

Company Registration No 2582911 (England and Wales)

VGI ENTERTAINMENT LIMITED

UNAUDITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2007

TUESDAY



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COMPANY INFORMATION

Directors	Mrs V E Corner S A Corner Esq C Blackburn Esq
Secretary	M Elijah
Company number	2582911
Registered office	13 Albemarle Street London W1S 4HJ

VGI ENTERTAINMENT LIMITED

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VGI ENTERTAINMENT LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 31 DECEMBER 2007

The directors present their report and financial statements for the period ended 31 December 2007

Principal activities

The principal activity of the company is that of the production and co-production of animation and of distribution of films and television rights

Directors

The following directors have held office since 1 January 2007

V E Corner
S A Corner
C Blackburn

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which 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,
- 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

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies

On behalf of the board



S A Corner
Director
9 October 2008

VGI ENTERTAINMENT LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2007

		Period Ended 31 December 2007 £	Period Ended 31 December 2006 £
Notes			
	Turnover	490,393	483,352
	Cost of Sales	(194,563)	(261,870)
	GROSS PROFIT	295,830	221,482
	Administrative expenses	(268,074)	(193,937)
	Operating profit	27,756	27,545
	Other interest receivable and similar income	2,123	6,272
	Interest payable and similar charges	(20,635)	(19,549)
	Profit on ordinary activities before taxation	9,244	14,268
	Tax on profit on ordinary activities	(4,550)	(4,551)
	Profit on ordinary activities after taxation	4,694	9,717

The notes on pages 7 to 12 form part of these financial statements

VGI ENTERTAINMENT LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2007

		2007		2006	
	Notes	£	£	£	£
Fixed Assets					
Intangible Assets	4		15,355		22,176
Tangible Assets	5		341,819		353,216
Investments	6		2		2
			<u>357,176</u>		<u>375,394</u>
Current Assets					
Debtors	7	361,544		564,949	
Cash at Bank and in hand		0		76,284	
		<u>361,544</u>		<u>641,233</u>	
Creditors amounts falling due within one year	8	<u>(710,073)</u>		<u>(1,012,674)</u>	
Net Current Liabilities			<u>(348,529)</u>		<u>(371,441)</u>
Total Assets less current liabilities			<u>8,647</u>		<u>3,953</u>
Capital and reserves					
Called up share capital	10		157		157
Capital redemption reserve			10		10
Profit and loss account	11		8,480		3,786
Shareholders' Funds	12		<u>8,647</u>		<u>3,953</u>

The directors consider that the company is entitled to exemption from the requirement to have an audit under the provisions of section 249A(1) of the Companies Act 1985 and members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 249B(2) of the Act. The directors acknowledge their responsibility for ensuring that the company keeps accounting records which comply with section 221 of the Act and for preparing financial statements which give a true and fair view of the state of affairs of the company as at 31 December 2007 and of its profit for the year then ended in accordance with the requirements of section 226 of the Act and which otherwise comply with the requirements of the Companies Act 1985 relating to the financial statements so far as applicable to the company.

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective January 2007).

The financial statements were approved by the Board on 9 October 2008


S.A. Comer
Director

The notes on pages 7 to 12 form part of these financial statements

VGI ENTERTAINMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2007

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2007)

1.2 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts. Revenue is recognised in the period in which film materials are supplied. Revenue is deferred in all cases where goods are invoiced in advance of supply.

1.3 Licences

Licences are valued at cost less accumulated amortisation. Amortisation is calculated to write off the cost in equal annual instalments over the period of the licence or over the value of delivered sales. The carrying value of licences is reviewed for impairment in periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets other than freehold land are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Land and buildings Freehold	2% on cost
Fixtures, fittings & equipment	20% reducing balance
Motor vehicles	25% reducing balance

The carrying value of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate that the carrying value not be recoverable.

1.5 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.6 Foreign currency translation

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

1.7 Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company and its subsidiary undertaking comprise a small-sized group. The company has therefore taken advantage of the exemptions provided by section 248 of the Companies Act 1985 not to prepare group accounts.

