

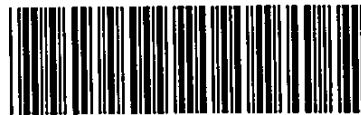
Company Registration No. 1886042

19 Entertainment Limited

Report and Financial Statements

Year ended 31 December 2010

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19 Entertainment Limited

Report and financial statements 2010

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19 Entertainment Limited

Report and financial statements 2010

Officers and professional advisers

Directors

T P Benson

Secretary

Abogado Nominees Limited

Registered Office

100 New Bridge Street
London
EC4V 6JA

Bankers

Natwest Bank Plc
Bloomsbury Parr's
PO Box 158
214 Holborn
London
WC1V 7BX

Solicitors

Harbottle & Lewis
Hanover House
14 Hanover Square
London
W1R 0BE

Auditor

Deloitte LLP
London
United Kingdom

19 Entertainment Limited

Directors' report (continued)

The directors present their report and the audited financial statements for the year ended 31 December 2010

Enhanced business review

The company made a loss after tax of \$12,583,051 (2009 profit \$15,690,533)

During the last half of 2009, CKX Inc, the ultimate controlling entity of this company during the financial year, and Simon Fuller were engaged in discussions to re-negotiate Mr Fuller's employment agreement. On 13 January 2010, CKX, Inc announced that Simon Fuller had resigned as Chief Executive Officer and as an employee of the company. This underlying event caused CKX, Inc to undertake an assessment of the strategic and structural needs of 19 Entertainment's creative development projects and market focus. This review resulted in a significant restructuring of the 19 Entertainment businesses to focus on core projects and the resulting closure of the London office. The resulting restructuring of the businesses represents a significant event which will cause a significant change in the operations and structure of the entity. The most significant element for the company is that many functions previously performed by employees of the company are now performed in the US by employees of the company's US subsidiary 19 Entertainment Inc and the company's US parent CKX, Inc.

The company and its subsidiaries' ("the Group") strategy continues to be to create and retain an ownership interest in entertainment content and to seek to enhance the value of its content through the control of multiple complementary revenue streams including, for example, television, music, sponsorship and merchandising, touring and artist management. The primary revenue sources include production and license fees and related ratings and rankings bonuses from television programs, and royalties from the sale of recorded music by artists signed to our record labels. We also derive revenue from the sale of merchandise, sponsorships and tours based on our television programs and recorded music artists, and fee income from management clients. The directors believe the company is well placed to exploit future opportunities and intends to take steps to develop the business in the future years.

The majority of our revenue is derived from production and license fees and related performance bonuses from producing and licensing the *IDOLS* television show format in various countries and ancillary revenue streams from the *IDOLS* brand.

Most of our *IDOLS* related revenue is generated through agreements with our global television production and distribution partner, FremantleMedia, and our principal global record label partner Sony Music Entertainment.

A portion of our revenue from the *American Idol* series is dependent upon the number of hours of programming we deliver. In the ninth broadcast season, which aired during 2010, we delivered 56 hours of programming compared to 50 hours of programming during the same period of 2009.

IDOLS brand

The group's multi-platform approach to the commercial utilization of its entertainment properties is best illustrated by the example of the *IDOLS* brand. The popularity of the *IDOLS* brand around the world has generated substantial revenue across multiple media platforms, in all of which the group retains a substantial ownership and/or economic interest as follows:

- 19 TV Limited owns two-thirds of the *IDOLS* brand and co-produces the show in the United States with its partner, FremantleMedia, which owns the other one-third of the *IDOLS* brand.
- 19 TV Limited receives certain fees and revenues relating to the sublicensing of the brand and production and marketing of the shows based on the *IDOLS* brand around the world, including licensing and producer fees.
- 19 TV Limited shares a percentage of the revenues FremantleMedia derives from on-air sponsorships and sales of *IDOLS* branded merchandise.
- 19 Recordings Limited has the right to sign recording contracts with the finalists from the *American Idol* series in the United States.
- 19 Management Limited has the right to manage the finalists.
- 19 Touring Limited has the right to produce *IDOLS* tours.
- 19 Merchandising Limited has the licensing and merchandising rights for the *IDOLS* tours and in the United States and United Kingdom is jointly responsible for off-air sponsorship of the televised programmes.

