

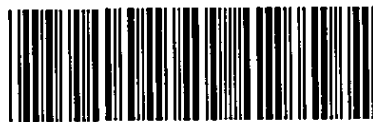
ALL3MEDIA Group Limited

Directors' report and financial statements

31 August 2006

Registered number 4823611

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COMPANIES HOUSE

Company Information

Directors

Sir Robert Phillis (Chairman)

S R Morrison

J D Burns

D Liddiment

J C Pfeil

M N Black

(resigned 13 September 2006)

A R Gibbons

(resigned 13 September 2006)

Secretary

J C Pfeil

Auditors

PricewaterhouseCoopers LLP

1 Embankment Place

London

WC2N 6RH

Registered office

87-91 Newman Street

London

W1T 3EY

Registered number 4823611

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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 August 2006

Principal activity and review of the business

The principal activity of the Group is the production and distribution of television programmes. The directors do not anticipate any changes in those activities over the coming year.

The Group's profit for the year, after taxation and minority interests, amounted to £6,602,000 (2005 £2,948,000).

The directors did not recommend the payment of a dividend for the year under review.

Business environment & future outlook

The commercial environment in which the Group operates remains competitive, but the directors believe that its status as one of the leading television production groups will enable it to maintain this position in the future.

On 28 September 2006 ALL3MEDIA Group Ltd and its subsidiary undertakings were purchased by Havana Bidco Limited (now renamed ALL3MEDIA Finance Limited), a company majority owned by funds controlled by Permira Partners LLP, a private equity organisation.

Strategy

The strategy of the Group is to achieve attractive and sustainable growth, both via acquisition and organically. The Group consists of a number of companies covering a number of genres and territories of television production, thereby diversifying risk across the Group.

As part of the overall Group strategy of diversification, on 28 March 2006 the Group purchased 100% of the shares in Artists Rights Group Limited, a talent and rights management agency.

Principal risks and uncertainties

There are a number of risks and uncertainties facing the Group. The key business risks and uncertainties that affect the Group are considered to be:

- the general economic environment and in particular TV advertising, where reductions may put pressure on programme budgets from broadcasters,
- competition from other television producers for both programming commissions and key talent,
- success in audience terms of the Group's programming which may influence future commissioning decisions.

Key performance indicators ("KPIs")

The Group has continued to make progress in its KPIs. The Group's revenue has increased by £31.0m, £26.6m through acquisitions (in 2006 and full year effect of acquisitions made in 2005) and £4.4m organically. The operating profit margin (operating profit excluding goodwill transitional & transactional costs) has increased from 9.5% to 12.9% largely driven by additional secondary and ancillary revenue. The hours of programming available for international distribution have increased from 900 to 2,000 hours in 2006.

Political and charitable contributions

During the year the Group made various charitable donations totalling £10,000 (2005 £9,000) and political donations to a non-EU party totalling £nil (2005 £2,000).

Equal Opportunities

ALL3MEDIA Group believes in, wholeheartedly supports and consistently follows the principles of equal opportunities when recruiting and through an individual's employment. It opposes all forms of discrimination on the grounds of race, colour, nationality, ethnic or national origin, age, religion or philosophical belief, gender, marital status, sexual orientation, political views, disability or medical conditions. The Group does not operate differentials in salary or contractual terms based on any of these factors.

Employee involvement

There are a number of initiatives across the Group which encourage employee involvement for example, local and Group level health and safety forums and development meetings. Employment legislation is communicated via legal updates and changes to Company policy are discussed with representatives from each company prior to Company-wide notification. The Company positively encourages open communication and employees are able to provide comments/suggestions via a number of channels. There is also a Company intranet which is used to disseminate information.

Disclosure of information to auditors

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

- (1) so far as the director is aware, there is no relevant audit information of which the Group's auditors are unaware, and
- (2) 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 Group's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

Directors and directors' interests

The directors who held office during the year, and their interests in the share capital of the Company, are as follows

	<u>At 31 August 2006</u>	<u>At 31 August 2005</u>
	<u>"B" ordinary shares</u>	<u>"B" ordinary shares</u>
M Black	-	-
J Burns	191,484	178,718
A Gibbons	-	-
D Liddiment	42,552	39,715
S Morrison	191,484	178,718
J Pfeil	42,552	39,715
Sir R Phillis	21,275	19,858

According to the register of directors' interests, no rights to subscribe for shares in or debentures of the Company were granted to any of the directors or their immediate families, or exercised by them, during the financial year.

Auditors

A resolution to reappoint PricewaterhouseCoopers LLP as auditors will be put to the members at the annual general meeting.

By order of the Board

J C Pfeil

J C Pfeil
Secretary

Date

20/11/06

87 - 91 Newman Street
London
W1T 3EY

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

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

The directors are responsible for preparing financial statements for each financial year which give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the Company and Group and of the profit or loss of the Group for that period. In preparing those 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 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 confirm that they have complied with the above requirements in preparing the financial statements

The directors are responsible for keeping proper accounting records that 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 1985. 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

Independent auditors' report to the members of ALL3MEDIA Group Limited

We have audited the Group and parent company financial statements (the "financial statements") of ALL3MEDIA Group Limited for the year ended 31 August 2006 which comprise the Group profit and loss account, the Group and Company balance sheets, the Group cash flow statement, the Group statement of total recognised gains and losses and the related notes 1 to 32. These financial statements have been prepared under the accounting policies set out herein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group and Company's circumstances, consistently applied and adequately disclosed.

