

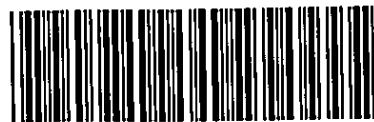
**Fireworks Acquisitions Limited**

**Directors' report and financial  
statements**

**Registered number 5415068**

**31 March 2006**

TUESDAY



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## Directors' report

The directors present their annual report and the audited financial statements for the period ended 31 March 2006

### Principal activity

The principal activity of the company is as a sales agent for film and television producers and licensors. The company commenced trading on 20 July 2005 and the results for the period ended 31 March 2006 represents eight months trading. The company has transferred the trade and assets and liabilities of the company to ContentFilm International Limited which will continue the trade in the future. This transfer was dated 31 March 2006.

### Results and dividends

The loss for the financial period was £230,553

No dividends were paid or proposed during the period

The board considers the company's key performance indicator is profit before tax as above

### Directors and directors' interests

The directors of the company who served during the period were as follows

J Schmidt  
G Webb

The interests of the directors in ContentFilm plc, the ultimate parent company, are disclosed in the financial statements of that company. G Webb had the following interests in the share capital of the ultimate parent company, ContentFilm plc

	31 March 2006	
	Ordinary shares of 1p each	Share options
		(i)
G Webb	915,250	1,000,000

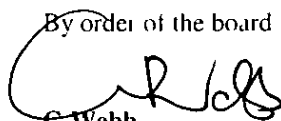
(i) ContentFilm plc 2004 Approved Share Option Plan

None of the directors had any beneficial interest in the share capital of the company at any time during the period

### Auditors

Grant Thornton UK LLP were appointed as auditors during the year and offer themselves for re-appointment as auditors in accordance with section 385 of the Companies Act 1985

By order of the board

  
G Webb  
Secretary

19 Heddon Street  
London  
W1B 4BG

30 April 2007

## Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss for that period. In preparing those financial statements the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business

In so far as the directors are aware

- there is no relevant audit information of which the company's auditors are unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information

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 Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.



## REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF FIREWORKS ACQUISITIONS LIMITED

We have audited the financial statements of Fireworks Acquisitions Limited for the period ended 31 March 2006 which comprise the principal accounting policies, the profit and loss account, the balance sheet, the statement of total recognised gains and losses and notes 1 to 13. These financial statements have been prepared under the accounting policies set out therein.

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 Directors' Report and financial statements in accordance with United Kingdom law and 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 as at 31 March 2006 and of its loss for the period then ended,
- the financial statements 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.

GRANT THORNTON UK LLP  
REGISTERED AUDITOR  
CHARTERED ACCOUNTANTS  
LONDON

A handwritten signature in black ink, appearing to read 'Grant Thornton' followed by some initials.

30 April 2007

**Profit and loss account**  
*for the period ended 31 March 2006*

	<i>Note</i>	<b>2006 £</b>
Turnover	2	7,773,674
Cost of sales		(3,155,091)
		<hr/>
Gross profit		4,618,583
Operating Expenses		(4,219,952)
		<hr/>
Operating profit		398,631
Net interest payable	6	(629,184)
		<hr/>
Loss on ordinary activities before taxation		(230,553)
Tax credit on loss on ordinary activities	7	-
		<hr/>
Loss for the financial year		(230,553)
Profit and loss account brought forward		-
		<hr/>
Profit and loss account carried forward		(230,553)
		<hr/>

Turnover and results reported above all relate to continuing operations

**Statement of total recognised gains and losses**  
*for the period ended 31 March 2006*

There were no recognised gains or losses during the period other than the results reported above

**Balance sheet**  
*at 31 March 2006*

	<i>Note</i>	<b>2006</b> <b>£</b>
Creditors' amounts falling due within one year	8	(230,552)
Net liabilities		<u>(230,552)</u>
Capital and reserves		
Called up share capital	9	1
Profit and loss account		<u>(230,553)</u>
Equity shareholders' deficit	10	<u>(230,552)</u>

These financial statements were approved by the board of directors on 30 April 2007 and were signed on its behalf by



**G Webb**  
*Director*

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements

#### *Basis of preparation*

The financial statements have been prepared in accordance with applicable accounting standards, under the historical cost convention and on the going concern basis which the directors believe to be appropriate for the following reasons. The Company is dependent for its working capital on funds provided to it by ContentFilm plc, the Company's ultimate holding undertaking. ContentFilm plc has indicated that for at least 12 months from the date of approval of these financial statements it will continue to make available such funds as are needed by the company and in particular will not seek repayment of the amounts currently made available. This should enable the Company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

#### *Tangible fixed assets and depreciation*

Depreciation is provided to write off the cost, less the estimated residual value, of tangible fixed assets on a straight line basis at annual rates appropriate to the estimated useful economic lives of the fixed assets as follows

Fixtures, fittings and equipment	10% - 50%
Computer equipment	33 <sup>1</sup> / <sub>3</sub> %

#### *Sales expenses*

Direct costs contractually rechargeable to the licensor are included in the balance sheet and are recovered from the licensor's income collected by the Company as sales agent on behalf of the licensor, these being film and television distribution and broadcast rights. Provision is made against those direct costs when their recoverability is considered doubtful.