19 Entertainment Limited

Directors' report (continued)

Television

The typical model for a television project has been the development of a compelling music themed television show that is capable of being broadcast on a global basis

19 TV Limited created and co-produces the television show *So You Think You Can Dance*, which was initially broadcast in the United States on the Fox Broadcasting Network ("Fox") in the summer of 2005 **Recorded Music**

19 Recordings Limited has the exclusive right to select the record company entitled to sign contestants on television shows based on the *IDOLS* brand to long-term recording contracts and is currently a party to long-term recording agreements with numerous best-selling former *IDOLS* contestants, including Kelly Clarkson, Carrie Underwood, Chris Daughtry and Adam Lambert

Sponsorship/Merchandising/Marketing

19 Merchandising Limited's sponsorship and merchandising revenues are driven primarily by the *IDOLS* brand franchise. Fox has exclusive responsibility for selling on-air media on behalf of the *American Idol* series. However, to the extent that media buyers seek any off-air promotional tie-ins or in program identification rights, these rights can only be sold with the consent of the group/FremantleMedia. With respect to *IDOLS* tours, the company's staff solicits sponsors directly and exclusively.

19 Merchandising Limited also options the merchandising rights for the top contestants for each *American Idol* program and typically signs long-term exclusive merchandising contracts with the winner and certain runners-up.

Touring

With the success of the *IDOLS* brand, touring has become an additional source of revenue for 19 Touring Limited generated from a licence fee. In the summer of 2010, the *American Idol* tour played 44 dates in cities and venues across the United States and Canada.

Artist Management

19 Management Limited options the right to manage the final contestants in each series of the *IDOLS* brand broadcasts in the United States.

Key performance indicators

The key factors affecting the profitability of the Group are as follows:

- The number of hours of *American Idol* broadcast on the Fox Network
- Rating and ranking of the *American Idol* TV show on the Fox network. This directly affects the TV revenue we generate and is also an early indicator for Touring and Music revenues.
- Album sales for our *Idol* artists
- Tickets sales for the *American Idol* and *So You Think You Can Dance* Tours

Principal risks and uncertainties facing the company

We are dependent upon a limited number of brands which may, over time, decline in popularity.

We rely heavily upon the continued appeal of the *IDOLS* brand, including the *American Idol* series in the United States and, to a lesser extent, its foreign adaptations. Our revenues and income derived from those television programs depend primarily upon the initial and continued acceptance of that programming by the public.

Our success depends, to a significant degree, on our relationships with third parties, including our co-producers, television broadcasters, and record companies.

19 Entertainment Limited

Directors' report (continued)

Our ability to exploit new entertainment content depends on our ability to have that content produced and distributed on favorable terms. Although we have strong relationships in the entertainment industry, there can be no guarantee that these relationships will endure or that our production and distribution partners will honor their obligations to us.

Certain affiliates, minority interests and third parties have the right to exploit our intellectual property for commercial purposes and may exercise those rights in a manner that negatively affects our business.

Principal risks and uncertainties facing the company (continued)

We receive a share of the revenue resulting from exploiting our intellectual property. Our revenue share under such agreements depends on the ability of third parties to successfully market that content. If such third parties exploit our intellectual property in a manner that diminishes its value, or adversely affects the goodwill associated with such intellectual property, there may be a material adverse effect on our business, prospects, financial condition, results of operations and cash flow.

The departure of or failure to recruit key personnel could have a detrimental effect on us.

The loss of one or more key managers or other key creative, marketing or management employees could have a material adverse effect on our business, operating results or financial condition.

Financial risk management objectives and policies

The group's activities expose it to a number of financial risks including cash flow risk and credit risk. The use of financial derivatives is governed by the group's policies approved by the board of directors, which provide written principles on the use of financial derivatives to manage these risks. The group does not currently use derivative financial instruments for speculative purposes.

Currency risk

Currently, the company continues to have certain amounts of costs in sterling. If the currency exchange rates were to change unfavourably, the exposure to sterling creditors could increase.

Credit risk

The company's principal financial assets are bank balances and cash, trade and other receivables.

The company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Dividends

During the year a dividend of \$0 was paid to shareholders (2009: \$11,829,209). At the year end no final dividend was proposed by the directors (2009: nil).

Going concern

The company has made a loss for the year after undergoing restructuring which resulted in the closure of the London office and significant one-off costs relating to the strategic re-focus of the group. The directors believe these expenses to be one-off in nature, and expect the company to return to profitability in the next financial year.

After making enquiries, including considering overall financial resources of the 19 Entertainment group and the future revenues and costs of the company, 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 financial statements.

Further details regarding the adoption of the going concern can be found in Note 1 Accounting Policies in the financial statements.

