

Mill Acquisitions 1 Limited

**Annual report and financial statements
For the year ended 31 December 2012
Registered number: 06055540**



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Officers and professional advisers

Directors

Patrick Joseph
Robin Shenfield
Michael Wolfson
Michael Smallwood (resigned 27 April 2012)

Company secretary

Michael Wolfson

Registered office

40-41 Great Marlborough Street
London
W1F 7JQ

Bankers

Lloyds TSB Bank plc
Corporate Banking Account Services
PO Box 72
Gillingham Business Park
Gillingham
ME8 0LS

Solicitors

Travers Smith LLP
10 Snow Hill
London
EC1A 2AL

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
1 Embankment Place
London
WC2N 6RH

Directors' report

The directors present their report and the audited financial statements of the company for the year ended 31 December 2012

Principal activities

The company is the holding company of Mill Acquisitions 2 Limited which is the holding company for Mill Acquisitions Inc

Business review

The results for the financial year are set out in the profit and loss account on page 5. The company's loss for the financial year is £1,431 (2011: £1,375,165). The directors do not recommend the payment of a dividend (2011: £nil).

The directors' report has been prepared in accordance with section 417 of the Companies Act 2006.

Principal risks and uncertainties facing the business

The company has non-Sterling denominated loans with other undertakings in the group. The directors monitor and manage the exposures on these items on a group basis.

Going concern

The company has net liabilities, and is reliant on the parent company Badger Holdco Limited to provide support for meeting its liabilities on an ongoing basis as they fall due.

Directors

The following directors held office during the year, and up to the date of signing of the financial statements:

Patrick Joseph
Robin Shenfield
Michael Wolfson
Michael Smallwood (resigned 27 April 2012)

The parent of the company indemnifies the directors under a qualifying third party provision by maintaining a directors and officers liability insurance policy.

Directors' report *(continued)*

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' 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 prepared 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 judgements 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 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.

Statement of disclosure of information to auditors

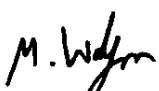
In the case of each director in office at the date the directors' report is approved, the following applies:

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

Independent auditors

In accordance with Section 485(1) of the Companies Act 2006, a resolution for the re-appointment of PricewaterhouseCoopers LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

On behalf of the Board


Michael Wolfson
Director

40-41 Great Marlborough Street
London
W1F 7JQ

30 April 2013

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MILL ACQUISITIONS 1 LIMITED

We have audited the financial statements of Mill Acquisitions 1 Limited for the year ended 31 December 2012 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. 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).

Respective responsibilities of directors and auditors

As explained more fully in the Statement of directors' responsibilities set out on page 3 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.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 annual report and financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our 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 31 December 2012 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.

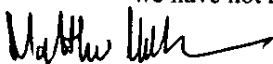
Opinion on other matter prescribed by the Companies Act 2006

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.



Matthew Mullins (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
30 April 2013

Profit and loss account
for the year ended 31 December 2012

	Notes	Year ended 31 December 2012 £000	Year ended 31 December 2011 £000
Administrative expenses		(1)	(340)
Operating loss	2	(1)	(340)
Interest receivable and similar income	3	-	105
Interest payable and similar charges	4	-	(1,140)
Loss on ordinary activities before taxation		(1)	(1,375)
Tax on loss on ordinary activities	5	-	-
Loss for the financial year	11	(1)	(1,375)

All results derived from continuing operations

There is no material difference between the loss on ordinary activities before taxation and the loss for the financial years stated above and their historical cost equivalents

The company has no recognised gains or losses for the current and preceding financial year other than those included in the profit and loss account and therefore no statement of total recognised gains and losses has been presented

