

COMPANY REGISTRATION NUMBER 6381124

ALLIED STARS FILM LTD
FINANCIAL STATEMENTS
28 FEBRUARY 2009

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ALLIED STARS FILM LIMITED

FINANCIAL STATEMENTS

PERIOD FROM 25 SEPTEMBER 2007 TO 28 FEBRUARY 2009

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ALLIED STARS FILM LIMITED
OFFICERS AND PROFESSIONAL ADVISERS

The board of directors	R J Fallowfield M Al Fayed
Company secretary	R J Fallowfield
Registered office	87 - 135 Brompton Road Knightsbridge London SW1X 7XL
Auditor	Shipleys LLP Chartered Accountants & Registered Auditors 10 Orange Street Haymarket London WC2H 7DQ

ALLIED STARS FILM LIMITED

THE DIRECTORS' REPORT

PERIOD FROM 25 SEPTEMBER 2007 TO 28 FEBRUARY 2009

The directors present their report and the financial statements of the company for the period from 25 September 2007 to 28 February 2009.

INCORPORATION

The company was incorporated on 25 September 2007.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company is the development and production of theatrical feature films.

During the period the company commenced production of a film entitled "Unlawful Killing". The film was incomplete at the period end but the directors anticipate formal completion and delivery in the forthcoming period.

KEY PERFORMANCE INDICATORS ("KPIs")

The company was incorporated solely to produce the film 'Unlawful Killing'. Given this and the nature of the business, the company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

DIRECTORS

The directors who served the company during the period were as follows:

R J Fallowfield	(Appointed 25 September 2007)
M Al Fayed	(Appointed 17 October 2008)
O Fayed	(Served from 25 September 2007 to 8 October 2008)
J Byrne	(Served from 16 October 2007 to 15 May 2008)

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;

ALLIED STARS FILM LIMITED

THE DIRECTORS' REPORT *(continued)*

PERIOD FROM 25 SEPTEMBER 2007 TO 28 FEBRUARY 2009

- 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 that 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 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.

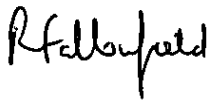
In so far as the directors are aware:

- 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.

AUDITORS

During the period Shipleys LLP were appointed as auditors.

Signed on behalf of the directors



R J Fallowfield
DIRECTOR

Approved by the directors on 8 July 2009

ALLIED STARS FILM LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ALLIED STARS FILMS LIMITED

PERIOD FROM 25 SEPTEMBER 2007 TO 28 FEBRUARY 2009

We have audited the financial statements of Allied Stars Film Limited for the period from 25 September 2007 to 28 February 2009 which comprise the Profit and Loss Account, Balance Sheet and the related notes. These financial statements have been prepared in accordance with the accounting policies set out therein.

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and for being satisfied that the financial statements give a true and fair view 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 also 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 adequate accounting records, if we have not received all the information and explanations we require for our audit, or if certain disclosures of directors' remuneration specified by law are not made.

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.

ALLIED STARS FILM LIMITED

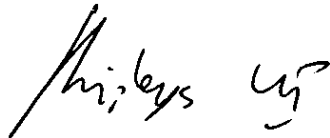
INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ALLIED STARS FILM LIMITED *(continued)*

PERIOD FROM 25 SEPTEMBER 2007 TO 28 FEBRUARY 2009

OPINION

In our opinion:

- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- the financial statements have been prepared in accordance with the Companies Act 1985;
- the financial statements give a true and fair view of the state of the company's affairs as at 28 February 2009 and of the company's result for the period then ended; and
- the information given in the Directors' Report is consistent with the financial statements.



SHIPLEYS LLP
10 Orange Street
Haymarket
London
WC2H 7DQ

8 July 2009

ALLIED STARS FILM LTD

PROFIT AND LOSS ACCOUNT

PERIOD FROM 25 SEPTEMBER 2007 TO 28 FEBRUARY 2009

		Period from 25 Sep 07 to 28 Feb 09 £
	Note	
TURNOVER		2,013,171
Cost of sales		(1,951,166)
GROSS PROFIT		<u>62,005</u>
Administrative expenses		(62,005)
OPERATING RESULT	2	<u>-</u>
Interest receivable		-
RESULT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>-</u>
Tax on loss on ordinary activities	3	336,368
PROFIT FOR THE FINANCIAL PERIOD		<u><u>336,368</u></u>

The notes on pages 8 to 11 form part of these financial statements.

