

INGENIOUS BROADCASTING 38 PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 5 APRIL 2011

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Company Registration Number 6027620 (England and Wales)

ANNUAL REPORT AND FINANCIAL STATEMENTS

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INGENIOUS BROADCASTING 38 PLC

THE COMPANY AND ITS ADVISERS

Directors	J L Boyton M T Bugden J H M Clayton N A Forster D M Reid S J Speight
Company Secretary	S J Cruickshank
Registered Office	15 Golden Square London W1F 9JG
Company Number	6027620 (England and Wales)
Auditors	Shipleys LLP Chartered Accountants and Statutory Auditor 10 Orange Street Haymarket London WC2H 7DQ
Bankers	HSBC Private Bank (UK) Limited 78 St James's Street London SW1A 1JB
Registrars	SLC Registrars Thames House Portsmouth Road Esher KT10 9AD

DIRECTORS' REPORT
5 APRIL 2011

The directors present the Annual Report and Financial Statements of Ingenious Broadcasting 38 plc ("the Company") for the year ended 5 April 2011

Principal activities

The Company is a member of Ingenious Broadcasting 2 LLP ("the Partnership"), a limited liability partnership formed to produce and exploit a high quality portfolio of television programmes with ongoing potential for commercial exploitation across all media

In assessing which programmes to produce, the Partnership endeavours to work with the most successful broadcasters and sales agents, and to work with, and engage the highest quality co-producers and production services companies and personnel to carry out its production activities. The Partnership also benefits from its relationship with Ingenious Media Holdings plc and its subsidiaries ("the Ingenious Group") in sourcing television projects, and intends to create a diverse portfolio of programmes with both domestic and international appeal

Review of the year

The Company made a loss after tax of £12,658 for the year ended 5 April 2011 (2010 profit after tax of £21,296)

The net assets of the Company at 5 April 2011 were £1,785,352 (2010 £1,798,010)

The directors consider the Company's performance during the year to be satisfactory, and will continue to monitor the trading activities undertaken through the Partnership and the performance of Ingenious Media Investments Limited ("the Operator"), the operator of the Partnership

Dividends

No interim dividends were paid during the year (2010 £nil). The directors do not propose to recommend the payment of a final dividend (2010 £nil)

Production activities

The Company has raised capital of £2.0 million to date of which £1.9 million has been deployed into the Partnership. The Partnership has engaged in £40.7 million (2010 £52.6 million) of television production expenditure for the year ended 5 April 2011. Each of these productions involved co-producing with leading independent television producers and several of the UK's key broadcasters ultimately acquired the programmes for their domestic broadcast upon delivery.

Completed activities

During the year, the Partnership committed to co-produce eight (2010 twelve) programmes. Nine (2010 Eleven) programmes were completed during the year, and four (2010 five) were still in production at the year end.

Total budget commitments in relation to these programmes totalled £40.7 million (2010 £52.6 million) and distributors acting on behalf of the Partnership have pre-sold the rights to all of these programmes. The Partnership has engaged various distributors to sell the programmes internationally on its behalf and expects to generate further revenue in the forthcoming year.

INGENIOUS BROADCASTING 38 PLC

DIRECTORS' REPORT (CONTINUED)

5 APRIL 2011

Future prospects

The directors consider the financial position at the end of the year to be satisfactory and believe the Company is well placed to continue its business in the coming year

Directors

The directors who served throughout the year were as follows

J L Boyton

M T Bugden

J H M Clayton

N A Forster

D M Reid

S J Speight

Payment of suppliers

The Company agrees payment terms as part of the commercial arrangements negotiated with suppliers. Payments are made on these terms provided the supplier meets its obligations.

