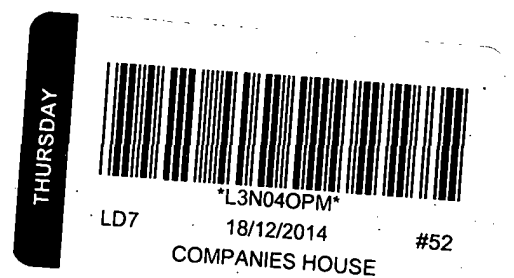


Company Registration No. 07573638 (England and Wales)

The Imaginarium Studios Limited

**Annual report and financial statements
for the year ended 31 March 2014**



The Imaginarium Studios Limited

Company information

Directors

J D S Booth
J Cavendish
A C Serkis
A C Orsten (Appointed 1 May 2013)
P T Boyle (Appointed 19 May 2014)

Company number

07573638

Registered office

Lion House
Red Lion Street
London
WC1R 4GB

Independent Auditors

Saffery Champness
Lion House
Red Lion Street
London
WC1R 4GB

The Imaginarium Studios Limited

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The Imaginarium Studios Limited

Directors' report

For the year ended 31 March 2014

The directors present their report and financial statements for the year ended 31 March 2014.

Principal activities

The principal activity of the company continued to be that of provision of consultancy and motion capture services to producers of audio-visual content for multiplatform use.

Directors

The following directors have held office since 1 April 2013:

J D S Booth

J Cavendish

A C Serkis

N Taylor

(Resigned 30 April 2013)

A C Orsten

(Appointed 1 May 2013)

P T Boyle

(Appointed 19 May 2014)

Auditors

Saffery Champness have expressed their willingness to remain in office as auditors of the company.

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' 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). 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 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 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 Imaginarium Studios Limited

Directors' report (continued)
For the year ended 31 March 2014

Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

On behalf of the board



A C Orsten

Director

.....10/12/14.....

The Imaginarium Studios Limited

Independent auditors' report

To the members of The Imaginarium Studios Limited

We have audited the financial statements of The Imaginarium Studios Limited for the year ended 31 March 2014 set out on pages 5 to 16. 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 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 set out on pages 1 - 2, 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 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2014 and of its loss 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

The Imaginarium Studios Limited

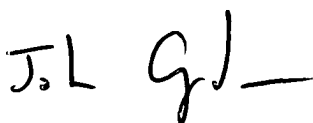
Independent auditors' report (continued)

To the members of The Imaginarium Studios Limited

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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption from preparing a strategic report or in preparing the directors' report.



John Graydon (Senior Statutory Auditor)
for and on behalf of Saffery Champness

16/12/14

Chartered Accountants
Statutory Auditors

Lion House
Red Lion Street
London
WC1R 4GB

The Imaginarium Studios Limited

Profit and loss account

For the year ended 31 March 2014

	Notes	2014 £	2013 £
Turnover	2	1,521,193	664,307
Cost of sales		(234,841)	(213,888)
Gross profit		1,286,352	450,419
Administrative expenses		(3,257,622)	(2,279,135)
Operating loss	3	(1,971,270)	(1,828,716)
Other interest receivable and similar income	4	282	346
Interest payable and similar charges		(109,557)	(53,337)
Loss on ordinary activities before taxation		(2,080,545)	(1,881,707)
Tax on loss on ordinary activities	5	-	-
Loss for the year	11	(2,080,545)	(1,881,707)

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

There are no recognised gains and losses other than those passing through the profit and loss account.

The notes on pages 7 to 16 form part of these financial statements.

The Imaginarium Studios Limited

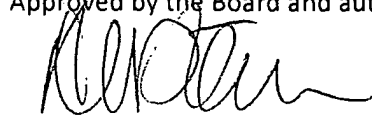
**Balance sheet
As at 31 March 2014**

	Notes	£	2014 £	£	2013 £
Fixed assets					
Tangible assets	6		437,698		669,235
Investments	7		5		7
			<u>437,703</u>		<u>669,242</u>
Current assets					
Debtors	8	229,327		194,976	
Cash at bank and in hand		578,965		113,103	
		<u>808,292</u>		<u>308,079</u>	
Creditors: amounts falling due within one year	9	(1,870,719)		(1,503,420)	
Net current liabilities			<u>(1,062,427)</u>		<u>(1,195,341)</u>
Total assets less current liabilities			<u>(624,724)</u>		<u>(526,099)</u>
Capital and reserves					
Called up share capital	10		974		831
Share premium account	11		4,481,546		2,499,769
Profit and loss account	11		<u>(5,107,244)</u>		<u>(3,026,699)</u>
Shareholders' funds	12		<u>(624,724)</u>		<u>(526,099)</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The notes on pages 7 to 16 form part of these financial statements.

