

Registered number: 05041357

INGENIOUS DISTRIBUTION SERVICES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

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INGENIOUS DISTRIBUTION SERVICES LIMITED

COMPANY INFORMATION

Directors	N A Forster D M Reid
Company secretaries	S J Cruickshank J F Wright
Registered number	05041357 (England and Wales)
Registered office	15 Golden Square London W1F 9JG
Business address	15 Golden Square London W1F 9JG
Independent auditor	Deloitte LLP Statutory Auditor Hill House 1 Little New Street London EC4A 3TR
Bankers	Barclays Bank PLC 1 Churchill Place London E14 5HP Metro Bank 1 Southampton Row London WC1B 5HA

INGENIOUS DISTRIBUTION SERVICES LIMITED

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INGENIOUS DISTRIBUTION SERVICES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2017

The directors present their annual report, together with the financial statements and the auditor's report, for the year ended 30 June 2017.

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 (the "Tribunal") and Partner Payment Notices ("PPNs") (as further explained in notes 6 and 12) have been reviewed by the directors.

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 and further details regarding the adoption of the going concern basis, including a material uncertainty related to going concern, 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, price and business risk 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.

INGENIOUS DISTRIBUTION SERVICES LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2017

Results and Dividends

The results for the year are set out on page 8.

The directors do not propose to pay a final dividend (2016: £nil).

No interim dividends were paid during the year (2016: £nil).

Directors

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

N A Forster
D M Reid

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 judgements 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.

INGENIOUS DISTRIBUTION SERVICES LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2017**

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.

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



D M Reid
Director

Date: 26 June 2018

Registered office:
15 Golden Square
London
W1F 9JG

Company registration number: 05041357 (England and Wales)

INGENIOUS DISTRIBUTION SERVICES LIMITED

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

Report on the audit of the financial statements

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Ingenious Distribution Services Limited (the "Company") which comprise:

- the Profit and Loss Account;
- the Balance Sheet;
- the Statement of Changes in Equity; 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, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INGENIOUS DISTRIBUTION SERVICES LIMITED

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

Report on the audit of the financial statements (continued)

Material uncertainty related to going concern

We draw the attention to the note 1 in the financial statements, which indicates that the Company may be impacted by the outcome of the First Tier Tax Tribunal decision and required to make payments at a future date, the quantum of which is uncertain. As stated in note 1, these events or conditions, along with other matters as set forth in note 1 to the financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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 judgment and key scope of estimation uncertainties that the directors have made in the process of determining 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 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.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

INGENIOUS DISTRIBUTION SERVICES LIMITED

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

Report on the audit of the financial statements (continued)

Responsibilities of directors

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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.

INGENIOUS DISTRIBUTION SERVICES LIMITED

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

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

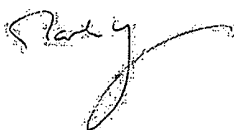
In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Directors' Report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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 prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' Report and from the requirement to prepare a Strategic Report.

We have nothing to report in respect of these matters.



Mark Rhys (Senior Statutory Auditor)

for and on behalf of
Deloitte LLP

Statutory Auditor

Hill House
1 Little New Street
London
EC4A 3TR

26 June 2018

INGENIOUS DISTRIBUTION SERVICES LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017 £'000	2016 £'000
Administrative expenses		(4)	(3)
Operating loss	3	(4)	(3)
Interest payable and similar charges	5	(9)	(86)
Loss on ordinary activities before taxation		(13)	(89)
Tax on loss	6	-	(325)
Loss for the financial year		(13)	(414)

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

The notes on pages 11 to 17 form an integral part of these financial statements.

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

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

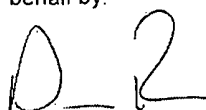
INGENIOUS DISTRIBUTION SERVICES LIMITED
REGISTERED NUMBER: 05041357

BALANCE SHEET
AS AT 30 JUNE 2017

	Note	2017 £'000	2016 £'000
Creditors: amounts falling due within one year	7	(1,251)	(1,247)
Net current liabilities		(1,251)	(1,247)
Total assets less current liabilities		(1,251)	(1,247)
Provisions	8	(95)	(86)
Net liabilities		(1,346)	(1,333)
Capital and reserves			
Called up share capital	9	-	-
Profit and loss account		(1,346)	(1,333)
Shareholder's deficit		(1,346)	(1,333)

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 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: 26 June 2018

Registered office:
15 Golden Square
London
W1F 9JG

Company registration number: 05041357 (England and Wales)

The notes on pages 11 to 17 form part of these financial statements.

INGENIOUS DISTRIBUTION SERVICES LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2017

	Called up share capital £'000	Profit and loss account £'000	Total equity £'000
At 1 July 2015	-	(919)	(919)
Loss for the year	-	(414)	(414)
At 30 June 2016	-	(1,333)	(1,333)
Loss for the year	-	(13)	(13)
At 30 June 2017	-	(1,346)	(1,346)

The notes on pages 11 to 17 form part of these financial statements.

