

# INGENIOUS GAMES SERVICES LIMITED

## ANNUAL REPORT AND FINANCIAL STATEMENTS

5 APRIL 2011



Company Registration Number  
571 8471 (England and Wales)

## INGENIOUS GAMES SERVICES LIMITED

|                          |   |
|--------------------------|---|
| <b>Directors</b>         | J L Boyton<br>M T Bugden<br>J H M Clayton<br>N A Forster<br>D M Reid<br>S J Speight |
| <b>Company Secretary</b> | S J Cruickshank   |
| <b>Registered Office</b> | 15 Golden Square<br>London<br>W1F 9JG   |
| <b>Registered Number</b> | 5718471 (England and Wales)   |
| <b>Auditors</b>          | Deloitte LLP<br>Chartered Accountants<br>London                                     |
| <b>Business Address</b>  | 15 Golden Square<br>London<br>W1F 9JG   |
| <b>Bankers</b>           | HSBC Private Bank (UK) Limited<br>78 St James's Street<br>London<br>SW1A 1JB        |

## INGENIOUS GAMES SERVICES LIMITED

### CONTENTS

| <b>Reports</b>                    | <b>Page</b> |
|-----------------------------------|-------------|
| Directors' Report                 | 1           |
| Independent Auditor's Report      | 4           |
| <br><b>Financial Statements</b>   |             |
| Profit and Loss Account           | 6           |
| Balance Sheet                     | 7           |
| Statement of Accounting Policies  | 8           |
| Notes to the Financial Statements | 9           |

**DIRECTORS' REPORT**  
**5 APRIL 2011**

The directors present the Annual Report and Financial Statements of Ingenious Games Services Limited ("the Company") for the year ended 5 April 2011

This Directors' Report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption

**Principal activity**

The Company is a wholly-owned subsidiary of Ingenious Media Limited, which is a wholly-owned subsidiary within the Ingenious Media Holdings plc group ("the Group"), which manages its operations on a divisional basis. The Company continues to provide advisory services to the media and entertainment industry. The directors are not aware of any likely 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 key performance indicators for the Company are not necessary or appropriate for an understanding of its development, performance or position.

**Going concern**

The directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and Financial Statements.

Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

**Principal risks and uncertainties**

The general health of the economy is a continuing risk for the Company. Group risks are discussed in the Ingenious Media Holdings plc Annual Report and Financial Statements.

**Results and dividends**

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

The directors do not propose to pay a final dividend (year ended 5 April 2010: £nil).

No interim dividend was paid during the year (year ended 5 April 2010: £nil).

**Future developments**

The Company intends to continue to undertake its principal activity.

**DIRECTORS' REPORT (CONTINUED)**  
**5 APRIL 2011**

**Directors**

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

---

J L Boyton  
M T Bugden  
J H M Clayton  
N A Forster  
D M Reid  
S J Speight

---

**Statement of directors' responsibilities**

The directors are responsible for preparing the Annual Report and Financial Statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial period. 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). 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 the 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 United Kingdom Accounting Standards have been followed, and
- 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.

**DIRECTORS' REPORT (CONTINUED)**  
**5 APRIL 2011**

**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 of the Companies Act 2006

This report was approved and signed on behalf of the board of directors on 29 July 2011 by



**S J CRUICKSHANK**  
Company Secretary

Registered office  
15 Golden Square  
London  
W1F 9JG

Company registration No 5718471 (England and Wales)

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

We have audited the financial statements of Ingenious Games Services Limited for the year ended 5 April 2011 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Accounting Policies 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 (United Kingdom Generally Accepted Accounting Practice).

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 statement of directors' responsibilities, 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. 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 5 April 2011 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.

