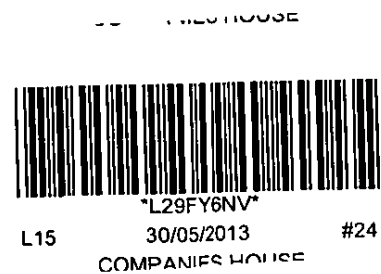


Registered No 07867972 England and Wales

# Shine Creative (UK) Limited

## Report and Financial Statements

1 July 2012



**Report and Financial statements 7 month period ending 1 July 2012**

**Officers and professional advisors**

**Directors**

Benjamin Hall (appointed 1 December 2011)  
Elisabeth Murdoch (appointed 1 December 2011)  
Dr Alexandra Mahon (appointed 1 December 2011)  
Allison Kirkby (appointed 1 December 2011)

**Registered Office**

Primrose Studios  
109 Regents Park Road  
London  
NW1 8UR

**Bankers**

Barclays Bank plc  
Barclays Media Banking centre  
27 Soho square  
London  
W1A 4WA

**Solicitors**

Olswang  
90 High Holborn  
London  
WC1V 6XX

**Auditors**

Ernst & Young LLP  
One Cambridge Business Park  
Cambridge  
CB4 0WZ

## Directors' Report

The directors present their report and audited financial statements for the 7 month period ended 1 July 2012

The company was incorporated on 1<sup>st</sup> December 2011 and this is the company's first period of trading

The company is a part of the Shine Limited group of companies. During the period the Shine Limited group of companies was acquired by News Corporation. The company has therefore elected for its accounting period to fall in line with the News Corporation fiscal year, for which the year end date falls on the closest Sunday to 30<sup>th</sup> June. Therefore for this period, the Company is reporting a 7 month operational period.

### Results and dividends

The loss for the period before taxation amounted to £312,946. The directors do not recommend a final dividend.

### Principal activities and business review

The company is principally engaged in video and television programme production.

£	1 Jul 2012
Revenue	21,070
Operating Loss	(267,709)

The company employed and coached apprentices during the period who were involved in development of creative content. Developments in the current period are hoped to generate revenues from the production of this content in future periods.

### Principal risks and uncertainties

The company has identified the principal risks that it faces as

#### Financial risks

##### *(a) Interest rate risk*

Shine Creative (UK) Limited pays interest on a loan advanced from its parent company, Shine Limited. The rate is tied to LIBOR and could therefore fluctuate adversely, however, as this is an intercompany transaction the financial risk level is deemed low.

##### *(b) Liquidity risk*

The Company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs.

The Company's policy throughout the year has been to achieve this objective through management's day-to-day involvement in business decisions and by ensuring that the Company is adequately funded.

The Company is supported by its parent Company, Shine Limited, to ensure that the cashflow needs of the business are met.

## Director's Report (continued)

### Going concern

The Company is supported towards funding its day-to-day working capital requirements by loan funding provided by its parent company, Shine Limited, and revenues generated through operations

The Company's parent, Shine Limited, is able to provide continued financial support and has no intention of ceasing this in the period not fewer than 12 months from the date of signing these accounts

Therefore, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future Accordingly they continue to adopt the going concern basis in preparing the annual report and accounts

### Directors

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

Benjamin Hall (appointed 1 December 2011)

Elisabeth Murdoch (appointed 1 December 2011)

Dr Alexandra Mahon (appointed 1 December 2011)

Allison Kirkby (appointed 1 December 2011)

Richard Parsons (appointed 1 December 2011, resigned 27 January 2012)

### Directors' indemnities

The Company's parent Company Shine Limited has made qualifying third party indemnity provisions for the benefit of its Directors which were made during the year and remained in force at the date of this report

### Disclosure of information to the auditors

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

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

### Auditors

Ernst and Young LLP were appointed auditors on the 12 July 2012 A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting

Approved by the Board of Directors  
and signed on behalf of the Board



Allison Kirkby, Director

21st May 2013

**Statement of directors' responsibilities**

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial period. 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 judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, 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 proper 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.

# **Independent auditor's report**

**to the members of Shine Creative (UK) Limited**

We have audited the financial statements of Shine Creative (UK) Limited for the 7 month period ended 1 July 2012 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 17. 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 Directors' Responsibilities Statement set out on page 5, 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 report and financial statements 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 the financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 1 July 2012 and of its loss for the period 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 period for which the financial statements are prepared is consistent with the financial statements.

