

**FILM 24 LIMITED**  
**FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2007**  
**FOR FILING WITH THE COMPANIES HOUSE**  
**COMPANY NUMBER: 5654941**

FRIDAY



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30/01/2009

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COMPANIES HOUSE

19<sup>th</sup> January 2009

AUDITORS' SPECIAL REPORT TO THE DIRECTORS OF:

**FILM24 Limited**

Pursuant to Schedule 8, Para 10 of the Companies Act 1985.

We have examined the Financial Statements for the year ended 31st December 2007 which the directors of Film24 Limited propose to annex to the annual return of the company. The scope of our work was limited to determining whether the company qualifies to be treated as a small sized company under Section 248 of the Companies Act 1985 and to an examination of the Financial Statements to enable us to form an opinion whether those Financial Statements were properly prepared pursuant to the exemption provisions specified in Sections 247 to 249 of that Act.

In our opinion the directors are entitled under Schedule 8 of the Companies Act 1985 to annex Abbreviated Financial Statements for the year ended 31st December 2007 to the Annual Return of the company, and the Abbreviated Financial Statements on pages 3 and have been properly prepared pursuant to the exemption provisions specified in Sections 247 to 249 of that Act.

On 19<sup>th</sup> January 2009, we reported as auditors of Film24 Limited to the members of the company on the Financial Statements for the year ended 31<sup>st</sup> December 2007 to be laid before its annual general meeting, and our report was as follows:

"We have audited the financial Statements on pages 8 to 14 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

**Respective responsibilities of directors and auditors**

As described on page 3 the company directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

**Basis of opinion**

We conducted our audit in accordance with Auditing Standards 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 statement are free from material misstatement, whether caused by fraud or other irregularities or error. In forming our opinion we also evaluated the overall adequacy of the presentation of the information in the financial statements.

**Going Concern**

In forming our opinion we have considered the adequacy of the disclosures in Note 1 of the financial statements. In view of the significance of Note 1, we consider that it should be your drawn to your attention but our opinion is not qualified in this respect.

**Opinion**

In our opinion the financial statements give a true and fair view of the company's affairs as at the 31st December 2007 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

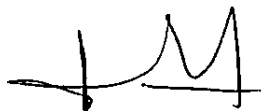
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**CLIFFORD DESMOND & ASSOCIATES,**  
Chartered Accountants & Registered Auditors.  
32 Lower Leeson Street, Dublin 2

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19<sup>th</sup> January 2009

Certified a true and correct copy:



**Hon. Angad Paul**  
Director

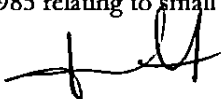


**Andrew Burns**  
Director

**Film24 Limited****Balance sheet as at 31 December 2007**

	Notes	2007 £	2006 £
<b>Fixed Assets:</b>			
Intangible assets	3.	16,358	-
Tangible assets	4.	1,581	-
		-----	-----
		17,939	-
<b>Current Assets:</b>			
Debtors	5.	67,203	19,699
Cash at Bank and on hand		17,193	96,796
		-----	-----
	(A)	84,396	116,495
		-----	-----
<b>Current Liabilities</b> (due within one year):			
Creditors	6.	416,809	18,120
		-----	-----
	(B)	416,809	18,120
		-----	-----
Net Current Assets	(A - B)	(332,413)	98,375
		-----	-----
Total Assets less Current Liabilities		(314,474)	98,375
		-----	-----
<b>Creditors:</b> (due after more than one year)		-	-
		-----	-----
<b>Net Assets:</b>		(314,474)	98,375
		-----	-----
<b>Capital &amp; Reserves:</b>			
Called up Share Capital	7.	3,988	3,529
Share Premium		1,390,457	633,216
Profit and Loss Account	8.	(1,708,919)	(538,370)
		-----	-----
<b>Shareholder funds</b>		(314,474)	98,375
		-----	-----

"The accounts are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies".



**Hon. Angad Paul**  
Director



**Andrew Burns**  
Director

19<sup>th</sup> January 2009

## **Film24 Limited**

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### **Accounting policies**

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The following accounting policies have been applied consistently throughout the year.