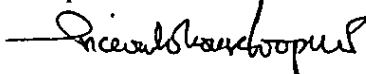
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Group's and the parent company's affairs as at 31 August 2006 and of the Group's profit and cash flows for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London
20 December 2006



Group profit and loss account

for the year ended 31 August 2006

	Note	Year ended 31 August 2006		Year ended 31 August 2005	
		£'000	£'000	£'000	£'000
Turnover (including share of joint ventures)					
- Continuing operations	2	207,037		180,510	
- Acquisitions		1,652		-	
			<u>208,689</u>		<u>180,510</u>
Less share of turnover of joint ventures					
- Continuing operations			(1,092)		(3,919)
Group turnover			<u>207,597</u>		<u>176,591</u>
Cost of sales	3		(153,981)		(138,315)
Gross profit			<u>53,616</u>		<u>38,276</u>
Distribution costs	3		(370)		(424)
Administrative expenses	3		(34,569)		(26,619)
Other operating income	3		1,067		667
Group operating profit	4		<u>19,744</u>		<u>11,900</u>
- Continuing operations		19,178		11,900	
- Acquisitions		566		-	
Share of operating results of joint ventures & associates	4		332		381
Profit on ordinary activities before interest and taxation			<u>20,076</u>		<u>12,281</u>
Other interest receivable and similar income	7		1,697		537
Interest payable and similar charges	8		(8,731)		(6,797)
Profit on ordinary activities before taxation			<u>13,042</u>		<u>6,021</u>
Taxation	9		(5,810)		(2,603)
Profit on ordinary activities after taxation			<u>7,232</u>		<u>3,418</u>
Minority interests - equity			(630)		(470)
Profit for the financial year attributable to members of the parent company			<u>6,602</u>		<u>2,948</u>
Retained profit/(loss) brought forward			2,040		(908)
Retained profit carried forward			<u>8,642</u>		<u>2,040</u>

The notes on pages 12 to 36 form part of these financial statements

Statement of total recognised gains and losses

for the year ended 31 August 2006

	2006 £'000	2005 £'000
Profit for the financial year	6,602	2,948
Exchange difference on retranslation of net assets of subsidiary undertakings	(26)	(64)
Total recognised gains relating to the year	<u>6,576</u>	<u>2,884</u>

Reconciliation of movements in shareholders' funds

for the year ended 31 August 2006

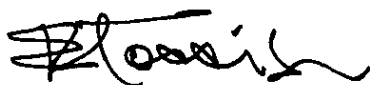
	2006 £'000	2005 £'000
Total recognised gains and losses	6,576	2,884
Other movements		
New shares issued	42	45
Total movements during the year	<u>6,618</u>	<u>2,929</u>
Shareholders' funds at 1 September 2005	<u>3,468</u>	<u>539</u>
Shareholders' funds at 31 August 2006	<u>10,086</u>	<u>3,468</u>

Group balance sheet

At 31 August 2006

	Note	2006 £'000	2005 £'000
Fixed assets			
Intangible assets	11	90,984	93,220
Tangible assets	12	5,573	6,686
Interests in joint ventures			
- share of gross assets		1,230	1,779
- share of gross liabilities		(779)	(1,353)
Investments in associates	13	451 185	426 167
		97,193	100,499
Current assets			
Stock	14	7,846	8,838
Debtors	15	38,797	39,403
Cash at bank and in hand	16	28,731	17,528
		75,374	65,769
Creditors: amounts falling due within one year	17	(74,649)	(66,330)
Net current assets/(liabilities)		725	(561)
Total assets less current liabilities		97,918	99,938
Creditors: amounts falling due after more than one year	18	(86,158)	(94,662)
Provisions for liabilities and charges	21	(666)	(1,105)
Minority interests - equity		(1,008)	(703)
Net assets		10,086	3,468
Capital and reserves			
Called up share capital	26	193	189
Share premium account	27	1,498	1,460
Profit and loss account	27	8,395	1,819
Shareholders' funds - equity		10,086	3,468

These financial statements were approved by the Board of directors on 20 December 2006 and signed on its behalf by



S Morrison
Director



J C Pfeil
Director

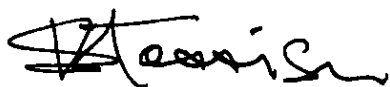
The notes on pages 12 to 36 form part of these financial statements

Company balance sheet

at 31 August 2006

	Note	2006 £'000	2005 £'000
Fixed assets			
Investments	13	1,822	1,822
Current assets			
Debtors	15	13	-
Cash at bank and in hand		86	56
		<u>99</u>	<u>56</u>
Creditors: amounts falling due within one year	17	(266)	(238)
Net current liabilities		<u>(167)</u>	<u>(182)</u>
Net assets		<u>1,655</u>	<u>1,640</u>
Capital and reserves			
Called up share capital	26	193	189
Share premium account	27	1,498	1,460
Profit and loss account	27	(36)	(9)
Shareholders' funds – equity		<u>1,655</u>	<u>1,640</u>

These financial statements were approved by the Board of directors on 20 December 2006 and signed on its behalf by



S Morrison
Director



J C Pfeil
Director

The notes on pages 12 to 36 form part of these financial statements

Group statement of cash flows
for the year ended 31 August 2006

	Notes	Year ended 31 August 2006 £'000	Year ended 31 August 2005 £'000
Net cash inflow from operating activities	23	32,541	21,461
Dividends from joint ventures and associates			
Dividends from joint venture		168	223
Dividends from associate		-	19
		168	242
Returns on investments and servicing of finance			
Interest received		1,006	599
Interest paid		(4,684)	(2,649)
Issue costs of new long term loans		-	(1,642)
Interest element of finance lease rental payments		(7)	(9)
Dividends paid to a subsidiary's minority interest		(366)	-
		(4,051)	(3,701)
Taxation			
UK Corporation tax paid		(3,307)	(1,280)
Overseas tax paid		(1,121)	(832)
		(4,428)	(2,112)
Capital expenditure and financial investment			
Payments to acquire intangible fixed assets		-	(407)
Payments to acquire tangible fixed assets		(2,335)	(1,191)
Receipts from sales of tangible fixed assets		1,571	73
Payments to acquire investments		-	(68)
		(764)	(1,593)
Acquisitions and disposals			
Purchase of subsidiary undertakings	25	(4,689)	(55,350)
Net cash acquired with subsidiary undertakings	25	1,716	10,059
		(2,973)	(45,291)
Net cash inflow/(outflow) before financing		20,493	(30,994)
Financing			
Issue of ordinary share capital		42	45
New long-term loans		1,060	54,260
Repayment of loans		(10,127)	(15,341)
Issue of loan notes		-	537
Repayments of capital element of finance leases and hire purchase contracts		(66)	(103)
		(9,091)	39,398
Increase in cash	24	11,402	8,404

Notes to the financial statements

(forming part of the financial statements)

1. Accounting policies

The following accounting policies have been applied in dealing with items which are considered material in relation to the Company's and Group's financial statements

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards as defined in section 256 of Companies Act 1985

Changes in accounting policies

The Group has adopted FRS21 'Events after the balance sheet date', FRS23 'The effects of changes in foreign exchange rates', FRS25 'Financial instruments Disclosure and presentation (paragraphs 15-50)' and FRS28 'Corresponding amounts' for the first time in these financial statements. The adoption of each of these standards represents a change in accounting policy however none of these pronouncements has resulted in a different accounting treatment compared to previously applicable accounting standards.

