

AUBURN ENTERTAINMENT 26 PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the period ended

31 March 2009

Company Registration Number  
6759401 (England and Wales)

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**ANNUAL REPORT AND FINANCIAL STATEMENTS 2009**

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## THE COMPANY AND ITS ADVISERS

<b>Directors</b>	J L Boyton M T Bugden J H M Clayton N A Forster D M Reid S J Speight
<b>Company Secretary</b>	S Cruickshank
<b>Registered Office</b>	15 Golden Square London W1F 9JG
<b>Company Number</b>	6759401 (England and Wales)
<b>Auditors</b>	Shipleys LLP Chartered Accountants and Registered Auditors 10 Orange Street Haymarket London WC2H 7DQ
<b>Bankers</b>	Coutts & Co 440 Strand London WC2R 0QS
<b>Registrar</b>	SLC Registrars Thames House Portsmouth Road Esher Surrey KT10 9AD

## **DIRECTORS' REPORT**

Period ended 31 March 2009

The directors present their Annual Report and Financial Statements for Auburn Entertainment 26 plc ("the Company") for the period ended 31 March 2009.

## **ACTIVITIES**

The Company is a member of Auburn Entertainment LLP ("the Partnership"), which operates in the media, entertainment and sports sectors engaging in a number of commercial media projects including:

- working with leading content creators to produce original entertainment content such as television programmes, feature films, magazines, recorded music, books, online content and video games;
- the promotion of premium entertainment content through publishing activities, advertising campaigns, marketing and distribution services; and
- the staging and promotion of event-based entertainment projects including music festivals, tours, theatre productions, exhibitions, live events and sporting occasions.

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 benefits from its relationship with the Ingenious Media Holdings plc group to identify, source and undertake media projects that have the potential to generate additional returns.

## **REVIEW OF THE PERIOD**

The Company was incorporated on 26 November 2008.

The Company has raised capital of £1,000 in the period which has been deployed into the Partnership.

The net assets of the Company at 31 March 2009 were £1,000.

The directors consider the Company's performance to be satisfactory given the risk profile of the activities engaged in and the early stage of the Company's life. The directors will continue to monitor the returns being generated on the funds employed in the Partnership and the performance of the Partnership's operator.

**DIRECTORS' REPORT (CONTINUED)**

Period ended 31 March 2009

**DIVIDENDS**

In accordance with the prospectus, dated 3 November 2008, the directors do not recommend the payment of a dividend.

**FUTURE PROSPECTS**

The directors believe the Company is well placed to continue its business in the coming year.

**PROFIT AND LOSS**

The Company has not prepared a profit and loss account as there was no revenue during the period ended 31 March 2009. Any expenses incurred by the Company have been borne by Ingenious Media Investments Limited.

**DIRECTORS**

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

	Appointment date	Resignation date
J L Boyton	26 November 2008	
M T Bugden	1 June 2009	
J H M Clayton	1 June 2009	
N A Forster	26 November 2008	
P A McKenna	26 November 2008	1 June 2009
D M Reid	26 November 2008	
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.

On average, trade creditors during the year represented 125 days' purchases.

**FINANCIAL RISK MANAGEMENT OBJECTIVES AND PROCEDURES**

As the Company's key activity is to trade as a member of 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 media projects to undertake, the Partnership's operator endeavours to work with the highest quality personnel to carry out its media projects.

## **DIRECTORS' REPORT (CONTINUED)**

Period ended 31 March 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). 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### **AUDITORS**

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

- 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 section 418 of the Companies Act 2006.

Shipleys LLP has indicated its 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 Annual General Meeting.

This report was approved and signed on behalf of the board of directors on 13 August 2009 by:



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

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AUBURN ENTERTAINMENT 26 PLC**

We have audited the financial statements of Auburn Entertainment 26 plc for the period ended 31 March 2009 which comprise the Balance Sheet, the Cash Flow Statement and the related notes 1 to 11. The financial reporting framework has been applied in their preparation is in accordance with applicable law and 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.

**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 2009;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the Companies Act 2006.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AUBURN ENTERTAINMENT 26 PLC (CONTINUED)**

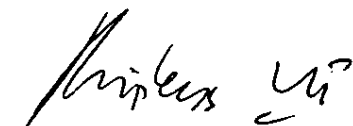
**Opinion on other matters prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial period 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 under the Companies Act 2006 we are required 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

**29 SEP 2009**



**BALANCE SHEET**

As at 31 March 2009

	NOTE	2009 £
<b>FIXED ASSETS</b>		
Investments	3	1,000
<b>CURRENT ASSETS</b>		
Debtors	4	51,000
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	5	(1,000)
<b>NET CURRENT ASSETS</b>		<b>50,000</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>51,000</b>
<b>CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>	6	(50,000)
<b>NET ASSETS</b>		<b>1,000</b>
<b>CAPITAL AND RESERVES</b>		
Called up equity share capital	7	1,000
<b>SHAREHOLDERS' FUNDS</b>	8	<b>1,000</b>

The financial statements were approved by the board and authorised for issue on 13 August 2009.

