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**INGENIOUS DISTRIBUTION SERVICES LIMITED**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2016**



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## INGENIOUS DISTRIBUTION SERVICES LIMITED

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### COMPANY INFORMATION

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<b>Directors</b>	N A Forster D M Reid
<b>Company secretaries</b>	S J Cruickshank J F Wright
<b>Registered number</b>	05041357 (England and Wales)
<b>Registered office</b>	15 Golden Square London W1F 9JG
<b>Business address</b>	15 Golden Square London W1F 9JG
<b>Independent auditor</b>	Deloitte LLP Statutory Auditor Hill House 1 Little New Street London EC4A 3TR
<b>Bankers</b>	Barclays Bank PLC 1 Churchill Place London E14 5HP

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**INGENIOUS DISTRIBUTION SERVICES LIMITED**

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## INGENIOUS DISTRIBUTION SERVICES LIMITED

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### DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2016

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The directors present their report, together with the financial statements and the auditor's report, for the year ended 30 June 2016.

#### Principal activity

Ingenious Distribution Services Limited (the "Company"), a private company limited by shares, is a wholly-owned subsidiary of Ingenious Media Limited, a wholly-owned subsidiary within the Ingenious Media Holdings Limited (formerly 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 further key performance indicators for the Company are not necessary or appropriate for an understanding of its development, performance or position.

#### Going concern

The Company's business activities including the impact of the First-tier Tax Tribunal and Partner Payment Notices (as further explained in notes 6 and 12) have been reviewed by the directors.

Having assessed these risks including those set out below, its financial position, and profit and cash flow forecasts, the directors intend to continue operating its business and further details regarding the adoption of the going concern basis can be found in note 1.

#### 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 reports and financial statements.

The Company operates a treasury policy to manage liquidity, credit and price 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 reports 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.

##### (d) Business risk

Business risk is the failure of the business to execute its business strategy and therefore being unsuccessful in achieving projected returns. This includes changes to tax legislation or financial regulation. Please refer to note 6 for further details.

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## INGENIOUS DISTRIBUTION SERVICES LIMITED

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### DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2016

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#### Results and Dividends

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

The directors do not propose to pay a final dividend (period ended 30 June 2015: £nil).

No interim dividends were paid during the year (period ended 30 June 2015: £nil).

#### Directors

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

N A Forster  
D M Reid  
J L Boyton (resigned 19 June 2016)  
M T Bugden (resigned 22 March 2016)  
S J Speight (resigned 22 March 2016)

#### Provision of insurance to directors

All directors were covered by directors' and officers' liability insurance throughout the year 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.

#### Directors' responsibilities statement

The directors are responsible for preparing the Directors' Report and the 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 judgments and accounting estimates that are reasonable and prudent;
- 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.

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**INGENIOUS DISTRIBUTION SERVICES LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 30 JUNE 2016**

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**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(2) of the Companies Act 2006.

**Small company provision**

The 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.

**FRS 102 - Early adoption**

The July 2015 amendments to FRS 102 Section 1A are applicable for periods beginning on or after 1 January 2016, with early adoption permitted and required if and only if the entity is early adopting the new Accounting Regulations (or from 1 January 2015 if the entity is not subject to company law). The Company has elected to early adopt these new Accounting Regulations.

This report was approved by the board of directors and signed on its behalf by:



**D M Reid**  
Director

Date: 20/03/2018

Registered office:  
15 Golden Square  
London  
W1F 9JG

Company registration number: 05041357 (England and Wales)

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## INGENIOUS DISTRIBUTION SERVICES LIMITED

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### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INGENIOUS DISTRIBUTION SERVICES LIMITED

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We have audited the financial statements of Ingenious Distribution Services Limited for the year ended 30 June 2016 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 13. 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), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' as applicable to small companies.

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 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 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 30 June 2016 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.

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**INGENIOUS DISTRIBUTION SERVICES LIMITED**

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INGENIOUS DISTRIBUTION SERVICES LIMITED**

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**Emphasis of matter**

Without qualifying our opinion, we draw the attention to the disclosures made in note 2 of the financial statements concerning the critical accounting judgement and key source of estimation uncertainties that the directors have made in the process of determining the tax liability of the Company and which have a significant effect on the amount recognised in the financial statements.

Although the First-tier Tax Tribunal has released its decision on 2 August 2016 and further clarification was received in May 2017 from the judge, the ultimate outcome of this case remains uncertain and the provision recognised in the financial statements is the directors' best estimate of the amount required to settle the obligation at the reporting date based on the latest tribunal decision.

Additionally, in forming our opinion on the financial statements, we have considered the adequacy of the disclosure made in note 1 of the financial statements concerning the Company's ability to continue as a going concern.