Basis of consolidation

The Group financial statements consolidate the financial statements of ALL3MEDIA Group Limited and all its subsidiary undertakings drawn up to 31 August 2006. No profit and loss account is presented for ALL3MEDIA Group Limited as permitted by section 230 of the Companies Act 1985.

Subsidiaries are included in the Group's financial statements using the acquisition method of accounting. The results of subsidiaries acquired or disposed of during the year are consolidated from the effective date of acquisition or up to the effective date of disposal, as appropriate. Purchase consideration is allocated to the assets and liabilities on the basis of their fair value at the date of acquisition. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Entities in which the Group holds an interest on a long term basis and are jointly controlled by the Group and one or more venturers under a contractual arrangement are treated as joint ventures. In the Group financial statements, joint ventures are accounted for using the gross equity method.

Entities, other than subsidiary undertakings or joint ventures, in which the Group has a participating interest and over whose operating and financial policies the Group exercises a significant influence are treated as associates. In the Group financial statements, associates are accounted for using the equity method.

Where necessary, adjustments are made to the financial statements of subsidiaries, associates and joint ventures to bring the accounting policies used into line with those used by the Group.

Certain prior year comparatives have been re-classified to make them comparable with current year presentation.

Turnover

Turnover and attributable profits are recognised in accordance with the Group's right to receive revenue based on the contracted position. The principal revenue recognition bases for commissioned TV programmes are

- Series drama productions - revenue and attributable profit are recognised on an episodic basis
- Factual/factual entertainment and one-off single broadcaster drama programmes - turnover and attributable profit are recognised in proportion to the stage of completion of the production at the relevant date unless the contractual position with the broadcaster does not entitle the Group to recognise revenue until the final product is available for delivery

Notes (continued)

1. Accounting policies (continued)

Provision is made for any overspends/losses as soon as identified. Any underspends are recognised once the programme has been completed and all related costs have been identified.

For finished programmes and formats distributed by the Group, revenue is recognised once contracted and invoiced provided that the product is available for delivery.

Revenues on programmes distributed by third parties and other ancillary revenues are recognised once the Group has been notified of sums due to it.

On films produced for primary theatrical release revenues and attributable production profit is recognised once the film is completed and available for delivery to the distributor.

For commission income from services provided to clients, revenue is recognised once earned.

Goodwill

Positive goodwill arising on acquisitions is capitalised, classified as an asset on the balance sheet and amortised on a straight line basis over its useful economic life up to a presumed maximum of 20 years. It is reviewed for impairment on an annual basis and if events or changes in circumstances indicate that the carrying value may not be recoverable.

Investment in television rights

Investments in television rights are amortised in the profit and loss account over their anticipated useful economic life. They are reviewed for impairment on an annual basis and adjusted if events or changes in circumstances indicate that their carrying value may not be recoverable.

Tangible fixed assets and depreciation

Fixed assets are initially stated at cost.

Depreciation is calculated to write off the cost of tangible fixed assets evenly over their estimated useful lives at the following annual rates:

Freehold property	-	Over 50 years
Long leasehold property	-	Over the life of the lease
Short leasehold property	-	Over the life of the lease
Furniture, fixtures, plant and equipment	-	20 - 50%
Motor vehicles	-	20 - 25%

The carrying values of tangible fixed assets are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be in line with the remaining estimated useful life.

Fixed asset investments

Fixed asset investments are initially stated at cost. The carrying values of fixed asset investments are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

Deferred production expenditure

Pre-contract production expenditure is written off in the year in which it is incurred except where it is related to a clearly defined contract, the outcome of which has been assessed with reasonable certainty as to its success and commercial viability. In such cases the expenditure is deferred to the extent that its recovery can be reasonably regarded as assured and the cost is written off against revenue over the period of the contract. The costs of abortive productions are taken directly to the profit and loss account.

Notes *(continued)*

1. Accounting policies (continued)

Stock

Stock is valued at the lower of cost and net realisable value. Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion.

Financial instruments

The Group does not enter into speculative derivative contracts. However derivative financial instruments are used with a view to managing the Group's exposure to fluctuations in foreign currency exchange rates.

Transactions are recorded at the forward contract rate if a related foreign currency contract has been entered into and the exchange gain or loss on the transactions is charged directly to the profit and loss account.

Derivative financial instruments are used to hedge the Group's exposure to fluctuations in foreign exchange fluctuation but are not recognised in the financial statements.

The Group's derivative financial instruments comprise forward exchange contracts. Forward exchange contracts provide certainty of future expenses and income in a foreign currency by fixing the exchange rate rather than waiting for the prevailing exchange rate at the time of the transaction or payment.

Depending on how the exchange rates move between the time the Group enters into the transaction, these derivatives can either be profitable ('in the money') or loss-making in their own right. However, the rationale in entering into these derivatives is not to profit from currency market fluctuations, but to provide stability to the Group's cashflows. The movements relating to these derivatives (ie where they are either in profit or loss-making) are taken to the Group's profit and loss account for the year.

All borrowings are initially stated at the fair value of the consideration received after deduction of issue costs. Issue costs together with finance costs are charged to the profit and loss account over the term of the borrowings. Accrued finance costs attributable to borrowings where the maturity at the date of issue is less than 12 months are included within current liabilities. For all other borrowings, accrued finance charges and issue costs are included within creditors due in more than one year.

