

AUBURN ENTERTAINMENT 2 PLC
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012



Company Registration Number 06732153 (England and Wales)

ANNUAL REPORT AND FINANCIAL STATEMENTS 2012

CONTENTS

THE COMPANY AND ITS ADVISERS	1
DIRECTORS' REPORT	2
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS	5
PROFIT AND LOSS ACCOUNT	7
BALANCE SHEET	8
CASH FLOW STATEMENT	9
NOTES TO THE CASH FLOW STATEMENT	10
NOTES TO THE FINANCIAL STATEMENTS	11

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	06732153 (England and Wales)
Auditors	Shipleys LLP Chartered Accountants and Statutory Auditor 10 Orange Street Haymarket London WC2H 7DQ
Bankers	Coutts & Co 440 Strand London WC2R 0QS
Registrar	SLC Registrars Thames House Portsmouth Road Esher Surrey KT10 9AD

AUBURN ENTERTAINMENT 2 PLC

DIRECTORS' REPORT 31 MARCH 2012

The directors present the Annual Report and Financial Statements for Auburn Entertainment 2 plc ("the Company") for the year ended 31 March 2012

Principal activity

The Company is a member of Auburn Entertainment LLP ("the Partnership"), a limited liability partnership formed to operate in the media and entertainment sectors engaging in a number of commercial media projects including

- working with leading content creators to produce and exploit original entertainment content such as television programmes and feature films, and
- the promotion of premium entertainment content through marketing and distribution services

In assessing which projects to pursue, the Partnership endeavours to work with the most successful content creators and highest quality promoters to carry out its media projects. The Partnership also benefits from its relationship with Ingenious Media Holdings plc and its subsidiaries ("the Ingenious Group") to identify, source and undertake media projects that have the potential to generate additional returns.

Review of the year

After taking into account the running costs of the Company and its share of the Partnership's results, the Company made a net profit of £47,633 (2011: £9,701) during the year.

The net assets of the Company at 31 March 2012 were £1,886,482 (2011: £1,838,849).

The directors consider the Company's performance to be satisfactory given the risk profile of the activities engaged in and the current stage of the Company's development. The directors will continue to monitor the returns being generated on the funds employed in the Partnership and the performance of Ingenious Media Investments Limited ("the Operator").

DIRECTORS' REPORT (CONTINUED)
31 MARCH 2012

Dividends

No interim dividends were paid during the year (2011 £Nil). In accordance with the prospectus, dated 3 November 2008, the directors do not propose to recommend the payment of a final dividend (2011 £Nil).

Future prospects

The directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future. Information relating to the re-registration of the Company and capital reduction after the year end date is detailed in Note 14.

Directors

The directors who served throughout the year were as follows

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

Payment of suppliers

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

The trade creditor days for the year were Nil (2011 Nil).

Financial risk management objectives and procedures

As the Company's key activity is investment into 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 risks the directors consider relevant are credit risk and production risk. These risks are mitigated by the Partnership's credit control policies and greenlighting procedure. In assessing which media projects to undertake, the Operator endeavours to work with the most successful content creators, producers and distributors and to work with and engage the highest quality personnel to carry out its media projects.

AUBURN ENTERTAINMENT 2 PLC

DIRECTORS' REPORT (CONTINUED) 31 MARCH 2012

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). 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 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 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

In so far as the directors are aware

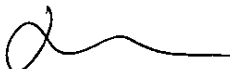
- there is no relevant audit information of which the Company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006

Auditor

Shipleys LLP have indicated their willingness to remain in office and in accordance with Section 489 of the Companies Act 2006, a resolution proposing that they be reappointed will be put to the next Annual General Meeting

This report was approved and signed on behalf of the board of directors on 16 August 2012 by



S J Cruickshank
Company Secretary
Registered office
15 Golden Square
London
W1F 9JG

Company Registration Number 06732153 (England and Wales)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AUBURN ENTERTAINMENT 2 PLC

We have audited the financial statements of Auburn Entertainment 2 plc for the year ended 31 March 2012 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement, the Notes to the Cash Flow Statement and the related Notes 1 to 15. 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 (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. 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 31 March 2012 and of its profit 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 Companies Act 2006

AUBURN ENTERTAINMENT 2 PLC

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AUBURN ENTERTAINMENT 2 PLC (CONTINUED)


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



Stephen Joberns (Senior Statutory Auditor)

for and on behalf of Shipleys LLP (Chartered Accountants and Statutory Auditor)
10 Orange Street, Haymarket, London, WC2H 7DQ