Approved by the Board and authorised for issue on 10/12/14



A C Orsten
Director

Company Registration No. 07573638

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

The nature of the company's business is such that there can be considerable unpredictable variation in the timing of cash inflows. The directors have prepared projected cash flow information for the period ending 12 months from the date of their approval of these financial statements. On the basis of this cash flow information and discussions with the company, the directors consider it appropriate to prepare the financial statements on the going concern basis.

The company has taken advantage of the exemption in Financial Reporting Standard No 1 from the requirement to produce a cash flow statement on the grounds that it is a small company.

The financial statements present information about the company as an individual undertaking and not about its group. The company and its subsidiary undertaking comprise a small-sized group. The company has therefore taken advantage of the exemptions provided by section 399 of the Companies Act 2006 not to prepare group financial statements.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

1.3 Turnover

The turnover shown in the profit and loss account represents amounts receivable for services provided during the year, exclusive of Value Added Tax. Revenue is recognised on motion capture work carried out in the year.

Where a contract is not completed at the year end, the amount of revenue recognised in the current year is based on the completion of the stages of the project deliverables. Turnover is recognised when deliverables per the contract are met and the revenue is receivable.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Equipment	Straight line 33.3%
-----------	---------------------

1.5 Operating lease agreements

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

Notes to the financial statements (continued)
For the year ended 31 March 2014

1 Accounting policies (continued)

1.6 Investments

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

1.7 Deferred taxation

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

1.8 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

2 Turnover

In the year to 31 March 2014 68% (2013 - 3%) of the company's turnover was to markets outside the United Kingdom.

3 Operating loss	2014	2013
	£	£
Operating loss is stated after charging:		
Depreciation of tangible assets	379,725	304,231
Loss on foreign exchange transactions	859	29
Operating lease rentals	173,927	144,476
Auditors' remuneration (including expenses and benefits in kind)	10,029	14,049
Directors' remuneration	345,792	356,502
Compensation for loss of office paid to directors	30,000	-

4 Investment income	2014	2013
	£	£
Bank interest	282	346
	<u>282</u>	<u>346</u>

The Imaginarium Studios Limited

Notes to the financial statements (continued)

For the year ended 31 March 2014

5	Taxation	2014	2013
	Total current tax	<u>-</u>	<u>-</u>
	Factors affecting the tax charge for the year		
	Loss on ordinary activities before taxation	<u>(2,080,545)</u>	<u>(1,881,707)</u>
	Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 20.00% (2013 - 20.00%)	<u>(416,109)</u>	<u>(376,341)</u>
	Effects of:		
	Non deductible expenses	120,863	44,724
	Depreciation add back	75,945	60,846
	Capital allowances	(52,784)	(43,892)
	Losses carried forward	<u>272,085</u>	<u>314,663</u>
		<u>416,109</u>	<u>376,341</u>
	Current tax charge for the year	<u>-</u>	<u>-</u>

6	Tangible fixed assets	Equipment £
	Cost	
	At 1 April 2013	1,065,929
	Additions	<u>148,188</u>
	At 31 March 2014	<u>1,214,117</u>
	Depreciation	
	At 1 April 2013	396,694
	Charge for the year	<u>379,725</u>
	At 31 March 2014	<u>776,419</u>
	Net book value	
	At 31 March 2014	<u>437,698</u>
	At 31 March 2013	<u>669,235</u>

The Imaginarium Studios Limited

Notes to the financial statements (continued)

For the year ended 31 March 2014

7 Fixed asset investments

	Shares in group undertakings and participating interests £
Cost	
At 1 April 2013	7
Disposals	(2)
	<hr/>
At 31 March 2014	5
	<hr/>
Net book value	
At 31 March 2014	5
	<hr/> <hr/>
At 31 March 2013	7
	<hr/> <hr/>