#### **Basis of preparation:**

The financial statements have been prepared under the historical cost convention and comply with the financial reporting standards of the Accounting Standards Board, as promulgated by the Institute of Chartered Accountants in England and Wales.

#### **Taxation:**

There is no corporation tax charge for the year due to the losses arising.

#### **Deferred Taxation:**

No provision for deferred taxation has been made as the directors are of the opinion that no liability is likely to arise as a result of reversal of timing difference for some considerable period ahead.

#### **FRS 1 Exemption:**

The company has taken advantage of the exemption in FRS1 from the requirements to produce a cashflow statement because it is a small company.

#### **Tangible assets**

Tangible assets are stated at cost less accumulated depreciation. Depreciation is calculated in order to write off the cost of tangible assets other than land over their estimated useful lives.

The rates adopted by the company are as follows:-

Fixtures and fittings	20% per annum on a straight line basis.
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#### **Intangible assets**

Intangible assets are stated at cost less amortisation. Amortisation is calculated in order to write off the cost of intangible assets over their estimated useful lives.

The rates adopted by the company are as follows:-

Intangible assets	10% per annum on a straight line basis.
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Notes to the financial statements for the year ended 31 December 2007

1. **Going Concern:**

The company returned a loss before tax of £1,170,549 for the year ended 31 December 2007. The company relies on the support of its directors and shareholders to continue trading. The company raised finance of £1,275,000 in 2008, and the directors are actively seeking further funding for the Company's future development. The Directors believe that the prospects for the Company remain attractive to investors, and that funding might be secured to allow the company to continue trading successfully for the foreseeable future. On this basis the directors consider it appropriate to prepare financial statements on a going concern basis. However, In view of current economic conditions, the directors cannot be certain that further funding will be secured.

2. **Taxation:**

	2007	2006
	£	£
Corporation Tax	-	-
(Over)/under provision previous years	-	-
	-----	-----
	-	-
	-----	-----

3. **Intangible fixed assets:**

	Film Masters	Total
	£	£
Cost		
At 01/01/2007	-	-
Additions	18,176	18,176
Disposals	-	-
	-----	-----
At 31/12/2007	18,176	18,176
	-----	-----
Amortisation		
At 01/01/2007	-	-
Amortisation for year	1,818	1,818
Disposal	-	-
	-----	-----
At 31/12/2007	1,818	1,818
	-----	-----
Net Book Value		
At 31/12/2007	16,358	16,358
	-----	-----
At 31/12/2006	-	-
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**Film24 Limited**

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**Notes to the financial statements for the year ended 31 December 2007**

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**4. Tangible fixed assets:**

	<b>Plant Equipment</b>	<b>Total</b>
Cost	<b>£</b>	<b>£</b>
At 01/01/2007	-	-
Additions	1,977	1,977
Disposals	-	-
	-----	-----
At 31/12/2007	1,977	1,977
	-----	-----
Depreciation		
At 01/01/2007	-	-
Charge for year	396	396
Disposal	-	-
	-----	-----
At 31/12/2007	396	396
	-----	-----
Net Book Value		
At 31/12/2007	1,581	1,581
	-----	-----
At 31/12/2006	-	-
	-----	-----

**5. Debtors:**

	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
Trade Debtors	8,027	-
Prepayments	26,507	1,788
Other debtors	32,669	17,911
	67,203	19,699
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**6. Creditors (amounts falling due within one year):**

	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
Trade creditors	182,093	-
VAT	-	-
Payroll tax due	1,199	-
Accruals and other Creditors	233,517	18,120
	-----	-----
	416,809	18,120
	-----	-----



**Film24 Limited****Notes to the financial statements for the year ended 31 December 2007**

	2007	2006
<b>7. Share capital:</b>	<b>£</b>	<b>£</b>
<i>Authorised:</i>		
1,000,000 ordinary Shares of 1p each	10,000	10,000
	-----	-----
	2007	2006
<i>Allotted, called up and fully paid:</i>	<b>£</b>	<b>£</b>
paid ordinary shares		
398,800 ordinary shares at 1p each	3,988	3,529
	-----	-----
<b>8. Profit and loss account:</b>	<b>£</b>	<b>£</b>
At start of the year	(538,370)	-
Loss for the year	(1,170,549)	(538,370)
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At end of the year	(1,708,919)	(538,370)
	-----	-----

**9. Contingent Liabilities:**

There were no material contingent liabilities as at 31 December 2007.

