

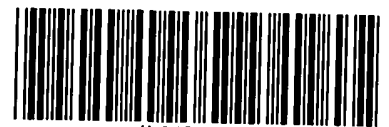
Registered number: 05627478

INGENIOUS HOLDINGS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

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INGENIOUS HOLDINGS LIMITED

COMPANY INFORMATION

Directors	N.A. Forster D.M. Reid
Company secretary	S. Cruickshank J. Wright
Registered number	05627478
Registered office	15 Golden Square London W1F 9JG
Independent auditor	Deloitte LLP Statutory Auditor 1 Little New Street London United Kingdom EC4A 3TR

INGENIOUS HOLDINGS LIMITED

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INGENIOUS HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2016

The directors present their Annual Report and audited Financial Statements of Ingenious Holdings Limited ("the Company") for the year ended 30 June 2016.

Principal activity

The Company is a wholly-owned subsidiary of Ingenious Media Limited, which is a wholly-owned subsidiary within the Ingenious Media Holdings Limited group ("the Group"). The principal activity of the business in the year continues to be that of an investment holding company.

The Group manages its operations on a divisional basis. For this reason, the Company's directors believe that key performance indicators for the Company are not necessary or appropriate for an understanding of its development, performance or position.

Business risk

Business risk is the failure of the business to execute its business strategy and therefore being unsuccessful in achieving projected returns. This includes changes to tax legislation or financial regulation. Please refer to note 6 for further details.

Results and dividends

The profit for the year, after taxation, amounted to £2,988 (2015 - loss £3,251).

The directors do not propose to pay a final dividend (period ended 30 June 2015: £nil).

No interim dividend was paid during the year (period ended 30 June 2015: £nil).

Future developments

The Company intends to continue to undertake its principal activity.

Directors

The directors who served during the year were:

J.L. Boyton (resigned 19 June 2016)
M.T. Bugden (resigned 22 March 2016)
S.J. Speight (resigned 22 March 2016)
D.M. Reid
N.A. Forster

Provisions of insurance to directors

All directors were covered by Directors and Officers liability insurance throughout the year under review and this will continue to remain in force.

Creditors payment policy

The Company does not follow any specific code or standard on payment of creditors. The Company agrees the payment terms as part of the commercial arrangement negotiated with suppliers. Payments are made on these terms provided the supplier meets its obligations.

INGENIOUS HOLDINGS LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2016

Going Concern

The Company's business activities including the impact of the First-tier Tax Tribunal and Partner Payment Notices (as further explained in note 6), have been reviewed by the directors.

Having assessed these risks including those set out in the Directors' Report, its financial position, and profit and cash flow forecasts, the directors intend to continue operating its business despite the current uncertain economic outlook. The going concern basis of accounting is appropriate but there are material uncertainties related to events or conditions that may cast significant doubt upon the Company's ability to continue to adopt the going concern basis of accounting in the future.

Further details regarding the adoption of the going concern basis can be found in note 1.2 of the Notes to the Financial Statements.

Directors' responsibilities statement

The directors are responsible for preparing the Annual Report and the audited Financial Statements in accordance with applicable law and regulations.

Company law requires the directors to prepare audited Financial Statements for each financial year. Under that law the directors have elected to prepare the audited Financial Statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the audited 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 audited Financial Statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the audited 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 to enable them to ensure that the audited 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.

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed 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 ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

INGENIOUS HOLDINGS LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2016**

Auditor

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Under section 487(2) of the Companies Act 2006, Deloitte LLP will be deemed to have been reappointed as auditor 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the Board of Directors' and signed on its behalf.

A handwritten signature in blue ink, appearing to be 'D. Reid'.

D.M. Reid
Director

Date: 20 November 2017

15 Golden Square
London
W1F 9JG

INGENIOUS HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INGENIOUS HOLDINGS LIMITED

We have audited the financial statements of Ingenious Holdings Limited for the year ended 30th June 2016 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 15. The relevant financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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 the Company's members as a body, for my 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 on page 2, 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 Financial Reporting Council's Ethical Standards for Auditors.

Scope of the audit of the 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 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. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2016 and of its profit 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.