# Independent auditor's report

to the members of Shine Creative (UK) 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

Ernst & Young LLP

Tony McCartney (Senior Statutory Auditor)

For and on behalf of Ernst & Young LLP (Statutory Auditor)

Cambridge

Date 23/5/2013

## Profit and loss account

for the 7 month period ended 1 July 2012

	Notes	7 month period 1 July 2012
Turnover	2	21,070
Cost of Sales		(17,834)
<b>Gross Profit</b>		<b>3,236</b>
Administrative Expenses		(270,945)
<b>Operating loss</b>	3	<b>(267,709)</b>
Finance cost	6	(169)
<b>Loss on ordinary activities before taxation</b>		<b>(267,878)</b>
Tax on loss on ordinary activities	7	-
<b>Loss for the financial period</b>		<b>(267,878)</b>

All amounts relate to continuing activities

There were no other recognised gains or losses in the period other than the profit for the current period, and as such no statement of total recognised gains and losses has been presented



## Balance sheet

at 1 July 2012

	Notes	1 July 2012
<b>Fixed Assets</b>		
Tangible fixed assets	8	52,605
		<u>52,605</u>
<b>Current assets</b>		
Debtors	9	33,649
Cash at bank and in hand		13,447
		<u>47,096</u>
<b>Creditors: amounts falling due within one year</b>	10	(367,578)
<b>Net liabilities</b>		<u>(267,877)</u>
<b>Capital and reserves</b>		
Called up share capital	11	1
Profit and loss account	12	(267,878)
<b>Shareholders' funds</b>	13	<u>(267,877)</u>

The financial statements of Shine Creative (UK) Limited, registered number 07867972 were approved by the Board of Directors on 21st May 2013

Allison Kirkby

Director

Date 21st May 2013

## Notes to the financial statements

at 1 July 2012

### 1. Accounting policies

#### *Basis of preparation*

The financial statements are prepared under the historical cost convention and in accordance with applicable UK accounting standards

#### *Going concern*

The Company is supported towards funding its day-to-day working capital requirements by loan funding provided by its parent company, Shine Limited, and revenues generated through operations

The Company's parent, Shine Limited, is able to provide continued financial support and has no intention of ceasing this in the period not fewer than 12 months from the date of signing these accounts. Therefore, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the annual report and accounts

#### *Turnover*

Turnover represents amounts receivable for goods and services provided in the normal course of business, net of trade discounts, VAT and other sales-related taxes

#### *Tangible fixed assets*

Tangible fixed assets are stated at cost less any provision for impairment. Depreciation is calculated to write down the cost or valuation less estimated residual value of all tangible fixed assets by equal annual instalments over their expected useful lives. The rates generally applicable are

Fixtures and fittings	20% - 25%
Computer, furniture and studio equipment	10% - 33%

#### *Defined contribution schemes*

The pension costs charged against profits represent the amount of the contributions payable to a scheme in respect of the accounting period

#### *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 recognised on all timing differences where the transactions or events that give the company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis

#### *Cash flow statement*

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes consolidated financial statements

## **Notes to the financial statements**

**at 1 July 2012**

### ***Foreign currencies***

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account.

### ***Interest***

Interest receivable or payable under the company's intercompany loan agreement is accrued so as to impute a constant periodic rate of return in the profit and loss account.

### ***Intercompany balances***

Amounts owed by or to group undertakings are classified as short term assets or liabilities unless there is a loan agreement in place that specifies repayment over a period longer than one year from the balance sheet date.

## Notes to the financial statements

at 1 July 2012

### 2. Turnover

Turnover is attributable to the production of video and television production content. An analysis of turnover by geographical market is given below

	7 month period to 1 Jul 2012
	£
Video & television production revenue – United Kingdom	21,070

### 3. Operating loss

	7 month period to 1 Jul 2012
	£
Depreciation Tangible Fixed Assets owned	5,482
Auditors remuneration	3,500
	8,982

### 4. Staff costs

Staff costs during the year were as follows

	7 month period to 1 Jul 2012
	£
Wages and salaries	96,319
Social security costs	8,022
Other pension costs	2,768
	107,109

## Notes to the financial statements

at 1 July 2012

The average number of employees of the company during the year was 13 (2010 £nil) The employees were engaged in the following areas

