

Company Registration No. 6268809

IR2 Limited

Report and Financial Statements

31 March 2009

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IR2 Limited

Report and financial statements 2009

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IR2 Limited

Report and financial statements 2009

Officers and professional advisers

Directors

J Fox
J Judd
J Jackson

Secretary

A Protheroe

Registered Office

21-25 St Anne's Court
London
W1F 0BJ

Auditors

Deloitte LLP
Chartered Accountants
London

IR2 Limited

Directors' report

The directors submit their report and the financial statements of IR2 Limited for the year ended 31 March 2009. The company was incorporated on 5 June 2007 and has taken the small company exemption granted under s246(4)(a) of the Companies Act 1985 and has prepared the Directors' Report on this basis.

Principal activity

The principal activity of the Group during the year was that of an international television distributor.

Review of the business and future developments

During the year under review the directors agreed to transfer the company's trade, assets and liabilities to a parent company on 1 April 2009, and as a consequence the company has ceased trading. As a result, the financial statements have been prepared on a basis other than a going concern basis, as described in note 1 to the Financial Statements.

The IR2 brand continued to specialise in the distribution and exploitation of programme content belonging to Digital Rights Group companies on platforms such as IPTV, mobile and social networks. The company acted as the digital distributor for C4i Distribution Limited, Zeal Entertainment Limited, iD Distribution Limited, Portman Film and Television Limited and Digital Rights Group Limited.

Results and dividends

The results for the year are shown on page 6.

The directors do not recommend the payment of a dividend.

Directors

The directors who served throughout the year, were as follows:

J Fox	Director
J Jackson	Director
J Judd	Director

Statement as to disclosure of information to auditors

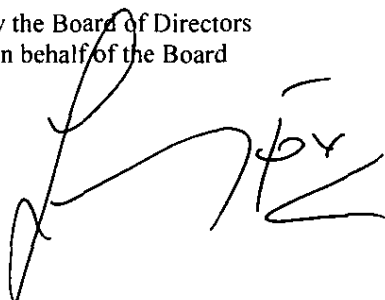
The directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditors are unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor. This confirmation is given and should be interpreted in accordance with the provision of s234ZA of the Companies Act 1985.

Auditors

Deloitte LLP accepted appointment as auditors for IR2 Limited. They have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board

J Fox
Director



IR2 Limited

Statement of directors' responsibilities

The directors are responsible for preparing the annual 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). The financial statements are required by law to 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 estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed,
- 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 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 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.

Independent auditors' report to the members of IR2 Limited

We have audited the financial statements of IR2 Limited for the year ended 31 March 2009 which comprises the profit and loss account, the balance sheet and the related notes 1 to 14. 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 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

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom 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 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.

Independent auditors' report to the members of IR2 Limited (continued)

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 2009 and of its loss for the year 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.

Emphasis of matter - Financial statements prepared other than on a going concern basis

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosure made in note 1 to the financial statements, which explains that the financial statements have been prepared on a basis other than that of a going concern.

Deloitte LLP

Deloitte LLP
Chartered Accountants and Registered Auditors
London, United Kingdom

29 January, 2010

IR2 Limited

Profit and loss account Year ended 31 March 2009

		Year ended 31 March 2009 £	10 Months ended 31 March 2008 £
	Notes		
Turnover		3,879	-
Cost of sales		(2,909)	(194,293)
Gross profit/(loss)		970	(194,293)
Operating expenses	2	(342,073)	(121,895)
Operating loss		(341,103)	(316,188)
Finance charges (net)	3	(30,772)	(9,169)
Loss on ordinary activities before taxation	4	(371,875)	(325,357)
Taxation	6	-	-
Loss for the year/period	10	(371,875)	(325,357)

No separate statement of total recognised gains and losses has been presented as all such gains and losses have, been dealt with in the profit and loss account.