#### *Income recognition*

Income from the exploitation of film and television rights is recognised on a receivable basis, except where payment is dependent on the film or television project being completed or delivered, or other contractual obligations in which case income is recognised on completion or delivery or fulfilment of any relevant obligations.

#### *Currency translation*

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

#### *Taxation*

The charge for taxation is based on the loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date except as otherwise required by FRS 19.

## Notes (continued)

### 1 Accounting policies (*continued*)

#### *Cash flow statement*

A cash flow statement has not been prepared because the Company is a wholly owned subsidiary of ContentFilm plc and the financial statements of that company contain a consolidated cash flow statement dealing with the cash flows of the group

#### *Related party disclosures*

Under Financial Reporting Standard 8, the Company is exempt from the disclosure of transactions with other group undertakings on the grounds that it is a wholly owned subsidiary of ContentFilm plc and its results are included in the consolidated financial statements of that company

### 2 Turnover

Turnover which excludes value added tax, represents sales agent fees and commissions and other income ancillary to the exploitation of the company's intellectual property

### 3 Loss on ordinary activities before taxation

Loss on ordinary activities before taxation is stated after charging

	2006 £
Exchange gain	28,021

Audit fees are borne by a fellow group undertaking

### 4 Staff numbers and costs

The average number of persons (including directors) employed by the Company during the period was 10. The aggregate payroll costs of these persons was borne by a fellow group undertaking

### 5 Directors Emoluments

The emoluments of the Director for the period were £Nil

### 6 Net interest payable

	2006 £
Bank interest payable	(629,184)

## Notes (continued)

### 7 Tax loss on ordinary activities

#### *Factors affecting the tax credit for the current year*

The current tax credit for the year is lower than the standard rate of corporation tax in the UK at 30%. The differences are explained below

	2006 £
<i>Current tax reconciliation</i>	
Loss on ordinary activities before tax	(230,552)
	<hr/>
Current tax credit at 30%	(69,166)
	<hr/>
<i>Effects of</i>	
Expenses not deductible for tax purposes	1,964
Tax losses carried forward	67,202
	<hr/>
Total current tax credit (see above)	-
	<hr/>

#### *Factors affecting future tax charges*

There are unutilised tax losses within the company of £224,000 carried forward for relief against future suitable taxable profits and for which no deferred tax asset has been recognised on the grounds of prudence

### 8 Creditors amounts falling due within one year

	2006 £
Amounts owed to group undertakings	230,552
	<hr/>

### 9 Share capital

	2006 £
<i>Authorised</i>	
100 ordinary shares of £1 each	100
	<hr/>
<i>Allotted, called up and fully paid</i>	
1 ordinary shares of £1 each	1
	<hr/>

## Notes (continued)

### 10 Reconciliation of movement in shareholders' deficit

	2006 £
Shareholders' funds brought forward	-
Loss for the financial year	(230,553)
Issue of ordinary share capital	1
	<hr/>
Shareholders' funds carried forward	<u>(230,552)</u>

### 11 Capital commitments

There were no capital commitments at the end of the year

### 12 Ultimate controlling party

The Company is controlled by ContentFilm plc, the ultimate parent Company, which is also the ultimate controlling party. The only group in which the results of the Company are consolidated is ContentFilm plc. The consolidated accounts of this Company are available to the public and may be obtained from the Company's registered address, 19-21 Heddon Street, W1B 4BG.

### 13 JP Morgan Chase Bank Guarantee

In relation to a Credit and Guarantee Agreement (the Agreement) dated March 26 2004, between JP Morgan Chase Bank, the Company's parent company ContentFilm plc, and a related group company ContentFilm Inc., the Company has provided a guarantee to JP Morgan Chase Bank in relation to the repayment of all amounts owing under the Agreement. Further JP Morgan Chase Bank have a security interest over the assets of the Company and its shares. The balance of the bank facility in ContentFilm plc as at 31 March 2006 was £8.5m (2005: £5.5m).