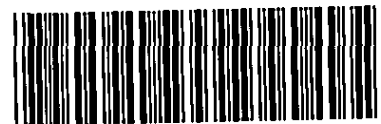


INGENIOUS BROADCASTING 2 PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

**For the year ended
5 April 2009**

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Company Registration Number
6005302 (England and Wales)

ANNUAL REPORT AND FINANCIAL STATEMENTS 2009

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INGENIOUS BROADCASTING 2 PLC

THE COMPANY AND ITS ADVISERS

Directors	J L Boyton M T Bugden J H M Clayton N A Forster D M Reid S J Speight
Company Secretary	S J Cruickshank
Registered Office	15 Golden Square London W1F 9JG
Company Number	6005302 (England and Wales)
Auditors	Shipleys LLP Chartered Accountants and Statutory Auditors 10 Orange Street Haymarket London WC2H 7DQ
Bankers	HSBC Private Bank (UK) Limited 78 St James's Street London SW1A 1JB
Registrar	SLC Registrars Thames House Portsmouth Road Esher KT10 9AD

DIRECTORS' REPORT

5 April 2009

The directors present their Annual Report and Audited Financial Statements for the year ended 5 April 2009.

ACTIVITIES

Ingenious Broadcasting 2 plc (the "Company") is a member of Ingenious Broadcasting 2 LLP (the "Partnership"), a limited liability partnership formed to produce and exploit a high quality portfolio of television programmes with ongoing potential for commercial exploitation across all media.

In assessing which programmes to produce, the Partnership endeavours to work with the most successful broadcasters and sales agents and to work with and engage the highest quality co-producers and production services companies and personnel to carry out its production activities. The Partnership also benefits from its relationship with the Ingenious Media group in sourcing television projects, and intends to create a diverse portfolio of programmes with both domestic and international appeal.

REVIEW OF THE BUSINESS

The Company made a profit after tax of £280,073 (2008: £498,715 loss after tax).

The net assets of the Company at 5 April 2009 were £7,545,360 (2008: £7,265,287).

The directors consider the Company's performance during the year to be satisfactory, and will continue to monitor the trading activities undertaken through the Partnership and the performance of the Partnership's operator.

NEW PRODUCTION ACTIVITIES

The Company has raised capital of £7.8 million to date of which £7.4 million has been deployed into the Partnership. The Partnership has engaged in £33.1million (2008: £21.6 million) of television production expenditure for the year ended 5 April 2009. Each of these productions involved co-producing with leading independent television producers and several of the UK's key broadcasters ultimately acquired the programmes for their domestic broadcast upon delivery.

COMPLETED ACTIVITIES

During the year to 5 April 2009 the Partnership committed to co-produce seven (2008: seven) programmes. Four (2008: five) of these programmes were completed during the year, and three (2008: two) were still in production at the year end.

Total budget commitments in relation to these programmes totalled £33.1 million (2008: £21.6 million) and distributors acting on behalf of the Partnership have pre-sold the rights to these programmes for the full £33.1million (2008: £21.6million). The Partnership has engaged various distributors to sell the programmes internationally on its behalf and expects to generate further revenue in the forthcoming year.

INGENIOUS BROADCASTING 2 PLC

DIRECTORS' REPORT (CONTINUED)

5 April 2009

FUTURE PROSPECTS

The directors consider the financial position at the end of the year to be satisfactory and believe the Company is well placed to continue its business in the coming year.

DIRECTORS

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

	Appointment date	Resignation date
J L Boyton	-	-
M T Bugden	1 June 2009	-
J H M Clayton	1 June 2009	-
S E Ford	-	9 May 2008
N A Forster	18 August 2008	-
P A McKenna	-	1 June 2009
D M Reid	-	-
S J Speight	1 June 2009	-

PAYMENT OF SUPPLIERS

The Company agrees payment terms as part of the commercial arrangement negotiated with suppliers. Payments are made on these terms provided the supplier meets its obligations.

The trade creditor days at 5 April 2009 were nil (2008: 1 day).