Emphasis of matter

Without qualifying our opinion, we draw the attention to the disclosures made in note 3 of the financial statements concerning the critical accounting judgement and key source of estimation uncertainties that the directors have made in the process of determining the tax liability of the Company and which have a significant effect on the amount recognised in the financial statements.

Although the First-tier Tribunal has released its decision on 2 August 2016 and further clarification was received in May 2017 from the judge, the ultimate outcome of this case remains uncertain and the provision recognised in the financial statement is the directors' best estimate of the amount required to settle the obligation at the reporting date based on the latest tribunal decision.

INGENIOUS HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INGENIOUS HOLDINGS LIMITED (CONTINUED)

Additionally, in forming our opinion on the financial statements, we have considered the adequacy of the disclosure made in note 1 of the financial statements concerning the Company's ability to continue as a going concern.

The Company incurred a net profit of £2,988 during the year ended 30 June 2016 and at that date, it had net current liabilities of £1,043,516 but net assets of £36,053. If the Group undertaking demand repayment of the amount owed to them, the Company does not currently have sufficient liquid assets to reimburse it. These conditions indicate the existence of material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern, and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The financial statements do not include adjustments that would result if the Company was unable to continue as a going concern.

Opinion on other matter prescribed by the Companies Act 2006

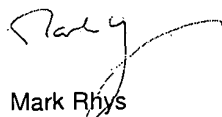
In my opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with those financial statements and this report has been prepared in accordance with applicable legal requirements.

In the light of my knowledge and understanding of the Company and its environment obtained in the course of the audit, I have not identified material misstatements in the Directors' Report.

Matters on which we are required to report by exception

I have nothing to report in respect of the following matters where the Companies Act 2006 requires me to report to you if, in my opinion:

- adequate accounting records have not been kept, or returns adequate for my audit have not been received from branches not visited by me; 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
- I have not received all the information and explanations I require for my audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemption in preparing the Directors' Report and take advantage of the small companies' exemption from the requirement to prepare a Strategic Report.



Mark Rhys

for and on behalf of
Deloitte LLP

Statutory Auditor

1 Little New Street
EC4A 3TR

20 November 2017

INGENIOUS HOLDINGS LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2016

		Year Ended 30 June 2016 £	Period Ended 30 June 2015 £
Turnover		-	43,871
Cost of sales		(545)	-
Gross (loss)/profit		(545)	43,871
Administrative expenses		(3,197)	(47,122)
Other revenue	11	15,853	-
Operating profit/(loss)	4	12,111	(3,251)
Interest payable and expenses		(631)	-
Profit/(loss) before tax		11,480	(3,251)
Tax on profit/(loss)	6	(8,492)	-
Profit/(loss) for the year		2,988	(3,251)

There was no other comprehensive income for 2016 (2015:£NIL).

The notes on pages 9 to 15 form part of these financial statements.

INGENIOUS HOLDINGS LIMITED
REGISTERED NUMBER: 05627478

BALANCE SHEET
AS AT 30 JUNE 2016

	Note	2016 £	2015 £
Fixed assets			
Investments	7	1,080,200	1,607,827
		<u>1,080,200</u>	<u>1,607,827</u>
Current assets			
Debtors: amounts falling due within one year	8	457,098	3,683,576
		<u>457,098</u>	<u>3,683,576</u>
Creditors: amounts falling due within one year	9	(1,500,614)	(5,258,338)
		<u>(1,500,614)</u>	<u>(5,258,338)</u>
Net current liabilities		(1,043,516)	(1,574,762)
Total assets less current liabilities		36,684	33,065
Provisions for liabilities			
Interest provision	12	(631)	-
		<u>(631)</u>	<u>-</u>
Net assets		36,053	33,065
Capital and reserves			
Called up share capital	10	1	1
Profit and loss account		36,052	33,064
		<u>36,053</u>	<u>33,065</u>

The Company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



D.M. Reid
Director

Date: 20 November 2017

The notes on pages 9 to 15 form part of these financial statements.

INGENIOUS HOLDINGS LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2016**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 6 April 2014	1	36,315	36,316
Comprehensive income for the period			
Loss for the period	-	(3,251)	(3,251)
At 1 July 2015	1	33,064	33,065
Comprehensive income for the year			
Profit for the year	-	2,988	2,988
At 30 June 2016	1	36,052	36,053

INGENIOUS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

Information on the impact of first-time adoption of FRS 102 is given in note 15.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

1.2 Going concern

The Company's business activities including the impact of the First-tier Tax Tribunal and Partner Payment Notices (as further explained in note 6), have been reviewed by the directors.