**Opinion on other matters prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INGENIOUS GAMES SERVICES LIMITED (CONTINUED)

**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 in preparing the Directors' Report



Calum Thomson (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditor  
London, United Kingdom  
Date 29.7.11



**PROFIT AND LOSS ACCOUNT**  
**YEAR ENDED 5 APRIL 2011**

|   | Notes    | Year ended<br>5 April<br>2011<br>£ '000s | Year ended<br>5 April<br>2010<br>£ '000s |
|---|----------|--|--|
| Administrative expenses                     |          | <u>(3)</u>                               | <u>(4)</u>                               |
| Operating loss                              | 1        | (3)                                      | (4)                                      |
| Loss on ordinary activities before taxation |          | (3)                                      | (4)                                      |
| Taxation                                    | 3        | <u>-</u>                                 | <u>-</u>                                 |
| <b>Loss for the financial year</b>          | <b>8</b> | <b><u>(3)</u></b>                        | <b><u>(4)</u></b>                        |

The accounting policies and notes to the financial statements on pages 8 to 11 form an integral part of the financial statements

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

The Company has no recognised gains and losses other than those shown above and therefore no separate Statement of Total Recognised Gains and Losses has been presented

**BALANCE SHEET**  
**AS AT 5 APRIL 2011**

|   | Notes | 5 April<br>2011<br>£ '000s | 5 April<br>2010<br>£ '000s |
|---|-------|----------------------------|----------------------------|
| <b>Fixed assets</b>                                   |       |                            |                            |
| Investments   | 4     | <u>1</u>                   | <u>1</u>                   |
| <b>Current assets</b>                                 |       |                            |                            |
| Debtors   | 5     | -                          | 135                        |
| Cash at bank and in hand                              |       | <u>136</u>                 | <u>6</u>                   |
|   |       | 136                        | 141                        |
| <b>Creditors: amounts falling due within one year</b> | 6     | <u>(190)</u>               | <u>(192)</u>               |
| <b>Net current liabilities</b>                        |       | <u>(54)</u>                | <u>(51)</u>                |
| <b>Total assets less current liabilities</b>          |       | <u>(53)</u>                | <u>(50)</u>                |
| <b>Net liabilities</b>                                |       | <u>(53)</u>                | <u>(50)</u>                |
| <b>Capital and reserves</b>                           |       |                            |                            |
| Called up share capital                               | 7     | -                          | -                          |
| Profit and loss account                               | 8     | <u>(53)</u>                | <u>(50)</u>                |
| <b>Shareholders' deficit</b>                          | 9     | <u>(53)</u>                | <u>(50)</u>                |

The accounting policies and notes to the financial statements on pages 8 to 11 form an integral part of the financial statements

The financial statements were approved by the board of directors and authorised for issue on 29 July 2011

They were signed on behalf of the board of directors by



**N A Forster**  
 Director

Company Registration Number 5718471 (England & Wales)

**STATEMENT OF ACCOUNTING POLICIES**  
**5 APRIL 2011**

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

**Basis of accounting**

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom Accounting Standards.

**Going concern**

The Company's business activities, together with the factors likely to affect its future development, performance and position, have been reviewed by the directors. As part of the Group, the directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

On the basis that the Group will not require repayment of amounts owed to group undertakings until the Company is able to do so, the directors have a reasonable expectation that the company will continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and Financial Statements.

**Cash flow**

The Annual Report and Financial Statements do not include a cash flow statement because the Company, as a wholly-owned subsidiary, is exempt from the requirement to prepare such a statement under Financial Reporting Standard 1 'Cash Flow Statements'.

**Investments**

*Interests in partnerships*

Fixed asset investments in partnership undertakings are stated at cost, adjusted for allocated profit and drawings. The Company's share of partnership allocated profits is included in the Profit and Loss Account.

**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.

NOTES TO THE FINANCIAL STATEMENTS  
5 APRIL 2011

1. Operating loss

|   | Year ended<br>5 April<br>2011<br>£ '000s | Year ended<br>5 April<br>2010<br>£ '000s |
|---|--|--|
| This is stated after charging               |  |  |
| Fees for the statutory audit of the Company | 3  | 4  |
|   | 3  | 4  |

2. Staff costs

The Company incurred no staff costs nor paid any remuneration to its directors during the year (year ended 5 April 2010 £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

3. Taxation

|   | Year ended<br>5 April<br>2011<br>£ '000s | Year ended<br>5 April<br>2010<br>£ '000s |
|---|--|--|
| The tax charge on the loss on ordinary activities for the year was as follows |  |  |

UK Corporation tax at 28% (2010 28%) based on the adjusted results for the year

|                    |   |   |
|--------------------|---|---|
|                    | - | - |
| Current tax charge | - | - |

|   | Year ended<br>5 April<br>2011<br>£ '000s | Year ended<br>5 April<br>2010<br>£ '000s |
|---|--|--|
| Factors affecting tax charge for the year |  |  |