The Company incurred a net loss of £414k during the year ended 30 June 2016 and at that date, it had net current liabilities of £1,247k and net liabilities of £1,333k. If the Group undertakings demand repayment of the amounts owed to them, the Company does not currently have sufficient liquid assets to reimburse it. These conditions indicate the existence of material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern, and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The financial statements do not include adjustments that would result if the Company was unable to continue as a going concern.

**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 the requirement to prepare a Strategic Report or in preparing the Directors' Report.



Mark Rhys (Senior Statutory Auditor)

for and on behalf of  
**Deloitte LLP**

Statutory Auditor

Hill House  
1 Little New Street  
London  
EC4A 3TR  
Date:

*20 March 2018*



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**INGENIOUS DISTRIBUTION SERVICES LIMITED**

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**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 30 JUNE 2016**

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		<b>Year ended 30 June 2016 £'000</b>	<b>Period ended 30 June 2015 £'000</b>
	<b>Note</b>		
Administrative expenses		(3)	(4)
<b>Operating loss</b>		<b>(3)</b>	<b>(4)</b>
Interest payable and similar charges	5	(86)	-
<b>Loss on ordinary activities before taxation</b>		<b>(89)</b>	<b>(4)</b>
Taxation	6	(325)	-
<b>Loss for the financial year/period</b>		<b>(414)</b>	<b>(4)</b>

Loss for the current year and prior period is fully attributable to the equity shareholders of the Company.

The notes on pages 9 to 15 form an integral part of these financial statements.

All of the Company's loss is derived from continuing operations during the current year and prior period.

There were no other income/gains or losses and as such no statement of comprehensive income is presented.

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**INGENIOUS DISTRIBUTION SERVICES LIMITED**  
**REGISTERED NUMBER: 05041357**

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**BALANCE SHEET**  
**AS AT 30 JUNE 2016**

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	Note	2016 £'000	2015 £'000
Creditors: amounts falling due within one year	7	(1,247)	(919)
<b>Net current liabilities</b>		<b>(1,247)</b>	<b>(919)</b>
<b>Total assets less current liabilities</b>		<b>(1,247)</b>	<b>(919)</b>
Provisions	8	(86)	-
<b>Net liabilities</b>		<b>(1,333)</b>	<b>(919)</b>
<b>Capital and reserves</b>			
Called up share capital	9	-	-
Profit and loss account		(1,333)	(919)
<b>Shareholder's deficit</b>		<b>(1,333)</b>	<b>(919)</b>

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with the provisions of FRS 102 Section 1A – small entities.

The notes to the financial statements on pages 9 to 15 form an integral part of the financial statements.

The financial statements were approved and authorised for issue by the board of directors and were signed on its behalf by:



**D M Reid**  
Director

Date: 20/03/2018

Registered office:  
15 Golden Square  
London  
W1F 9JG

Company registration number: 05041357 (England and Wales)

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**INGENIOUS DISTRIBUTION SERVICES LIMITED**

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**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2016**

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	<b>Called up share capital £'000</b>	<b>Profit and loss account £'000</b>	<b>Total equity £'000</b>
<b>At 6 April 2014</b>	-	(915)	(915)
Loss for the period	-	(4)	(4)
<b>At 30 June 2015</b>	-	(919)	(919)
Loss for the year	-	(414)	(414)
<b>At 30 June 2016</b>	-	(1,333)	(1,333)

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## INGENIOUS DISTRIBUTION SERVICES LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

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#### 1. Accounting policies

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

##### 1.1 General information and basis of accounting

Ingenious Distribution Services Limited is a company incorporated in England and Wales under the Companies Act. Its registered office address is 15 Golden Square, London, W1F 9JG. The nature of the Company's operations and principal operating activity are set out in the Directors' Report on pages 1 to 3.

The financial statements have been prepared under the historical cost convention in accordance with Financial Reporting Standard 102 ("FRS 102") issued by the Financial Reporting Council. The functional currency of the Company is considered to be pounds sterling which is the currency of the primary economic environment in which the Company operates. Foreign transactions are included in accordance with the policies set out below.

The Company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its financial statements. The Company is consolidated in the financial statements of its ultimate parent, Ingenious Media Holdings Limited. Exemptions that have been taken in these separate Company financial statements are discussed further down in the accounting policies.

##### 1.2 Accounting period

During the prior period the Company changed its financial year end from 31 March 2015 to 30 June 2015 to align with group accounting policy. Comparative figures are stated as at 30 June 2015 for the 15 month period ended as at that date.

Subsequently, the financial year end was shortened from 30 June 2016 to 29 June 2016, and then from 29 June 2016 to 28 June 2016. The Company has taken advantage of section 390(3)(b) of the Companies Act 2006 in preparing these financial statements to 30 June 2016 which is within seven days of the Company's 28 June 2016 accounting reference period end.