19 Entertainment Limited

Directors' report (continued)

Directors

The directors, who served throughout the year except as noted, were as follows

M J Slater	(resigned on 7 February 2010)
H Tytel	(resigned on 31 January 2012)
R C Dodds	(resigned on 1 October 2010)
T P Benson	

Auditor

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 ought to have taken as a director in order to make himself 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

Deloitte LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting

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



T P Benson
Director

5 March 2012

19 Entertainment Limited

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 year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, 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 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 19 Entertainment Limited

We have audited the financial statements of 19 Entertainment Limited for the year ended 31 December 2010 which comprise the profit and loss account, the balance sheet and the related notes 1 to 20. 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 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, 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 financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

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 2010 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on matters prescribed in the Companies Act 2006

In our opinion the information 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.



James Bates (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
2012

19 Entertainment Limited

Profit and loss account Year ended 31 December 2010

	Notes	2010 \$	Restated 2009 \$
Turnover	2	71,569,569	86,345,298
Cost of sales		(24,057,116)	(25,826,978)
Gross profit		47,512,453	60,518,320
Administrative expenses		(34,150,188)	(55,391,262)
Operating profit	3	13,362,265	5,127,058
Interest receivable	5	691,615	566,377
Loss on the sale of fixed assets	6	(681,253)	-
Loss on the sale or termination of an operation	6	(13,717,214)	(3,471,982)
Costs of a fundamental reorganisation	6	(12,494,258)	-
(Loss)/Profit on ordinary activities before taxation		(12,838,844)	15,878,274
Tax credit/(charge) on (loss)/profit on ordinary activities	7	255,794	(187,741)
(Loss)/Profit on ordinary activities after taxation		(12,583,051)	15,690,553

The above results are derived from continuing activities

There are no recognised gains or losses for the current or prior year, other than as stated in the profit and loss account
Accordingly no statement of total recognised gains or losses has been presented

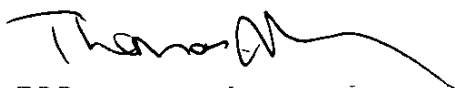
19 Entertainment Limited

Balance sheet 31 December 2010

	Notes	2010 \$	Restated 2009 \$
Fixed assets			
Tangible fixed assets	10	-	1,651,345
Investments	11	69,489	6,864,294
		<u>69,489</u>	<u>6,973,077</u>
Current assets			
Debtors	12	96,713,864	95,320,035
Cash at bank and in hand		15,941,869	27,236,744
		<u>112,655,733</u>	<u>122,556,779</u>
Creditors' amount falling due within one year	13	(133,783,291)	(139,547,436)
Net current liabilities		<u>(21,127,558)</u>	<u>(16,990,657)</u>
Total assets less current liabilities		<u>(21,058,069)</u>	<u>(8,475,018)</u>
Net (liabilities)/assets		<u>(21,058,069)</u>	<u>(8,475,018)</u>
Capital and reserves			
Called up share capital	15	288	288
Share premium account	17	7,879,704	7,879,704
Profit and loss account	18	(28,938,061)	(16,355,010)
Shareholders' (deficit)/ funds		<u>(21,058,069)</u>	<u>(8,475,018)</u>

The financial statements of 19 Entertainment Limited registered number 1886042 were approved by the Board of Directors on *5 March* 2012

Signed on behalf of the Board of Directors



T P Benson
Director

5 March 2012

19 Entertainment Limited

Notes to the accounts

Year ended 31 December 2010

1 Accounting policies

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards. The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding period.

Change in accounting policies

There have been no changes in accounting policies during the current year, with the exception of the change in functional currency noted below.

Basis of accounting

The company has taken advantage of the exemptions of s400(1) of the Companies Act 2006 and FRS 2 "Accounting for Subsidiary Undertakings" not to produce consolidated accounts as the company is a wholly owned subsidiary of CKX UK Holdings Limited which is a wholly owned subsidiary of the US company, CKX Inc, which prepares group accounts.

Turnover

Turnover represents the value of goods and services provided, net of value added taxation. The directors do not consider any one part of the worldwide market to be significantly different from any other. Full segmental information has not been disclosed as permitted by Statement of Standard Accounting Practice No. 25 Segmental Reporting. In the opinion of the directors, such disclosure would be commercially sensitive.

