

ALL3MEDIA Capital Limited

Directors' report and financial statements

For the year ended 31 August 2010

Registered number 5879286

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Directors' report

The directors present their annual report and the audited financial statements of the company for the year ended 31 August 2010

Principal activity and review of the business

The principal activity of the company is a holding company of television production companies and artist management companies. The directors do not anticipate any changes in these activities over the coming year.

Results and dividends

The loss for the year, after taxation, amounted to £8,276,236 (2009 loss £5,764,255)

The directors do not recommend the payment of a dividend for the year (2009 £nil)

Listed Debt

The Company holds loan notes which are listed on the Channel Islands Stock Exchange as 18% and 20% unsecured and limited recourse notes.

Going concern

The directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued support of the ultimate parent company, ALL3MEDIA Holdings Limited. The directors have received confirmation that ALL3MEDIA Holdings Limited intends to support the company for at least one year after these financial statements are signed.

Future outlook

The commercial environment in which the company operates remains competitive, but the directors believe that its relationship with the ALL3MEDIA Holdings Limited group (the "group") will enable it to maintain its current position in the future.

Principal risks and uncertainties

The key business risks and uncertainties affecting the company relate to the general economic environment, competition from other television producers and talent agencies and success of the company's programming. Further discussion of these risks and uncertainties, in the context of the group as a whole, is provided on page 6 of the group's annual report which does not form part of this report.

Key performance indicators ("KPIs")

The directors of ALL3MEDIA Holdings Limited manage the group's operations on a divisional basis. For this reason, the company's directors believe that analysis using key performance indicators for the company is not necessary or appropriate for an understanding of the development, performance or position of the business of ALL3MEDIA Capital Limited. The development, performance and position of the ALL3MEDIA Holdings Limited group, which includes the company, is discussed on page 5 of the group's annual report which does not form part of this report.

Disclosure of information to auditors

Each of the persons who is a director at the date of approval of this report confirms that

- (1) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- (2) the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Directors' report (continued)

Directors and directors' interests

The directors who held office during the year and up to the date of signing the financial statements were as follows

S Morrison
J Burns
J Pfeil

Directors' indemnities

The Company maintains liability insurance for its directors and officers. Following shareholder approval the Company has also provided an indemnity for its directors and the secretary, which is a qualifying third party indemnity provision for the purposes of the Companies Act 2006.

Statement of directors' responsibilities

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 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 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,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, 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 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors

A resolution to reappoint PricewaterhouseCoopers LLP as auditors will be put to the members at the annual general meeting.

By order of the Board



J Pfeil
Company secretary

Date 21 December 2010

Berkshire House
168-173 High Holborn
London
WC1V 7AA

Independent auditors' report to the members of ALL3MEDIA Capital Limited

We have audited the financial statements of ALL3MEDIA Capital Limited for the year ended 31 August 2010 which comprise the profit and loss account, the reconciliation of movements in shareholders' deficit, the balance sheet and the related notes. 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).

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities set out on page 3 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 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.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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.

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 31 August 2010 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 matter 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.

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 by the company, or returns adequate for our audit have not been received from branches not visited by us, or
- the company 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.



Philip Stokes (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
21 December 2010

Profit and loss account for the year ended 31 August 2010

	<i>Note</i>	Year ended 31 August 2010 £	Year ended 31 August 2009 £
Administrative expenses		(4,750)	(11,925)
Operating loss	2	(4,750)	(11,925)
Interest receivable and similar income	5	39,821,845	33,635,065
Interest payable and similar charges	6	(40,684,075)	(33,936,522)
Loss on ordinary activities before taxation		(866,980)	(313,382)
Taxation	7	(7,409,256)	(5,450,873)
Loss for the financial year		(8,276,236)	(5,764,255)

All amounts in the current and previous year derive from continuing activities

The company has no recognised gains or losses other than those included in the results above, and therefore no separate statement of total recognised gains and losses has been presented

There is no material difference between the loss on ordinary activities before taxation and the loss for the year stated above and their historical cost equivalents

The notes on pages 8 to 15 form part of these financial statements

Reconciliation of movements in shareholders' deficit for the year ended 31 August 2010

	<i>Note</i>	Year ended 31 August 2010 £	Year ended 31 August 2009 £
Loss for the financial year		(8,276,236)	(5,764,255)
Net change in shareholders' deficit		(8,276,236)	(5,764,255)
Opening shareholders' deficit		(11,565,830)	(5,801,575)
Closing shareholders' deficit		(19,842,066)	(11,565,830)