FINANCIAL RISK MANAGEMENT OBJECTIVES AND PROCEDURES

As the Company's key activity is investment in the Partnership, the directors have deemed it appropriate to consider the key risks to which the Partnership is exposed. Due to the nature of the Partnership's business and the assets and liabilities contained within its balance sheet, the key financial risk the directors consider relevant is credit risk. This risk is mitigated by the Partnership's credit control policies and greenlighting procedure. In assessing which programmes to produce, the Partnership endeavours to work with the most successful co-producers, distributors and broadcasters, and to work with and engage the highest quality personnel to carry out its production activities. The Partnership continues to monitor programmes' exploitation in international markets and anticipates further income from those sources.

DIRECTORS' REPORT (CONTINUED)

5 April 2009

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 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 the 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 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 ensuring that proper accounting records are kept 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 2006. They are also responsible for the system of internal control, for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

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.

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

Shipleys LLP has indicated its willingness to remain in office and in accordance with s489 of the Companies Act 2006, a resolution proposing that they be reappointed will be put to the Annual General Meeting.

This report was approved and signed on behalf of the board of directors on 24 July 2009 by:



S J Cruickshank
Company Secretary

Registered office:
15 Golden Square,
London
W1F 9JG

INGENIOUS BROADCASTING 2 PLC

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INGENIOUS BROADCASTING 2 PLC

We have audited the financial statements of Ingenious Broadcasting 2 plc for the year ended 5 April 2009 which comprise the profit and loss account, the balance sheet, the cash flow statement and the related notes 1 to 13. 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 section 495 and 496 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 auditors' 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

As explained more fully in the Directors' Responsibilities Statement, 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 (APB'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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INGENIOUS BROADCASTING 2 PLC (CONTINUED)

Opinion on financial statements

- the financial statements give a true and fair view of the state of the Company's affairs as at 5 April 2009 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been properly prepared in accordance with the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

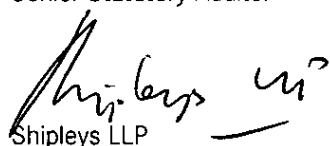
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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.

S L Joberns
Senior Statutory Auditor



Shipleys LLP

Chartered Accountants and Statutory Auditors
10 Orange Street
Haymarket
London
WC2H 7DQ

24 July 2009

INGENIOUS BROADCASTING 2 PLC

PROFIT AND LOSS ACCOUNT

For the year ended 5 April 2009

	NOTE	For the year ended 5 Apr 09 £	Period 21 Nov 06 to 5 Apr 08 £
Administrative expenses		(11,008)	(247,847)
OPERATING LOSS	2	(11,008)	(247,847)
Share of profit/(loss) of associated Partnership	3	320,610	(262,390)
Interest receivable and similar income	4	2,714	11,522
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		312,316	(498,715)
Taxation on profit/(loss) on ordinary activities	5	(32,243)	-
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION AND ACCUMULATED PROFIT/(LOSS) FOR THE YEAR/PERIOD		280,073	(498,715)

All of the Company's activities relate to continuing operations.

There are 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 2009

	NOTE	2009 £	2008 £
FIXED ASSETS			
Investments	3	7,511,660	7,191,050
CURRENT ASSETS			
Debtors	7	2	2
Cash at bank		78,692	83,484
		78,694	83,486
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	8	(44,994)	(9,249)
NET CURRENT ASSETS		33,700	74,237
TOTAL ASSETS LESS CURRENT LIABILITIES		7,545,360	7,265,287
CAPITAL AND RESERVES			
Called up equity share capital	9	7,764,002	7,764,002
Profit and loss account	10	(218,642)	(498,715)
SHAREHOLDERS' FUNDS	11	7,545,360	7,265,287

These financial statements were approved by the directors and authorised for issue on 24 July 2009, and are signed on their behalf by:



N A Forster
Director

INGENIOUS BROADCASTING 2 PLC

CASH FLOW STATEMENT

For the year ended 5 April 2009

	NOTE	For the year ended 5 Apr 09 £	Period 21 Nov 06 to 5 Apr 08 £
Cash (outflow) from operating activities	A	(7,506)	(238,600)
Returns on investment and servicing of finance	B	2,714	11,522
Acquisitions and disposals	C	-	(7,453,440)
Net cash (outflow) before management of liquid resources and financing		(4,792)	(7,680,518)
Financing	D	-	7,764,002
(Decrease)/Increase in cash in the year/period	E	(4,792)	83,484