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Shares held Class	%
Subsidiary undertakings			
Fungus TV Productions Limited *	United Kingdom	Ordinary	100.00
Mildew Productions Limited *	United Kingdom	Ordinary	100.00
Imaginarium TV Limited	United Kingdom	Ordinary	100.00
Caveman Films Holdings Limited	United Kingdom	Ordinary	100.00
Imaginarium Productions Limited	United Kingdom	Ordinary	100.00
Animal Farm Films Limited *	United Kingdom	Ordinary	100.00

The Imaginarium Studios Limited

Notes to the financial statements (continued)
For the year ended 31 March 2014

7 Fixed asset investments

(continued)

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

		Capital and reserves 2014	Profit/(loss) for the year 2014
	Principal activity	£	£
Fungus TV Productions Limited *	TV project development	1	-
Mildew Productions Limited *	TV project development	1	-
Imaginarium TV Limited	TV project development	1	-
Caveman Films Holdings Limited	Film project development	(1,348,154)	(440,663)
Imaginarium Productions Limited	Film project development	2	-
Animal Farm Films Limited *	Film project development	1	-
		<u> </u>	<u> </u>

Under the provision of section 382 of the Companies Act 2006 the company is exempt from preparing consolidated accounts and has not done so, therefore the accounts show information about the company as an individual entity.

* Indirectly held. During the previous year, the shares of Animal Farm Film Limited and Fungus TV Productions Limited were shown as directly held but these are indirectly owned. A correction has been made in the current year to reduce the cost of investments held by £2. This adjustment does not affect the profit and loss account.

8 Debtors

	2014 £	2013 £
Trade debtors	38,388	95,458
Amounts owed by group undertakings and undertakings in which the company has a participating interest	3,247	-
VAT recoverable	45,292	22,212
Other debtors	142,400	77,306
	<u>229,327</u>	<u>194,976</u>

Amounts falling due after more than one year and included in the debtors above are:

	2014 £	2013 £
Other debtors	-	32,500
	<u> </u>	<u> </u>

The Imaginarium Studios Limited

Notes to the financial statements (continued)

For the year ended 31 March 2014

9 Creditors: amounts falling due within one year	2014	2013
	£	£
Trade creditors	43,760	24,511
Amounts owed to group undertakings and undertakings in which the company has a participating interest	37,538	-
Other creditors	1,789,421	1,478,909
	<u>1,870,719</u>	<u>1,503,420</u>
10 Share capital	2014	2013
	£	£
Allotted and called up and fully paid		
97,409 Ordinary shares of 1p each	974	831
	<u>974</u>	<u>831</u>

On 3 April 2013, the company issued 2,309 new shares for a combined consideration of £250,000.

On 9 July 2013, the company issued 2,440 new shares for a total consideration of £500,000.

On 10 January 2014, the company issued 5,323 new shares for a total consideration of £699,975.

On 31 March 2014, the company issued 4,260 new shares for a total consideration of £531,946.

11 Statement of movements on reserves

	Share premium account £	Profit and loss account £
Balance at 1 April 2013	2,499,769	(3,026,699)
Loss for the year	-	(2,080,545)
Premium on shares issued during the year	1,981,777	-
Balance at 31 March 2014	<u>4,481,546</u>	<u>(5,107,244)</u>

The Imaginarium Studios Limited

Notes to the financial statements (continued)

For the year ended 31 March 2014

12 Reconciliation of movements in shareholders' funds	2014	2013
	£	£
Loss for the financial year	(2,080,545)	(1,881,707)
Proceeds from issue of shares	1,981,920	-
	<hr/>	<hr/>
Net depletion in shareholders' funds	(98,625)	(1,881,707)
Opening shareholders' funds	(526,099)	1,355,608
	<hr/>	<hr/>
Closing shareholders' funds	<u>(624,724)</u>	<u>(526,099)</u>

13 Contingent liabilities

In a previous period, a Subscription and Shareholding Agreement was entered into with Caveman Films Holdings Limited. Under the terms of the agreement, the company has a possible obligation to make a payment on behalf of Caveman Films Holdings Limited amounting to £594,945 to settle its creditors. This payment is contingent on whether the company makes sufficient distributable profits and on the ability of Caveman Films Holdings Limited to settle its creditors. The company has yet to make distributable profits therefore a contingent liability has not been provided for.

14 Financial commitments

At 31 March 2014 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 March 2015:

	Land and buildings	
	2014	2013
	£	£
Operating leases which expire:		
Within one year	97,500	-
Within two to five years	-	130,000
	<hr/>	<hr/>
	<u>97,500</u>	<u>130,000</u>

15 Control

The directors do not consider there to be an ultimate controlling party.