The trade creditor days at 5 April 2011 were nil (2010: 67 days)

Financial risk management objectives and procedures

As the Company's key activity is investment in the Partnership, the directors have deemed it appropriate to consider the key risks to which the Partnership is exposed. Due to the nature of the Partnership's business and the assets and liabilities contained within its Balance Sheet, the key financial risk the directors consider relevant is credit risk. This risk is mitigated by the Partnership's credit control policies and greenlighting procedure. In assessing which programmes to produce, the Partnership endeavours to work with the most successful co-producers, distributors and broadcasters, and to work with and engage the highest quality personnel to carry out its production activities. The Partnership continues to monitor the exploitation of programmes in international markets and anticipates further income from those sources.

DIRECTORS' REPORT (CONTINUED)

5 APRIL 2011

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial period. 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 the financial statements, the directors are required to

- select suitable accounting policies and apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable United Kingdom 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.

In so far as the directors are aware

- there is no relevant audit information of which the Company's auditors are unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

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

Auditors

Shipleys LLP have indicated their willingness to remain in office and in accordance with section 489 of the Companies Act 2006, a resolution proposing that they be reappointed as auditors will be put to the next Annual General Meeting.

This report was approved and signed on behalf of the board of directors on 18 July 2011 by



S J Cruickshank
Company Secretary
Registered Office
15 Golden Square
London, W1F 9JG

INGENIOUS BROADCASTING 38 PLC

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INGENIOUS BROADCASTING 38 PLC

We have audited the financial statements of Ingenious Broadcasting 38 plc for the year ended 5 April 2011 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement, the Notes to the Cash Flow Statement and the related notes 1 to 12. 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 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

As explained more fully in the statement of directors' responsibilities, 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 (APB'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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INGENIOUS BROADCASTING 38 PLC (CONTINUED)

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 5 April 2011 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 properly prepared in accordance with the Companies Act 2006

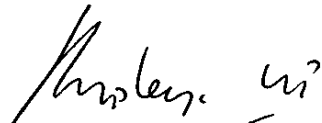
Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given 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



Stephen Joberns (Senior Statutory Auditor)

for and on behalf of Shipleys LLP (Chartered Accountants and Statutory Auditor)
10 Orange Street, Haymarket, London, WC2H 7DQ

Date 18 July 2011

INGENIOUS BROADCASTING 38 PLC

PROFIT AND LOSS ACCOUNT YEAR ENDED 5 APRIL 2011

	Notes	Year ended 5 April 2011 £	Year ended 5 April 2010 £
Administrative expenses		<u>(7,070)</u>	<u>(7,325)</u>
Operating loss	2	(7,070)	(7,325)
Share of the Partnership's result	3	(5,588)	28,408
Interest receivable and similar income	4	<u>-</u>	<u>213</u>
(Loss)/profit on ordinary activities before taxation		(12,658)	21,296
Taxation	1,5	<u>-</u>	<u>-</u>
(Loss)/profit for the financial year	9	<u>(12,658)</u>	<u>21,296</u>

All of the Company's activities relate to continuing operations during the current and prior year

There are no recognised gains and losses other than those shown above and therefore no separate Statement of Total Recognised Gains and Losses has been presented

The notes on pages 11 to 15 form an integral part of the financial statements

INGENIOUS BROADCASTING 38 PLC

BALANCE SHEET AS AT 5 APRIL 2011

	Notes	5 Aprl 2011 £	5 Aprl 2010 £
Fixed assets			
Investments	1,3	1,767,079	1,772,667
Current assets			
Cash at bank		19,473	28,013
		19,473	28,013
Creditors: Amounts falling due within one year	7	(1,200)	(2,670)
Net current assets		18,273	25,343
Total assets less current liabilities		1,785,352	1,798,010
Net assets		1,785,352	1,798,010
Capital and reserves			
Called up equity share capital	8	1,972,289	1,972,289
Profit and loss account	9	(186,937)	(174,279)
Shareholders' funds	10	1,785,352	1,798,010

The notes on pages 11 to 15 form an integral part of the financial statements

The financial statements were approved by the board of directors and authorised for issue on 18 July 2011, and are signed on their behalf by



N A Forster
Director

Company Registration Number 6027620 (England and Wales)