Loss on ordinary activities before taxation (3) (4)

Loss on ordinary activities for the year multiplied by standard rate of corporation tax in the UK of 28% (2010 28%) (1) (1)

Effects of  
Group relief surrendered 1 1

Current tax charge - -

A potential deferred tax asset of £21,536 (2010 £23,193) in respect of tax losses carried forward has not been recognised due to uncertainty over the availability of taxable profits in future chargeable accounting periods

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5 APRIL 2011

## 4. Fixed asset investments

|  | 5 April<br>2011<br>£ '000s | 5 April<br>2010<br>£ '000s |
|--|----------------------------|----------------------------|
| <b>Share of partnership undertakings</b> |                            |                            |
| At 6 April 2010 and 5 April 2011         | 1                          | 1                          |

**Pall Mall Film Partners**

The investment represents an interest in Pall Mall Film Partners ("the Partnership") which had net assets at 5 April 2011 of £10.5m (2010: £11.4m) and a profit for the year ended 5 April 2011 of £0.3m (2010: £0.3m). At 5 April 2011 the Company held a 0.01% (2010: 0.01%) interest in the capital of the Partnership. The principal place of business of the Partnership is 15 Golden Square, London W1F 9JG, United Kingdom.

## 5. Debtors

|                                    | 5 April<br>2011<br>£ '000s | 5 April<br>2010<br>£ '000s |
|------------------------------------|----------------------------|----------------------------|
| Amounts owed by group undertakings | -                          | 135                        |

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

|                                    | 5 April<br>2011<br>£ '000s | 5 April<br>2010<br>£ '000s |
|------------------------------------|----------------------------|----------------------------|
| Amounts owed to group undertakings | 183                        | 189                        |
| Accruals and deferred income       | 7                          | 3                          |
|                                    | <b>190</b>                 | <b>192</b>                 |

## 7. Called up share capital

|  | Allotted, called up and fully paid<br>5 April 2011 |    | 5 April 2010 |    |
|--|--|----|--------------|----|
|  | £  | No | £            | No |
| Ordinary Shares of £1 each issued at par | 1  | 1  | 1            | 1  |

## 8. Statement of movements on Profit and Loss Account

|                                | 5 April<br>2011<br>£ '000s | 5 April<br>2010<br>£ '000s |
|--------------------------------|----------------------------|----------------------------|
| Balance brought forward        | (50)                       | (46)                       |
| Loss for the financial year    | (3)                        | (4)                        |
| <b>Balance carried forward</b> | <b>(53)</b>                | <b>(50)</b>                |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
5 APRIL 2011

9. Reconciliation of movements in shareholders' deficit

|                                       | 5 April<br>2011<br>£ '000s | 5 April<br>2010<br>£ '000s |
|---------------------------------------|----------------------------|----------------------------|
| Loss for the financial year           | (3)                        | (4)                        |
| Net movement in shareholders' deficit | (3)                        | (4)                        |
| Opening shareholders' deficit         | (50)                       | (46)                       |
| <b>Closing shareholders' deficit</b>  | <b>(53)</b>                | <b>(50)</b>                |

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 Financial Reporting Standard 8 'Related Party Disclosures'.

Ingenious Media Investments Limited is also a wholly-owned subsidiary of the Group and acts as operator of the Partnership. The directors of the Company are also directors of Ingenious Media Investments Limited.

11. Controlling party

During the year ended 5 April 2011 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 within the Group. Ingenious Media Holdings plc is the only parent undertaking for which consolidated financial statements are prepared.

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

The controlling shareholder of Ingenious Media Holdings plc is P A McKenna.

12. Additional information on partnership undertakings

During the year the Company had an interest in the following partnership:

| Undertaking             | Activity                          | Class            | %    |
|-------------------------|-----------------------------------|------------------|------|
| Pall Mall Film Partners | Film development and exploitation | Corporate Member | 0.01 |

The net carrying value of the interest in the Partnership is £1,126 (2010: £1,108). The Partnership's profit for the year ended 5 April 2011 was £0.3m (2010: £0.3m) resulting in a net asset position of £10.5m (2010: £11.4m) at that date.