

# Ricochet Productions Limited

## DIRECTORS' REPORT AND ACCOUNTS

Period ended 31 December 2007



Company Registration Number 5203551 (England & Wales)

**Ricochet Productions Limited**  
**OFFICERS AND PROFESSIONAL ADVISORS**

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**DIRECTORS**

N Powell  
N Southgate  
E Gallagher  
J Kemp

**SECRETARY**

N Powell

**COMPANY NUMBER**

5203551

**REGISTERED OFFICE AND BUSINESS ADDRESS**

Pacific House  
126 Dyke Road  
Brighton  
East Sussex BN1 3TE

**AUDITORS**

Baker Tilly UK Audit LLP  
Chartered Accountants  
2 Bloomsbury Street  
London WC1B 3ST

**BANKERS**

Barclays Bank Plc  
27 Soho Square  
London W1A 4WA

# Ricochet Productions Limited

## DIRECTORS' REPORT

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The directors present their report and the financial statements of Ricochet Productions Limited for the sixteen month period ended 31 December 2007. The comparative figures are for the sixteen month period ended 31 August 2006.

### PRINCIPAL ACTIVITIES

The principal activity of the company during the period was the production of television programmes.

### REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

#### Business Review

The company made a profit for the period after taxation of £1,595,916 (2006: £1,035,278).

#### Change of accounting reference date

During the period the Group announced a change in accounting reference date. The nature and timing of the Group's business means it is more appropriate to have a final reporting date after the peak production season and the board is aware that for comparative purposes it is useful for the Group to align the accounting reference date with those of other public companies in the sector.

#### Future Outlook

In the current period the company continued to grow its US production business through the production of a number of Supernanny series for US broadcasters and new commissions for both network and cable broadcasters. In future periods the company aims to continue to expand its US production business through continued production of current programme titles together with the development and production of new programme titles.

#### Principal risks

The directors of Shed Media plc manage the group's risks at a group level, rather than at an individual business unit level. For this reason, the directors believe that a discussion of the company's risks would not be appropriate for an understanding of the development, performance and position of Ricochet Productions Limited's business. The principal risks and uncertainties of Shed Media plc, which include those of the company, are discussed on page 14 of the group's annual report, which does not form part of this report.

#### Key performance indicators

The directors of Shed Media plc manage the group's operations at a group level, rather than at an individual business unit level. For this reason, the directors believe that an analysis of the key performance indicators for the company is not necessary or appropriate for an understanding of the development, performance and position of the business of Ricochet Productions Limited's business. The development, performance and position of Shed Media plc, which include those of the company, are discussed on pages 13 and 14 of the group's annual report, which does not form part of this report.

### DIVIDENDS

The directors paid an interim dividend on the ordinary shares of £nil per share (2006: £1,000,000).

# Ricochet Productions Limited

## DIRECTORS' REPORT

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### DIRECTORS

The following directors have held office since 1 September 2006

N Powell  
N Southgate  
E Gallagher  
J Kemp

### STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

The directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware that there is no relevant audit information of which the auditors are unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

### AUDITORS

Baker Tilly UK Audit LLP has indicated its willingness to continue in office, and a resolution proposing their reappointment will be put to the members at the Annual General Meeting of the company.

On behalf of the Board



J Kemp  
Director

Date 26/06/08

# Ricochet Productions Limited

## DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

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The directors are responsible for preparing the Annual 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for the period. In preparing those financial statements, the directors are required to

- a select suitable accounting policies and then apply them consistently,
- b make judgements and estimates that are reasonable and prudent,
- c state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- d 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 proper accounting records which 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 requirements of the Companies Act 1985. 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.

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF RICOCHET PRODUCTIONS LIMITED

We have audited the financial statements on pages 6 to 13

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition, we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

## Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

## Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs at 31 December 2007 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.

*Baker Tilly UK Audit LLP*

BAKER TILLY UK AUDIT LLP

Registered Auditor  
Chartered Accountants  
2 Bloomsbury Street  
London WC1B 3ST

*26 June 2008*

# Ricochet Productions Limited

## PROFIT AND LOSS ACCOUNT

For the period ended 31 December 2007

	Notes	16 months ended 31 December 2007 £	16 months ended 31 August 2006 £
TURNOVER	1	15,908,579	12,316,404
Cost of sales		(13,495,491)	(10,764,504)
Gross profit		<u>2,413,088</u>	<u>1,551,900</u>
Administrative expenses		(133,640)	(73,565)
OPERATING PROFIT		<u>2,279,448</u>	<u>1,478,335</u>
Bank interest receivable		996	625
Bank interest payable		(223)	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2	<u>2,280,221</u>	<u>1,478,960</u>
Tax on profit on ordinary activities	3	(684,305)	(443,682)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	10	<u><u>1,595,916</u></u>	<u><u>1,035,278</u></u>

The operating profit for the period arises from the company's continuing operations

No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the profit and loss account