	7 month period to 1 July 2012
	No.
Production	13
	<u>13</u>

### 5. Directors' remuneration

	7 month period to 1 July 2012
	£
Directors' remuneration	8,141,952
	<u>No</u>
Number of directors accruing retirement benefits under a defined benefit pension scheme	-
Number of directors accruing retirement benefits under a defined contribution pension scheme	<u>4</u>
Number of directors who received shares for qualifying services	<u>-</u>
Number of directors who exercised share options	<u>1</u>

The emoluments of the highest paid Director in the period were £4,054,781 (2010 £1,769,698) including pension contributions of £52,500 (2010 £34,125)

The remuneration of Directors of Shine Creative (UK) Limited, who are also Directors of other Shine group companies, cannot be split between the group entities As such, the disclosures given are for services as director to all group companies and are paid by fellow group companies

## Notes to the financial statements

at 1 July 2012

### 6. Finances charge

	7 month period to 1 Jul 2012
	£
<b>Finance cost</b>	
Group interest payable and similar charges	(169)
<b>Total finance cost</b>	<u>(169)</u>

### 7. Tax on loss on ordinary activities

Analysis of the tax charge for the year

	7 month period to 1 Jul 2012
	£
<b>The tax charge represents:</b>	
United Kingdom corporation tax at 25 15%	-
<b>Total tax charge</b>	<u>-</u>

Factors affecting tax charge for the year

The difference between the total amount of current tax shown above the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows

	7 month period to 1 Jul 2012
	£
Loss on ordinary activities before tax	(267,878)
Tax credit on loss on ordinary activities at the standard United Kingdom corporation tax rate of 25 15%	<u>(67,359)</u>
<b>Factors affecting change</b>	
Depreciation in excess of capital allowances	1,378
Unrelieved tax losses and other deductions arising in the period	65,981
<b>Current tax credit for the period</b>	<u>-</u>

A deferred tax asset has not been recognised in respect of certain short-term timing differences in the current year. This is due to the lack of foreseeable future profits against which the deferred tax asset would become recoverable. The total unrecognised deferred tax asset is £63,621.

## Notes to the financial statements

at 1 July 2012

### 8. Tangible fixed assets

	Fixtures and fittings	Furniture, computer and studio equipment	Total
	£	£	£
<b>Cost</b>			-
Additions	918	57,169	56,280
At 1 July 2012	918	57,169	56,280
<b>Accumulated depreciation</b>			
Charge for the year	31	5,451	5,482
At 1 July 2012	31	5,451	5,482
<b>Net book value</b>			
At 1 July 2012	887	51,718	52,605

### 9. Debtors

	1 Jul 2012
	£
Trade debtors	21,124
Other debtors	12,525
	<u>33,649</u>

## Notes to the financial statements

at 1 July 2012

### 10. Creditors: amounts falling due within one year

	1 Jul 2012
	£
Trade creditors	3,943
Amount owed to group undertakings	310,816
Taxation and social security	12,276
Other creditors	-
Accruals and deferred income	40,543
	<u>367,578</u>

Amounts owed to Group undertakings by the Company are repayable on demand. Interest is charged on intercompany loan balances at 1% above LIBOR.

### 11. Called up share capital

	1 Jul 2012
	£
<b>Authorised</b>	
1 ordinary share of £1 each	1
<b>Called up, allotted and fully paid</b>	
1 ordinary share of £1 each	<u>1</u>

### 12. Reserves

	Profit and loss account
	£
As at incorporation	-
Retained loss for the financial period	(267,878)
<b>As at 1 July 2012</b>	<u><b>(267,878)</b></u>

### 13. Reconciliation of movement in shareholders' funds

	1 July 2012
	£
Loss for the financial period	(267,878)
Shareholders' funds on incorporation	1
<b>Closing shareholders' funds</b>	<u><b>(267,877)</b></u>



## **Notes to the financial statements**

**at 1 July 2012**

**14. Capital commitments**

The company had no capital commitments at 1 July 2012

**15. Contingent assets and liabilities**

There were no contingent assets or liabilities at 1 July 2012

**16. Ultimate parent undertaking and controlling party**

The immediate parent company of Shine Creative (UK) Limited is Shine Limited, a company incorporated in Great Britain and registered in England and Wales

In the director's opinion the Company's ultimate parent undertaking and controlling party is News Corporation which is incorporated in the USA

The largest and smallest group in which the results are consolidated is headed by News Corporation whose principal place of business is 1211 Avenue of the Americas, New York, NY 10024

**17. Related party transactions**

The Company has taken advantage of the exemption granted under paragraph 3(c) of FRS 8 "Related party Transactions" not to disclose transactions with other wholly-owned subsidiaries