10. Movement in shareholders' funds:	Share Premium	Share Capital	Profit & Loss Account	Total
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Opening Balance	633,216	3,529	(538,370)	98,375
Issued in year	757,241	459	-	757,700
Loss for year	-	-	(1,170,549)	(1,170,549)
	-----	-----	-----	-----
Closing Balance	1,390,457	3,988	(1,708,919)	(314,474)
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**Film24 Limited**

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**Notes to the financial statements for the year ended 31 December 2007**

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**11. Related party transactions:****(a) Consultancy:**

The following consultancy costs were incurred in the year:

<u>Individual/Company</u>	<u>Service Received</u>	<u>2007</u>	<u>2006</u>
		£	£
Andrew Burns	Content Production	45,900	43,750
Nigel Williams	Accountancy	16,066	-
Stephen Allen	Creative Services	50,060	31,250
Cathrin Starkmann	Content Production/Bookkeeping	33,942	-
Quentin Solt	Legal Services	28,100	26,375
Outpost Facilities Ltd	Production Services	84,824	-
Pinewood Studios Ltd	Production Services	105,397	-

The above transactions represent related party transactions under FRS 8 'Related party disclosures' as all the individuals and companies above have a financial interest in the company.

<u>Company</u>	<u>Director</u>	<u>Service Received</u>	<u>2007</u>	<u>2006</u>
			£	£
NJD Group Limited	Nicky Davis	Consultancy	49,177	43,750
Overdog Limited	John Davis	Marketing Services	50,785	3,054

The above transactions represent related party transactions under FRS 8 'Related party disclosures' as the directors of both companies above have a financial interest in Film24 Limited.

**(b) Rented Channel:**

In the year the company incurred the following costs from Goldfinn Limited;

<u>Service Received</u>	<u>Amount</u>
	£
Channel Rent	100,000
Recharges for Channel Platform costs	52,588
Recharges for Channel EPG costs	9,909

These transactions represent related party transactions under FRS 8 'Related party disclosures' as Goldfinn Limited is a wholly owned subsidiary of Caparo PLC and Caparo PLC has a financial interest in the company.

## Film24 Limited

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### Notes to the financial statements for the year ended 31 December 2007 (Continued)

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#### 12. Related party transactions (continued):

##### (c) Leased Premises:

On the 1<sup>st</sup> of December 2006 the company agreed a 5 year lease with Pinewood Studios Limited at Pinewood Studios premises in England. A peppercorn rent will be charged for the first two years of the lease.

The rents due on the lease are as follows:

1 December 2006 – 30 November 2007 – a peppercorn	
1 December 2007 – 30 November 2008 – a peppercorn	
1 December 2008 – 30 November 2009 –	£173,875
1 December 2009 – 30 November 2010 –	£173,875
1 December 2010 – 30 November 2011 –	<u>£187,270</u>
Total Value	£535,010

Film24 Limited moved offices within Pinewood Studios in December 2008. The above agreement was replaced as follows:

The rents due on the Replacement Lease are as follows:

1 January 2009 – 31 December 2009 –	£29,450
1 January 2010 – 31 December 2010 –	£30,925
1 January 2011 – 31 December 2011 –	<u>£32,475</u>
Total Value	£92,650

Film24 Limited shall also remain liable to Pinewood Studios for any rent due under the Original Lease in respect of the period 1 December 2008 until the commencement date of a new tenancy agreement in respect of the whole of the Original Premises to one or more third parties. Any liability arising shall be satisfied by the issue of ordinary shares in Film24 Limited.

This transaction represents a related party transaction under FRS 8 'Related party disclosures' as Pinewood Studios Limited have a financial interest in the company.

There are no further related party transactions that require disclosure

#### 16. Reporting financial performance:

The financial statements comply with FRS 3 'Reporting financial performance'. The turnover and operating loss relate to continuing operations. A separate statement of total recognised gains and losses is not required as there are none, other than those reflected in the profit and loss account.

#### 17. General note:

Some figures may be restated to conform to current presentation.

#### 18. Approval of financial statements:

The financial statements were approved by the directors on 19 January 2009.