# Ricochet Productions Limited

## BALANCE SHEET

As at 31 December 2007

	Notes	31 December 2007 £	31 August 2006 £
<b>FIXED ASSETS</b>			
Investments	6	257	105
<b>CURRENT ASSETS</b>			
Debtors	7	3,758,342	622,188
Cash at bank and in hand		1,504,537	1,853,521
		5,262,879	2,475,709
CREDITORS amounts falling due within one year	8	(3,447,284)	(2,255,878)
NET CURRENT ASSETS		1,815,595	219,831
NET ASSETS		1,815,852	219,936
<b>CAPITAL AND RESERVES</b>			
Called up share capital	9	1	1
Profit and loss account	10	1,815,851	219,935
SHAREHOLDERS' FUNDS	11	1,815,852	219,936

The accounts were approved by the Board and authorised for issue on ~~26 June 2008~~ and are signed on its behalf by

  
J Kemp  
Director



# Ricochet Productions Limited

## ACCOUNTING POLICIES

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### **BASIS OF ACCOUNTING**

The financial statements have been prepared under the historical cost convention

The company is exempt under the terms of 'FRS1 (Revised 1996) Cash Flow Statements' from the requirement to publish its own cash flow statement, as its cash flows are included within the consolidated cash flow statement of the Group

### **TURNOVER**

Turnover represents amounts receivable for work carried out in producing television programme and is recognised on the basis of the value of costs related to production activity. Turnover also includes sums receivable from the exploitation of programmes in which the Group owns rights. Gross profit on production activity is recognised based upon the stage of completion of the production and in accordance with the underlying contract.

For distribution income the amount recognised in the profit and loss account represents the value of the licence fees including withholding tax but excluding Value Added Tax.

Distribution income is recognised when

- An agreement is contracted
- The arrangement is fixed and determinable
- And for finished programme sales when the programme is delivered

### **DEFERRED TAXATION**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

### **FOREIGN CURRENCY TRANSLATION**

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

### **INVESTMENTS**

Fixed asset investments are stated at cost less provision for diminution in value.

**Ricochet Productions Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the period ended 31 December 2007

<b>1</b>	<b>TURNOVER</b>	<b>16 months ended 31 December 2007 £</b>	<b>16 months ended 31 August 2006 £</b>
	The company's turnover and profit before taxation were all derived from its principal activities. Sales were made in the following geographical markets		
	United Kingdom	9,526	11,168
	United States of America	15,890,953	12,305,236
	Europe	3,000	-
	Rest of the World	5,100	-
		<u>15,908,579</u>	<u>12,316,404</u>
<b>2</b>	<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	<b>16 months ended 31 December 2007 £</b>	<b>16 months ended 31 August 2006 £</b>
	Profit on ordinary activities before taxation is stated after charging		
	Auditor's remuneration	16,891	32,073
	- Audit services – statutory audit	9,259	1,094
	- Tax services – compliance services	73,497	41,388
	Loss on foreign exchange transactions		
<b>3</b>	<b>TAX ON PROFIT ON ORDINARY ACTIVITIES</b>	<b>16 months ended 31 December 2007 £</b>	<b>16 months ended 31 August 2006 £</b>
	Based on the result for the period		
	UK corporation tax on results of the period	684,299	443,682
	Adjustments in respect of previous periods	6	-
	Total current tax	<u>684,305</u>	<u>443,682</u>
	Factors affecting tax charge for period		
	Profit on ordinary activities before tax	2,280,221	1,478,960
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30% (2006 30%)	684,066	443,688
	Effects of		
	Non-deductible expenditure	233	-
	Other adjustments	-	(6)
	Adjustments in respect of previous periods	6	-
	Current tax charge for period	<u>684,305</u>	<u>443,682</u>

**Ricochet Productions Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the period ended 31 December 2007

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<b>4</b>	<b>EMPLOYEES</b>	<b>2007</b>	<b>2006</b>
		<b>No</b>	<b>No.</b>
	The average monthly number of persons (including directors) employed by the company during the year was		
	- Office and management	<u>4</u>	<u>4</u>
	No directors were paid any remuneration during the period (2006 £nil)		
	Staff costs for the above persons	<b>£</b>	<b>£</b>
	Wages and salaries	-	-
	Social security costs	<u>-</u>	<u>-</u>
		<u>-</u>	<u>-</u>
<b>5</b>	<b>DIVIDENDS</b>	<b>2007</b>	<b>2006</b>
		<b>£</b>	<b>£</b>
	Dividends on equity shares		
	Ordinary interim paid - £nil (2006 £1,000,000)	<u>-</u>	<u>1,000,000</u>

**Ricochet Productions Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the period ended 31 December 2007

**6 FIXED ASSET INVESTMENTS**

	<b>Shares in subsidiary undertakings</b>	
	<b>£</b>	
Cost		
31 August 2006		105
Additions		152
31 December 2007		<u>257</u>
Net book value		
31 December 2007		<u>257</u>
31 August 2006		<u>105</u>
<b>Fixed Asset Investments Additions</b>		
TBTW Inc		52
Alaska Experiment Inc		49
MAMO Inc		50
Supernanny Web Limited		1
		<u>152</u>
	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
<b>VALUATION UNDER EQUITY METHOD OF ACCOUNTING</b>		
Share of net assets of subsidiary undertakings	<u>454,375</u>	<u>56,902</u>
Represented by		
Cost of investments in subsidiary undertakings	257	105
Share of profits	<u>454,118</u>	<u>56,797</u>
	<u>454,375</u>	<u>56,902</u>