The notes on pages 8 to 15 form part of these financial statements

Balance sheet at 31 August 2010

Registered number 5879286

	<i>Note</i>	2010 £	2009 £
Fixed assets			
Fixed asset investments	8	1	1
Current assets			
Debtors (includes £178,562,005 (2009 £166,974,275) due after more than one year)	9	258,440,693	218,618,846
Creditors: amounts falling due within one year	10	(13,839,675)	(6,153,846)
Net current assets		244,601,018	212,465,000
Total assets less current liabilities		244,601,019	212,465,000
Creditors: amounts falling due after more than one year	11	(264,443,085)	(224,030,831)
Net liabilities		(19,842,066)	(11,565,830)
Capital and reserves			
Called up share capital	13	1	1
Profit and loss account	14	(19,842,067)	(11,565,831)
Total shareholders' deficit		(19,842,066)	(11,565,830)

These financial statements were approved by the Board of directors on 21 December 2010 and were signed on its behalf by



J Burns
Director

The notes on pages 8 to 15 form part of these financial statements

Notes to the financial statements

1. Accounting policies

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

Basis of preparation and consolidation

The financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year are set out below.

The financial statements contain information about ALL3MEDIA Capital Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its ultimate parent undertaking, ALL3MEDIA Holdings Limited.

Going concern

The financial statements are prepared on the going concern basis due to the continued support of the ultimate parent company ALL3MEDIA Holdings Limited. The company has received confirmation that ALL3MEDIA Holdings Limited intends to support the company for at least one year after these financial statements are signed.

Cash flow statement

The company has taken advantage of the exemption in Financial Reporting Standard No. 1 "Cashflow Statements (Revised 1996)" from the requirement to produce a cash flow statement on the grounds that it is a subsidiary undertaking where 90 percent or more of the voting rights are controlled within the Group. Group financial statements are prepared and publicly available.

Fixed asset investments

Fixed asset investments are stated at cost less any provision for impairment. The carrying values of fixed asset investments are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

Taxation

Corporation tax is payable on taxable profits at amounts expected to be paid, or recovered, under the tax rates and laws that have been enacted or substantially enacted at the balance sheet date.

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 have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the average tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Notes to the financial statements *(continued)*

1. *Accounting policies (continued)*

Financial instruments

All borrowings are initially stated at the fair value of the consideration received after deduction of issue costs. Issue costs together with finance costs are charged to the profit and loss account over the term of the borrowings. Accrued finance costs attributable to borrowings where the maturity at the date of issue is less than 12 months are included within current liabilities. For all other borrowings, accrued finance charges and issue costs are included within creditors due in more than one year.

Debtors are initially stated at fair value. The carrying value of debtors are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

2. **Operating loss**

The audit fee for the current and prior year was borne by ALL3MEDIA Limited.

3. **Directors' emoluments**

Directors' remuneration in 2010 was £nil (2009: £nil).

The emoluments of S Morrison, J Burns and J Pfeil are remunerated by ALL3MEDIA Limited, and details of their emoluments and pension payments are available in the financial statements of that company. These emoluments are not paid to them in their capacity as Directors of the Company and are payable for services wholly attributable to other subsidiary undertakings. Accordingly, no details in respect of their emoluments have been included in these financial statements.

4. **Employee information**

The company had no employees (2009: nil) and incurred no staff costs during the year (2009: £nil).

5. **Interest receivable and similar income**

	Year ended 31 August 2010 £	Year ended 31 August 2009 £
Interest receivable from group companies	39,821,845	33,635,065

6. **Interest payable and similar charges**

	Year ended 31 August 2010 £	Year ended 31 August 2009 £
On unsecured subordinated loan notes	39,925,355	33,276,784
Interest payable to the ultimate parent company	758,720	659,738
	40,684,075	33,936,522

Notes to the financial statements *(continued)*

7. Taxation

(i) Taxation on loss for the year

The tax charge is made up as follows

	Year ended 31 August 2010 £	Year ended 31 August 2009 £
Current tax		
UK corporation tax		
Current tax on income for the year	7,409,256	5,450,873
Tax on loss on ordinary activities	<u>7,409,256</u>	<u>5,450,873</u>

(ii) Factors affecting the tax charge for the current year and future years

The tax charge for the year is higher (2009 higher) than the standard rate of corporation tax in the UK at 28% (2009 28%) The differences are explained below

	Year ended 31 August 2010 £	Year ended 31 August 2009 £
Loss on ordinary activities before taxation	(866,980)	(313,382)
Current tax at 28% (2009 28%)	(242,754)	(87,747)
Effects of		
Expenses not deductible for tax purposes	7,652,010	5,537,500
Short term timing differences	-	1,120
Total current tax charge for the year	<u>7,409,256</u>	<u>5,450,873</u>

A number of changes to the UK Corporation tax system were announced in the June 2010 Budget Statement The Finance (No 2) Act 2010, which was substantively enacted on 20 July 2010, includes legislation reducing the main rate of corporation tax from 28 per cent to 27 per cent from 1 April 2011

