

**REPORT OF THE DIRECTORS AND  
CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2012  
FOR  
PARTHENON MEDIA GROUP LIMITED**

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**PARTHENON MEDIA GROUP LIMITED (REGISTERED NUMBER: 06944197)**

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FOR THE YEAR ENDED 30 JUNE 2012**

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# **PARTHENON MEDIA GROUP LIMITED**

## **COMPANY INFORMATION FOR THE YEAR ENDED 30 JUNE 2012**

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### **DIRECTORS**

C V Hall  
M J Shanks  
D J Darroch  
A J Griffith

### **SECRETARY**

C J Taylor

### **REGISTERED OFFICE**

Grant Way  
Isleworth  
Middlesex  
TW7 5QD

### **REGISTERED NUMBER**

06944197 (England and Wales)

### **AUDITORS**

Nunn Hayward  
Chartered Accountants  
Statutory Auditor  
Sterling House  
20 Station Road  
Gerrards Cross  
Buckinghamshire  
SL9 8EL

# **PARTHENON MEDIA GROUP LIMITED (REGISTERED NUMBER: 06944197)**

## **REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30 JUNE 2012**

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The directors present their report with the financial statements of the company and the group for the year ended 30 June 2012

### **PRINCIPAL ACTIVITY**

The principal activity of the company is that of a holding company

The principal activity of the group has continued to be that of the production and distribution of factual entertainment programmes, wildlife documentaries and children's programmes

### **REVIEW OF BUSINESS**

The results for the period were positive considering the continued downturn in the global economy. The directors consider turnover and operating profit to be key performance indicators of the group. As shown in the profit and loss account on page 5, turnover was £11.07m and operating profit was £2.19m.

The directors continue to take steps to exploit new revenue streams from the existing programme library and have taken all possible action to protect the business throughout the on-going downturn in the global economy.

Given the size of the group, the directors have not delegated the responsibility of monitoring financial risk management and the group's finance department implements the policies set by the board of directors.

### **DIVIDENDS**

The total distribution of dividends for the year ended 30 June 2012 will be £125,000.

An interim ordinary dividend was paid amounting to £125,000. The directors do not recommend payment of a final dividend.

### **FUTURE DEVELOPMENTS**

The group continues to build on its strong relationships with broadcasters, licensees and producers, built over the years as a result of its proven track record of delivering programmes of exceptional quality.

### **EVENTS SINCE THE END OF THE YEAR**

On 26 July 2012 Parthenon Media Group Limited was acquired by British Sky Broadcasting Limited when 100% of its issued share capital was acquired in full.

The continued support of British Sky Broadcasting Limited leads the directors to believe that the group has adequate resources to continue in operational existence for the foreseeable future and the financial statements have been prepared on the going concern basis.

### **DIRECTORS**

The directors shown below have held office during the whole of the period from 1 July 2011 to the date of this report.

C V Hall  
M J Shanks

Other changes in directors holding office are as follows:

C M Gurassa - appointed 16 February 2012

D J Darroch and A J Griffith were appointed as directors after 30 June 2012 but prior to the date of this report.

C G Hodson and C M Gurassa ceased to be directors after 30 June 2012 but prior to the date of this report.

### **FINANCIAL RISK MANAGEMENT**

The group's operations expose it to a limited level of credit and liquidity risk. There is little financial risk arising from the effects of changes in market prices of commodities as a result of its operations. The group actively maintains a treasury system that ensures that the group has sufficient available funds for operations and to support the business going forward.

**PARTHENON MEDIA GROUP LIMITED (REGISTERED NUMBER: 06944197)**

**REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 30 JUNE 2012**

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**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Report of the Directors 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). 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 the group and of the profit or loss of the group 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 accounting estimates that are reasonable and prudent,
- 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 and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

**AUDITORS**

The auditors, Nunn Hayward, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

**ON BEHALF OF THE BOARD**



C V Hall - Director

5 December 2012

# REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF PARTHENON MEDIA GROUP LIMITED

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We have audited the financial statements of Parthenon Media Group Limited for the year ended 30 June 2012 on pages five to twenty five. 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 a Report of the Auditors 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 Statement of Directors' Responsibilities set out on page three, 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 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 group's and the parent 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 Report of the Directors 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 group's and of the parent company's affairs as at 30 June 2012 and of the group's 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 requirements of the Companies Act 2006.

## **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Report of the Directors 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company 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.

