

FILM FOUR LIMITED

Directors' report and financial statements

Registered number 3075944

For the year ended 31 December 2013



Contents

Directors' report	3
Statement of directors' responsibilities in respect of the Directors' report and the financial statements	5
Independent auditor's report to the members of Film Four Limited	6
Profit and Loss Account	7
Balance Sheet	8
Notes to the financial statements	9-12

Directors' report

The directors present their directors' report and the financial statements of Film Four Limited ("the Company") for the year ended 31 December 2013.

Ownership

The Company is a wholly owned subsidiary of 4 Ventures Limited, which is itself a wholly owned subsidiary of Channel Four Television Corporation ("the Corporation").

Principal activities

The Company distributes film rights through its sales agent, Protagonist Pictures Limited and manages UK distribution rights. 4 Ventures Limited holds a 15% interest in Protagonist Pictures Limited.

Business review

The Company generated turnover of £1.1 million in 2013 (2012: £1.3 million) and a profit after tax of £0.1 million (2012: £0.5 million).

The Company has met the requirements of the Companies Act 2006 to obtain the exemption provided from the presentation of a Strategic Report on the grounds of size. The results for the year are set out on pages 7 to 12 of these financial statements.

Proposed dividend

The directors do not recommend the payment of a dividend (2012: £nil).

Directors

The directors who held office during the year and to the date of this report were as follows:

Anne Bulford (resigned 26 February 2013)
Glyn Isherwood
Martin Baker (appointed 26 March 2013)

Both directors are employees of the Corporation.

Going concern

At the balance sheet date, the Company had net assets of £4.0 million (2012: £3.9 million). As a wholly owned subsidiary of 4 Ventures Limited, the directors believe that the company has adequate support and resources to manage its business risks successfully. The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and thus they continue to adopt the going concern basis in preparing the annual financial statements.

Employees

The Company has no employees (2012: none). Its activities are carried out by employees of the Corporation who are seconded and whose costs are recharged to the Company.

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the Board



Martin Baker
Director

124 Horseferry Road
London SW1P 2TX

Statement of directors' responsibilities in respect of the Directors' report and the financial statements

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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 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 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Independent auditor's report to the members of Film Four Limited

We have audited the financial statements of Film Four Limited for the year ended 31 December 2013 set out on pages 7 to 12. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK 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 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2013 and of its profit for the year then ended;
- have been properly prepared in accordance with UK 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.

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
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.



26 September 2014

Karen Wightman
(Senior Statutory Auditor) for and on behalf of
KPMG LLP, Statutory Auditor
Chartered Accountants

15 Canada Square
London
E14 5GL

**Profit and Loss Account
for the year ended 31 December 2013**

	Note	2013 £m	2012 £m
Turnover	2	1.1	1.3
Cost of sales		<u>(1.0)</u>	<u>(0.7)</u>
Gross profit		0.1	0.6
Administrative expenses		<u>-</u>	<u>-</u>
Profit on ordinary activities before taxation	3	0.1	0.6
Tax on profit on ordinary activities	5	<u>-</u>	<u>(0.1)</u>
Profit for the financial year	9	<u>0.1</u>	<u>0.5</u>

The Company had no recognised gains or losses other than the profit for the year and therefore no statement of total recognised gains or losses is presented.

There is no difference between the profit on ordinary activities before taxation and the profit for the year stated above, and their historical cost equivalents.

All results relate to continuing operations.

The notes on pages 9 to 12 are an integral part of these financial statements.

Balance Sheet
as at 31 December 2013

	Note	2013 £m	2012 £m
Current assets			
Debtors	6	5.0	5.2
Creditors: amounts falling due within one year	7	(1.0)	(1.3)
Net current assets		<u>4.0</u>	<u>3.9</u>
Net assets		<u>4.0</u>	<u>3.9</u>
Capital and reserves			
Called up share capital	8	-	-
Profit and loss account	9	4.0	3.9
Shareholders' funds		<u>4.0</u>	<u>3.9</u>

These financial statements were approved by the board of directors on ~~25 September 14~~ and were signed on its behalf by:



Glyn Isherwood
 Director

Notes
(forming part of the financial statements)

1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules. The financial statements have been prepared on a going concern basis.

