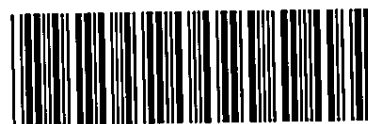


# **The Bountiful Company Limited**

## **Report and Financial Statements**

**30 September 2007**

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COMPANIES HOUSE

# The Bountiful Company Limited

Company registration no 2278326

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## Directors

K Murakami (resignation date 31st October 2008)  
H Ootani (appointment 31st October 2008)  
S W Mertz

## Secretary

Gray's Inn Secretaries Limited

## Auditors

Ernst & Young LLP  
1 More London Place  
London  
SE1 2AF

## Bankers

National Westminster Bank PLC  
65 Piccadilly  
London W1A 2PP

## Solicitors

Denton Wilde Sapte LLP  
5 Chancery Lane  
Clifford's Inn  
London EC4A 1BU

## Registered Office

1 Fleet Place  
London EC4M 7WS

# The Bountiful Company Limited

## Directors' report

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The directors present their report and financial statements for the year ended 30 September 2007

### Results and dividends

The company's profit for the period after taxation amounted to US\$1,390,163 (2006 – US\$1,878,399)

No dividends were paid during the year (2006 - £Nil) and the directors do not recommend the payment of a final dividend (2006 - £Nil)

### Principal activity and review of the business

The Company provides finance for the production of various motion pictures

A business review has not been completed for the company because it is defined under Section 247 of the Companies Act as a small company

### Principal risks and uncertainties

A summary of the principal risks and uncertainties facing the company has not been completed because it is defined under Section 247 of the Companies Act as a small company

### Events since the balance sheet date

There are no events since the balance sheet date to note

### Directors and their interests

The Directors of the Company who served during the period were as follows

K Murakami (resignation date 31st October 2008)  
H Ootani (appointment date 31st October 2008)  
S W Mertz

All directors served throughout the year and are still Directors at the date of this report with the exception of K Murakami and H Ootani

The Articles of Association do not require directors to retire either by rotation or in the year of appointment

The Directors had no interest in the share capital of the Company requiring disclosure under the Companies Act 1985

# The Bountiful Company Limited

## Directors' report (continued)

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### Political and charitable donations

The company has made no charitable or political contributions during the period (2006– \$nil)

### Disclosure of information to the auditors

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

- so far as the director is aware, there is no relevant audit information of which the company's auditors are 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 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

### Auditors

In accordance with section 384 of the Companies Act 1985, a resolution was passed on 23 February 2006 to appoint Ernst & Young as the auditors of the company. In accordance with section 386 of the Companies Act 1985, a resolution is to be proposed at the Annual General Meeting for reappointment of Ernst & Young LLP as auditors of the company

By order of the Board



Director

12/11/2008

# The Bountiful Company Limited

## Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing 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). The financial statements are required by law to 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 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 United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# The Bountiful Company Limited

## Independent auditors' report

to the members of The Bountiful Company Limited

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We have audited the company's financial statements for the year ended 30 September 2007 which comprise the profit and loss account, statement of total recognised gains and losses, balance sheet and the related notes 1 to 14. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### Respective responsibilities of directors and auditors

The Directors' responsibilities for preparing the Directors' 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).

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 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 company's affairs as at 30 September 2007 and of its profit 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.

*Ernst & Young LLP*

Ernst & Young LLP  
Registered Auditor  
London

*14 November 2008*

# The Bountiful Company Limited

## Profit and Loss account

for the year ended 30 September 2007

	Note	Year ended 30 September 2007 US\$	Year ended 30 September 2006 US\$ (restated)
<b>Turnover</b>	2	704,044	1,229,740
<b>Gross profit</b>		<u>704,044</u>	<u>1,229,740</u>
Administrative Expenses		(10,570)	(18,379)
<b>Operating profit</b>	4	<u>693,474</u>	<u>1,211,361</u>
Foreign exchange gain		79,567	46,258
Interest receivable and similar income	5	941,417	785,949
Interest payable and similar charges	6	-	(1,358)
<b>Profit on ordinary activities before taxation</b>		<u>1,714,458</u>	<u>2,042,210</u>
Taxation on profit on ordinary activities	7	(324,295)	(163,811)
<b>Profit on ordinary activities after taxation</b>	12	<u><u>1,390,163</u></u>	<u><u>1,878,399</u></u>