*Nunn Hayward*

Daniel Palmer (Senior Statutory Auditor)  
for and on behalf of Nunn Hayward  
Chartered Accountants  
Statutory Auditor  
Sterling House  
20 Station Road  
Gerrards Cross  
Buckinghamshire  
SL9 8EL

Date *5 December 2012*

**PARTHENON MEDIA GROUP LIMITED (REGISTERED NUMBER: 06944197)**

**CONSOLIDATED PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 30 JUNE 2012**

		Year Ended 30 6 12 £	Period 1 4 10 to 30 6 11 £
	Notes		
<b>TURNOVER</b>	2	11,065,457	12,369,173
Cost of sales		<u>5,886,774</u>	<u>6,861,433</u>
<b>GROSS PROFIT</b>		5,178,683	5,507,740
Administrative expenses		<u>2,991,470</u>	<u>3,268,679</u>
		2,187,213	2,239,061
Other operating income		<u>-</u>	<u>14,961</u>
<b>OPERATING PROFIT</b>	4	2,187,213	2,254,022
(Loss)/profit from interest in associated undertakings		<u>(79,090)</u>	<u>113,776</u>
		2,108,123	2,367,798
Interest payable and similar charges	5	<u>437,944</u>	<u>584,307</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		1,670,179	1,783,491
Tax on profit on ordinary activities	6	<u>626,810</u>	<u>441,750</u>
<b>PROFIT FOR THE FINANCIAL YEAR FOR THE GROUP</b>		<u><u>1,043,369</u></u>	<u><u>1,341,741</u></u>

**CONTINUING OPERATIONS**

The consolidated profit and loss account has been prepared on the basis that all operations are continuing operations

**PARTHENON MEDIA GROUP LIMITED (REGISTERED NUMBER: 06944197)**

**CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES  
FOR THE YEAR ENDED 30 JUNE 2012**

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	Year Ended 30 6 12 £	Period 1 4 10 to 30 6 11 £
<b>PROFIT FOR THE FINANCIAL YEAR</b>	1,043,369	1,341,741
Currency translation differences on foreign currency net investments	<u>(2,869)</u>	<u>1,237</u>
<b>TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR</b>	<u>1,040,500</u>	<u>1,342,978</u>

The notes form part of these financial statements

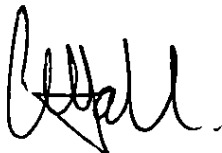


**PARTHENON MEDIA GROUP LIMITED (REGISTERED NUMBER: 06944197)**

**CONSOLIDATED BALANCE SHEET  
30 JUNE 2012**

		2012	2011
	Notes	£	£
<b>FIXED ASSETS</b>			
Intangible assets	9	14,666,732	13,415,918
Tangible assets	10	581,686	625,011
Investments	11		
Interest in associate		<u>363,959</u>	<u>463,191</u>
		15,612,377	14,504,120
<b>CURRENT ASSETS</b>			
Stocks	12	5,217	262
Debtors	13	4,660,434	3,456,825
Cash at bank and in hand		<u>349,599</u>	<u>243,816</u>
		5,015,250	3,700,903
<b>CREDITORS</b>			
Amounts falling due within one year	14	<u>15,345,929</u>	<u>10,552,942</u>
<b>NET CURRENT LIABILITIES</b>		<u>(10,330,679)</u>	<u>(6,852,039)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		5,281,698	7,652,081
<b>CREDITORS</b>			
Amounts falling due after more than one year	15	(1,270,428)	(4,754,412)
<b>PROVISIONS FOR LIABILITIES</b>	18	<u>(1,211,028)</u>	<u>(1,012,927)</u>
<b>NET ASSETS</b>		<u>2,800,242</u>	<u>1,884,742</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	19	1,000	1,000
Foreign exchange translation reserve	20	(1,632)	1,237
Profit and loss account	20	<u>2,800,874</u>	<u>1,882,505</u>
<b>SHAREHOLDERS' FUNDS</b>	24	<u>2,800,242</u>	<u>1,884,742</u>

The financial statements were approved by the Board of Directors on 5 December 2012 and were signed on its behalf by



C V Hall - Director

The notes form part of these financial statements

**PARTHENON MEDIA GROUP LIMITED (REGISTERED NUMBER: 06944197)**

**COMPANY BALANCE SHEET  
30 JUNE 2012**

		2012		2011	
	Notes	£	£	£	£
<b>FIXED ASSETS</b>					
Intangible assets	9		-		-
Tangible assets	10		-		-
Investments	11		<u>357,552</u>		<u>357,552</u>
			357,552		357,552
<b>CURRENT ASSETS</b>					
Debtors	13	949,796		1,398,665	
<b>CREDITORS</b>					
Amounts falling due within one year	14	<u>78,672</u>		<u>152,216</u>	
<b>NET CURRENT ASSETS</b>			<u>871,124</u>		<u>1,246,449</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			1,228,676		1,604,001
<b>CREDITORS</b>					
Amounts falling due after more than one year	15		<u>1,227,662</u>		<u>1,602,662</u>
<b>NET ASSETS</b>			<u>1,014</u>		<u>1,339</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	19		1,000		1,000
Profit and loss account	20		<u>14</u>		<u>339</u>
<b>SHAREHOLDERS' FUNDS</b>	24		<u>1,014</u>		<u>1,339</u>