VGI ENTERTAINMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2007

2	Operating profit	2007	2006
		£	£

Operating profit is stated after charging

Amortisation of intangible assets

Depreciation of tangible assets

Directors' emoluments

6,821

13,080

12,167

6,821

13,999

6,924

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 1 (2006 - 1)

3	Taxation	2007	2006
		£	£

Domestic current year tax

U K corporation tax at 19/20% (2005 19%)

Adjustment for prior years

4,550

-

3,885

666

Current tax charge

4,550

4,551

4	Intangible fixed assets
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Licences
£

Cost

At 31 December 2006 and 31 December 2007

61,399

Amortisation

At 1 January 2007

Charge for the period

At 31 December 2006

39,223

6,821

46,044

Net book value

At 31 December 2007

At 31 December 2006

15,335

22,176

VGI ENTERTAINMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2007

5 Tangible Fixed Assets

	Land and buildings £	Plant and Machinery etc £	Total £
Costs			
At 1 January 2007	385,998	185,740	571,738
Additions	-	1,683	1,683
At 31 December 2007	385,998	187,423	573,421
Depreciation			
At 1 January 2007	57,900	160,622	218,522
Charge for the Period	7,720	5,360	13,080
At 31 December 2007	65,620	165,982	231,602
Net book value			
At 31 December 2007	320,378	21,441	341,819
At 31 December 2006	328,098	26,118	353,216

VGI ENTERTAINMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2007

6 Fixed asset investments

Shares in group
undertakings
and
participating
interests

Cost

At 31 December 2006 and 2007

12,002

Provisions for diminution in value

At 31 December 2006 and 2007

12,000

Net book value

At 31 December 2007

2

At 31 December 2006

2

Holdings of more than 20 %

The company holds more than 20% of the share capital of the following companies

Company	Country of registration or incorporation	Shares held	
		Class	%
Subsidiary undertakings			
Rag Pack Limited	England & Wales	Ordinary	100
VGI Productions Limited	England & Wales	Ordinary	100
Century 21 Limited	England & Wales	Ordinary	100
Century 22 Limited	England & Wales	Ordinary	100*

* Shares held through Century 22 Limited

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows

	Capital and reserves 2007	Profit for the year 2007
	£	£
Rag Pack Limited	(62,598)	-
VGI Productions Limited	2	-
Century 21 Limited	(55,546)	-
Century 22 Limited	10,051	-

VGI ENTERTAINMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2007

7 Debtors	2007 £	2006 £
Trade debtors	173,565	381,513
Amounts owed by group undertakings and undertakings in which the company has a participating interest	175,687	175,740
Other debtors	<u>12,292</u>	<u>7,696</u>
	<u>361,544</u>	<u>564,949</u>

8 Creditors amounts falling due within one year	2007 £	2006 £
Bank loans and overdrafts	295,985	306,250
Trade creditors	402,653	652,073
Taxation and social security	11,435	7,387
Other creditors	<u>0</u>	<u>46,964</u>
	<u>710,073</u>	<u>1,012,674</u>

Bank borrowings are secured on the company's freehold property

9 Pension costs

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £0 (2005 £268)

10 Share Capital	2007 £	2006 £
Authorised		
9,000 Ordinary 'A' shares of £1 each	9,000	9,000
10,000 Ordinary 'B' shares of £1 each	<u>1,000</u>	<u>1,000</u>
	<u>10,000</u>	<u>10,000</u>
Allotted, called up and fully paid		
100 Ordinary 'A' shares of £1 each	100	100
57 Ordinary 'B' shares £1 each	<u>57</u>	<u>57</u>
	<u>157</u>	<u>157</u>

The Ordinary 'B' shares have no voting, capital or income rights

VGI ENTERTAINMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2007

11 Reserves

	Profit and Loss Account £
Balance at 31 December 2006	3,786
Profit retained for the year	4,694
31 December 2007	<u>8,480</u>

12 Reconciliation of movement in Shareholders Funds

	2007 £	2006 £
Opening Shareholders Funds	3,953	27,236
Profit retained for the year	4,694	9,717
Dividends (Note 13)	<u>-</u>	<u>(33,000)</u>
Closing Shareholders Funds	<u>8,647</u>	<u>3,953</u>

13 Dividends

	2007 £	2006 £
Dividends paid on equity capital	-	6,000
Dividends paid on non equity capital	<u>-</u>	<u>27,000</u>
Closing Shareholders Fund	<u>-</u>	<u>33,000</u>

14 Transactions with directors

Included in other debtors is an amount of £1,294 due from Mrs V E Corner (2006 due to Mrs Corner £46,964) Included in other debtors is an amount of £5,000 due from C Blackburn Both amounts were repaid after the year end

15 Control

At the balance sheet date the ultimate controlling party is S A Corner