##### 1.3 Going concern

The Company's business activities including the impact of the First-tier Tax Tribunal and Partner Payment Notices (as further explained in notes 6 and 12) have been reviewed by the directors.

The Company incurred a net loss of £414k during the year ended 30 June 2016 and at that date, it had net current liabilities of £1,247k and net liabilities of £1,333k.

The directors have prepared cash flow forecasts for 12 months following approval of these financial statements assuming a range of operational transactions including HMRC's determination of the Partner Payment Notices.

Having assessed these risks including those set out in the Directors' Report, its financial position, and profit and cash flow forecasts, the directors intend to continue operating its business. The going concern basis of accounting is appropriate but there are material uncertainties related to events or conditions that may cast significant doubt upon the Company's ability to continue to adopt the going concern basis of accounting in the future.

##### 1.4 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.

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## INGENIOUS DISTRIBUTION SERVICES LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

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#### 1. Accounting policies (continued)

##### 1.5 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.

##### 1.6 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. When receipts are collected the Company has an obligation to transfer all collected receipts (including interest earned from the balance of the collected receipts) to the producers.

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 FRS 102 Section 23 Revenue, the collected receipts, collection accounts and interest accruing, together with the corresponding payment obligations to the producers, are excluded from the financial statements.

##### 1.7 Disclosure exemptions

The Company is a qualifying entity under FRS 102 and it is taking advantage of some of the disclosure exemptions available to such entities in its financial statements. As such, the financial statements do not include a Cash Flow Statement, a note on the Financial Instruments and a Reconciliation of number of shares outstanding. Further details can be found in note 11 about the name of the immediate parent company of the Company and details of where the consolidated financial statements of that parent can be obtained.

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## INGENIOUS DISTRIBUTION SERVICES LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

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#### 2. Judgements in applying accounting policies and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future year if the revision affects both current and future years.

##### Critical judgements in applying the accounting policies

The following are the critical judgements that the directors have made in the process of applying the accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

##### Tax liability

In estimating the potential tax liability relating to the First-tier Tax Tribunal (refer to note 6), the following key elements as set out in the Tribunal decision were taken into account in calculating the partnerships' revised profits or losses: treatment of the operator and executive producer fees, deductibility of contracted film cost, recognition of film income and the calculation of the film net realisable values. These reduce the income and expenditure recognised by the partnerships which reduces the losses available to be utilised by the Group.

Aside from the estimated tax liability, there were no other key sources of estimation uncertainty in the Company.

#### 3. Operating loss

	2016 £'000	2015 £'000
<b>This is stated after charging:</b>		
Fees for the statutory audit of the Company	3	4

#### 4. Staff costs

The Company incurred no staff costs nor paid any remuneration to its directors during the year (period ended 30 June 2015: £nil). The Company had no employees during the current year and prior period.

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.

#### 5. Interest payable and similar charges

	Year ended 30 June 2016 £'000	Period ended 30 June 2015 £'000
Interest on estimated tax liability	86	-

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**INGENIOUS DISTRIBUTION SERVICES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2016**

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**6. Taxation**

	<b>Year ended 30 June 2016 £'000</b>	<b>Period ended 30 June 2015 £'000</b>
<b>Corporation tax</b>		
UK corporation tax at 20% (2015: 21% for the period from 6 April 2014 to 31 March 2015 and 20% for the period from 1 April 2015 to 30 June 2015) based on the adjusted results for the year/period	<b>325</b>	-
<b>Total tax charge for the year/period</b>	<b>325</b>	-

**Factors affecting tax charge for the year/period**

The tax assessed for the year/period is higher than (2015 - higher than) the standard rate of corporation tax in the UK of 20% (2015 - 21% for the period from 6 April 2014 to 31 March 2015 and 20% for the period from 1 April 2015 to 30 June 2015). The differences are explained below:

	<b>Year ended 30 June 2016 £'000</b>	<b>Period ended 30 June 2015 £'000</b>
Loss on ordinary activities before tax	<b>(89)</b>	<b>(4)</b>
UK corporation tax at 20% (2015: 21% for the period from 6 April 2014 to 31 March 2015 and 20% for the period from 1 April 2015 to 30 June 2015)	<b>(18)</b>	<b>(1)</b>
<b>Effects of:</b>		
Group relief	<b>18</b>	<b>1</b>
Group relief withdrawn and film production losses denied	<b>325</b>	-
<b>Total tax charge for the year/period</b>	<b>325</b>	-

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## INGENIOUS DISTRIBUTION SERVICES LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

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#### 6. Taxation (continued)