INGENIOUS DISTRIBUTION SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

1. Accounting policies

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

1.1 General information and basis of accounting

Ingenious Distribution Services Limited is a company incorporated in England and Wales under the Companies Act 1985. 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

The Company has taken advantage of section 390(3)(b) of the Companies Act 2006 in preparing these financial statements to 30 June 2017 which is within seven days of the Company's 27 June 2017 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 £13k during the year ended 30 June 2017 and at that date, it had net current liabilities of £1,251k and net liabilities of £1,346k. If the Group undertaking demands repayment of the amount owed to it, the Company does not currently have sufficient liquid assets to reimburse it. These conditions indicate the existence of a 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.

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 the risks facing the business as set out in the Directors' Report, its financial position and profit and cash flow forecasts, the directors believe that the Company is well placed to manage its business successfully on the basis that the Group undertaking does not have the intention to demand repayment of the amount owed to it in the next 12 months and that there is a reasonable prospect that the final quantum of the tax liability will be within the company's ability to discharge. Accordingly they continue to adopt the going concern basis of accounting in preparing the financial statements. See note 6 for further details relating to the First-tier Tax Tribunal.

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.

INGENIOUS DISTRIBUTION SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

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.

Under 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.

INGENIOUS DISTRIBUTION SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

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

	2017 £'000	2016 £'000
This is stated after charging:		
Fees for the statutory audit of the Company	4	3

4. Staff costs

The Company incurred no staff costs nor paid any remuneration to its directors during the year (2016: £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.

5. Interest payable and similar expenses

	2017 £'000	2016 £'000
Interest on estimated tax liability	9	86

INGENIOUS DISTRIBUTION SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

6. Taxation

	2017 £'000	2016 £'000
Corporation tax		
UK Corporation tax at 20% for the period from 1 July 2016 to 31 March 2017 and 19% for the period from 1 April 2017 to 30 June 2017 (2016: 20%) based on the adjusted results for the year	-	325
Total tax charge for the year	<u>-</u>	<u>325</u>

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2016 - higher than) the standard rate of corporation tax in the UK of 20% for the period from 1 July 2016 to 31 March 2017 and 19% for the period from 1 April 2017 to 30 June 2017 (2016: 20%). The differences are explained below:

	2017 £'000	2016 £'000
Loss on ordinary activities before tax	<u>(13)</u>	<u>(89)</u>
UK Corporation tax at 20% for the period from 1 July 2016 to 31 March 2017 and 19% for the period from 1 April 2017 to 30 June 2017 (2016: 20%) based on the adjusted results for the year	(3)	(18)
Effects of:		
Group relief surrendered	3	18
Group relief withdrawn and film production losses denied	-	325
Total tax charge for the year	<u>-</u>	<u>325</u>

INGENIOUS DISTRIBUTION SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

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 Tribunal. The initial decision of the Tribunal was delivered on 2 August 2016 and 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 had 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 is still considering whether to grant permission to appeal on the remaining aspects of the only ground on which permission to appeal had not been granted in full by the Tribunal. The appeal hearing is scheduled to commence in March 2019. 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. For the year ended 30 June 2017, the directors have estimated an additional tax liability for the Company of £nil (2016: £325k) together with a liability for late paid interest of £9k (2016: £86k) based on the current Tribunal decision. These figures are subject to any future court decisions. As at 30 June 2017, no payments have been made with regards to these amounts.

During November 2016, a number of companies, all subsidiaries of Ingenious Media Holdings Limited, as corporate members of film production partnerships received 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. HMRC reverted back on some of these 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

	2017 £'000	2016 £'000
Amounts owed to Group undertakings	922	918
Corporation tax	325	325
Accruals and deferred income	4	4
	<u>1,251</u>	<u>1,247</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.

INGENIOUS DISTRIBUTION SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

8. Provisions

	Interest provision £'000
At 1 July 2016	86
Charged to profit or loss	9
At 30 June 2017	95

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

9. Share capital

	2017 £	2016 £
Allotted, called up and fully paid		
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 2017 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.

INGENIOUS DISTRIBUTION SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

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 some Members. As a consequence of the determination, on 13 December 2017, the Group notified HMRC of an intended claim for judicial review of the decision to uphold the PPNs and filed its claim with the court on 5 January 2018. Meanwhile, as the PPN remains payable, a total payment of £314k was made to HMRC in February 2018 in respect of the group relief being withdrawn and an associated interest charge on late paid tax of £99k. If HMRC issues determinations in respect of representations submitted by other members, a further payment of £15k will be due to HMRC in respect of the group relief being withdrawn together with an associated interest charge. 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 2017, 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 event.