IR2 Limited

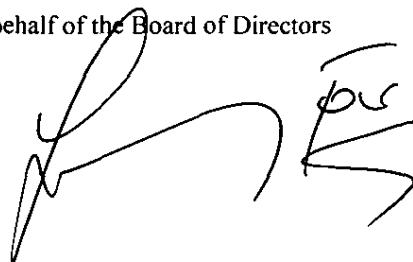
Balance sheet 31 March 2009

	Notes	2009 £	2008 £
Current assets			
Debtors	7	26,874	25,837
Cash at bank and in hand		305	44,996
		<u>27,179</u>	<u>70,833</u>
Creditors: amounts falling due within one year	8	(724,410)	(396,189)
Net current liabilities		<u>(697,231)</u>	<u>(325,356)</u>
Net liabilities		<u>(697,231)</u>	<u>(325,356)</u>
Capital and reserves			
Called up share capital	9	1	1
Profit and loss account	10	(697,232)	(325,357)
Shareholders' deficit	11	<u>(697,231)</u>	<u>(325,356)</u>

These financial statements (company number 6268809) were approved by the Board of Directors on 29 January 2010.

Signed on behalf of the Board of Directors

J Fox
Director



IR2 Limited

Notes to the financial statements Year ended 31 March 2009

1. Accounting policies

Basis of accounting

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

The company transferred its trade, assets and liabilities to a parent company on 1 April 2009 and has ceased trading. As required by FRS 18 Accounting Policies, the directors have prepared the financial statements on the basis that the company is no longer a going concern. No material adjustments arose as a result of ceasing to apply the going concern basis. All assets and liabilities were transferred to the parent company at their book value.

Accounting policies

These financial statements have been prepared on the basis of the following accounting policies, which have been applied consistently for the year.

Turnover

Revenue is recognised on confirmation of a licensing agreement as long as the programme is available for delivery. Under a license agreement, payments due from licensees may have a due date in the future. Such future payments are treated as accrued income and a provision made should there be any doubts about their expected recoverability.

Fixed assets and depreciation

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment.

Depreciation is provided on a straight line basis over the following periods to write off the cost of each tangible fixed asset over its estimated useful life:

Office equipment	-	3 years
Computer equipment	-	3 years
Fixtures and fittings	-	3 years

Taxation

Current taxation, including UK 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 by 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 that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from, the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax assets are recognised to the extent that it is regarded more likely than not that they will be recoverable against suitable taxable profits in future.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Foreign currencies

Transactions in foreign currencies are recorded using the monthly average rate of exchange ruling at the date of the transactions. Monetary liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date, and gains or losses on translation are included in the profit and loss account other than that where individual projects are carried forward as work in progress on the balance sheet, in which case the unrealised movement on exchange is also capitalised.

IR2 Limited

Notes to the financial statements Year ended 31 March 2009

Cash flow statement

The company is exempt from the requirement to prepare a cash flow statement under Financial Reporting Standard 1 (Revised 1996) as the company is a 100% direct subsidiary of Digital Rights Group Limited which are publically available. The cash flow of the company is included in the consolidated financial statements of Digital Rights Group Limited.

2. Operating expenses

	Year ended 31 March 2009 £	10 Months ended 31 March 2008 £
Marketing and publicity costs	51,149	411
Administration expenses	290,924	121,484
	<u>342,073</u>	<u>121,895</u>

3. Finance charges (net)

	Year ended 31 March 2009 £	10 Months ended 31 March 2008 £
Interest paid on unsecured loan from holding company	30,969	9,688
Bank interest received	(197)	(519)
	<u>30,772</u>	<u>9,169</u>

IR2 Limited

Notes to the financial statements Year ended 31 March 2009

4. Loss on ordinary activities before taxation

Loss on ordinary activities before taxation is stated after charging/(crediting):

	Year ended 31 March 2009 £	10 Months ended 31 March 2008 £
Auditors' remuneration for the audit of the company's annual accounts	<u>2,600</u>	<u>3,500</u>

