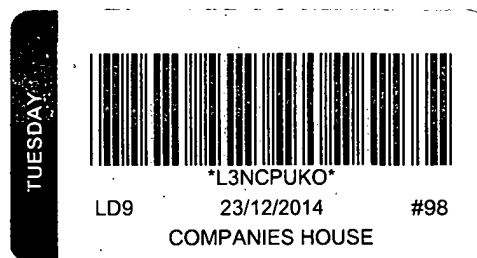


INGENIOUS DISTRIBUTION SERVICES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 5 APRIL 2014



Company Registration Number
5041357 (England and Wales)

INGENIOUS DISTRIBUTION SERVICES LIMITED

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

Company Secretary S J Cruickshank

Registered Office 15 Golden Square
London
W1F 9JG

Registered Number 5041357 (England and Wales)

Auditor 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

CONTENTS

Reports	Page
Directors' Report	1
Independent Auditor's Report	4
 Financial Statements	
Profit and Loss Account	6
Balance Sheet	7
Statement of Accounting Policies	8
Notes to the Financial Statements	10

DIRECTORS' REPORT
5 APRIL 2014

The directors present the Annual Report and Financial Statements of Ingenious Distribution Services Limited ("the Company") for the year ended 5 April 2014.

Principal activity

The Company is a wholly-owned subsidiary of Ingenious Media Limited, a wholly-owned subsidiary within the Ingenious Media Holdings plc group ("the Group"). The principal activity of the Company is the provision of services to the media and entertainment industry. The directors are not aware of any major changes in the Company's activities in the next year.

The Group manages its operations on a divisional basis. For this reason, the Company's directors believe that key performance indicators for the Company are not necessary or appropriate for an understanding of its development, performance or position.

Going concern

The directors have a reasonable expectation that the Company will be able 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 Statement of Accounting Policies.

Principal risks and uncertainties

The key business risks faced by the Company can be affected by a number of factors some of which may result from matters beyond the Company's control, such as conditions in the domestic and global financial markets and the wider economy. The financial risk and operational management policies are determined for the Group as a whole and are discussed in the Group's Annual Report and Financial Statements.

The Company operates a treasury policy to manage liquidity and credit risks as follows:

(a) Liquidity risk

The Group operates a group-wide treasury management strategy to manage the liquidity requirements of the Group as a whole (including the Company) and is discussed in the Group's Annual Report and Financial Statements.

(b) Credit risk

The Company's principal financial assets are bank balances and trade debtors with the Company's credit risk primarily attributable to its trade debtors. Where possible the Company reviews the credit rating of its partners and undertakes regular detailed reviews of any outstanding receivable balances. The amounts presented in the Balance Sheet are net of allowances for doubtful receivables.

(c) Price risk

Price risk is the current or prospective risk to earnings or capital arising from adverse movements in the value of funds managed or investments held.

Results and dividends

The results for the year are set out on page 6.

The directors do not propose to pay a final dividend (year ended 5 April 2013: £nil).

No interim dividends were paid during the year (year ended 5 April 2013: £nil).

DIRECTORS' REPORT (CONTINUED)

5 APRIL 2014

Future developments

The Company intends to continue to undertake its principal activity.

Directors

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

J L Boyton	
M T Bugden	
J H M Clayton	Resigned 19 September 2014
N A Forster	
D M Reid	
S J Speight	

Provision of insurance to directors

All directors were covered by directors and officers liability insurance throughout the period under review and this will continue to remain in force.

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 period. 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 the 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;
- state whether applicable United Kingdom Accounting Standards have been followed; 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 to 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 2014

Auditor

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 auditor is 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 auditor is 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.

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

Small company provisions

This Directors' Report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption. This is in accordance with Part 15 of the Companies Act 2006. The Company has taken advantage of the exemption for the requirement to disclose an enhanced business review and to prepare a strategic report in accordance with Section 414B of the Companies Act 2006.

Approved by the board of directors and signed on its behalf by:



S J Cruickshank
Company Secretary
Date: 19/12/14

Registered office
15 Golden Square
London
W1F 9JG

Company Registration Number: 5041357 (England and Wales)

INDEPENDENT AUDITOR'S 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 2014 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Accounting Policies and the related notes 1 to 12. 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 Chapter 3 of Part 16 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 auditor's 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 auditor

As explained more fully in the statement of directors' responsibilities, 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 and express an opinion on 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 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. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 2014 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 matters 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 AUDITOR'S 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; or
- the directors were not entitled to take advantage of the small companies exemption from preparing a Strategic Report or in preparing the Directors' Report.