Cash flow

The company is a wholly owned subsidiary of CKX UK Holdings Limited and, as such, has taken advantage of the exemption allowed by Financial Reporting Standard No. 1 (revised) not to prepare a Cash Flow Statement. CKX UK Holdings is a wholly owned subsidiary of CKX Inc, both of these accounts are publicly available.

Tangible fixed assets

Tangible fixed assets are stated at cost or valuation, net of any depreciation and any provision for impairment. Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Furniture and equipment	-	25% per annum on cost
Leasehold improvements	-	over the period of the lease
Plant and machinery	-	25% per annum on cost

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 provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not they will be recovered. Deferred tax assets and liabilities are not discounted.

Investments

Fixed asset investments are stated at cost less provision for impairment.

19 Entertainment Limited

Notes to the accounts

Year ended 31 December 2010

1. Accounting policies (continued)

Intangible assets

Patents, trademarks and brand are included at cost and depreciated in equal annual instalments over their useful economic lives. Provision is made for any impairment. The estimated useful economic life of the intangible asset is three years.

Going concern

The Directors have considered the use of the going concern basis in the preparation of the financial statements in light of current market conditions and concluded that it is appropriate. In coming to this conclusion, the Directors have considered the cash requirements of the company for the period of 12 months from the signing of the financial statements. After making enquires, the Directors have a reasonable expectation that the company will have access to adequate resources to continue for the reasonable future.

Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

Change in functional currency and restatement

During the last half of 2009, CKX Inc, the ultimate controlling entity of this company during the financial year, and Simon Fuller were engaged in discussions to re-negotiate Mr Fuller's employment agreement. On 13 January 2010, CKX, Inc announced that Simon Fuller had resigned as Chief Executive Officer of 19 Entertainment, the parent company of this entity. This underlying event caused CKX, Inc to undertake an assessment of the strategic and structural needs of 19 Entertainment's creative development projects and market focus. This review resulted in a significant restructuring of the 19 Entertainment businesses to focus on core projects and the resulting closure of the London office. The resulting restructuring of the businesses represents a significant event which would, reasonably, cause a significant change in the operations and structure of the entity indicating new facts and circumstances exist as it relates to the economic indicators of the Company and would warrant a re-evaluation of the functional currency.

At the date of the transaction on 13 January 2010 the directors re-evaluated the underlying functional currency, and concluded this was US dollars (USD). The directors consider that USD represent most faithfully the economic effects of events, conditions, future direction and investment opportunities to the company. Concurrent with this change, the company adopted USD as its presentation currency and consequently the financial information for the year ended 31 December 2009 has been presented as 'Restated'. Given the length of time between the beginning of the year and 13 January, the directors have chosen to take 1 January 2010 as the effective date of the change in the functional currency, with all transactions for the year ending 31 December 2010 being accounted for with a functional currency of USD.

19 Entertainment Limited

Notes to the accounts Year ended 31 December 2010

2 Turnover

The turnover and profit before tax are attributable to the one principal activity of the company

An analysis of turnover is given below

	2010	Restated 2009
	\$	\$
3rd Party Sales	20,758,211	30,925,532
Management fees	50,811,358	55,323,230
Commission income	-	96,536
	<u>71,569,569</u>	<u>86,345,298</u>

3 Operating profit

Operating loss is stated after charging

	2010	Restated 2009
	\$	\$
Depreciation of owned tangible fixed assets	1,036,456	1,426,171
Operating leases	589,280	886,144
	<u></u>	<u></u>

The analysis of auditors' remuneration is as follows

	2010	Restated 2009
	\$	\$
Fees payable to the company's auditors for the audit of the annual accounts	54,482	69,831
Fees payable to the Company's auditors and their associates for other services to the group		
- The audit of the Company's subsidiaries pursuant to legislation	289,419	372,227
Total audit fees	<u>343,902</u>	<u>442,058</u>
- Other assurance services	111,858	143,370
	<u>455,760</u>	<u>585,428</u>

19 Entertainment Limited

Notes to the accounts Year ended 31 December 2010

4 Directors and employees

(a) Employee numbers

The average number of employees during the period (including directors) was

	2010	2009
Distribution	60	89
Administration	25	46
	<u>85</u>	<u>135</u>

(b) Staff costs

	2010	Restated 2009
	\$	\$
The aggregate term remuneration comprised		
Gross wages and salaries	11,446,829	12,681,776
Social security costs	1,212,545	2,427,686
	<u>13,886,813</u>	<u>15,109,462</u>

(c) Directors' and highest paid director remuneration

	2010	Restated 2009
	\$	\$
Emoluments	1,721,642	7,914,989
Compensation for loss of office	2,973,750	-
	<u>4,695,392</u>	<u>7,914,989</u>