ALLIED STARS FILM LIMITED

BALANCE SHEET

28 FEBRUARY 2009

	Note	£	28 Feb 09 £
CURRENT ASSETS			
Work in progress		-	
Debtors	4	336,468	
Cash at bank and in hand		-	
		<u>336,468</u>	
CREDITORS: Amounts falling due within one year		-	
NET CURRENT ASSETS			<u>336,468</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>336,468</u>
CAPITAL AND RESERVES			
Called-up equity share capital	6		100
Profit and loss account			<u>336,368</u>
SHAREHOLDERS' FUNDS			<u>336,468</u>

These financial statements were approved by the directors and authorised for issue on 8 July 2009, and are signed on their behalf by:



R J Fallowfield
DIRECTOR

The notes on pages 8 to 11 form part of these financial statements.

ALLIED STARS FILM LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 25 SEPTEMBER 2007 TO 28 FEBRUARY 2009

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention, on a going concern basis and in accordance with applicable accounting standards in the United Kingdom and the Companies Act 1985.

Turnover

Turnover relates to the production of the film entitles "Unlawful Killing". It represents the value of the work done in the period, including estimates of amounts not invoiced, and is stated after trade discounts, other taxes and VAT.

The value of work done in relation to long-term contracts and continuing services is determined by reference to the stage of completion of the relevant project.

Deferred taxation

Deferred tax arises as a result of including items of income and expenditure in taxation computations in periods different from those in which they are included in the company's accounts. Deferred tax is provided in full on timing differences, which result in an obligation to pay more tax at a future date, at the current tax rates and laws. Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which the timing differences reverse, based on tax rates and laws enacted or substantially enacted at the balance sheet date.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Comparatives

The accounts cover the period from incorporation through to 28 February 2009, hence there are no comparative figures.

ALLIED STARS FILM LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 25 SEPTEMBER 2007 TO 28 FEBRUARY 2009

2. OPERATING RESULT

Operating result is stated after charging:

	Period from 25 Sep 07 to 28 Feb 09 £
Directors' remuneration	-
Audit	10,000

Neither of the directors received any fees or emoluments from the company during the period ended 28 February 2009 as their duties are incidental to their main duties to other subsidiary undertakings of the Group.

3. TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of credit in the period

	Period from 25 Sep 07 to 28 Feb 09 £
Current tax:	
UK Corporation tax based on the results for the period at 28%	(336,368)
Total current tax	<u>(336,368)</u>

(b) Factors affecting current tax credit

The tax assessed on the loss on ordinary activities for the period is lower than the standard rate of corporation tax in the UK of 28%.

	Period from 25 Sep 07 to 28 Feb 09 £
Result on ordinary activities before taxation	-
Profit on ordinary activities by rate of tax	-
Film tax relief	(336,368)
Total current tax credit (note 3(a))	<u>(336,368)</u>

ALLIED STARS FILM LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 25 SEPTEMBER 2007 TO 28 FEBRUARY 2009

4. DEBTORS

	28 Feb 09
	£
Corporation tax recoverable	336,368
Other debtors	100
	<u>336,468</u>

5. RELATED PARTY TRANSACTIONS

As part of their employment, directors and senior employees of the Company can obtain discounts on the purchase goods from the Harrods Store using a staff rewards card. The amounts of goods purchased by the Directors are not considered to be material either to the Company or the individuals. There are no other transactions between these individuals and the Company.

No sales were made to Harrods Limited, a company with a common company director, in the year.

Monies initially received from the commissioning producers are held either in a joint bank account with a third party Production Services Company or are held by Liberty Publishing and Media Limited, which then acts as paying agent for the company. During the period, Liberty Publishing and Media Limited charged a fee of £61,000 for management and accounting services in this regard.

No disclosure has been made of any transactions within these financial statements with the immediate parent company or fellow subsidiaries in accordance with the exemptions allowed under Financial Reporting Standard No. 8.

ALLIED STARS FILM LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 25 SEPTEMBER 2007 TO 28 FEBRUARY 2009

6. SHARE CAPITAL

Authorised share capital:

	28 Feb 09
	£
100 Ordinary shares of £1 each	<u>100</u>

Allotted and called up:

	No	£
Ordinary shares of £1 each	<u>100</u>	<u>100</u>

7. ULTIMATE PARENT COMPANY

The company's immediate and ultimate parent undertaking is Sphinx Entertainment Limited, a company registered in the British Virgin Islands.