The Company had a net profit of £2,988 during the year ended 30 June 2016 and, at that date, the Company's current liabilities exceeded its current assets by £1,043,516 but it had net assets of £36,053.

The directors have prepared cash flow forecasts for 12 months following approval of these financial statements assuming a range of operational transactions including the outcome of HMRC's determination of the Partner Payment Notices. The events, as noted above, have cast significant doubt upon the Company's ability to continue to adopt the Going Concern basis in future.

Having assessed these risks including those set out in the Directors' Report, its financial position, and profit and cash flow forecasts, the directors intend to continue operating its business despite the current uncertain economic outlook. The going concern basis of accounting is appropriate but there are material uncertainties related to events or conditions that may cast significant doubt upon the Company's ability to continue to adopt the going concern basis of accounting in the future.

1.3 Investments

Investments in subsidiaries are measured at cost less accumulated impairment.

1.4 Taxation

Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax assets and liabilities are offset only where the Company has a legally enforceable right to do so and where the assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity or another entity within the Company.

INGENIOUS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

1. Accounting policies (continued)

1.5 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

2. General information

Ingenious Holdings Limited is a company incorporated in the United Kingdom under the Companies Act 2006. Its place of business and head office address is 15 Golden Square, London, W1F 9JG. The nature of the Company's operations and principal operating activity are set out in the Directors' Report on pages 1 to 3.

The financial statements have been prepared under the historical cost convention in accordance with Financial Reporting Standard 102 Section 1A ("FRS 102") issued by the Financial Reporting Council.

The prior period financial statements were not restated for disclosure adjustments on adoption of FRS 102 in the current year. For more information, see Note 15.

The functional currency of the Company is considered to be pounds sterling which is the currency of the primary economic environment in which the Company operates.

The Company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its financial statements. The Company is consolidated in the financial statements of its ultimate parent, Ingenious Media Holdings Limited, which may be obtained from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ. The Company is a qualifying entity under FRS 102 and it is taking advantage of some of the disclosure exemptions available to such entities in its financial statements. As such, the financial statements do not include a Cash Flow Statement, a note on the Financial Instruments and a Reconciliation of number of shares outstanding.

3. Critical accounting judgments and key sources of estimation uncertainty

Tax liability

In estimating the potential tax liability relating to the First-tier Tax Tribunal (refer to note 6), the following key elements as set out in the Tribunal decision were taken into account in calculating the partnerships' revised profits or losses: treatment of the operator and executive producer fees, deductibility of contracted film cost, recognition of film income and the calculation of the film net realisable values. These reduce the income and expenditure recognised by the partnerships which reduces the losses available to be utilised by the Group.

INGENIOUS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

4. Operating profit/(loss)

The operating profit/(loss) is stated after charging:

	Year Ended 30 June 2016 £	Period Ended 30 June 2015 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	- 3,197	3,251

5. Staff costs

The Company has no employees other than the directors, who did not receive any remuneration (2015 - £NIL).

6. Taxation

	Year Ended 30 June 2016 £	Period Ended 30 June 2015 £
Corporation tax		
Current tax on profits/(losses) for the year	8,492	-
	8,492	-
Total current tax	8,492	-
Deferred tax		
Total deferred tax	-	-
Taxation on profit/loss on ordinary activities	8,492	-

INGENIOUS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

6. Taxation (continued)

Factors affecting tax charge for the year/period

The tax assessed for the year/period is higher than (2015 - *higher than*) the standard rate of corporation tax in the UK of 20% (2015 - 20.8%). The differences are explained below:

	Year Ended 30 June 2016 £	Period Ended 30 June 2015 £
Profit/(loss) on ordinary activities before tax	11,480	(3,251)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 20.8%)	2,296	(676)
Effects of:		
Expenses not deductible for tax purposes	109	9,124
Non-taxable income	(3,165)	-
UK dividend income not taxable	-	(9,124)
Group relief withdrawn and film production losses denied	8,492	-
Group relief	760	676
Total tax charge for the year/period	8,492	-