5. Employees

	Year ended 31 March 2009 No.	10 Months ended 31 March 2008 No.
The average monthly number of persons (including directors) employed by the company during the period was:		
Office and management	<u>1</u>	<u>1</u>
	<u>2009</u>	<u>2008</u>
	£	£
Staff costs for above persons:		
Wages and salaries	190,174	98,846
Social security costs	21,940	5,389
	<u>212,114</u>	<u>104,235</u>
Directors' remuneration		
Emoluments	<u>153,521</u>	<u>50,750</u>
Highest paid director		
Directors' emoluments disclosed above include the following payments:		
Emoluments	<u>153,521</u>	<u>50,750</u>

There are currently no director's accruing benefits under money purchase schemes. (2008 – Nil)

IR2 Limited

Notes to the financial statements Year ended 31 March 2009

6. Taxation

(a) Tax charge

	Year ended 31 March 2009 £	10 Months ended 31 March 2008 £
Current tax		
UK corporation tax on profits for the year	-	-
Deferred taxation:		
Origination and reversal of timing differences	-	-
Tax on profit on ordinary activities	-	-

(b) Factors affecting tax charge for year

	Year ended 31 March 2009 £	10 Months ended 31 March 2008 £
The differences between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the loss before tax is as follows:		
Loss on ordinary activities before tax	(371,875)	(325,357)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK 28% (2008: 30%)	(104,125)	(97,607)
Effects of:		
Expenses not deductible for tax purposes	2,328	845
Loss arising in the period carried forward	101,797	96,762
Tax charge/(credit)	-	-

(c) Factors that may affect the future tax charge

Deferred tax assets amounting to £192,802 in relation to tax losses have not been recognised because in the opinion of the directors there will be no suitable profits available in the foreseeable future.

IR2 Limited

Notes to the financial statements Year ended 31 March 2009

7. Debtors

	31 March 2009 £	31 March 2008 £
Other debtors	10,296	14,024
Amounts due from group undertakings	13,426	11,052
Prepayments and accrued income	3,152	761
	<u>26,874</u>	<u>25,837</u>

8. Creditors: amounts falling due within one year

	31 March 2009 £	31 March 2008 £
Trade creditors	4,519	64,199
Other tax and social security	-	3,901
Amounts owed to group undertakings	712,747	315,584
Accruals and deferred income	7,144	12,505
	<u>724,410</u>	<u>396,189</u>

9. Called up share capital

	31 March 2009 £	31 March 2008 £
Authorised:		
1,000 ordinary shares of £1 each	1,000	1,000
Allotted, issued and fully paid:		
1 ordinary share of £1	1	1

10. Reserves movements

	31 March 2009 £	31 March 2008 £
Reserves brought forward	(325,357)	-
Loss for the financial year/period	(371,875)	(325,357)
Reserves carried forward	<u>(697,232)</u>	<u>(325,357)</u>

IR2 Limited

Notes to the financial statements Year ended 31 March 2009

11. Reconciliation of movement in shareholders' deficit

	31 March 2009 £	31 March 2008 £
Opening shareholders' deficit	(325,356)	-
Loss for the financial period	(371,875)	(325,357)
New share capital subscribed (net of cost)	-	1
Closing shareholders' deficit	<u>(697,231)</u>	<u>(325,356)</u>

12. Commitments under operating leases

There are no annual commitments under non-cancellable operating leases.

13. Controlling party

The immediate parent undertaking is Digital Rights Group Limited, which is the largest UK group in which this company is consolidated. Group accounts are available from the registered office at 21-25 St Anne's Court, London W1F 0BJ. The company's ultimate parent undertaking and controlling party is Ingenious Media Active Capital Limited, a company registered in Guernsey.

14. Related party transactions

The company has taken advantage of the exemption in FRS8 that transactions do not need to be disclosed with companies 90% or more of whose voting rights are controlled within the group.

During the year ended 31 March 2009, there were no transactions with IMAC.