**Holding of more than 20%**

The company holds more than 20% of the share capital of the following companies

<b>Company</b>	<b>Country of registration or incorporation</b>	<b>Proportion of shares held</b>		<b>Nature of Business</b>
		<b>Class</b>	<b>%</b>	
Supernanny USA Inc	USA	Non-assessable	100	TV production
Ricochet TV Inc	USA	Non-assessable	100	TV production
TBTW Inc	USA	Non-assessable	100	TV production
Alaska Experiment Inc	USA	Non-assessable	100	TV production
MAMO Inc	USA	Non-assessable	100	TV production
Supernanny Web Limited	England & Wales	Ordinary	100	Dormant

The accounts present information about the company as an individual undertaking and not about its group, as the company has taken advantage of the exemption provided by Section 228 of the Companies Act 1985, as it is a subsidiary undertaking of Shed Media plc, a company incorporated in England and Wales and is included in the consolidated accounts of that company

**Ricochet Productions Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the period ended 31 December 2007

**7 DEBTORS**

	<b>31 Dec £</b>	<b>31 A £</b>
Due within one year		
Trade debtors	1,058,635	379,189
Amounts owed by parent undertaking	2,585,404	168,093
Other debtors	35,597	42,498
Prepayments and accrued income	78,706	32,408
	<u>3,758,342</u>	<u>622,188</u>

**8 CREDITORS: Amounts falling due within one year**

	<b>31 Dec £</b>	<b>31 A £</b>
Bank overdraft	-	3,463
Trade creditors	14,187	-
Amounts owed to subsidiary undertakings	945,214	642,006
Corporation tax	219,060	120,566
Accruals and deferred income	2,268,823	1,489,843
	<u>3,447,284</u>	<u>2,255,878</u>

**9 SHARE CAPITAL**

	<b>31 Dec £</b>	<b>31 A £</b>
Authorised		
1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid		
1 ordinary share of £1	<u>1</u>	<u>1</u>

**10 PROFIT AND LOSS ACCOUNT**

	<b>31 Dec £</b>	<b>31 A £</b>
1 September 2006	219,935	184,657
Profit for the financial period	1,595,916	1,035,278
Dividends paid	-	(1,000,000)
	<u>1,815,851</u>	<u>219,935</u>
31 December 2007		

**Ricochet Productions Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the period ended 31 December 2007

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**11 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	<b>31 D</b> <b>£</b>	<b>31 A</b> <b>£</b>
Profit for the financial period	1,595,916	1,035,278
Dividends paid	-	(1,000,000)
	<hr/>	<hr/>
Net addition to shareholders' funds	1,595,916	35,278
Opening shareholders' funds	219,936	184,658
	<hr/>	<hr/>
Closing shareholders' funds	1,815,852	219,936
	<hr/>	<hr/>

**12 RELATED PARTY TRANSACTIONS**

The company has taken advantage of the exemption conferred by Financial Reporting Standard No 8 from the requirement to disclose details of transactions with group companies

Other than transactions with group companies there were no related party transactions during the period

**13 CONTROLLING PARTIES**

The immediate parent undertaking is Ricochet Limited, a company incorporated in England and Wales and the ultimate parent undertaking is Shed Media plc, a company incorporated in England and Wales. Shed Media plc is the only parent company to have prepared consolidated financial statements

Consolidated accounts are prepared for Shed Media plc and are available from the following address

2 Holford Yard  
London  
WC1X 9HD

# Ricochet Productions Limited

## DETAILED TRADING AND PROFIT AND LOSS ACCOUNT

For the period ended 31 December 2007

	Period ended 31 December 2007 £	Period ended 31 August 2006 £
<b>TURNOVER</b>	15,908,579	12,316,404
<b>COST OF SALES</b>		
Rights payments	1,544,900	131,621
Production Services	12,025,999	9,126,508
Ricochet Limited re charges	861,949	1,095,838
Costs of production	759,095	369,199
Programme asset costs transferred	(1,987,274)	-
Development costs	44,433	-
Distribution costs	172,892	-
Loss on exchange	73,497	41,338
	13,495,491	10,764,504
<b>GROSS PROFIT</b>	2,413,088	1,551,900
<b>ADMINISTRATIVE EXPENSES</b>		
Development costs	29,788	40,398
Legal and professional fees	46,125	-
Audit and accountancy	26,150	33,167
Travel costs	15,755	-
Provision for bad debts	12,401	-
Bank charges	3,421	-
	133,640	73,565
Interest receivable	996	625
Interest payable	(223)	-
<b>PROFIT BEFORE TAXATION</b>	2,280,221	1,478,960

This page does not form part of the statutory financial statements