The financial statements were approved by the Board of Directors on 5 December 2012 and were signed on its behalf by

  
C V Hall - Director

The notes form part of these financial statements

**PARTHENON MEDIA GROUP LIMITED (REGISTERED NUMBER: 06944197)**

**CONSOLIDATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2012**

	Notes	Year Ended 30 6 12 £	£	Period 1 4 10 to 30 6 11 £	£
<b>Net cash inflow from operating activities</b>	1		4,531,318		5,757,652
<b>Returns on investments and servicing of finance</b>	2		(437,944)		(584,307)
<b>Taxation</b>			-		(28,233)
<b>Capital expenditure</b>	2		(3,982,319)		(5,229,298)
<b>Equity dividends paid</b>			<u>(125,000)</u>		<u>(150,000)</u>
			(13,945)		(234,186)
<b>Financing</b>	2		<u>2,274,562</u>		<u>(305,430)</u>
<b>Increase/(decrease) in cash in the period</b>			<u>2,260,617</u>		<u>(539,616)</u>
<hr/>					
<b>Reconciliation of net cash flow to movement in net debt</b>	3				
Increase/(decrease) in cash in the period		2,260,617		(539,616)	
Cash (inflow)/outflow from (increase)/decrease in debt and lease financing		<u>(2,297,874)</u>		<u>305,430</u>	
Change in net debt resulting from cash flows			(37,257)		(234,186)
New finance leases			-		<u>(119,825)</u>
<b>Movement in net debt in the period</b>			(37,257)		(354,011)
<b>Net debt at 1 July</b>			<u>(10,163,671)</u>		<u>(9,809,660)</u>
<b>Net debt at 30 June</b>			<u>(10,200,928)</u>		<u>(10,163,671)</u>

The notes form part of these financial statements

**PARTHENON MEDIA GROUP LIMITED (REGISTERED NUMBER: 06944197)**

**NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2012**

**1 RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	Year Ended 30 6 12 £	Period 1 4 10 to 30 6 11 £
Operating profit	2,187,213	2,254,022
Depreciation charges	2,792,104	3,090,695
Profit on disposal of fixed assets	-	(16,000)
Increase in stocks	(4,955)	(262)
(Increase)/decrease in debtors	(1,203,608)	216,251
Increase in creditors	760,564	212,946
<b>Net cash inflow from operating activities</b>	<b><u>4,531,318</u></b>	<b><u>5,757,652</u></b>

**2 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT**

	Year Ended 30 6 12 £	Period 1 4 10 to 30 6 11 £
<b>Returns on investments and servicing of finance</b>		
Interest paid	(414,632)	(554,211)
Interest element of hire purchase payments	<u>(23,312)</u>	<u>(30,096)</u>
<b>Net cash outflow for returns on investments and servicing of finance</b>	<b><u>(437,944)</u></b>	<b><u>(584,307)</u></b>
<b>Capital expenditure</b>		
Purchase of intangible fixed assets	(3,845,615)	(5,008,220)
Purchase of tangible fixed assets	(136,704)	(237,078)
Sale of tangible fixed assets	-	16,000
<b>Net cash outflow for capital expenditure</b>	<b><u>(3,982,319)</u></b>	<b><u>(5,229,298)</u></b>
<b>Financing</b>		
New short term bank loan	5,750,000	-
Other new long term loans	125,000	150,000
Other new short term loans	75,000	-
Repayment of other long term loans	(81,084)	(112,703)
Capital element of HP contracts	(94,354)	(156,534)
Repayment of short term bank loan	-	(63,000)
Repayment of other short term loan	-	(123,193)
Repayment of long term bank loan	<u>(3,500,000)</u>	-
<b>Net cash inflow/(outflow) from financing</b>	<b><u>2,274,562</u></b>	<b><u>(305,430)</u></b>