Calum Thomson FCA (Senior Statutory Auditor)

for and on behalf of Deloitte LLP

Chartered Accountants and Statutory Auditor

London, United Kingdom

Date: 19.12.14

**PROFIT AND LOSS ACCOUNT
YEAR ENDED 5 APRIL 2014**

	Notes	Year ended 5 April 2014 £ '000s	Year ended 5 April 2013 £ '000s
Turnover	1	-	53
Cost of sales		-	-
Gross profit		-	53
Administrative expenses		(4)	(4)
Operating (loss)/profit	2	(4)	49
Interest receivable and similar income	4	-	1
(Loss)/profit on ordinary activities before taxation		(4)	50
Taxation	5	-	-
(Loss)/profit on ordinary activities after taxation	9	(4)	50

The accounting policies and notes to the financial statements on pages 8 to 13 form an integral part of the financial statements.

All of the Company's (loss)/profit is derived from continuing operations during the current and prior year.

The Company has no recognised gains or 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 2014

	Notes	5 April 2014 £ '000s	5 April 2013 £ '000s
Current assets			
Debtors	6	126	7,755
Cash at bank and in hand		<u>325</u>	<u>425</u>
		451	8,180
Creditors: amounts falling due within one year	7	<u>(1,366)</u>	<u>(9,091)</u>
Net current liabilities		<u>(915)</u>	<u>(911)</u>
Net liabilities		<u>(915)</u>	<u>(911)</u>
Capital and reserves			
Called up share capital	8	-	-
Profit and loss account	9	<u>(915)</u>	<u>(911)</u>
Shareholder's deficit	10	<u>(915)</u>	<u>(911)</u>

The accounting policies and notes to the financial statements on pages 8 to 13 form an integral part of the financial statements.

The financial statements were approved by the board of directors and authorised for issue on 19/12/14

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



M T Bugden
 Director

Company Registration Number: 5041357 (England and Wales)

STATEMENT OF ACCOUNTING POLICIES

5 APRIL 2014

The principal accounting policies are summarised below. They have been applied consistently throughout the current and prior year.

Basis of accounting

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

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position have been reviewed by the directors. Having assessed the risks facing the business as set out in the Directors' Report, its financial position and profit and cashflow forecasts, the directors believe that the Company is well placed to manage its business successfully despite the current uncertain economic outlook. Therefore, 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.

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 (Revised) 'Cash Flow Statements'.

Turnover

Turnover represents amounts receivable for services net of VAT recorded on an accruals basis.

Cost of sales

Cost of sales represents direct costs attributable to turnover.

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.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable tax profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax assets and liabilities are not discounted.

STATEMENT OF ACCOUNTING POLICIES (CONTINUED)
5 APRIL 2014

Collection Agreements

The Company has entered into a series of collection agreements with various producers, who authorise and request the Company to administer the collection and distribution of receipts (purchase price and any other receipts) in respect of the programmes produced.

As part of the arrangement, the Company agrees to hold the collected receipts received on trust for the producers. Once the collected receipts received by the Company total the purchase price, the Company has an obligation to transfer all collected receipts (including interest earned from the balance of the collected receipts) to the producers.

In consideration for entering into these agreements the Company receives sums from the distributors. In order to secure its obligations to the producers the Company places these funds into designated collection accounts. These collection accounts exist solely to meet the obligations to the producers and the Company will have no access to the funds other than to transfer to the producers. The funds therefore do not confer any economic benefits to the Company and do not represent assets of the Company. As the obligation to pay the producers is only triggered when the sums are received there is a matching asset to the liability. Therefore, the risks and benefits are offset.

As a result of applying Financial Reporting Standard 5, 'Reporting the Substance of Transactions', the collected receipts, collection accounts and interest accruing, together with the corresponding payment obligations to the producers, are excluded from the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

5 APRIL 2014

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.