INGENIOUS BROADCASTING 38 PLC

CASH FLOW STATEMENT YEAR ENDED 5 APRIL 2011

	Notes	5 April 2011 £	5 April 2010 £
Cash outflow from operating activities	A	(8,540)	(70,821)
Returns on investment and servicing of finance	B	-	213
Acquisitions and disposals	C	-	(1,873,580)
Net cash outflow before management of liquid resources and financing		(8,540)	(1,944,188)
Financing	D	-	1,949,689
(Decrease)/increase in cash in the year	E	(8,540)	5,501

The notes on pages 11 to 15 form an integral part of the financial statements

INGENIOUS BROADCASTING 38 PLC

NOTES TO THE CASH FLOW STATEMENT YEAR ENDED 5 APRIL 2011

A. Reconciliation of operating loss to net cash outflow from operating activities	5 April 2011 £	5 April 2010 £	
Operating loss	(7,070)	(7,325)	
Decrease in creditors	<u>(1,470)</u>	<u>(63,496)</u>	
Net cash outflow from operating activities	(8,540)	(70,821)	
B. Returns on investment and servicing of finance	5 April 2011 £	5 April 2010 £	
Interest received	-	213	
C. Acquisitions and disposals	5 April 2011 £	5 April 2010 £	
Decrease in creditors	<u>-</u>	<u>(1,873,580)</u>	
Net cash outflow	-	(1,873,580)	
D. Financing	5 April 2011 £	5 April 2010 £	
Redemption of non-equity shares	-	(50,000)	
Decrease in debtors	<u>-</u>	<u>1,999,689</u>	
Net cash inflow from financing activities	-	1,949,689	
E. Analysis of changes in net funds	At 6 April 2010 £	Cash flows £	At 5 April 2011 £
Cash at bank	28,013	(8,540)	19,473
F. Reconciliation of net cash flow to movement in net funds	5 April 2011 £	5 April 2010 £	
(Decrease)/increase in cash in the year	(8,540)	5,501	
Net funds at start of year	<u>28,013</u>	<u>22,512</u>	
Net funds at end of year	19,473	28,013	

The notes on pages 11 to 15 form an integral part of the financial statements

INGENIOUS BROADCASTING 38 PLC

NOTES TO THE FINANCIAL STATEMENTS 5 APRIL 2011

1. Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention. The financial statements have been prepared in accordance with applicable United Kingdom Accounting Standards. The significant accounting policies adopted are summarised below. These policies have been consistently applied in the current and prior year.

Investment in the Partnership

The investment in the Partnership is accounted for using the equity method. The Profit and Loss Account includes the Company's share of the Partnership's profits less losses while the Company's share of the net assets of the Partnership is shown in the Balance Sheet.

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 at 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 that they will be recovered. Deferred tax assets and liabilities are not discounted.

Financial instruments

The Company's principal financial instrument is its bank balance. The main purpose of the bank balance is to provide funding for the Company's operations and to ensure the Company can meet its liabilities as they fall due.

Due to the nature of the financial instrument used by the Company, there is no exposure to price risk. Credit risk of receivables is closely monitored.

The Company makes use of money market facilities when appropriate.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5 APRIL 2011

2. Operating loss

	Year ended 5 April 2011 £	Year ended 5 April 2010 £
The operating loss is stated after charging		
Auditors' remuneration for audit services	1,040	670

3. Investments

	Year ended 5 April 2011 £	Year ended 5 April 2010 £
Cost / share of net assets		
Balance brought forward	1,772,667	1,744,259
Movement during the year		
Share of the Partnership's result	(5,588)	28,408
Balance carried forward	1,767,079	1,772,667

The investment represents the interest in the Partnership. At the year end, the Company had a 1.5% (2010 1.3%) interest in the capital of the Partnership and an entitlement to an allocation of profits and losses based on its respective weighted member's share. The Partnership was formed under the Limited Liability Partnerships Act 2000 to develop, produce and exploit a high quality portfolio of television programmes. Its place of business and head office address is 15 Golden Square, London, W1F 9JG, United Kingdom. The Partnership made a net loss of £715,682 (2010 net loss of £184,278) during the year to 5 April 2011.