The notes form part of these financial statements

**PARTHENON MEDIA GROUP LIMITED (REGISTERED NUMBER: 06944197)**

**NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2012**

**3 ANALYSIS OF CHANGES IN NET DEBT**

	At 1 7 11 £	Cash flow £	At 30 6 12 £
Net cash			
Cash at bank and in hand	243,816	105,783	349,599
Bank overdrafts	<u>(5,359,732)</u>	<u>2,154,834</u>	<u>(3,204,898)</u>
	<u>(5,115,916)</u>	<u>2,260,617</u>	<u>(2,855,299)</u>
Debt			
Hire purchase	(138,660)	71,042	(67,618)
Debts falling due within one year	(200,609)	(5,825,000)	(6,025,609)
Debts falling due after one year	<u>(4,708,486)</u>	<u>3,456,084</u>	<u>(1,252,402)</u>
	<u>(5,047,755)</u>	<u>(2,297,874)</u>	<u>(7,345,629)</u>
Total	<u>(10,163,671)</u>	<u>(37,257)</u>	<u>(10,200,928)</u>

The notes form part of these financial statements

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2012**

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**1 ACCOUNTING POLICIES**

**Accounting convention**

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated)

The group was acquired by British Sky Broadcasting Limited on 26 July 2012 and the group relies on the continued support of this company. The accounts are prepared on the going concern basis on the assumption that such support will continue for the foreseeable future.

**Basis of consolidation**

The consolidated profit and loss account and balance sheet include the financial statements of the company and its subsidiary undertakings made up to 30 June 2012 under the acquisition method of accounting. The results of subsidiaries sold or acquired are included in the profit and loss account up to, or from, the date control passes. Intra-group sales and profits are eliminated fully on consolidation.

The group's share of profits less losses of associated undertakings is included in the consolidated profit and loss account, and the group's share of their net assets is included in the consolidated balance sheet.

**Turnover**

Turnover represents amounts receivable for production services and distribution fees net of VAT.

Revenue from a production commissioned or contracted by broadcasters is recognised as turnover in proportion to the stage of completion of the production at the relevant date. The stage of completion of a production is determined based on the proportion of costs incurred for work performed to date to total expected production costs.

Revenue from the distribution of programmes is recognised when a contract has been executed by both the company and licensee and the relevant programmes have met all the necessary technical requirements. Distribution revenue from programmes or formats distributed by third parties and other ancillary revenues are recognised once the company has been notified of the sums due to it. Non-refundable advance payments received from third parties are recognised as revenue on execution of a contract. Any fees received in advance, which do not meet all the above criteria, are included in deferred income until the above criteria are met.

**Production and development costs**

Production costs incurred in programming where future distribution rights are retained are capitalised in the balance sheet as intangible assets as they are incurred. Production costs are amortised to the profit and loss account as a proportion of projected total turnover from each film.

Production costs incurred in programming where no distribution rights are retained are charged to the profit and loss account as they are incurred.

**Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life:

Short leasehold	- Over the term of the lease
Plant and machinery	- 25% on reducing balance and 25% on cost
Fixtures and fittings	- 25% on reducing balance and 25% on cost
Motor vehicles	- 20% on cost

**Stocks**

Work in progress is valued at the lower of cost and net realisable value.

Cost includes all direct expenditure and an appropriate proportion of fixed and variable overheads.

**Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date. The deferred tax balance has not been discounted.

**PARTHENON MEDIA GROUP LIMITED (REGISTERED NUMBER: 06944197)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30 JUNE 2012**

**1 ACCOUNTING POLICIES - continued**

**Foreign currencies**

Monetary 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 result.

**Hire purchase and leasing commitments**

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a periodic rate of charge on the net obligation outstanding in each period.

**Pension costs and other post-retirement benefits**

The group operates a defined contribution pension scheme. Contributions payable to the group's pension scheme are charged to the profit and loss account in the period to which they relate.

**Investments**

Fixed asset investments are stated at cost less provision for diminution in value.

**Long term contracts**

Amounts recoverable on long term contracts, which are included in debtors, are stated at the net sales value of the work done after provision for contingencies and anticipated future losses on contracts, less amounts received as progress payments on account. Excess progress payments are included in creditors as payments on account.

**2 TURNOVER**

The turnover and profit before taxation are attributable to the one principal activity of the group.

An analysis of turnover by geographical market is given below.