19 Entertainment Limited

Notes to the accounts Year ended 31 December 2010

5 Interest receivable

	2010	Restated 2009
	\$	\$
Bank interest	691,915	566,377

6 Exceptional Items

	2010	Restated 2009
	\$	\$
Loss on the sale of fixed assets	681,253	-
Loss on the sale or termination of an operation	13,717,214	3,471,982
Costs of a fundamental reorganisation	12,494,258	-
	26,892,725	3,471,982

During the year CKX, Inc. undertook an assessment of the strategic and structural needs of 19 Entertainment's creative development projects and market focus. This review resulted in a significant restructuring of the 19 Entertainment businesses to focus on core projects and the resulting closure of the London office. This fundamental reorganisation of the company led to a number of exceptional costs being born by the entity.

7. Tax charge on profit on ordinary activities

	2010	Restated 2009
	\$	\$
Current taxation		
United Kingdom corporation tax based on profits in the period at 28 % (2009: 28.5%)	-	344,789
Current tax charge for the period	-	344,789
Deferred taxation		
Timing differences	(118,802)	(157,047)
Prior year adjustment	(136,991)	-
Tax (credit)/charge for the period	(255,793)	187,741

19 Entertainment Limited

Notes to the accounts

Year ended 31 December 2010

7 Tax charge on profit on ordinary activities (continued)

Factors affecting the current tax charge for the current period

The current tax charge for the period is lower than the standard rate of corporation tax in the UK (28%) (2009 28%) and this is due to the factors set out below

	2010	Restated 2009
	\$	\$
(Loss)/profit on ordinary activities before taxation	(13,180,604)	15,878,274
Tax (credit)/charge at 28% (2009 28%)	(3,690,569)	4,445,916
Increase/(decrease) resulting from		
Foreign withholding taxation credit	(448,692)	-
Depreciation in excess of capital allowances	118,802	154,913
Expenses not deductible for tax purposes	2,511,765	930,009
Dividends not taxable	-	(3,823,910)
Group relief surrendered not paid	1,413,001	(1,362,139)
Current tax charge/(credit) for the period	-	344,789

8 Deferred taxation

	2010	Restated 2009
	\$	\$
Accelerated capital allowances	685,623	429,830

The movement during the period in the deferred taxation asset was

	\$
Balance at 1 January 2010	429,830
Current period credit	255,793
Balance at 31 December 2010	685,623

9 Dividends

	2010	Restated 2009
	\$	\$
Interim dividend paid £nil (2009 £410) per share	-	11,829,209

19 Entertainment Limited

Notes to the accounts

Year ended 31 December 2010

10 Tangible fixed assets

	Leasehold improvements \$	Furniture and equipment \$	Plant and machinery \$	Total \$
Cost				
At 1 January 2010 (Restated)	3,710,822	2,291,970	1,209,355	7,212,147
Additions	-	66,364	-	66,364
Disposals	(3,710,822)	(2,358,334)	(1,209,355)	(7,278,511)
At 31 December 2010	-	-	-	-
Depreciation				
At 1 January 2010 (Restated)	2,976,192	1,830,335	754,274	5,560,801
Charge for the year	744,259	116,250	175,947	1,036,456
Disposals	(3,720,451)	(1,946,585)	(930,221)	(6,597,257)
At 31 December 2010	-	-	-	-
Net book value				
At 31 December 2010	-	-	-	-
At 31 December 2009 (Restated)	734,629	461,635	455,080	1,651,345

11 Investments- Subsidiary undertakings

	Total \$
Cost	
At 31 December 2009 (Restated)	6,784,668
Disposals	(1,827)
At 31 December 2010	6,858,505
Provision for impairment	
At 31 December 2009 (Restated)	-
Impairment in the year	(6,789,015)
At 31 December 2010	(6,789,015)
Net book value	
At 31 December 2010	69,489
At 31 December 2009 (Restated)	6,784,668

19 Entertainment Limited

Notes to the accounts

Year ended 31 December 2010

11. Investments (continued)

Investments

The parent company owns the issued share capital of the following companies, all incorporated in Great Britain