Net deferred taxation not recognised in the accounts is as follows

	2010 £	2009 £
Short term timing differences	<u>1,080</u>	<u>1,120</u>

No deferred tax asset relating to the above has been recognised on the basis that the recognition criteria set out in Financial Reporting Standard 19 have not been met on the basis that there is insufficient evidence of suitable taxable profits from which the future reversal of the underlying timing difference can be deducted

Notes to the financial statements *(continued)*

8. Fixed asset investments

	2010 Shares in subsidiary companies £	2009 Shares in subsidiary companies £
Cost and net book value at 31 August 2009	1	1
Additions	-	-
	<hr/>	<hr/>
Cost and net book value at 31 August 2010	1	1
	<hr/>	<hr/>

Fixed asset investments in the company comprise a £1 investment in ALL3MEDIA Intermediate Limited

The details of the principal subsidiary companies in which the company holds 20% or more of the nominal value of any class of share capital are as follows. Shares held by an intermediate holding company are indicated with an asterisk (*) All investments are unlisted, except for MME Moviemment AG

Name of company	Country of incorporation	Equity holding	Nature of business
ALL3MEDIA Intermediate Limited	England & Wales	100%	Sub-holding company
ALL3MEDIA Finance Limited	England & Wales	*100%	Sub-holding company
ALL3MEDIA Group Limited	England & Wales	*100%	Sub-holding company
ALL3MEDIA Limited	England & Wales	*100%	Sub-holding company
North One Television Limited	England & Wales	*100%	Television production and distribution
ALL3MEDIA International Limited	England & Wales	*100%	Distribution
Cactus TV Limited	England & Wales	*100%	Television production and distribution
Bentley Productions Limited	England & Wales	*100%	Television production and distribution
Lion Television Limited	England & Wales	*100%	Television production and distribution
Ravenscourt Services Limited	England & Wales	*100%	Production services company
Company Television Limited	England & Wales	*100%	Television production and distribution
Company Television Productions Limited	England & Wales	*100%	Television production and distribution
Company Productions Limited	England & Wales	*100%	Television production and distribution
Company Productions (North) Limited	England & Wales	*100%	Television production and distribution
GK Productions Limited	England & Wales	*100%	Television production and distribution
Mersey Acquisitions Limited	England & Wales	*91%	Sub-holding company
Lime Pictures Group Limited	England & Wales	*91%	Television production and distribution
The Lime Pictures Holding Company Limited	England & Wales	*91%	Television production and distribution
Conker Media Limited	England & Wales	*91%	Television production and distribution
Lime Pictures Limited	England & Wales	*91%	Television production and distribution

Name of company	Country of incorporation	Equity holding	Nature of business
Artists Rights Group Limited	England & Wales	*100%	Talent agency
North One Sport Limited (formerly International Sportsworld Communicators Limited)	England & Wales	*100%	World Rally promoter and rights holder
Illumina Digital Limited	England & Wales	*100%	Multiplatform content provider
Tulip Holdings BV	Netherlands	*100%	Sub-holding company
IDTV Media Group BV	Netherlands	*100%	Television production and distribution
IDTV Film BV	Netherlands	*82.5%	Film production
De Beeldbrigade BV	Netherlands	*51%	Television production and distribution
South Pacific Pictures Limited	New Zealand	*59.7%	Television production and distribution
Maverick Television Limited	England & Wales	*100%	Television production and distribution
Objective Productions Limited	England & Wales	*100%	Television production and distribution
Studio Lambert Limited	England & Wales	*51%	Television production and distribution
ALL3MEDIA Deutschland GmbH	Germany	*100%	Sub-holding company
MME Moviemat AG	Germany	*93.49%	Sub-holding company
Filmpool Film- und Fernsehproduktion GmbH	Germany	*93.49%	Television production
MME Me, Myself & Eye Entertainment GmbH	Germany	*93.49%	Television production
White balance GmbH	Germany	*93.49%	Television production
Lion Television Inc	USA	*100%	Television production and distribution
Noah Acquisitions	USA	*100%	Sub-Holding company
Zoo Productions Inc	USA	*100%	Television production and distribution

The directors believe that the carrying value of the investments is supported by their underlying net assets

The investment in MME Moviemat AG is listed on the German Stock Exchange. It has a book value (excluding related acquisition costs) of £60,504,402 (2009 £64,456,000) and a market value at 31 August 2010 of £76,062,677 (2009 £72,928,000)

Notes to the financial statements *(continued)*

9. Debtors

	2010 £	2009 £
Amounts receivable from fellow subsidiary undertakings	258,440,693	218,618,846

Amounts falling due after more than one year included in the above are

	2010 £	2009 £
Amounts receivable from fellow subsidiary undertakings	178,562,005	166,974,275