	Year Ended 30 6 12 £	Period 1 4 10 to 30 6 11 £
United Kingdom	1,724,190	1,522,402
Other European Union countries	4,370,322	3,946,666
Rest of the World	4,970,945	6,900,105
	<u>11,065,457</u>	<u>12,369,173</u>

**3 STAFF COSTS**

	Year Ended 30 6 12 £	Period 1 4 10 to 30 6 11 £
Wages and salaries	2,471,643	2,494,595
Social security costs	233,444	328,237
Other pension costs	6,000	35,000
	<u>2,711,087</u>	<u>2,857,832</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30 JUNE 2012**

**3 STAFF COSTS - continued**

The average monthly number of employees during the year was as follows

	Year Ended 30 6 12	Period 1 4 10 to 30 6 11
Distribution	6	10
Production	36	30
Other	23	19
	<u>65</u>	<u>59</u>

Production employment costs of £713,438 (2011 £398,651) were capitalised during the year

The parent company set up a share-option scheme in December 2009 and four directors of Parthenon Entertainment Limited were granted on that date share options over 16 ordinary shares each

The options were able to be exercised from December 2014 or on sale or listing of the company No options had lapsed in the year and no options were exercised in the year

There are no performance conditions attached to the options and the exercise price is £1,983

The share options have been valued at grant date at £142 based on the Black-Scholes pricing model with the following assumptions

Weighted average share price	£1,983
Exercise price	£1,983
Expected volatility	20%
Expected life	5 years
Expected dividends	7.5%
Risk-free interest rate	3.48%

After the balance sheet date, on 26 July 2012, all share options were exercised upon the sale of Parthenon Media Group Limited to British Sky Broadcasting Limited

**4 OPERATING PROFIT**

The operating profit is stated after charging/(crediting)

	Year Ended 30 6 12 £	Period 1 4 10 to 30 6 11 £
Hire of plant and machinery	1,267	4,287
Other operating leases	140,017	161,144
Depreciation - owned assets	180,029	243,592
Profit on disposal of fixed assets	-	(16,000)
Film rights amortisation	2,594,801	2,825,512
Auditors' remuneration	32,000	32,000
Auditors' remuneration for non audit work	9,000	8,000
Foreign exchange differences	<u>126,337</u>	<u>142,847</u>
Directors' remuneration	<u>497,577</u>	<u>573,571</u>



**PARTHENON MEDIA GROUP LIMITED (REGISTERED NUMBER: 06944197)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30 JUNE 2012**

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**4 OPERATING PROFIT - continued**

Information regarding the highest paid director is as follows

	Year Ended 30 6 12 £	Period 1 4 10 to 30 6 11 £
Emoluments etc	<u>145,600</u>	<u>182,000</u>

**5 INTEREST PAYABLE AND SIMILAR CHARGES**

	Year Ended 30 6 12 £	Period 1 4 10 to 30 6 11 £
Bank interest	411,906	520,919
Interest on other loans	-	30,805
Interest on overdue taxation	2,726	2,487
Hire purchase	<u>23,312</u>	<u>30,096</u>
	<u>437,944</u>	<u>584,307</u>

**6 TAXATION**

**Analysis of the tax charge**

The tax charge on the profit on ordinary activities for the year was as follows

	Year Ended 30 6 12 £	Period 1 4 10 to 30 6 11 £
Current tax		
UK corporation tax	452,855	30,792
Corporation tax adjustment re previous year	-	(1,529)
Double taxation relief	(29,496)	-
Foreign tax	5,475	29,681
Irrecoverable withholding tax	<u>-</u>	<u>163,025</u>
Total current tax	428,834	221,969
Deferred tax	<u>197,976</u>	<u>219,781</u>
Tax on profit on ordinary activities	<u>626,810</u>	<u>441,750</u>

UK corporation tax has been charged at 24% (2011 - 26%)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30 JUNE 2012**

**6 TAXATION - continued**

**Factors affecting the tax charge**

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below

	Year Ended 30 6 12 £	Period 1 4 10 to 30 6 11 £
Profit on ordinary activities before tax	<u>1,670,179</u>	<u>1,783,491</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 24% (2011 - 26%)	400,843	463,708
Effects of:		
Adjustments to tax charge in respect of previous periods	-	(1,529)
Non deductible expenses	671,843	649,917
Capital allowances	(34,713)	(52,109)
Tax losses utilised	(8,808)	(230,172)
Double taxation relief	(29,496)	-
Intangibles	(550,846)	(495,586)
Other tax adjustments	(52,304)	(297,759)
Higher tax rate on overseas earnings	-	(7,207)
Foreign tax	5,475	29,681
Irrecoverable withholding tax	-	163,025
Change in UK main rate of corporation tax	<u>26,840</u>	-
Current tax charge	<u>428,834</u>	<u>221,969</u>

**7 PROFIT OF PARENT COMPANY**

As permitted by Section 408 of the Companies Act 2006, the profit and loss account of the parent company is not presented as part of these financial statements. The parent company's profit for the financial year was £124,675 (2011 - £150,000)

**8 DIVIDENDS**

	Year Ended 30 6 12 £	Period 1 4 10 to 30 6 11 £
Interim	<u>125,000</u>	<u>150,000</u>