Debtors are initially stated at fair value. The carrying value of debtors are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

Leases

Assets held under finance leases (excluding sale and leaseback transactions), which are leases where substantially all the risks and rewards of ownership of the asset have passed to the Company, are capitalised in the balance sheet and are depreciated over their useful lives or the term of the lease, whichever is shorter. Future instalments under such leases, net of finance charges, are included within creditors. Rental payments are apportioned between the finance element, which is charged to the profit and loss account, and the capital element which reduces the outstanding obligation for future instalments.

Sale and leaseback transactions relate to master negatives for films as a result of the Company entering into sale and leaseback transactions for such films. Part of the cash received is put on deposit, and this cash together with any accrued interest thereon should be sufficient to meet the lease capital and interest payment. Cash received on inception of the transaction over and above that required for future rental payments is recognised as profit immediately. Such transactions are shown as a contingent liability in the notes to the accounts.

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Notes (continued)

1. Accounting policies (continued)

Deferred consideration

Deferred and contingent consideration on acquisitions is accrued on a discounted basis as part of the cost of acquisition to the extent that it is reasonably considered by the directors to be payable

Post-retirement benefits

The Group operates several defined contribution Group personal pension schemes in the UK. The contributions to these schemes are charged to the profit and loss account in the period in which the contributions are payable

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions

- deferred tax assets are recognised only to the extent that the directors consider that it is probable that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted
- provision is made for deferred tax that would arise on remittance of retained earnings of overseas subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

Translation of foreign currencies

Assets and liabilities of overseas subsidiary undertakings are translated to Sterling at the rates of exchange ruling at the end of each accounting period and exchange variances on the opening net investment in those subsidiary undertakings are dealt with through reserves. The results of overseas subsidiary undertakings are translated into Sterling at the average rate of exchange ruling during the accounting period and variances compared with exchange rates at the balance sheet date are dealt with through reserves

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

Notes (continued)

2. Turnover

All turnover arises from a single continuing class of business, the sale and distribution of television and film programmes and related ancillary revenues

An analysis of turnover by geographical market is given below (excluding turnover of joint ventures and associates)

	2006			2005	
	Continuing £'000	Acquisitions £'000	Total £'000	Continuing £'000	Total £'000
United Kingdom	149,683	1,652	151,335	117,277	117,277
Other Europe	30,086	-	30,086	34,028	34,028
United States of America	12,628	-	12,628	10,084	10,084
Rest of world	13,548	-	13,548	15,202	15,202
	<u>205,945</u>	<u>1,652</u>	<u>207,597</u>	<u>176,591</u>	<u>176,591</u>

Segmental analysis of joint ventures

	2006 £'000	2005 £'000
United Kingdom	28	2,598
Other Europe	1,064	1,321
	<u>1,092</u>	<u>3,919</u>

3. Cost of sales and operating expenses

	2006			2005	
	Continuing £'000	Acquisitions £'000	Total £'000	Continuing £'000	Total £'000
Cost of sales	153,981	-	153,981	138,315	138,315
Gross profit	51,964	1,652	53,616	38,276	38,276
Distribution costs	370	-	370	424	424
Administrative expenses	33,474	1,095	34,569	26,619	26,619
Other operating income	1,058	9	1,067	667	667
	<u></u>	<u></u>	<u></u>	<u></u>	<u></u>

Notes (continued)

4. Operating profit

	2006 £'000	2005 £'000
<i>This is stated after charging/(crediting):</i>		
Auditors' remuneration		
Audit	343	245
Non-audit	735	538
Amortisation of goodwill	4,993	3,311
Amortisation of acquired television rights	54	54
Depreciation of owned tangible fixed assets	2,007	1,369
Depreciation of tangible fixed assets held under finance leases	80	81
Profit on sale of fixed assets	(2)	(64)
Operating lease charges		
– land and buildings	2,194	1,916
– equipment	269	295
– motor vehicles	263	253
Transitional costs	168	651
Transactional costs	1,511	370

An analysis of the share of the operating profit of joint ventures and associates is as follows

	2006 Continuing £'000	2005 Continuing £'000
Joint ventures	294	323
Associates	38	58
	<u>332</u>	<u>381</u>

Fees payable to audit firms

	PwC 2006 £'000	E&Y 2006 £'000	Total 2006 £'000	PwC 2005 £'000	E&Y 2005 £'000	Total 2005 £'000
Statutory audit fees	290	38	328	188	48	236
Non-audit fees	555	127	682	124	414	538
	<u>845</u>	<u>165</u>	<u>1,010</u>	<u>312</u>	<u>462</u>	<u>774</u>

In addition to the above £15,000 (2005 £9,000) was paid to other auditors in respect of audit fees, bringing the statutory audit fee for the Group to £343,000 (2005 £245,000)

In addition to the above £53,000 (2005 £nil) was paid to other auditors in respect of non-audit fees

The audit fee of the Company is paid by ALL3MEDIA Limited, a subsidiary of the Company

Notes (continued)

5. Remuneration of directors

	2006 £'000	2005 £'000
Directors' emoluments		
Aggregate emoluments	1,067	942
Company pension contributions to personal pension schemes	50	43
	<hr/> 1,117	<hr/> 985

The total emoluments, including pension contributions of £18,438 (2005 £16,875), of the highest paid director were £404,430 (2005 £342,029)

Payments were made to a personal pension scheme for 3 directors (2005 3) in the year

Included in the above directors' emoluments is £51,000 (2005 £59,000) payable to David Liddiment Limited for the services of David Liddiment, who is a director of that company

In addition to the above directors' emoluments, during the year the Group paid £60,000 (2005 £60,000) to Bridgepoint Capital Limited (a related party) as fees for the services of two directors who served during the year

6. Staff numbers and costs

The average monthly number of persons employed by the Group (including directors remunerated by the Company) during the year, analysed by category, was as follows

	2006	2005
Production	590	371
Administration	343	224
Sales	12	9
	<hr/> 945	<hr/> 604

The aggregate payroll costs of these persons were as follows

	2006 £'000	2005 £'000
Wages and salaries	32,472	19,562
Social security costs	4,084	2,927
Other pension costs	1,045	605
	<hr/> 37,601	<hr/> 23,094