Balance sheet
as at 31 December 2012

	Note	2012 £000	2011 £000
Fixed assets			
Investments	6	14,454	14,454
			<u>14,454</u>
Current assets			
Debtors	7	5,871	5,872
		<u>5,871</u>	<u>5,872</u>
Creditors: amounts falling due within one year	8	(113)	(113)
Net current assets		5,758	5,759
Total assets less current liabilities		20,212	20,213
Creditors: amounts falling due after more than one year	9	(28,578)	(28,578)
Net liabilities		(8,366)	(8,365)
Capital and reserves			
Called up share capital	10	31	31
Share premium account	11	2,652	2,652
Profit and loss account	11	(11,049)	(11,048)
Total shareholders' deficit	12	(8,366)	(8,365)

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

These financial statements on pages 5 to 12 were approved by the board of directors on 30 April 2013 and were signed on its behalf by



Michael Wolfson
Director

40-41 Great Marlborough Street
London
W1F 7JQ

30 April 2013

Notes to the financial statements

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements

Basis of preparation

The financial statements are prepared under the historical cost convention on a going concern basis and in accordance with applicable accounting standards in the United Kingdom and with the Companies Act 2006

Under Financial Reporting Standard 1 (revised 1996) the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements

As the company is a wholly owned subsidiary of Badger Holdco Limited, the company has taken advantage of the exemption contained in Financial Reporting Standard 8 and has therefore not disclosed transactions or balances with entities which form part of the group. The consolidated financial statements of Badger Holdco Limited, within which this company is included, can be obtained from the address given in note 16

The company is exempt by virtue of Section 400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the company as an individual undertaking and not about its group

Going concern

Mill Acquisition 1 Limited is reliant on the parent company, Badger Holdco Limited, to provide support in meeting its liabilities on an ongoing basis as they fall due

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by Financial Reporting Standard 19, "Deferred tax"

Fixed asset investments

Investments in subsidiary undertakings are stated at cost less provision for any impairment

Deal costs

Deal costs arising on acquisitions, which relate directly to the issue of shares are charged against share premium arising on the issue. Deal costs arising on the arrangement of funding are capitalised and charged to the profit and loss account over the life of the debt arrangement. The net book value is offset against the related borrowing

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account

Notes to the financial statements *(continued)*

2 Operating loss

	Year ended 31 December 2012 £000	Year ended 31 December 2011 £000
<i>Operating loss is stated after charging.</i>		
Other expenses – issue of new growth shares	-	-
Exceptional items	-	340
Auditors' remuneration		
Fees payable to the company's auditor for other services		
Services relating to corporate finance transactions entered into by or on behalf of the company or any of its associates	-	24
	<hr/>	<hr/>

The exceptional costs incurred in the prior year of £340,000 relate to costs associated with the acquisition on 18 April 2011. The costs were treated in the profit and loss account as exceptional items within operating profit given their non-recurring nature.

Fees payable to the Company's auditor for audit services amount to £4,375 (2011 £ 5,500). These were paid on behalf of the company by The Mill (Facility) Limited.

3 Interest receivable and similar charges

	Year ended 31 December 2012 £000	Year ended 31 December 2011 £000
Interest receivable on amounts owed by group undertakings	-	105
	<hr/>	<hr/>

4 Interest payable and similar charges

	Year ended 31 December 2012 £000	Year ended 31 December 2011 £000
Dividends payable on preference shares	-	1,140
	<hr/>	<hr/>

Dividends payable on preference shares are treated as interest, given the preference shares were classified as debt in accordance with FRS25.

Notes to the financial statements (continued)

5 Tax on loss on ordinary activities

Analysis of charge in year

	2012 £000	2011 £000
<i>UK corporation tax</i>		
Current tax on income for the year	-	-
Total current tax	-	-
Deferred tax		
Origination/(reversal) of timing differences	-	-
Tax on loss on ordinary activities		

Factors affecting the tax charge for the current year

The current tax charge for the year is higher (2011 higher) than the standard rate of corporation tax in the United Kingdom 24.5% (2011 26.5%). The differences are explained below

	2012 £000	2011 £000
<i>Current tax reconciliation</i>		
Loss on ordinary activities before taxation	(1)	(1,375)
Loss on ordinary activities multiplied by the standard UK tax rate of 24.5% (2011 26.5%)	-	(364)
<i>Effects of</i>		
Expenses not deductible for tax purposes	-	324
Group relief	-	40
Total current tax charge (see above)	-	-

Factors affecting the tax charge for future years

In March 2012, the UK Government announced a reduction in the standard rate of UK corporation tax to 24% effective 1 April 2012 and to 23% effective 1 April 2013. These rate reductions became substantively enacted in March 2012 and July 2012, respectively.