They were signed on behalf of the board of directors by:



N A Forster  
Director

**CASH FLOW STATEMENT**

For the period ended 31 March 2009

	Period ended 31 March 2009 £
<b>CASH INFLOW FROM OPERATING ACTIVITIES</b>	
Increase in creditors	1,000
<b>ACQUISITIONS AND DISPOSALS</b>	
Investment in Partnership	(1,000)
<b>NET CASH FLOW BEFORE MANAGEMENT OF LIQUID RESOURCES AND FINANCING</b>	-
<b>FINANCING</b>	
Issue of equity share capital	1,000
Issue of non-equity share capital	50,000
Amounts due from shareholders	(51,000)
<b>NET CASH FLOW FROM FINANCING</b>	-
<b>INCREASE IN CASH IN THE PERIOD</b>	-

As there was no increase or decrease in cash in the period and no brought forward cash balance, no separate analysis of movement in net cash flows in the period has been provided.

**NOTES TO THE FINANCIAL STATEMENTS**

For the period ended 31 March 2009

**PRINCIPAL ACCOUNTING POLICIES****1. 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 period.

**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 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.

**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 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.

Redeemable preference shares are only redeemed in the event that new B ordinary shares are issued in accordance with the offer as set out in the Company's prospectus and the redeemable preference shares are fully paid up. Redeemable preference shares are classified as long term liabilities of the Company until they are settled.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the period ended 31 March 2009

**2. Directors and employees**

The Company did not have any employees during the period. The directors did not receive any remuneration for their services during the period.

**3. Investments**

	Period ended 31 March 2009 £
<b>Cost / Share of Net Assets</b>	
On incorporation	-
Movement during the period	
Capital committed	1,000
Share of Partnership losses	-
<b>Balance carried forward</b>	<b>1,000</b>

The investment represents the interest in the Partnership. At the period end, the Company had a 0.0% 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 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 loss of £735,185 during the period to 31 March 2009.

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.

**4. Debtors**

	Period ended 31 March 2009 £
Amounts due from shareholders	51,000
	<b>51,000</b>

**5. Creditors: Amounts falling due within one year**

	Period ended 31 March 2009 £
Amounts due to Partnership	1,000
	<b>1,000</b>

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the period ended 31 March 2009

**6. Creditors: Amounts falling due after more than one year**

	Period ended 31 March 2009 £
Shares classified as financial liabilities (see note 7)	50,000
	<b>50,000</b>

**7. Share capital**

The Company was incorporated on 26 November 2008 with £10,000,000 of authorised share capital.

	Authorised			
	2009 £	No.	On Incorporation £	No.
A ordinary shares of £1 each	5,000,000	5,000,000	5,000,000	5,000,000
B ordinary shares of £1 each	4,950,000	4,950,000	4,950,000	4,950,000
Redeemable preference shares of £1 each	50,000	50,000	50,000	50,000

	Allotted			
	2009 £	No.	On Incorporation £	No.
A ordinary shares of £1 each	1,000	1,000	1,000	1,000
Redeemable preference shares of £1 each	50,000	50,000	50,000	50,000

On incorporation the Company issued and allotted 1,000 ordinary shares of £1 each to Patrick McKenna and 50,000 redeemable preference shares of £1 each to Ingenious Media Investments Limited.

The redeemable preference shares have been classified as financial liabilities and do not form part of equity.

Neither the A ordinary shares nor the redeemable preference shares were paid up at the period end.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the period ended 31 March 2009

**8. Reconciliation of movements in shareholders' funds****(i) Equity shareholders' funds**

	Period ended 31 March 2009 £
Equity subscribed	1,000
Net movement in shareholders' funds	1,000
Opening shareholders' funds	-
<b>Closing shareholders' funds</b>	<b>1,000</b>

**(ii) Non-equity shareholders' funds**

	Period ended 31 March 2009 £
Non-equity share capital issued at par	50,000
Net movement in non-equity shareholders' funds	50,000
Opening non-equity shareholders' funds	-
<b>Closing non-equity shareholders' funds</b>	<b>50,000</b>

**9. Related party transactions**

P A McKenna who was a director of the Company in the period, is a shareholder of the Company and a director of Ingenious Media Investments Limited.

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 Media Investments Limited administers the Company under the Placing and Administration Agreement and is a wholly-owned subsidiary of Ingenious Media Limited, which itself is a wholly-owned subsidiary of Ingenious Media Holdings plc, the ultimate parent company that is under the control of P A McKenna.

**10. Controlling party**

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

**11. Events after the balance sheet date**

Since 31 March 2009, the Company made an initial capital contribution of £100 into the Partnership.