The parent company had no employees during the year (2005 nil) and incurred no payroll costs during the period (2005 £nil)

Notes (continued)**7. Other interest receivable and similar income**

	2006 £'000	2005 £'000
Bank interest receivable	1,043	518
Other interest receivable	647	15
	1,690	533
Share of joint ventures' interest	7	4
	1,697	537

8. Interest payable and similar charges

	2006 £'000	2005 £'000
Bank loans and overdrafts	4,813	2,634
Interest payable on loan notes	2,689	2,432
Amortisation of deferred financing fees	1,101	815
Finance charges payable under finance leases and hire purchase contracts	6	11
Other interest payable	122	905
	8,731	6,797

Notes (continued)

9. Taxation

(i) Tax on profit on ordinary activities

The tax charge is made up as follows

	2006 £'000	2005 £'000
Current tax		
<i>UK corporation tax</i>		
Current tax on income for the year	3,528	1,796
Adjustments in respect of prior years	28	(83)
	<hr/>	<hr/>
	3,556	1,713
<i>Foreign tax</i>		
Current tax on income for the year	1,776	819
	<hr/>	<hr/>
Group current tax	5,332	2,532
Share of joint ventures' current tax	81	111
	<hr/>	<hr/>
Total current tax charge for the year (see note (ii))	5,413	2,643
	<hr/>	<hr/>
Deferred tax	397	(40)
	<hr/>	<hr/>
Tax on profit on ordinary activities	5,810	2,603
	<hr/>	<hr/>

(ii) Factors affecting the tax charge for the current year

The tax charge for the year is higher than the standard rate of corporation tax in the UK of 30% (2005 30%) The differences are explained below

	2006 £'000	2005 £'000
Profit on ordinary activities before tax	13,042	6,021
Current tax at 30%	3,913	1,806
<i>Effects of</i>		
Expenses not deductible for tax purposes (including goodwill)	2,242	1,246
Income not chargeable for tax purposes	(15)	-
Depreciation for the year in excess of capital allowances	115	16
Short term timing differences on disposal of assets	(88)	-
Higher rates of corporation tax on overseas profits	27	71
Short term timing differences	(604)	(374)
Utilisation of tax losses	(202)	(34)
Adjustments in respect of prior years	28	(83)
Other	(3)	(5)
	<hr/>	<hr/>
Current tax charge for the year	5,413	2,643
	<hr/>	<hr/>

Notes *(continued)***Taxation** *(continued)***(iii) Deferred taxation**

The deferred taxation included in the balance sheet is as follows

	2006 £'000	2005 £'000
Included in debtors	666	1,056
Included in provisions for liabilities and charges	(506)	(945)
	<hr/> 160 <hr/>	<hr/> 111 <hr/>
Depreciation in advance of capital allowances	507	450
Short term timing differences	159	-
Pension costs	-	606
Provision on sale of fixed asset	-	(420)
Accelerated capital allowances	(74)	(466)
Short term timing differences	(432)	(59)
	<hr/> 160 <hr/>	<hr/> 111 <hr/>

Net deferred taxation not recognised in the accounts is as follows

	2006 £'000	2005 £'000
Unutilised UK trading losses	467	643
	<hr/> 467 <hr/>	<hr/> 643 <hr/>

No deferred tax asset relating to the above has been recognised on the basis that the recognition criteria set out in FRS 19 have not been met

10. Loss attributable to the parent company

The loss dealt with in the financial statements of the parent company is £27,000 (2005 £9,000 loss)

Notes *(continued)***11. Intangible fixed assets**

	Goodwill £'000	TV rights £'000	Total £'000
Cost			
At 1 September 2005	98,412	270	98,682
Acquisition of subsidiary undertakings	2,878	-	2,878
Fair value adjustments to prior year acquisitions	(75)	-	(75)
At 31 August 2006	101,215	270	101,485
Amortisation:			
At 1 September 2005	5,408	54	5,462
Provided during the year	4,985	54	5,039
At 31 August 2006	10,393	108	10,501
Net book value:			
At 31 August 2006	90,822	162	90,984
At 31 August 2005	93,004	216	93,220

Particulars of additions are given in note 25

Notes (continued)

12. Tangible fixed assets

	Freehold property £'000	Long leasehold £'000	Short leasehold £'000	Furniture, fixtures, plant & equipment £'000	Motor vehicles £'000	Total £'000
Cost						
At 1 September 2005	3,391	133	1,316	7,345	110	12,295
Additions	-	-	142	2,150	43	2,335
Acquisition of subsidiary undertakings	-	-	4	78	-	82
Transfer	-	(130)	149	(19)	-	-
Exchange adjustment	-	(3)	-	(144)	-	(147)
Disposals	(1,460)	-	-	(204)	(17)	(1,681)
At 31 August 2006	1,931	-	1,611	9,206	136	12,884
Depreciation						
At 1 September 2005	16	42	978	4,561	12	5,609
Charge for year	48	-	305	1,697	37	2,087
Transfer	-	(41)	41	-	-	-
Exchange adjustment	-	(1)	-	(109)	-	(110)
Disposals	(61)	-	-	(197)	(17)	(275)
At 31 August 2006	3	-	1,324	5,952	32	7,311
Net book value						
At 31 August 2006	1,928	-	287	3,254	104	5,573
At 31 August 2005	3,375	91	338	2,784	98	6,686

Included in the total net book value is £44,000 (2005 £120,000) in respect of fixed assets held under finance leases

Notes (continued)

13. Fixed asset investments

Group

	2006 £'000	2005 £'000
Joint ventures	451	426
Associates	185	167
	<u>636</u>	<u>593</u>

Group – joint ventures

	£'000
At 1 September 2005	426
Share of profit retained by joint ventures	25
As at 31 August 2006	<u>451</u>

Group – associated undertakings

	Goodwill £'000	Share of net assets £'000	Total £'000
At 31 August 2005	62	105	167
Additions in year	9	-	9
Profits retained for the year	-	38	38
Amortisation for the year	(8)	-	(8)
Exchange adjustment	(8)	(13)	(21)
At 31 August 2006	<u>55</u>	<u>130</u>	<u>185</u>

The details of the fixed asset investments that in the directors' opinion principally affect the figures shown in the financial statements are set out below. These are all unlisted.