NOTES TO THE CASH FLOW STATEMENT

For the year ended 5 April 2009

A. Reconciliation of operating loss to net cash (outflow) from operating activities	For the year ended 5 Apr 09 £	Period 21 Nov 06 to 5 Apr 08 £	
Operating loss	(11,008)	(247,847)	
Increase in debtors	-	(2)	
Increase in creditors	3,502	9,249	
Net cash (outflow) from operating activities	(7,506)	(238,600)	
B. Returns on investment and servicing of finance	For the year ended 5 Apr 09 £	Period 21 Nov 06 to 5 Apr 08 £	
Interest received	2,714	11,522	
C. Acquisitions and disposals	For the year ended 5 Apr 09 £	Period 21 Nov 06 to 5 Apr 08 £	
Investment in Partnership	-	(7,453,440)	
D. Financing	For the year ended 5 Apr 09 £	Period 21 Nov 06 to 5 Apr 08 £	
Issue of non-equity share capital		50,000	
Issue of equity share capital	-	7,764,002	
Redemption of non-equity shares	-	(50,000)	
Net cash inflow from financing activities	-	7,764,002	
E. Analysis of changes in net funds	At 6 April 2008 £	Cash flows £	At 5 April 2009 £
Cash at bank	83,484	(4,792)	78,692
F. Reconciliation of net cash flow to movement in net funds	For the year ended 5 Apr 09 £	Period 21 Nov 06 to 5 Apr 08 £	
(Decrease)/Increase in cash in the year/period	(4,792)	83,484	
Net cash at start of year/period	83,484	-	
Net cash at end of year/period	78,692	83,484	

NOTES TO THE FINANCIAL STATEMENTS

5 April 2009

1. Principal accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention.

Compliance with accounting standards

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards. The significant accounting policies adopted are summarised below. These policies have been consistently applied in the current year and prior financial period.

Investment in associated Partnership

The investment in the associated Partnership is accounted for using the equity method. The profit and loss account includes the Company's share of the Partnership's profits less losses while the Company's share of the net assets of the Partnership is shown in the balance sheet.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Foreign currency

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit/loss.

Financial instruments

The Company's principal financial instruments are its bank balance, receivables and redeemable preference shares. The main purpose of the bank balance and receivables are to provide funding for the Company's operations and to ensure the Company can meet its liabilities as they fall due.

Due to the nature of the financial instruments used by the Company, there is no exposure to price risk. Credit risk of receivables is closely monitored.

Redeemable preference shares are redeemed in the event that sufficient new ordinary shares are issued in accordance with the offer set out in the prospectus issued by the Company and the redeemable preference shares are fully paid up. The redeemable preference shares have therefore been classified as long term liabilities of the Company.

The Company makes use of money market facilities when appropriate.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5 April 2009

2. Operating loss

The operating loss is stated after charging:

	For the year ended 5 Apr 09 £	Period 21 Nov 06 to 5 Apr 08 £
Auditors' remuneration for audit services	2,350	2,500

3. Investments

	2009 £	2008 £
Cost / Share of net assets		
Balance brought forward	7,191,050	-
Movement during the year/period		
Capital paid	-	7,453,440
Share of Partnership's profit/(loss)	320,610	(262,390)
Balance carried forward	7,511,660	7,191,050

The investment represents the interest in the Partnership. At the year end, the Company had a 6.1% (2008: 8.2%) interest in the capital of the Partnership and an entitlement to an allocation of profits and losses based on its respective Weighted Member's share. The Partnership was formed under the Limited Liability Partnership Act 2000 to develop, produce and exploit a high quality portfolio of television programmes. Its place of business and head office address is 15 Golden Square, London, W1F 9JG, United Kingdom. The Partnership made a net loss of £249,159 (2008: net loss of £4,388,482) during the year to 5 April 2009.

The directors do not consider there to have been any indications as to an impairment in the carrying value of the investment; it is therefore carried at cost plus any share of profits or losses.