Amounts owed by subsidiary undertakings included in the company above include an unsecured non-trading loan of £102,598,000 (2009 £102,598,000) and rolled up interest of £79,878,688 (2009 £51,644,571). The loan is repayable on demand following the settlement of all outstanding loan amounts due under the Interim Loan Agreement with the Royal Bank of Scotland plc dated 31 July 2006, the final amount of which falls due on 31 August 2016. Interest is payable on this loan at rates between 18% and 20% per annum. Also included in the amounts owed by group undertakings included in the company above are unsecured loan notes of £75,964,005 (2009 £64,376,275). These are repayable on 28 September 2016 or on a sale or listing of the company (subject to agreement by the majority of loan note holders). Interest is payable on this loan at a rate of 18% per annum.

10. Creditors: amounts falling due within one year

	2010 £	2009 £
Amounts owed to parent company	934,493	662,670
Amounts owed to group undertakings	41,053	36,303
Amounts owed to group undertakings for group relief	12,860,129	5,450,873
Accruals and deferred income	4,000	4,000
	13,839,675	6,153,846

Amounts owed to group undertakings are interest-free, unsecured and repayable on demand.

Notes to the financial statements *(continued)*

11. Creditors: amounts falling due after more than one year

	2010 £	2009 £
Unsecured subordinated preference certificate (see note 12)	259,195,628	219,270,273
Unsecured loan and loan notes payable to parent company	5,247,457	4,760,558
	<hr/>	<hr/>
	264,443,085	224,030,831
	<hr/>	<hr/>

Amounts owed to the parent company above include an unsecured non-trading loan of £2,055,562 (2009 £2,055,562). This is repayable on demand following the settlement of all outstanding loan amounts due under the Interim Loan Agreement with the Royal Bank of Scotland plc dated 31 July 2006, the final amount of which falls due on 31 August 2016. Interest is payable on this loan at a rate of 10% per annum. Also included in the amounts owed to parent company above are unsecured loan notes of £3,191,895 (2009 £2,704,996). These are repayable on 28 September 2016 or on a sale or listing of the company (subject to agreement by the majority of loan note holders). Interest is payable on this loan at a rate of 18% per annum.

12. Loans

	2010 £	2009 £
In more than five years	259,195,628	219,270,273
	<hr/>	<hr/>
Details of loans not wholly repayable within five years are as follows		
Unsecured subordinated preference certificate Series A repayable 28 September 2016	157,056,646	133,102,501
Unsecured subordinated preference certificate Series B repayable 28 September 2016	73,909,574	62,643,263
Unsecured subordinated preference certificate Acquisitions repayable 15 August 2017	28,229,408	23,524,509
	<hr/>	<hr/>
	259,195,628	219,270,273
	<hr/>	<hr/>

The above loan notes are listed on the Channel Islands Stock Exchange as 18% and 20% unsecured and limited recourse notes.

A fixed annual interest rate of 18% is payable on the Series A and B subordinated preference certificates. The interest rate payable on the Acquisitions subordinated preference certificates is a fixed annual interest rate of 20%.

Included in the loans above is £120,705,628 (2009 £80,780,273) of accrued interest costs.

On 28 September 2006 the group acquired the ALL3MEDIA group. As part of the acquisition arrangements the shares and assets of the company were charged to the Royal Bank of Scotland plc and Bank of Scotland who provided bank finance for the transaction.

Notes to the financial statements (continued)

13. Called up share Capital

Allotted, called up and fully paid

	2010 £	2009 £
1 ordinary shares of £1 each	1	1
	<u>1</u>	<u>1</u>

14. Reserves

Movements in reserves were as follows

	Share capital £	Profit and loss account £	Total £
At 1 September 2009	1	(11,565,831)	(11,565,830)
Loss for the financial year	-	(8,276,236)	(8,276,236)
	<u>1</u>	<u>(19,842,067)</u>	<u>(19,842,066)</u>
At 31 August 2010	1	(19,842,067)	(19,842,066)

15. Related party transactions

The company has taken advantage of the exemption in Financial Reporting Standard No 8 'related party transactions' from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the ultimate parent company. There were no other related party transactions in the current or prior year.

16. Post balance sheet events

On 14 September 2010 £15 million of unsecured subordinated preference certificates were issued by the company.

17. Ultimate parent company

The company's immediate and ultimate parent undertaking is ALL3MEDIA Holdings Limited. ALL3MEDIA Holdings Limited is the parent undertaking of the smallest and the largest group to consolidate these financial statements at 31 August 2010. Copies of its group financial statements, which include the company, are available from Berkshire House, 168-173 High Holborn, London WC1V 7AA.

The ultimate controlling party at the balance sheet date was Permira Holdings Limited, a company which owns Permira Europe III G P Limited, the general partner of Permira Europe III.