Name of company	Country of incorporation	Equity holding	Nature of business
Company Stormdog Limited	England & Wales	50%	Television production
Big Strike Films Limited	England & Wales	50%	Television production
Medical Multi Media Productions BV	Netherlands	50%	Television production
Satellite Media Group Limited	New Zealand	30%	Television production
Mischief Night Limited	England & Wales	25%	Film production

Company

	Shares in subsidiary companies £'000
At 1 September 2005 and 31 August 2006	<u>1,822</u>

Notes (continued)

Fixed asset investments (continued)

The details of the principal subsidiaries that in the directors' opinion principally affect the figures shown in the financial statements are set out below. Shares held by an intermediate holding company are indicated with an asterisk (*). All companies are included in the consolidated financial statements and the full information will be annexed to the Company's next annual return.

Name of company	Country of incorporation	Equity holding	Nature of business
ALL3MEDIA Limited	England & Wales	100%	Sub-holding company
North One Television Limited	England & Wales	*100%	Television production and distribution
ALL3MEDIA International Limited	England & Wales	*100%	Distribution
ALL3MEDIA (Overseas) Limited	England & Wales	*100%	Distribution
Cactus TV Limited	England & Wales	*100%	Television production and distribution
Bentley Productions Limited	England & Wales	*100%	Television production and distribution
Lion Television Limited	England & Wales	*100%	Television production and distribution
Ravenscourt Services Limited	England & Wales	*100%	Production services company
Company Television Limited	England & Wales	*100%	Television production and distribution
Company Television productions Limited	England & Wales	*100%	Television production and distribution
Company Productions Limited	England & Wales	*100%	Television production and distribution
Company Pictures North Limited	England & Wales	*100%	Television production and distribution
Company Productions (North) Limited	England & Wales	*100%	Television production and distribution
Wrap Acquisitions Limited	England & Wales	*91%	Sub-holding company
Mersey Television Group Limited	England & Wales	*91%	Television production and distribution
Mersey Television Company Limited	England & Wales	*91%	Television production and distribution
Conker Media Limited	England & Wales	*91%	Television production and distribution
Grange Hill Productions Limited	England & Wales	*91%	Television production and distribution
Hollyoaks Productions Limited	England & Wales	*91%	Television production and distribution
Artists Rights Group Limited	England & Wales	*100%	Talent agency
Tulip Holdings BV	Netherlands	*100%	Sub-holding company
IDTV Media Group BV	Netherlands	*100%	Television production and distribution
South Pacific Pictures Investments Limited	New Zealand	*59.7%	Television production and distribution
South Pacific Pictures Limited	New Zealand	*59.7%	Television production and distribution
South Pacific Pictures Productions Limited	New Zealand	*59.7%	Television production and distribution
Lion Television Inc	USA	*100%	Television production and distribution
Wild At Heart (Pty) Limited	South Africa	*50% ¹	Television production and distribution

¹ Wild At Heart (Pty) Limited has been consolidated as the Group is deemed to have overall control of the company. The year end of the company is 28 February.

Notes (continued)**14. Stock**

	2006 £'000	2005 £'000
Work in progress	7,846	8,838

15. Debtors

	Group		Company	
	2006 £'000	2005 £'000	2006 £'000	2005 £'000
Due within one year				
Trade debtors	22,682	20,130	-	-
Amounts owed by associates and joint ventures	98	383	-	-
Other debtors	1,088	1,444	1	-
Corporation tax	-	-	12	-
Overseas tax	595	730	-	-
Deferred tax	666	1,056	-	-
Prepayments and accrued income	13,668	15,660	-	-
	<u>38,797</u>	<u>39,403</u>	<u>13</u>	<u>-</u>

Amounts falling due after more than one year included in the Group above are

	2006 £'000	2005 £'000
Trade debtors	1,014	482
Deferred tax	-	54
	<u>1,014</u>	<u>536</u>

Included in deferred tax is £nil (2005 £606,000) relating to acquisitions made during the year

16. Cash at bank and in hand

Included in cash at bank is £3,459,000 (2005 £6,079,000) held in designated segregated production bank accounts for television companies that have commissioned programmes on their behalf. These funds are under the effective management and control of the Group under the terms of the contracts with the television companies.

Notes *(continued)*

17. Creditors: amounts falling due within one year

	Group		Company	
	2006	2005	2006	2005
	£'000	£'000	£'000	£'000
Bank loans (note 19)	12,166	10,372	-	-
Loan notes (note 19)	-	246	-	-
Obligations under finance leases and hire purchase contracts (note 20)	21	80	-	-
Trade creditors	6,967	8,812	-	-
Amount due to subsidiary undertaking	-	-	266	238
Corporation tax	2,166	1,161	-	-
Overseas tax	191	-	-	-
Other taxes and social security	4,212	4,547	-	-
Other creditors	3,949	2,580	-	-
Accruals and deferred income	46,048	39,597	-	-
	75,720	67,395	266	238
Less deferred financial fees	(1,071)	(1,065)	-	-
	74,649	66,330	266	238

18. Creditors: amounts falling due after more than one year

	Group	
	2006	2005
	£'000	£'000
Bank loans (note 19)	50,684	61,576
Loan notes (note 19)	36,028	33,352
Obligations under finance leases and hire purchase contracts (note 20)	15	22
Other creditors	1,666	3,000
	88,393	97,950
Less deferred financial fees	(2,235)	(3,288)
	86,158	94,662

Notes (continued)**19. Loans**

	2006 £'000	2005 £'000
Amounts falling due		
In one year or less, or on demand	12,166	10,618
In more than one year but not more than two years	9,918	9,111
In more than two years but not more than five years	76,794	70,526
	<hr/>	<hr/>
	98,878	90,255
In more than five years	-	15,291
	<hr/>	<hr/>
	98,878	105,546
	<hr/>	<hr/>
Details of loans not wholly repayable within five years are as follows		
Secured loan repayable on 31 August 2011*	-	15,000
7.5% guaranteed unsecured loan notes repayable on 31 December 2010	-	127
10% unsecured loan notes repayable on 31 December 2010	-	164
	<hr/>	<hr/>
	-	15,291
	<hr/>	<hr/>

* - the rate of interest payable on the loan is 2.75% above LIBOR

On 29 August 2003 the Group acquired the Chrysalis Television group from Chrysalis Group plc. As part of the acquisition arrangements the shares and assets of the Group were charged to the Royal Bank of Scotland plc who provided bank finance for the transaction.