**PARTHENON MEDIA GROUP LIMITED (REGISTERED NUMBER: 06944197)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30 JUNE 2012**

**9 INTANGIBLE FIXED ASSETS**

**Group**

	Film rights £
<b>COST</b>	
At 1 July 2011	17,638,232
Additions	<u>3,845,615</u>
At 30 June 2012	<u>21,483,847</u>
<b>AMORTISATION</b>	
At 1 July 2011	4,222,314
Amortisation for year	<u>2,594,801</u>
At 30 June 2012	<u>6,817,115</u>
<b>NET BOOK VALUE</b>	
At 30 June 2012	<u>14,666,732</u>
At 30 June 2011	<u>13,415,918</u>

**10 TANGIBLE FIXED ASSETS**

**Group**

	Short leasehold £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
<b>COST</b>					
At 1 July 2011	63,586	681,162	178,321	10,000	933,069
Additions	<u>-</u>	<u>125,788</u>	<u>10,916</u>	<u>-</u>	<u>136,704</u>
At 30 June 2012	<u>63,586</u>	<u>806,950</u>	<u>189,237</u>	<u>10,000</u>	<u>1,069,773</u>
<b>DEPRECIATION</b>					
At 1 July 2011	20,355	213,390	65,823	8,490	308,058
Charge for year	<u>10,751</u>	<u>126,512</u>	<u>41,256</u>	<u>1,510</u>	<u>180,029</u>
At 30 June 2012	<u>31,106</u>	<u>339,902</u>	<u>107,079</u>	<u>10,000</u>	<u>488,087</u>
<b>NET BOOK VALUE</b>					
At 30 June 2012	<u>32,480</u>	<u>467,048</u>	<u>82,158</u>	<u>-</u>	<u>581,686</u>
At 30 June 2011	<u>43,231</u>	<u>467,772</u>	<u>112,498</u>	<u>1,510</u>	<u>625,011</u>

**PARTHENON MEDIA GROUP LIMITED (REGISTERED NUMBER: 06944197)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30 JUNE 2012**

**10 TANGIBLE FIXED ASSETS - continued**

**Group**

Included above are assets held under finance leases or hire purchase contracts as follows

	<b>Plant and Machinery £</b>	<b>Motor Vehicles £</b>	<b>Total £</b>
<b>Net Book Values</b>			
At 30 June 2012	<u>155,733</u>	<u>-</u>	<u>155,733</u>
At 30 June 2011	<u>204,121</u>	<u>-</u>	<u>204,121</u>
<b>Depreciation charge for the year</b>			
At 30 June 2012	<u>51,485</u>	<u>-</u>	<u>51,485</u>
At 30 June 2011	<u>54,624</u>	<u>5,543</u>	<u>60,167</u>

**11 FIXED ASSET INVESTMENTS**

**Group**

	<b>Interest in associate £</b>
<b>COST</b>	
Goodwill arising on acquisitions less amortisation	295,072
Share of net assets	<u>68,887</u>
At 30 June 2012	<u>363,959</u>
<b>NET BOOK VALUE</b>	
At 30 June 2012	<u>363,959</u>
At 30 June 2011	<u>463,191</u>

**Company**

	<b>Shares in group undertakings £</b>	<b>Interest in associate £</b>	<b>Totals £</b>
<b>COST</b>			
At 1 July 2011 and 30 June 2012	<u>55,353</u>	<u>302,199</u>	<u>357,552</u>
<b>NET BOOK VALUE</b>			
At 30 June 2012	<u>55,353</u>	<u>302,199</u>	<u>357,552</u>
At 30 June 2011	<u>55,353</u>	<u>302,199</u>	<u>357,552</u>

**PARTHENON MEDIA GROUP LIMITED (REGISTERED NUMBER: 06944197)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 30 JUNE 2012**

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**11 FIXED ASSET INVESTMENTS - continued**

The group or the company's investments at the balance sheet date in the share capital of companies include the following

**Subsidiaries**

**Parthenon Entertainment Limited**

Country of incorporation England and Wales

Nature of business Film production and distribution

	%
Class of shares	holding
Ordinary	100 00

**Parthenon Animation Productions Limited**

Country of incorporation England and Wales

Nature of business Film production and distribution

	%
Class of shares	holding
Ordinary	100 00

**422 South Limited**

Country of incorporation England and Wales

Nature of business Visual effects and animation

	%
Class of shares	holding
Ordinary	100 00

**Barbershop Sound Studio Limited**

Country of incorporation England and Wales

Nature of business Audio post production

	%
Class of shares	holding
Ordinary	100 00

**Cymru International Limited**

Country of incorporation England and Wales

Nature of business Distribution and licensing

	%
Class of shares	holding
Ordinary	100 00

**Cymru 2 International Limited**

Country of incorporation England and Wales

Nature of business Distribution and licensing

	%
Class of shares	holding
Ordinary	100 00

**Associated Company**

**Arcadia Entertainment Inc**

Country of incorporation Canada

Nature of business Film production and distribution

	%
Class of shares	holding
Ordinary	48 03

**PARTHENON MEDIA GROUP LIMITED (REGISTERED NUMBER: 06944197)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30 JUNE 2012**