In prior accounting periods the Company has received the benefit of tax losses associated with the Group's investment in a number of film and game production partnerships. The partnerships have challenged the basis on which the closure notices have been calculated, resulting in a hearing before the First-tier Tax Tribunal ("the Tribunal"). The initial decision of the Tribunal was delivered on 2 August 2016, a second decision which clarified the findings of the first decision was delivered in May 2017 and an amended decision was received on 16 November 2017. The effect of the decisions is to reduce both the losses available to Group entities that invested in the film and game production partnerships and their share of taxable income from the partnerships. At the date of signing the financial statements the partnerships have received permission to appeal in full on 7 of the 8 grounds applied for and on some aspects of the remaining ground. The Upper Tribunal has also indicated that it intends to hold an oral hearing to conclude on whether to grant permission to appeal on the remaining aspects of the only round on which permission to appeal has not been granted in full by the Tribunal. The quantum of both tax losses available to the Group and income taxable on Group entities arising from the Group's investment in these partnerships will remain uncertain until the tax cases are finally resolved. The directors have estimated an additional tax liability for the Company of £325k together with a liability for late paid interest of £86k based on the current Tribunal decision. These figures are subject to any future court decisions.

During November 2016, a number of companies, all subsidiaries of Ingenious Media Holdings Limited, as corporate members of film production partnerships received Partner Payment Notices ("PPNs"), which are demands for payments on account in respect of a tax liability in dispute, from HMRC. These corporate member companies (together the "Members") submitted written representations to HMRC within the authorised 90 day period. As a result of these representations, the PPNs were not due and payable until 30 days after the date on which HMRC responded to the representations and therefore have not been recognised as a liability at year end. After several exchanges of correspondence HMRC reverted back and issued amended PPNs on 10 November 2017. These are non-adjusting post balance sheet events as explained in note 12.

#### 7. Creditors: Amounts falling due within one year

	2016 £'000	2015 £'000
Amounts owed to Group undertakings	918	914
Corporation tax	325	-
Accruals and deferred income	4	5
	<u>1,247</u>	<u>919</u>

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



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**INGENIOUS DISTRIBUTION SERVICES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2016**

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**8. Provisions**

	Interest provision £'000
At 1 July 2015	-
Charged to profit or loss	86
<b>At 30 June 2016</b>	<b>86</b>

Interest provision relates to interest on the estimated tax liability (refer to note 6).

**9. Share capital**

	2016 £	2015 £
<b>Allotted, called up and fully paid</b>		
1 Ordinary share of £1	1	1

**10. 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 FRS 102 section 33 Related Party Disclosures. Under this standard, disclosure is only required of material transactions with related parties that are not at arms length. There were no such transactions during the year.

**11. Controlling party**

During the year ended 30 June 2016 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 of Ingenious Media Holdings Limited (formerly Ingenious Media Holdings PLC). Ingenious Media Holdings Limited is the only parent undertaking for which consolidated financial statements are prepared.

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

The controlling shareholder of Ingenious Media Holdings Limited during the year was P A McKenna.

**12. Events after the balance sheet date**

Having considered the representations, as explained in note 6, HMRC reverted back and issued amended PPNs, which are demands for payments on account in respect of a tax liability in dispute on 10 November 2017 to the Corporate Members. As a consequence, a payment of £314k will be due to HMRC in respect of the group relief being withdrawn. HMRC are still considering representations against the PPNs which may result in a further payment of £15k. When determining the best estimate of the ultimate cash outflows, the directors have considered the effect of the notices received but believe that the best estimate of ultimate cash outflows should still be based on the latest decision delivered by the First-tier Tax Tribunal. As at 30 June 2016, the Company did not have an obligation to make payment in respect of the notices and the determinations subsequently received do not represent an adjusting post balance sheet event.

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## INGENIOUS DISTRIBUTION SERVICES LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

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#### 13. Explanation of transition to FRS 102

This is the first year that the Company has presented its financial statements under FRS 102 issued by the Financial Reporting Council. The following disclosures are required in the year of transition.

- a. The Statement of Changes in Equity is a new disclosure within the financial statements;
- b. The Statement of Accounting Policies is now presented as note 1;
- c. Critical Accounting Judgements is a new disclosure presented as note 2; and
- d. The tax note now reconciles the total tax charge/(credit) and not just the current tax charge/(credit).

The last financial statements under previous UK GAAP were for the period ended 30 June 2015 and the date of transition to FRS 102 was therefore 1 July 2015.

The financial statements for the prior period were prepared in accordance with the previously effective UK accounting standards. The transition to the new financial reporting framework has had no impact on recognition and measurement, but has required amendments to presentation and disclosure. The additional or amended disclosures in relation to the prior period have been presented consistently with those for the current year.