Name of Subsidiaries	Nature of business	Class of shares held	% of shares held Direct or indirect
19 Merchandising Limited	Merchandising and Sponsorship	Ordinary	100%
19 Recordings Limited	Record Production	Ordinary	100%
19 TV Limited	Music based TV Broadcasting	Ordinary	100%
19 Management Limited	Management of artistes	Ordinary	100%
19 Touring Limited	Artistes touring management	Ordinary	100%
19 Productions Limited	Development of TV projects	Ordinary	100%
Double Vision Limited	Film Production	Ordinary	100%
Brilliant 19 Limited	Music artist management	Ordinary	75%
19 Entertainment Inc (incorporated in USA)	Management of artistes	Ordinary	100%
19 Entertainment GmbH (incorporated in Germany)	Management of artistes	Ordinary	100%
Native Management Limited	Management of artistes	Ordinary	100%
Freedom Media Limited	Brand management	Ordinary	100%
Freedom TV Limited	Dormant	Ordinary	100%
19 Brands Limited	Dormant	Ordinary	100%
19 Loves Music Limited	Record Production	Ordinary	100%
Native Songs Limited	Record Production	Ordinary	100%
19 Artist Tours Limited	Touring	Ordinary	100%
Shy Records Limited	Music artist management	Ordinary	75%
Other investments			
Channel Bee Limited	Online Entertainment	Ordinary	50%

19 Entertainment Limited

Notes to the accounts

Year ended 31 December 2010

12. Debtors

	2010	Restated 2009
	\$	\$
Trade debtors	2,523,526	9,942,929
Amounts owed by group undertakings	87,084,461	76,495,941
Other debtors	1,676,202	1,616,471
Deferred tax asset (note 8)	685,623	429,830
Prepayments and accrued income	4,744,053	6,834,864
	<u>96,713,864</u>	<u>95,320,035</u>

13 Creditors' amounts falling due within one year

	2010	Restated 2009
	\$	\$
Trade creditors	362,301	3,380,636
Amounts due to group undertakings	114,220,642	110,058,776
Other creditors (including tax and social security)	(1,763,810)	1,415,468
Corporate tax payable	2,322,641	3,391,005
Accruals and deferred income	18,641,517	21,301,553
	<u>133,783,291</u>	<u>139,547,437</u>

14 Related party transactions

The company is a subsidiary of CKX Inc and, as such, has taken advantage of the exemption allowed by Financial Reporting Standard No 8 to not disclose details of transactions and balances with other related entities of CKX Inc

The directors consider that there are no other related party relationships, transactions or balances which require disclosure, with the exception of amounts owed to ChannelBee Limited (\$6,242), and owed from Brilliant 19 Limited (\$584,235)

19 Entertainment Limited

Notes to the accounts Year ended 31 December 2010

15. Called up share capital

	2010 \$	Restated 2009 \$
Authorised ordinary share capital		
97,500 voting shares of £0.01 each	1,553	1,553
2,500 non-voting share of £0.01 each	40	40
	<u>1,593</u>	<u>1,593</u>
Allotted, issued and fully paid up		
15,619 (2009: 15,619) voting shares of £0.01 each	248	248
2,500 (2009: 2,500) non-voting share of £0.01 each	40	40
	<u>288</u>	<u>288</u>

16 Share premium and other reserves

	2010 \$	Restated 2009 \$
Share premium	<u>7,879,704</u>	<u>7,879,704</u>

17 Reserves

	Profit and loss account \$
As at 31 December 2009	(4,355,010)
Loss for period	(12,583,051)
Dividends paid on equity shares	-
At 31 December 2010	<u>(16,938,061)</u>

19 Entertainment Limited

Notes to the accounts

Year ended 31 December 2010

18. Reconciliation of movement in shareholders funds

	2010 \$	Restated 2009 \$
(Loss)/profit for the period	(12,583,051)	15,690,553
Dividends paid on equity shares	-	(11,829,209)
Net (reduction)/addition to shareholders' funds	<u>(12,583,051)</u>	<u>3,861,324</u>
Opening shareholders' funds	<u>(8,475,018)</u>	<u>(12,336,342)</u>
	<u>(21,058,069)</u>	<u>(8,475,018)</u>

19 Ultimate parent company and controlling party

The immediate parent company is CKX UK Holdings Limited, a company incorporated in Great Britain and registered in England and Wales. The ultimate parent company is CKX Inc, a company incorporated in the United States. CKX Inc is the largest and smallest group for which consolidated accounts are prepared. Copies of the consolidated accounts of CKX Inc can be obtained from 650 Madison Avenue, New York, NY 10022, USA.

20. Post balance sheet event

On 21 June 2011 CKX Inc was purchased by investment funds managed by affiliates of Apollo Global Management LLC.