2. Operating (loss)/profit

	Year ended 5 April 2014 £ '000s	Year ended 5 April 2013 £ '000s
This is stated after charging:		
Fees for the statutory audit of the Company	4	4

3. Staff costs

The Company incurred no staff costs nor paid any remuneration to its directors during the year (year ended 5 April 2013: £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 2014 £ '000s	Year ended 5 April 2013 £ '000s
Bank interest received	-	1

5. Taxation

The tax charge on the (loss)/profit on ordinary activities for the year was as follows:

	Year ended 5 April 2014 £ '000s	Year ended 5 April 2013 £ '000s
UK Corporation tax at 23% for the period from 6 April 2013 to 31 March 2014 and 21% for the period from 1 April 2014 to 5 April 2014 (period from 6 April 2012 to 31 March 2013: 24%; period from 1 April 2013 to 5 April 2013: 23%) based on the adjusted results for the year	-	-
Current tax charge	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5 APRIL 2014

5. Taxation (continued)

Factors affecting tax charge for the year:

	Year ended 5 April 2014 £ '000s	Year ended 5 April 2013 £ '000s
(Loss)/profit on ordinary activities before taxation	(4)	50
UK Corporation tax at 23% for the period from 6 April 2013 to 31 March 2014 and 21% for the period from 1 April 2014 to 5 April 2014 (period from 6 April 2012 to 31 March 2013: 24%; period from 1 April 2013 to 5 April 2013: 23%) based on the adjusted results for the year	(1)	12
Effects of:		
Group relief surrendered	1	-
Group relief claimed	-	(12)
Current tax charge	-	-

The UK Government announced in March 2013 that it intended to reduce the main rate of UK corporation tax from 23% to 21% for the financial year commencing 1 April 2014 and to 20% for the financial year commencing 1 April 2015. The Finance Act 2013, which was enacted on 17 July 2013, includes provisions to reduce the rate to 21% and 20% with effect from 1 April 2014 and 1 April 2015 respectively. Accordingly, (where recognised) deferred tax balances have been revalued to 20% in these accounts.

6. Debtors

	5 April 2014 £ '000s	5 April 2013 £ '000s
Amounts falling due within one year:		
Amount owed by Group undertakings	126	26
Other debtors	-	7,729
	126	7,755

Amounts owed by Group undertakings represents balances due in respect of intra-Group loans with the various other subsidiary companies within the Group. There are no fixed terms of repayment.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5 APRIL 2014

7. Creditors: amounts falling due within one year

	Year ended 5 April 2014 £ '000s	Year ended 5 April 2013 £ '000s
Other creditors	1	7,722
Amounts owed to Group undertakings	1,361	1,365
Accruals and deferred income	4	4
	1,366	9,091

Amounts owed to Group undertakings represents balances due in respect of intra-Group loans with the various other subsidiary companies within the Group. There are no fixed terms of repayment.

8. Called up share capital

	Allotted, called up and fully paid			
	5 April 2014		5 April 2013	
	£	No	£	No
Ordinary share of £1	1	1	1	1

9. Statement of movements on Profit and Loss Account

	5 April 2014 £ '000s	5 April 2013 £ '000s
Balance brought forward	(911)	(961)
(Loss)/profit for the financial year	(4)	50
Balance carried forward	(915)	(911)

10. Reconciliation of movements in shareholder's deficit

	Year ended 5 April 2014 £ '000s	Year ended 5 April 2013 £ '000s
(Loss)/profit for the financial year after taxation	(4)	50
Net movement in shareholder's deficit	(4)	50
Shareholder's deficit brought forward	(911)	(961)
Shareholder's deficit carried forward	(915)	(911)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5 APRIL 2014

11. Related party transactions

The financial statements do not include disclosure of transactions between the Company and entities that are wholly-owned within the Group. This is because, as a subsidiary whose voting rights are wholly-controlled within the Group, it is exempt from the requirement to disclose such transactions, under Financial Reporting Standard 8 'Related Party Disclosures'.

12. Controlling party

During the year ended 5 April 2014 the Company was a wholly-owned subsidiary of Ingenious Media Limited, a company registered in England and Wales. Ingenious Media Limited is a wholly-owned subsidiary within the Group. Ingenious Media Holdings plc is the only parent undertaking for which consolidated 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 is P A McKenna.

13. Post balance sheet event

On 17 July 2014 the Finance Bill 2014 received Royal Assent and under Chapter 3 of Part 4 of the Bill, HMRC is empowered to issue accelerated payment notices requiring taxpayers to make immediate payments of tax in certain circumstances where there is tax in dispute, in advance of any resolution of that dispute. To date, no such notice has been received in respect of the Company but the directors consider that it is possible that in the future, the Company may be subject to an accelerated payment notice in respect of some or all of the tax years not yet agreed with HMRC.

If the amount of tax charged in a notice from HMRC is in excess of the current assets of the Company, the directors would need to assess the options available to them. These could include negotiating a payment plan with HMRC, or liquidating the Company. Until such time as the quantum of any accelerated payment notice is determined (if indeed an accelerated payment notice is received at all), the directors are unable to assess the impact, if any, on the future prospects of the Company.