20. Obligations under leases and hire purchase contracts

	2006 £'000	2005 £'000
The maturity of obligations under finance leases and hire purchase contracts is as follows		
Amounts payable		
Within one year	21	80
In two to five years	15	22
	<hr/>	<hr/>
	36	102
	<hr/>	<hr/>

Notes (continued)

Obligations under leases and hire purchase contracts (continued)

Annual commitments under non-cancellable operating leases are as follows

	Land and buildings		Other	
	2006 £'000	2005 £'000	2006 £'000	2005 £'000
Operating leases which expire				
Within one year	532	282	159	45
In two to five years	1,058	1,171	260	492
In over five years	1,141	556	-	1
	<u>2,731</u>	<u>2,009</u>	<u>419</u>	<u>538</u>

21. Provisions for liabilities and charges

	Leasehold dilapidations £'000	Deferred tax £'000	Total £'000
At beginning of year	(160)	(945)	(1,105)
Arising during the year	-	(506)	(506)
Utilised during the year	-	945	945
	<u>(160)</u>	<u>(506)</u>	<u>(666)</u>

Leasehold dilapidations

A provision is recognised for expected dilapidation costs on a leasehold property in the Group

22. Derivatives and other financial instruments

The Group has entered into various interest rate hedging arrangements with Royal Bank of Scotland plc which have the effect of fixing the interest rate payable on elements of bank debt for periods up to 31 August 2008

Notes *(continued)***23. Reconciliation of operating profit to net cash flow from operating activities**

	2006	2005
	£'000	£'000
Operating profit	19,744	11,900
Depreciation charge	2,087	1,450
Amortisation charges	5,047	3,365
Profit on sale of fixed assets	(2)	(64)
Decrease/(increase) in stocks	992	(4,531)
Decrease/(increase) in debtors	57	(12,163)
Increase in creditors	4,616	21,504
Net cash inflow from operating activities	32,541	21,461

24. Reconciliation of net cash flow to movement in net debt

	2006	2005
	£'000	£'000
Increase in cash in the year	11,402	8,404
Cash inflow from increase in loans	(1,060)	(54,797)
Loans & finance leases acquired with subsidiaries	-	(12,688)
Repayment of loans	10,127	17,066
Repayment of capital element of finance leases	88	103
Change in net debt resulting from cash flows	20,557	(41,912)
Exchange differences	91	(2)
New finance leases	(22)	(28)
Other non-cash movements – interest rolled up into long term loan	(2,689)	(2,432)
Movement in net debt	17,937	(44,374)
Net debt at beginning of the year	(88,120)	(43,746)
Net debt at end of the year	(70,183)	(88,120)

Notes *(continued)***Reconciliation of net cash flow to movement in net debt** *(continued)***Analysis of net debt**

	1 September 2005 £'000	Cash flow £'000	Non-cash items £'000	Exchange movements £'000	At 31 August 2006 £'000
Cash at bank and in hand	17,528	11,402	-	(199)	28,731
	<hr/> 17,528	<hr/> 11,402	<hr/> -	<hr/> (199)	<hr/> 28,731
Loans due in less than 1 year	(10,618)	(1,625)	-	77	(12,166)
Loans due in more than 1 year	(94,928)	10,692	(2,689)	213	(86,712)
Finance leases	(102)	88	(22)	-	(36)
	<hr/> (88,120)	<hr/> 20,557	<hr/> (2,711)	<hr/> 91	<hr/> (70,183)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Notes (continued)

25. Corporate acquisitions

On 28th March 2006, the Group acquired 100% of Artists Rights Group Limited

The following table sets out the book values of the identifiable net assets acquired together with the provisional fair value to the Group

	Book value £'000	Provisional fair value adjustments £'000	Provisional fair value £'000
Tangible fixed assets	82	-	82
Debtors	301	-	301
Cash	1,716	-	1,716
Current liabilities	(1,520)	-	(1,520)
Net assets acquired	579	-	579
Provisional goodwill			2,878
			3,457
Discharged by			
Consideration paid			2,500
Deferred consideration *			819
Costs associated with the acquisition			138
			3,457

* - The deferred consideration is payable in future periods and has been discounted at a rate of 10% per annum. The gross value is £900,000

Artists Rights Group Limited recorded a profit after tax of £395,000 for the post-acquisition period to 31 August 2006

Artists Rights Group Limited's results for the year to 30 June 2005 and the period to 28 March 2006 are as follows

	1 July 2005 to 28 Mar 2006 £'000	Year to 30 June 2005 £'000
Turnover	2,163	2,819
Operating profit	489	4
Profit before tax	548	47
Taxation	(164)	(30)
Profit after tax	384	17

There were no recognised gains or losses in the period to 28 March 2006 or the year to 30 June 2006 other than the profit for those periods

During the year additional consideration of £2,189,000 was paid in relation to prior year acquisitions. These amounts were accrued at 31 August 2005

Notes (continued)

26. Share Capital

Authorised

	2006	2005
	£'000	£'000
'A' Ordinary shares of £0 10 each	140	140
'B' Ordinary shares of £0 10 each	50	50
'C' Ordinary shares of £0 10 each	10	10
	<u>200</u>	<u>200</u>

Allotted, called up and fully paid

	2006		2005	
	Number	£'000	Number	£'000
'A' Ordinary shares of £0 10 each	1,390	139	1,390	139
'B' Ordinary shares of £0 10 each	490	49	457	46
'C' Ordinary shares of £0 10 each	49	5	40	4
		<u>193</u>		<u>189</u>

During the year, 32,623 'B' ordinary shares of £0 10, with an aggregate nominal value of £3,262, were issued fully paid for cash of £32,623