Date

16/12/12

AUBURN ENTERTAINMENT 2 PLC

**PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 MARCH 2012**

	Notes	Year ended 31 March 2012 £	Year ended 31 March 2011 £
Administrative expenses		12,298	(7,643)
Operating profit /(loss)	2	12,298	(7,643)
Share of associated Partnership's results	6	35,331	15,848
Interest receivable and similar income	3	5	1,898
Profit on ordinary activities before taxation		47,634	10,103
Taxation on profit on ordinary activities	4	(1)	(402)
Profit for the year	10	47,633	9,701

All results are derived from continuing operations

There are no recognised gains or losses during the financial year other than as stated in the Profit and Loss Account above, and accordingly no separate statement of total recognised gains and losses is presented

The accompanying Notes on pages 11 to 15 form an integral part of the financial statements

AUBURN ENTERTAINMENT 2 PLC

BALANCE SHEET AS AT 31 MARCH 2012

	Notes	31 March 2012 £	31 March 2011 £
Fixed assets			
Investments	6	1,864,133	1,828,802
Current assets			
Debtors	7	17,844	-
Cash at bank and in hand		5,286	11,855
		23,130	11,855
Creditors: Amounts falling due within one year	8	(781)	(1,808)
Net current assets		22,349	10,047
Total assets less current liabilities		1,886,482	1,838,849
Net assets		1,886,482	1,838,849
Capital and reserves			
Called up equity share capital	9	4,994	4,994
Share premium account	10	1,992,507	1,992,507
Profit and loss account	10	(111,019)	(158,652)
Shareholders' funds	11	1,886,482	1,838,849

The accompanying Notes on pages 11 to 15 form an integral part of the financial statements

The financial statements were approved by the board of directors and authorised for issue on 16 August 2012, and are signed on their behalf by



N A Forster
Director

Company Registration Number 06732153 (England and Wales)

AUBURN ENTERTAINMENT 2 PLC

**CASH FLOW STATEMENT
YEAR ENDED 31 MARCH 2012**

	Notes	Year ended 31 March 2012 £	Year ended 31 March 2011 £
Net cash outflow from operating activities	A	(6,573)	(14,454)
Returns on investment and servicing of finance	B	5	1,898
Taxation	C	(1)	(402)
Net cash outflow before management of liquid resources and financing		(6,569)	(12,958)
Decrease in cash in the year	D	(6,569)	(12,958)

The accompanying Notes on pages 11 to 15 form an integral part of the financial statements

AUBURN ENTERTAINMENT 2 PLC

NOTES TO THE CASH FLOW STATEMENT YEAR ENDED 31 MARCH 2012

	Year ended 31 March 2012 £	Year ended 31 March 2011 £	
A. Reconciliation of operating profit /(loss) to net cash outflow from operating activities			
Operating profit/(loss)	12,298	(7,643)	
Increase in debtors	(17,844)		
Decrease in creditors	(1,027)	(6,811)	
Net cash outflow from operating activities	(6,573)	(14,454)	
<hr/>			
	Year ended 31 March 2012 £	Year ended 31 March 2011 £	
B. Returns on investment and servicing of finance			
Interest received	5	1,898	
<hr/>			
	Year ended 31 March 2012 £	Year ended 31 March 2011 £	
C. Taxation			
Corporation tax expense	(1)	(402)	
<hr/>			
	At 31 March 2011 £	Cash flows £	At 31 March 2012 £
D. Analysis of changes in net funds			
Cash at bank and in hand	11,855	(6,569)	5,286
<hr/>			
	Year ended 31 March 2012 £	Year ended 31 March 2011 £	
E. Reconciliation of net cash flow to movement in net funds			
Net cash at start of year	11,855	24,813	
Decrease in cash in the year	(6,569)	(12,958)	
Net cash at end of the year	5,286	11,855	

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2012

1. 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.

Investment in associated partnership

The investment in the associated Partnership is stated at cost less provision for any permanent diminution in value and 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 the 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.

Financial instruments

The Company's principal financial instruments are its bank balance and receivables. The main purpose of these instruments is 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.

AUBURN ENTERTAINMENT 2 PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) YEAR ENDED 31 MARCH 2012

	Year ended 31 March 2012 £	Year ended 31 March 2011 £
2. Operating profit/(loss)		
The operating profit/(loss) is stated after charging		
Auditor's remuneration for audit services	780	1,200
Adjustment for under provision in prior year	-	164
	780	1,364
3. Interest receivable and similar income		
	Year ended 31 March 2012 £	Year ended 31 March 2011 £
Bank interest	5	1,898
4. Taxation		
(i) The tax charge on the profit on ordinary activities for the year was as follows		
	Year ended 31 March 2012 £	Year ended 31 March 2011 £
UK corporation tax at 20% (2011 21%)	1	399
Adjustments in respect of prior years	-	3
Current tax charge for the year	1	402
Total tax charge	1	402
(ii) Factors affecting the tax charge for the year		
	Year ended 31 March 2012 £	Year ended 31 March 2011 £
Profit on ordinary activities before taxation	47,634	10,103
Profit on ordinary activities for the year multiplied by the standard rate of corporation tax of 20% (2011 21%)	9,527	2,122
Effects of		
Utilisation of tax losses brought forward	(9,526)	(1,723)
Adjustments in respect of prior years	-	3
Current tax charge for the year	1	402