INGENIOUS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

6. Taxation (continued)

Factors that may affect future tax charges

In prior accounting periods the Company has received the benefit of tax losses associated with the Group's investment in a number of film and game production partnerships. The Group has challenged the basis on which the closure notices of the partnerships have been calculated, resulting in a hearing before the First-tier Tax Tribunal ("the Tribunal"). The initial decision of the Tribunal was delivered on 2 August 2016, a second decision which clarified the findings of the first decision was delivered in May 2017 and an amended decision was received on 16 November 2017. The effect of the decisions is to reduce both the losses available to Group entities that invested in the film and game production partnerships and their share of taxable income from the partnerships. At the date of signing the financial statements the partnerships have received permission: to appeal in full on 7 of the 8 grounds applied for and on some aspects of the remaining ground. The Upper Tribunal has also formally indicated that it intends to grant permission to appeal on the remaining aspects of the only ground on which permission to appeal has not been granted in full by the Tribunal. The quantum of both tax losses available to the Group and income taxable on Group entities arising from the Group's investment in these partnerships will remain uncertain until the tax cases are finally resolved. The directors have estimated an additional tax liability for the Company of £8,492 together with a liability for late paid interest of £631 based on the current Tribunal decision. These figures are subject to any future court decisions.

During November 2016, a number of companies, all subsidiaries of Ingenious Media Holdings Limited, as corporate members of film production partnerships received Partner Payment Notices ("PPNs"), which are demands for payments on account in respect of a tax liability in dispute, from HMRC. These corporate member companies (together the "Members") submitted written representations to HMRC within the authorised 90 day period. As a result of these representations, the PPNs were not due and payable until 30 days after the date on which HMRC responded to the representations and therefore have not been recognised as a liability at year end.

7. Fixed asset investments

	Other fixed asset investments £	Total £
Cost or valuation		
At 1 July 2015	1,607,827	1,607,827
Disposals	(527,627)	(527,627)
At 30 June 2016	<u>1,080,200</u>	<u>1,080,200</u>
Net book value		
At 30 June 2016	<u>1,080,200</u>	<u>1,080,200</u>
At 30 June 2015	<u>1,607,827</u>	<u>1,607,827</u>

INGENIOUS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016**

8. Debtors

	2016 £	2015 £
Other debtors	457,098	3,683,576
	<u>457,098</u>	<u>3,683,576</u>

9. Creditors: Amounts falling due within one year

	2016 £	2015 £
Amounts owed to group undertakings	1,399,002	5,255,087
Corporation tax	8,492	-
Other creditors	93,120	3,251
	<u>1,500,614</u>	<u>5,258,338</u>

Amounts owed to Group undertakings represents balances due in respect of intra-Group creditor balances with various other subsidiary companies within the Group. There are no fixed terms of repayment.

10. Share capital

	2016 £	2015 £
Shares classified as equity		
Authorised, allotted, called up and fully paid		
1 Ordinary share of £1	<u>1</u>	<u>1</u>

11. Other operating income

	Year Ended 30 June 2016 £	Period Ended 30 June 2015 £
Other operating income	15,853	-
	<u>15,853</u>	<u>-</u>

INGENIOUS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016**

12. Provisions for liabilities

	Interest provision £
At 1 July 2015	-
Charged to profit or loss	631
At 30 June 2016	631

The interest provision relates to interest on the estimated tax liability (refer to note 3).

13. Related party transactions

The financial statements do not include disclosure of transactions between the Company and entities that were wholly-owned by the Group during the year. This is because, as a subsidiary whose shares are wholly-owned by the Group, it is exempt from the requirement to disclose such transactions under FRS 102 section 33.

14. Controlling party

The Company is a wholly-owned subsidiary of Ingenious Media Limited, a company registered in England and Wales. Ingenious Media Limited is a wholly-owned subsidiary within the Group. Ingenious Media Holdings Limited is the only parent undertaking for which consolidated financial statements are prepared.

The consolidated financial statements of Ingenious Media Holdings Limited can be obtained from Companies House, Crown Way, Maindy, Cardiff CF14 3UZ.

The controlling shareholder of Ingenious Media Holdings Limited is P.A. McKenna.

15. First time adoption of FRS 102

The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not impacted on equity or profit or loss.