Also during the year, 9,066 'C' ordinary shares of £0 10, with an aggregate nominal value of £906, were issued fully paid for cash of £9,066

All classes of share rank *pari passu* with respect to dividends

"A" and "B" shares bear 1 vote each, but voting rights in "B" shares are contingent on employment with the Company "C" shares have no voting rights or notification rights

All classes of share rank *pari passu* in the event of a winding up

Notes (continued)

27. Reconciliation of shareholders' funds and movement on reserves

Group	Share capital £'000	Share premium account £'000	Profit and loss account £'000	Total £'000
At 1 September 2005	189	1,460	1,819	3,468
Issue of share capital	4	38	-	42
Exchange differences on retranslation of net assets of subsidiary undertakings	-	-	(26)	(26)
Retained profit for the year	-	-	6,602	6,602
	<u>193</u>	<u>1,498</u>	<u>8,395</u>	<u>10,086</u>

Company	Share capital £'000	Share premium account £'000	Profit and loss account £'000	Total £'000
At 1 September 2005	189	1,460	(9)	1,640
Issue of share capital	4	38	-	42
Retained loss for the year	-	-	(27)	(27)
	<u>193</u>	<u>1,498</u>	<u>(36)</u>	<u>1,655</u>

28. Capital commitments

Amounts contracted for but not provided in the financial statements amounted to £97,000 for the Group (2005 £91,000) and £nil for the Company (2005 £nil)

29. Post balance sheet events

On 31 July 2006 the Company's shareholders signed a conditional sale and purchase agreement for its acquisition by Havana Bidco Limited (now renamed ALL3MEDIA Finance Limited), a company indirectly majority owned by funds managed by Permira Partners LLP, a European private equity firm, for an enterprise value including debt and other financial obligations assumed of approximately £320m. The transaction completed on 28 September 2006 following all necessary approvals.

As part of the above transaction the following share transactions took place:

- 5,230 'B' ordinary shares of £0.10, with an aggregate nominal value of £523, were issued fully paid for cash of £5,230,
- 50,312 'C' ordinary shares of £0.10, with an aggregate nominal value of £5,031, were issued fully paid for cash of £50,312.

Notes (continued)

30. Contingent liabilities

Further deferred consideration may be payable in respect of the acquisition of Lion Television Limited. The amounts are dependent on the future financial performance of the business. An interim payment may be payable in 2007 based on the financial performance of the business over the previous two years, and a provision has been made for a £0.5m liability on a discounted cashflow basis. A final payment may be made in 2009 based on the businesses financial performance in 2008 and 2009, the amount of this liability, if any, is not yet determinable. As a result, no provision has been made at 31 August 2006 in relation to this final payment. Provision is made for any such liabilities when they meet the recognition criteria under relevant accounting standards.

Further deferred consideration may be payable in respect of the acquisition of the Company Television Limited group. The amounts are dependent on the future financial performance of the business. An initial interim payment may be payable in 2007 based on the financial performance of the business over the previous three years, and a provision has been made for a £1.25m liability on a discounted cashflow basis which is bank guaranteed. A second interim payment may be payable in 2009 based on the financial performance of the business over the previous two years, and a provision has been made for a £1.25m liability on a discounted cashflow basis which is bank guaranteed. A final payment may be made in 2009 based on the businesses financial performance in 2008 and 2009, the amount of this liability, if any, is not yet determinable. As a result, no provision for this final element of consideration has been made at 31 August 2006. Provision is made for any such liabilities when they meet the recognition criteria under relevant accounting standards.

Further deferred consideration is payable in respect of the acquisition of Artists Rights Group Limited. An amount of £0.9m is payable in 2007 and has been provided at 31 August 2006. In addition, further amounts are dependent on the future financial performance of the business. An interim payment may be payable in 2009 based on the financial performance of the business over the previous three years. A final payment may be made in 2011 based on the financial performance of the business over the previous three years. The amounts of these further liabilities, if any, are not yet determinable. As a result, no additional provision has been made at 31 August 2006 in relation to these payments. Provision is made for any such liabilities when they meet the recognition criteria under relevant accounting standards.

The Group has entered into certain sale and leaseback transactions for television programme rights. Amounts are held in deposit accounts as a result of these transactions and comprise monies to provide for the discharge of future leasing liabilities. The contingent liability would only crystallise upon the failure of the bank holding the deposit. The amounts involved are as follows:

	2006 £'000	2005 £'000
Amounts held on deposit	36,227	38,173
Less: loans outstanding	(36,227)	(38,173)
	<hr/>	<hr/>
	-	-
	<hr/>	<hr/>
The maturity of the above amounts is as follows		
Less than one year	2,127	1,831
Two to five years	11,770	10,193
Over five years	22,330	26,149
	<hr/>	<hr/>
	36,227	38,173
	<hr/>	<hr/>

Notes (continued)

31. Related party transactions

During the year the Group entered into transactions, in the ordinary course of business, with other related parties. Trading balances outstanding at 31 August 2006 and transactions entered into during the year then ended, are as follows

Related party	Sales to related party £'000	Purchases from related party £'000	Amounts owed from related party £'000	Amounts owed to related party £'000
Bridgepoint Capital Limited	-	72	-	-
Out Of Africa Entertainment (Pty) Limited	-	1,929	-	-
Company Stormdog Limited	111	-	38	-
Mischief Night Limited	184	-	23	-
Endeavour Productions	-	169	-	22

Bridgepoint Capital Ltd

See note 32

Out Of Africa Entertainment (Pty) Limited

For the services of a company owned by a director of a Group subsidiary

Company Stormdog Limited

The Group has a 50% interest in Company Stormdog Limited

Mischief Night Limited

The Group has a 25% interest in Mischief Night Limited

Endeavour Productions

For the services of a director of a subsidiary company

The Company has taken advantage of the exemption under FRS 8 "Related Party Disclosures" from disclosing transactions with entities that are part of the Group or investees of the Group qualifying as related parties

32. Ultimate controlling party

At the balance sheet date the investment was controlled by Bridgepoint Capital Limited on behalf of funds under its management. Following the transaction described in note 29 the investment is now controlled by Permira Partners LLP on behalf of funds under its management