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 MARCH 2012

5. Directors and employees

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

	Year ended 31 March 2012 £	Year ended 31 March 2011 £
6. Investments		
Cost / Share of net assets		
Balance brought forward	1,828,802	1,812,954
Movement during the year		
Share of Partnership's results	35,331	15,848
Balance carried forward	1,864,133	1,828,802

The investment represents the interest in the Partnership. At the year end, the Company had a 5.6% (2011: 5.6%) 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 Partnerships Act 2000 to operate in the media, entertainment and sports sectors engaging in a number of commercial media projects. Its place of business and registered office address is 15 Golden Square, London, W1F 9JG United Kingdom. The Partnership made a net profit of £631,827 (2011: £283,411) during the year to 31 March 2012.

The directors do not consider there to have been any indication of a permanent diminution in the carrying value of the investment, it is therefore carried at cost plus any share of profits or losses.

	Year ended 31 March 2012 £	Year ended 31 March 2011 £
7. Debtors		
Other debtors	17,844	-
	17,844	-

	Year ended 31 March 2012 £	Year ended 31 March 2011 £
8. Creditors: Amounts falling due within one year		
Accruals	780	1,207
Corporation tax	1	601
	781	1,808

AUBURN ENTERTAINMENT 2 PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) YEAR ENDED 31 MARCH 2012

9. Share capital

	Called up and fully paid			
	2012		2011	
	£	No.	£	No.
A ordinary shares of £1 each	1,000	1,000	1,000	1,000
B ordinary shares of £1 each	3,994	3,994	3,994	3,994

10. Reserves

	2012		2011	
	Share premium account	Profit and loss account	Share premium account	Profit and loss account
	£	£	£	£
Balance brought forward	1,992,507	(158,652)	1,992,507	(168,353)
Profit for the financial year	-	47,633	-	9,701
Balance carried forward	1,992,507	(111,019)	1,992,507	(158,652)

11. Reconciliation of movements in shareholders' funds

	Year ended 31 March 2012 £	Year ended 31 March 2011 £
Equity shareholders' funds		
Profit for the financial year	47,633	9,701
Net movement in shareholders' funds	47,633	9,701
Opening shareholders' funds	1,838,849	1,829,148
Closing shareholders' funds	1,886,482	1,838,849

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 MARCH 2012

12. Going concern

Both the Company and the Partnership are in a net asset position and the directors believe that the Company will be able to maintain positive cash flows for the foreseeable future. The Partnership continues to be well placed to benefit from the future exploitation of the film and television productions currently in development and accordingly the directors consider the Company's investment in the Partnership will continue to generate future revenues. As a result, the going concern basis of accounting has been adopted.

13. Related party transactions

P A McKenna who is a shareholder of the Company, was a director of Ingenious Media Investments Limited (the Operator) during the year. Ingenious Media Investments Limited administers the Company under the Placing and Administration Agreement.

J L Boyton, M T Bugden, J H M Clayton, N A Forster, D M Reid and S J Speight are directors of the Company and are also directors of Ingenious Media Investments Limited, Ingenious Resources Limited and Ingenious Holdings Limited. All three companies are wholly-owned subsidiaries of Ingenious Media Limited, which itself is a wholly-owned subsidiary of Ingenious Media Holdings plc, the ultimate parent company of the Ingenious Group, that is under the control of P A McKenna.

Ingenious Media Investments Limited returned previously charged fees of £13,344 (2011 fees charged of £6,000) to the Company for distribution and administrative services provided during the year.

As at the year end, Ingenious Resources Limited had loans outstanding of £1,699,930 (2011 £1,699,930) to the shareholders of the Company. These loans fall due for repayment within one year.

There were no other material transactions with any other related party in the year.

14. Post balance sheet events

On 3 July 2012, the Company re-registered as a private limited company under Section 97 of the Companies Act 2006 with the name Auburn Entertainment 2 Limited and reduced its capital in accordance with Section 642 of the Companies Act 2006 by the cancellation of 3,993 B ordinary shares of £1 each, prior to a return of capital of £472.82 per B ordinary share cancelled.

The B ordinary share payment value was supported by a capital drawing made by the Company from the Partnership on 3 July 2012.

15. Controlling party

In the opinion of the directors there is no controlling party as defined by Financial Reporting Standard 8 'Related Party Disclosures'.