The Imaginarium Studios Limited

Notes to the financial statements (continued) For the year ended 31 March 2014

16 Related party relationships and transactions

The company has taken advantage of the exemption available in FRS 8 "Related party disclosures" whereby it has not disclosed transactions with certain wholly owned subsidiary undertakings.

During the year The Imaginarium Studios Limited was involved in the following related party transactions:

Caveman Films Holdings Limited	2014	2013
	£	£
Balance brought forward at 1 April 2013	298,203	138,935
Development costs paid on behalf of Caveman Films Holdings Limited	217,833	19,568
Loans made to Caveman Film Holdings Limited	237,000	139,700
	<hr/>	<hr/>
Balance carried forward at 31 March 2014	<u>753,036</u>	<u>298,203</u>

The above balance due from Caveman Films Holdings Limited has not been included in the assets of the company as there remains significant concerns over Caveman Film Holdings Limited's ability to repay this amount.

The provision for doubtful debts has been increased from £298,203 last period to £753,037 this year resulting in an additional doubtful debts charge of £454,833 to the profit and loss account.

Maintel Holdings PLC	2014	2013
	£	£
Balance brought forward at 1 April 2013	457	-
Amounts invoiced by Maintel Holdings PLC	5,217	5,554
Amounts paid to Maintel Holdings PLC	(5,591)	(5,097)
	<hr/>	<hr/>
Balance carried forward at 31 March 2014	<u>83</u>	<u>457</u>

The above balance is included in Trade Creditors in Note 9.

The Imaginarium Studios Limited

Notes to the financial statements (continued)

For the year ended 31 March 2014

16 Related party relationships and transactions		(continued)
HIML Holdings Limited	2014 £	2013 £
Balance brought forward at 1 April 2013	1,253,177	-
Amounts loaned by HIML Holdings Limited	50,000	1,200,000
Interest accrued on loan at 8% per annum	99,695	53,177
Interest converted to share capital	(182,154)	-
Balance carried forward at 31 March 2014	<u>1,274,678</u>	<u>1,253,177</u>

The above balance is included in Other Creditors in Note 9.

Subject to shareholder approval, the interest accrued on the loan will be converted to ordinary shares.

A Serkis

A Serkis consultancy fees of £82,000 (2013: £82,000) were payable in the year. Of these fees, £143,500 (2013: £81,700) remained unpaid at the year end and this amount is included in Other Creditors in Note 9. During the year, A Serkis also provided a loan to the company of £50,000 and this is included in Other Creditors in Note 9. Interest totalling £2,936 (2013: £nil) was converted to share capital or accrued during the year on loans provided to the company by A Serkis. A Serkis is a related party by virtue of being a director of the company during the year.

At the year end the total balance due to A Serkis from the company was £193,226 (2013: £81,700).

J Cavendish

J Cavendish consultancy fees of £82,000 (2013: £82,000) were payable in the year. Of these fees, £102,500 (2013: £40,154) remained unpaid at the year end and this amount is included in Other Creditors in Note 9. During the year, J Cavendish also provided loans to the company totalling £150,000 and these are included in Other Creditors in Note 9. Interest totalling £6,748 (2013: £nil) was converted to share capital or accrued during the year on loans provided to the company by J Cavendish. J Cavendish is a related party by virtue of being a director of the company during the year.

At the year end the total balance due to J Cavendish from the company was £260,529 (2013: £40,154).

The above fees to A Serkis and J Cavendish have been included in directors' remuneration in the profit and loss account.

The Imaginarium Studios Limited

Notes to the financial statements (continued)
For the year ended 31 March 2014

16 Related party relationships and transactions

(continued)

J Booth

During the prior year, J Booth provided a £50,000 loan to the company and this was converted to shares in the current period.

Description of relationship

J Cavendish - Director and shareholder of the company

A Serkis - Director and shareholder of the company

J Booth - Director and shareholder of the company

Caveman Films Holdings Limited - Wholly owned subsidiary of The Imaginarium Studios Limited

Maintel Holdings PLC - J D S Booth a director of The Imaginarium Studios Limited is also a director of Maintel Holdings PLC.

HIML Holdings Limited - J D S Booth, a director of The Imaginarium Studios Limited is also a director of HIML Holdings Limited.