Under FRS 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements.

As the Company is a wholly owned subsidiary of 4 Ventures Limited, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which are wholly owned by the group. The consolidated financial statements of Channel Four Television Corporation, within which this Company is included, can be obtained from the address given in note 10.

Turnover

Turnover represents income receivable from the exploitation of film rights and is stated net of value added tax.

Turnover is recognised when it can be reliably measured. In practice this does not occur until the Company is provided with a statement from a distributor.

Taxation

The charge for taxation is based on the profit or loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Notes (continued)

2 Analysis of turnover

Turnover arises principally from the sale of film rights and international programme rights. All turnover originates from the United Kingdom.

The geographical analysis by destination of turnover is as follows:

	2013 Turnover £m	2012 Turnover £m
North America	0.5	0.8
Europe	0.3	0.2
Rest of the world	0.2	0.2
UK	0.1	0.1
	<u>1.1</u>	<u>1.3</u>

3 Profit on ordinary activities before taxation

	2013 £000	2012 £000
Profit on ordinary activities before taxation is stated after charging:		
Auditors' remuneration: audit services	<u>5</u>	<u>3</u>

Amounts receivable by the Company's auditor in respect of services to the Company and its associates, other than the audit of the Company's financial statements, have not been disclosed as the information required is disclosed on a consolidated basis in the consolidated financial statements of the Company's ultimate parent, Channel Four Television Corporation.

4 Remuneration of directors

The directors and staff of the Company are employees of, and remunerated by, the Corporation. No amounts were paid to the directors of the Company for service to the Company (2012: £nil). No retirement benefits are accruing to directors for service to the company.

Notes (continued)

5 Taxation

Analysis of charge in the year

	2013 £m	2012 £m
Group relief payable:		
Current year	-	0.1
Tax on profit on ordinary activities	<u>-</u>	<u>0.1</u>

Factors affecting the tax charge for the current year

The current tax charge for the year is in line with (2012: in line with) the standard rate of corporation tax in the UK 23.25% (2012: 24.5%).

	2013 £m	2012 £m
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	<u>0.1</u>	<u>0.6</u>
Current tax at 23.25% (2012: 24.5%)	-	0.1
Total current tax charge	<u>-</u>	<u>0.1</u>

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and from 21% to 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013.

6 Debtors

	2013 £m	2012 £m
Amounts due from ultimate parent undertaking	5.0	5.2
	<u>5.0</u>	<u>5.2</u>

7 Creditors: amounts falling due within one year

	2013 £m	2012 £m
Accruals and deferred income	0.9	1.2
Other creditors	0.1	0.1
	<u>1.0</u>	<u>1.3</u>

Notes (continued)

8 Called up share capital

	2013 £	2012 £
Authorised, allotted and fully paid		
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

9 Reconciliation of profit and loss account and shareholders' funds

	Profit and loss account £m	Shareholders' funds £m
At 1 January 2013	3.9	3.9
Profit for the financial year	<u>0.1</u>	<u>0.1</u>
At 31 December 2013	<u>4.0</u>	<u>4.0</u>

10 Ultimate parent company and parent undertaking of larger group of which the company is a member

The Company is a subsidiary undertaking of the Corporation, which is the ultimate parent company and controlling party.

The largest and smallest group in which the results of the Company are consolidated is that headed by the Corporation. The consolidated financial statements of the Corporation are available to the public and may be obtained from The Corporation Board Secretary, Channel Four Television Corporation, 124 Horseferry Road, London SW1P 2TX.

11 Related Party Transactions

As the Company is a wholly owned subsidiary of 4 Ventures Limited, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which are wholly owned by the group. The consolidated financial statements of Channel Four Television Corporation, within which this Company is included, can be obtained from the address given in note 10.

The holding in Protagonist is 15%, and related party transactions in the year ending 31 December 2013 were as follows:

Channel 4 paid £0.3 million to Protagonist Pictures Ltd for agency sales and film acquisition services (2012: £0.2 million).

No amounts were due at 31 December 2013 (2012: £nil).