**12 STOCKS**

	<b>Group</b>	
	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Work-in-progress	<u>5,217</u>	<u>262</u>

**13 DEBTORS AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>Group</b>		<b>Company</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Trade debtors	3,777,386	2,057,011	-	-
Amounts owed by group undertakings	-	-	949,796	1,392,795
Amounts owed by participating interests	-	800	-	-
Other debtors	7,352	208,491	-	5,870
Prepayments and accrued income	<u>875,696</u>	<u>1,190,523</u>	<u>-</u>	<u>-</u>
	<u>4,660,434</u>	<u>3,456,825</u>	<u>949,796</u>	<u>1,398,665</u>

**14 CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>Group</b>		<b>Company</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Bank loans and overdrafts (see note 16)	8,954,898	5,359,732	3,672	18,319
Other loans (see note 16)	275,609	200,609	75,000	-
Hire purchase contracts (see note 17)	49,592	92,734	-	-
Trade creditors	1,852,919	1,206,609	-	-
Corporation tax	307,305	125	-	-
Social security and other taxes	89,106	91,299	-	-
Other creditors	131,381	441,919	-	102,529
Directors' current accounts	138,000	138,000	-	-
Accruals and deferred income	<u>3,547,119</u>	<u>3,021,915</u>	<u>-</u>	<u>31,368</u>
	<u>15,345,929</u>	<u>10,552,942</u>	<u>78,672</u>	<u>152,216</u>

At the balance sheet date the bank borrowings are secured on the assets of the group. The director, C Hall, has also provided a personal guarantee limited to £1.35 million.

British Sky Broadcasting Limited acquired Parthenon Media Group Limited on 26 July 2012 and, as part of the acquisition, British Sky Broadcasting Limited procured that Parthenon Media Group Limited and its relevant subsidiaries repay all outstanding amounts under the Coutts & Co facilities provided to the group. These were repaid on 26 July 2012 and all charges were fully satisfied.

As part of the acquisition, British Sky Broadcasting Limited also procured that Parthenon Media Group Limited and its relevant subsidiaries repay all outstanding amounts owing to C V Hall and his wife. These were repaid on 26 July 2012.

Further details concerning post balance sheet events are disclosed in note 25.

**PARTHENON MEDIA GROUP LIMITED (REGISTERED NUMBER· 06944197)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30 JUNE 2012**

**15 CREDITORS AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	<b>Group</b>		<b>Company</b>	
	2012	2011	2012	2011
	£	£	£	£
Bank loans (see note 16)	-	3,500,000	-	500,000
Other loans (see note 16)	1,252,402	1,208,486	1,227,662	1,102,662
Hire purchase contracts (see note 17)	18,026	45,926	-	-
	<u>1,270,428</u>	<u>4,754,412</u>	<u>1,227,662</u>	<u>1,602,662</u>

**16 LOANS**

An analysis of the maturity of loans is given below

	<b>Group</b>		<b>Company</b>	
	2012	2011	2012	2011
	£	£	£	£
Amounts falling due within one year or on demand				
Bank overdrafts	3,204,898	5,359,732	3,672	18,319
Bank loans	5,750,000	-	-	-
Other loans	275,609	200,609	75,000	-
	<u>9,230,507</u>	<u>5,560,341</u>	<u>78,672</u>	<u>18,319</u>
Amounts falling due between one and two years				
Bank loans - 1-2 years	-	3,500,000	-	500,000
Amounts falling due between two and five years				
Other loans - 2-5 years	<u>1,252,402</u>	<u>1,208,486</u>	<u>1,227,662</u>	<u>1,102,662</u>

Interest is charged on the loans at a rate that is equivalent to 4.00% per annum over the Bank's Base Rate

See note 14 for further details concerning settlement of loans

**17 OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES**

<b>Group</b>	<b>Hire purchase contracts</b>	
	2012	2011
	£	£
Net obligations repayable		
Within one year	49,592	92,734
Between one and five years	<u>18,026</u>	<u>45,926</u>
	<u>67,618</u>	<u>138,660</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30 JUNE 2012**