The directors do not consider there to have been any indication of a permanent diminution in the carrying value of the investment, it is therefore carried at cost plus any share of profits or losses.

4. Interest receivable and similar income

	Year ended 5 April 2011 £	Year ended 5 April 2010 £
Bank interest	-	213

INGENIOUS BROADCASTING 38 PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5 APRIL 2011

5. Taxation

	Year ended 5 April 2011 £	Year ended 5 April 2010 £
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The tax charge on the (loss)/profit on ordinary activities for the year was as follows

Current tax charge for the year	-	-
Total tax charge	-	-

	Year ended 5 April 2011 £	Year ended 5 April 2010 £
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Factors affecting the tax charge for the year

(Loss)/profit on ordinary activities before taxation	(12,658)	21,296
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(Loss)/profit on ordinary activities for the year multiplied by the standard rate of corporation tax of 21% (2010 21%)	(2,658)	4,472
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Effects of		
Adjustment to allocation from the Partnership	542	(4,771)
Tax losses not utilised	2,116	299

Current tax charge for the year	-	-
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A potential deferred tax asset of £18,282 (2010 £17,080) in respect of tax losses carried forward has not been recognised due to uncertainty over the availability of taxable profits in future chargeable accounting periods

6. Directors and employees

The Company did not have any employees during the current or prior year. The directors did not receive any remuneration for their services during either the current or prior year.

7. Creditors: Amounts falling due within one year

	5 April 2011 £	5 April 2010 £
Trade creditors	-	1,335
Accruals	1,200	1,335
	1,200	2,670

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
5 APRIL 2011

8. Share capital

	Allotted, called up and fully paid			
	5 April 2011		5 April 2010	
	£	No.	£	No.
Ordinary shares of £1 each issued at par	1,972,289	1,972,289	1,972,289	1,972,289

9. Statement of movements on Profit and Loss Account

	5 April 2011 £	5 April 2010 £
Balance brought forward	(174,279)	(195,575)
(Loss)/profit for the financial year	(12,658)	21,296
Balance carried forward	(186,937)	(174,279)

10. Reconciliation of movements in shareholders' funds

	5 April 2011 £	5 April 2010 £
(i) Equity shareholders' funds		
(Loss)/profit for the financial year	(12,658)	21,296
Net movement in equity shareholders' funds	(12,658)	21,296
Opening equity shareholders' funds	1,798,010	1,776,714
Closing equity shareholders' funds	1,785,352	1,798,010
(ii) Non-equity shareholders' funds		
Redemption of non-equity share capital	-	(50,000)
Net movement in non-equity shareholders' funds	-	(50,000)
Opening non-equity shareholders' funds	-	50,000
Closing non-equity shareholders' funds	-	-

INGENIOUS BROADCASTING 38 PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5 APRIL 2011

11. Related party transactions

The Operator 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 Ingenious Group.

The directors of the Company were also directors of the Operator during the year ended 5 April 2011. The Operator administers the Company under a placing and administration agreement.

The Operator received fees of £6,000 (2010: £5,875) from the Company for administrative services provided. As at the year end the outstanding balance was £nil (2010: £nil).

J L Boyton and D M Reid, directors of the Company, are members of the Executive Committee of the Partnership. The Executive Committee has discretion to approve any television programmes proposed for production by the Operator.

At the year end, the Company had a 1.5% (2010: 1.3%) interest in the capital of the Partnership and an entitlement to an allocation of profits and losses based on its respective weighted member's share (see note 3). During the year, the Company was allocated a loss of £5,588 (2010: profit of £28,408) from the Partnership.

12. Controlling party

During the year ended 5 April 2011 there was no direct or ultimate controlling party.