In the prior year, FX expenses of \$46,258 which were previously presented in administrative expenses have been reclassified as financial expenses

# **The Bountiful Company Limited**

## **Statement of total recognised gains and losses**

**for the year ended 30 September 2007**

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There are no recognised gains or losses other than the profit attributable to the shareholders of the company of \$1,390,163 in the year ended 30 September 2007 and the profit of \$1,878,399 in the year ended 30 September 2006

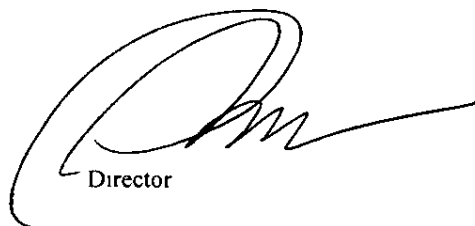


# The Bountiful Company Limited

## Balance sheet at 30 September 2007

	Note	30 September 2007 US\$	30 September 2006 US\$
<b>Current assets</b>			
Debtors	9	729,709	1,478,500
Cash at bank and in hand		<u>21,689,487</u>	<u>19,588,824</u>
		22,419,196	21,067,324
Creditors amounts falling due within one year	10	<u>(54,035,991)</u>	<u>(54,074,282)</u>
<b>Net current liabilities</b>		<u>(31,616,795)</u>	<u>(33,006,958)</u>
<b>Total assets less current liabilities</b>		<u>(31,616,795)</u>	<u>(33,006,958)</u>
<b>Capital and reserves</b>			
Called up share capital	11	69,472	69,472
Profit and loss account	12	<u>(31,686,267)</u>	<u>(33,076,430)</u>
Equity shareholders' deficit	12	<u>(31,616,795)</u>	<u>(33,006,958)</u>

Approved by the Board and signed on its behalf by



Director

# The Bountiful Company Limited

## Notes to the financial statements

at 30 September 2007

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### 1 Accounting policies

#### Basis of accounting

The financial statements of The Bountiful Company Limited were approved for issue by the Board of Directors on 12 November 2008

These financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards

#### Film income

Credit is taken for income which has been received from, or declared by, distributors at the year end

#### Foreign currencies

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

At 30 September 2007, assets and liabilities are retranslated into US American dollars, using the rate below

Currency	Balance Sheet Monthly closing rate
British Pound Sterling	2.0469

#### Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed by the balance sheet date. Deferred tax assets are only recognised to the extent that they are considered recoverable against future taxable profits

Deferred tax is measured at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse. Deferred tax balances are not discounted

#### Statement of cash flows

A statement of cash flows has not been prepared as the Company is a small company within the meaning of section 247 of the Companies Act 1985

#### Going Concern

The directors have received a letter of support from the parent company and accordingly believe that the going concern basis is appropriate

# The Bountiful Company Limited

## Notes to the financial statements

at 30 September 2007

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### 2 Turnover

Turnover represents amounts receivable from distributors, stated net of value added tax. All turnover relates to the Company's principal activity of providing finance for the production of various motion pictures. All turnover arises in The United States of America.

### 3 Directors' emoluments

The Directors received no remuneration for their services to the Company during the year (2006 - £nil).

### 4 Operating profit

This is stated after charging

	2007 US\$	2006 US\$
Auditors' remuneration	10,235	-

There were no employees other than the Directors during the year and in the prior year.

In 2006, the audit fees for the year were borne by fellow group undertakings.

