

HSBC Private Bank (UK) Limited holds a charge over the Company's bank balances in respect of a facility entered into with various other group companies.

10. Called up share capital

	5 April 2009 £	Authorised No	5 April 2008 £	No
Ordinary shares of £1 each	10,000	10,000	10,000	10,000
	5 April 2009 £	Allotted, called up and fully paid No	5 April 2008 £	No
Ordinary shares of £1 each issued at par	1	1	1	1

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
5 APRIL 2009

11. Statement of movements on profit and loss account

	Profit and loss account	
	5 April 2009 £ '000s	5 April 2008 £ '000s
Balance brought forward	20	(1,027)
(Loss) / profit for the financial year	(284)	1,047
<b>Balance carried forward</b>	<b>(264)</b>	<b>20</b>

12. Reconciliation of movements in shareholders' funds

	Year ended 5 April 2009 £ '000s	Year ended 5 April 2008 £ '000s
(Loss) / profit for the financial year	(284)	1,047
Net movement in shareholders' funds	(284)	1,047
Opening shareholders' funds / (deficit)	20	(1,027)
<b>Closing shareholders' (deficit) / funds</b>	<b>(264)</b>	<b>20</b>

13. Related party transactions

The Financial Statements do not include disclosure of transactions between the Company and entities that are wholly-owned by the Ingenious Media Holdings plc Group. This is because, as a subsidiary whose shares are wholly-owned by the group, it is exempt from the requirement to disclose such transactions, under Financial Reporting Standard 8 'Related Party Disclosures'.

14. Controlling party

During the year ended 5 April 2009 the Company was a wholly-owned subsidiary of Ingenious Media Ltd, a company registered in England and Wales. Ingenious Media Ltd is a wholly-owned subsidiary of Ingenious Media Holdings plc, the ultimate parent company. Ingenious Media Holdings plc is the only parent undertaking for which group financial statements are prepared.

The consolidated financial statements of Ingenious Media Holdings plc can be obtained from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.

The controlling shareholder of Ingenious Media Holdings plc in the year was PA McKenna.