**17 OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES - continued**

The following operating lease payments are committed to be paid within one year

**Group**

	Land and buildings	
	2012 £	2011 £
Expiring		
Within one year	14,896	-
Between one and five years	142,597	116,797
In more than five years	-	53,300
	<u>157,493</u>	<u>170,097</u>

**18 PROVISIONS FOR LIABILITIES**

	Group	
	2012 £	2011 £
Deferred tax	<u>1,211,028</u>	<u>1,012,927</u>

**Group**

	Deferred tax £
Balance at 1 July 2011	1,012,927
Profit and loss account	<u>198,101</u>
Balance at 30 June 2012	<u>1,211,028</u>

	2012 £	2011 £
Accelerated capital allowances	35,688	26,324
Other timing differences	1,335,590	1,136,735
Tax losses available	<u>(160,250)</u>	<u>(150,132)</u>
	<u>1,211,028</u>	<u>1,012,927</u>

**19 CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid Number	Class	Nominal value £1	2012 £	2011 £
1,000	Ordinary		<u>1,000</u>	<u>1,000</u>



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30 JUNE 2012**

**20 RESERVES**

**Group**

	Profit and loss account £	Foreign exchange translation reserve £	Totals £
At 1 July 2011	1,882,505	1,237	1,883,742
Profit for the year	1,043,369		1,043,369
Dividends	(125,000)		(125,000)
Exchange movements on translation of overseas net assets	-	(2,869)	(2,869)
At 30 June 2012	<u>2,800,874</u>	<u>(1,632)</u>	<u>2,799,242</u>

**Company**

	Profit and loss account £
At 1 July 2011	339
Profit for the year	124,675
Dividends	(125,000)
At 30 June 2012	<u>14</u>

**21 TRANSACTIONS WITH DIRECTORS**

During the period the group paid rent of £89,297 (2011 £92,533) on properties owned by C V Hall and his wife

Included within trade creditors is £97,757 (2011 £28,074) owed to C V Hall and his wife

Included within creditors due within one year is £138,000 (2011 £138,000) and £1,252,402 (2011 £1,208,486) due in more than one year, advanced to the company by C V Hall and his wife See note 14 for further details relating to repayment

**PARTHENON MEDIA GROUP LIMITED (REGISTERED NUMBER: 06944197)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30 JUNE 2012**

**22 RELATED PARTY DISCLOSURES**

Balances and transactions between the company and its subsidiaries, which are related parties of the company, have been eliminated on consolidation and are not disclosed in this note. Details of the transactions between the group and other related parties are disclosed below.

During the year, the group entities entered into the following trading transactions with related parties that are not members of the group:

	2012 £	2011 £
<b>Other income</b>		
Management fees to Arcadia Entertainment Inc	33,333	208,323
<b>Royalties paid</b>		
Royalties payable to Arcadia Entertainment Inc	30,940	96,692

The following balances were outstanding at the end of the reporting period:

	2011 £	2011 £
<b>Debtors</b>		
Amounts owed by Arcadia Entertainment Inc to the group	-	41,667
<b>Creditors</b>		
Amounts owed to Arcadia Entertainment Inc by the group	85	99,785

Arcadia Entertainment Inc is an associated company of the group.

**23 ULTIMATE CONTROLLING PARTY**

At the balance sheet date the company and group is controlled by C V Hall and his wife by virtue of their ownership of the entire issued share capital of Parthenon Media Group Limited.

**24 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

**Group**

	2012 £	2011 £
Profit for the financial year	1,043,369	1,341,741
Dividends	(125,000)	(150,000)
	918,369	1,191,741
Other recognised gains and losses relating to the year (net)	(2,869)	1,237
<b>Net addition to shareholders' funds</b>	915,500	1,192,978
Opening shareholders' funds	1,884,742	691,764
<b>Closing shareholders' funds</b>	<u>2,800,242</u>	<u>1,884,742</u>

**Company**

	2012 £	2011 £
Profit for the financial year	124,675	150,000
Dividends	(125,000)	(150,000)
<b>Net (reduction)/addition to shareholders' funds</b>	(325)	-
Opening shareholders' funds	1,339	1,339
<b>Closing shareholders' funds</b>	<u>1,014</u>	<u>1,339</u>

**PARTHENON MEDIA GROUP LIMITED (REGISTERED NUMBER: 06944197)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30 JUNE 2012**

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**25 POST BALANCE SHEET EVENTS**

On 26 July 2012, British Sky Broadcasting Limited acquired the entire issued share capital of Parthenon Media Group Limited. British Sky Broadcasting Limited is ultimately controlled by British Sky Broadcasting Group Plc.