### 5 Interest receivable and similar income

	2007 US\$	2006 US\$
Interest received on bank deposits and other interest	941,417	785,949

### 6 Interest payable

	2007 US\$	2006 US\$
Interest payable	-	1,358

# The Bountiful Company Limited

## Notes to the financial statements

at 30 September 2007

### 7 Taxation on profit on ordinary activities

	2007 US\$	2006 US\$
<b>a) The charge based on the profit for the year is as follows</b>		
<i>Taxation based on the profit for the year</i>		
Corporation tax payable at 30%	283,000	148,975
Under provision for prior years	41,295	14,836
Total current tax charge	<u>324,295</u>	<u>163,811</u>
<i>Deferred tax</i>		
Timing differences, origination and reversal	231,900	239,020
Adjustment to estimated recoverability of deferred tax assets arising in earlier years	(231,900)	(239,020)
Total deferred tax	<u>-</u>	<u>-</u>
Total tax charge on profit on ordinary activities	<u>324,295</u>	<u>163,811</u>

### b) Circumstances affecting the current tax charge

The standard rate of current tax for the year, based on the UK standard small company's rate of corporation tax is 30% (2006 - 19%) The current tax charge for the year differs from the standard rate for the reasons in the reconciliation below

	2007 US\$	2006 US\$
Profit on ordinary activities before tax	<u>1,714,458</u>	<u>2,042,210</u>
Tax on profit on ordinary activities at standard rate	514,337	388,020
Circumstances affecting charge		
Tax under provided in previous years	41,295	14,836
Utilisation of losses brought forward	(231,900)	(239,020)
Other	563	(25)
Total current tax (see note (a) above)	<u>324,295</u>	<u>163,811</u>

### 8 Deferred tax

The company has incurred taxable losses which are available to offset against future taxable profits A deferred tax asset has not been recognised in respect of these losses The Company is not certain that taxable profits will arise in the immediate future against which the losses can be offset The estimated value of the deferred tax asset not recognised, measured at a standard rate of 30% is \$3,608,225 (2006 \$2,260,422 measured at a standard rate of 19%) The reduction in the rate of corporation tax from 30% to 28% with effect from 1 April 2008 will result in a reduction in the unrecognised deferred tax asset from \$3,608,225 to \$3,367,677

# The Bountiful Company Limited

## Notes to the financial statements

at 30 September 2007

### 9 Debtors

	2007 US\$	2006 US\$
Accrued revenue	704,044	1,229,740
Accrued interest receivable	24,486	248,760
Corporation tax receivable	1,179	-
	<u>729,709</u>	<u>1,478,500</u>

### 10 Creditors amounts falling within one year

	2007 US\$	2006 US\$
Amount due to group undertakings	11,979,031	12,161,581
Accruals	12,545	2,311
Corporation tax payable	283,000	148,975
Redeemable investment stock	41,761,415	41,761,415
	<u>54,035,991</u>	<u>54,074,282</u>

The redeemable investment stock is held by the shareholders of the Company in equal proportion to their shareholdings. No interest is payable on this stock, and it is redeemable on demand.

The amount due to the group undertakings include amounts of \$11,463,319 (2006 - \$11,865,998) owed to Time Warner Entertainment Limited and is repayable pari passu with amounts receivable by The Bountiful Company Limited under a distribution agreement.

The redeemable investment stock include amounts of \$20,880,708 owed to Time Warner Entertainment Limited.

### 11 Share Capital

	2007 No	2006 No	2007 US\$	2006 US\$
Authorised, allotted, called up and fully paid				
Ordinary shares of £1 each	44,998	44,998	62,294	62,294
'A' ordinary shares of £1 each	5,002	5,002	7,178	7,178
	<u>50,000</u>	<u>50,000</u>	<u>69,472</u>	<u>69,472</u>

### 12 Reconciliations of movements in shareholders' funds and movement in reserves

	Share capital US\$	Profit and loss account US\$	Total US\$
At 30 September 2006	69,472	(33,076,430)	(33,006,958)
Profit for the year	-	1,390,163	1,390,163
At 30 September 2007	<u>69,472</u>	<u>(31,686,267)</u>	<u>(31,616,795)</u>

# **The Bountiful Company Limited**

## **Notes to the financial statements**

at 30 September 2007

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### **13 Related parties**

The company has taken advantage of the exemptions conferred by FRS 8 allowing it not to disclose details of transactions with other group undertakings

### **14 Parent undertaking and controlling party**

Time Warner Entertainment Limited incorporated in the UK holds 50% of the share capital in the Company. However in the opinion of the directors, there is no overall controlling party