4. Interest receivable and similar income

	For the year ended 5 Apr 09 £	Period 21 Nov 06 to 5 Apr 08 £
Bank interest	2,714	11,522

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5 April 2009

5. Taxation

a. The tax charge on the profit/(loss) on ordinary activities for the year/period was as follows:

	For the year ended 5 Apr 09 £	Period 21 Nov 06 to 5 Apr 08 £
Current tax charge for the year/period	32,243	-
Total tax charge	32,243	-

b. Factors affecting the tax charge for the year/period

	For the year ended 5 Apr 09 £	Period 21 Nov 06 to 5 Apr 08 £
Profit/(Loss) on ordinary activities before taxation	312,316	(498,715)
Profit/(Loss) on ordinary activities for the year/period multiplied by the standard rate of corporation tax of 21% (2008: 30%)	65,586	(149,615)
Effects of:		
Adjustment to allocation from Partnership	(33,343)	(11,166)
Tax losses not utilised	-	160,780
Current tax charge for the year/period	32,243	-

A potential deferred tax asset of £61,485 (2008: £160,780) 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.

6. Directors and employees

The Company did not have any employees during the year or the prior period. The directors did not receive any remuneration for their services during either the current year or prior period.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5 April 2009

7. Debtors	2009	2008
	£	£
Amounts due from shareholders	2	2

8. Creditors: Amounts falling due within one year	2009	2008
	£	£
Accruals	12,751	8,251
Trade creditors	-	998
Corporation tax	32,243	-
	44,994	9,249

9. Share capital

	Allotted			
	2009		2008	
	£	No.	£	No.
Ordinary shares of £1 each issued at par	7,764,002	7,764,002	7,764,002	7,764,002

	Called up and fully paid			
	2009		2008	
	£	No.	£	No.
Ordinary shares of £1 each issued at par	7,764,000	7,764,000	7,764,000	7,764,000

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5 April 2009

10. Statement of movements on profit and loss account

	For the year ended 5 Apr 09 £	Period 21 Nov 06 to 5 Apr 08 £
Balance brought forward	(498,715)	-
Profit/(Loss) for the financial year/period	280,073	(498,715)
Balance carried forward	(218,642)	(498,715)

11. Reconciliation of movements in shareholders' funds

(i) Equity shareholders' funds	For the year ended 5 Apr 09 £	Period 21 Nov 06 to 5 Apr 08 £
Profit/(Loss) for the financial year/period	280,073	(498,715)
Equity share capital issued for cash	-	7,764,000
Net movement in equity shareholders' funds	280,073	7,265,285
Opening equity shareholders' funds	7,265,287	2
Closing equity shareholders' funds	7,545,360	7,265,287
(ii) Non-equity shareholders' funds	For the year ended 5 Apr 09 £	Period 21 Nov 06 to 5 Apr 08 £
Non-equity share capital issued at par	-	50,000
Redemption of non-equity share capital	-	(50,000)
Net movement in non-equity shareholders' funds	-	-
Opening non-equity shareholders' funds	-	-
Closing non-equity shareholders' funds	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5 April 2009

12. Related party transactions

The directors of the Company are also directors of Ingenious Media Investments Limited. P A McKenna and S E Ford acted as directors of the Company and directors of Ingenious Media Investments Limited during all or part of the year ended 5 April 2009. Ingenious Media Investments Limited administers the Company under a placing and administration agreement.

Ingenious Media Investments Limited received fees of £5,000 (2008: £244,422) from the Company for administrative and placing services provided. As at the year end the outstanding balance was £10,751 (2008: £5,751).

J L Boyton and D M Reid, directors of the Company, are members of the Executive Committee of the Partnership. The Executive Committee has discretion to approve any television programmes proposed for production by Ingenious Media Investments Limited, which is the operator of the Partnership.

At the year end, the Company had a 6.1% (2008: 8.2%) interest in the capital of the Partnership and an entitlement to an allocation of profits and losses based on its respective Weighted Member's share (see note 3). As at 5 April 2009, the Company was allocated a profit of £320,610 (2008: loss of £262,390) from the Partnership.

13. Controlling party

During the year ended 5 April 2009 there was no direct or ultimate controlling party.