The UK Government has also proposed changes to further reduce the standard rate of UK corporation tax to 21% effective 1 April 2014, but this change has not yet been substantively enacted.

The effect of this tax rate reduction on the deferred tax balance will be accounted for in the period in which the rate reduction is substantively enacted.

Notes to the financial statements (continued)

6 Investments

	Shares in subsidiary undertaking £000
<i>Cost and book value at 1 January 2012 and 31 December 2012</i>	Mill Acquisitions 2 Limited 14,454

A list of the subsidiaries acquired and held at the period-end, either directly or indirectly(*), is set out below

Name of undertaking	Country of incorporation	Principal activity
Mill Acquisitions 2 Limited	England and Wales	Holding company
Mill Acquisitions Incorporated (*)	United States of America	Holding company
The Mill Group Inc (*)	United States of America	Commercials post digital production
Beam TV Incorporated (*)	United States of America	Online viewing, archiving and delivery for commercials

In the opinion of the directors the investments in, and amounts due from subsidiary undertakings are worth at least the amounts at which they were stated in the balance sheet

7 Debtors

	2012 £000	2011 £000
Amount owed by group undertakings	5,871	5,872
	5,871	5,872

Amounts owed by group undertaking are unsecured, have no fixed date of repayment and are repayable on demand

8 Creditors: amounts falling due within one year

	2012 £000	2011 £000
Other creditors	113	113
	113	113

Notes to the financial statements (continued)

9 Creditors: amounts falling due after more than one year

	2012 £000	2011 £000
Intercompany loan creditor	28,578	28,578
	<u>28,578</u>	<u>28,578</u>
	2012 £000	2011 £000
In more than one year, but not more than two years	-	-
In more than five years	28,578	28,578
	<u>28,578</u>	<u>28,578</u>

The Group has granted a fixed and floating charge over its assets in favour of the group's bankers in relation to the bank term loans. There is no security provided on loans from related parties.

Bank term loan repayments within one year are March and September 2013 and the interest charged on the A loans is LIBOR + 3.75%, the B loans is LIBOR + 4.5%.

10 Called up share capital

	£0.01 'A' Ordinary shares		£0.01 'B' Ordinary shares		Total	
	No	£	No	£	No	£
<i>Allotted, called up and fully paid</i>						
At 1 January and 31 December 2012	1,675,334	16,753	450,249	4,501	1,000,000	10,000
	<u>1,675,334</u>	<u>16,753</u>	<u>450,249</u>	<u>4,501</u>	<u>1,000,000</u>	<u>10,000</u>

11 Reserves

	Share Premium account £000	Profit and loss account £000
At 1 January 2012	2,652	(11,048)
Loss for the financial year	-	(1)
	<u>2,652</u>	<u>(11,049)</u>
At 31 December 2012	2,652	(11,049)

Notes to the financial statements *(continued)*

12 Reconciliation of movements in total shareholders' deficit

	2012 £000	2011 £000
Loss for the financial year	(1)	(1,375)
Opening total shareholders' deficit	(8,365)	(6,990)
	<hr/>	<hr/>
Closing total shareholders' deficit	(8,366)	(8,365)
	<hr/>	<hr/>

13 Commitments

There were no outstanding capital commitments at the end of the financial year (2011 £nil)

14 Contingent liabilities

The Company has granted a fixed and floating charge over its assets in favour of the Group's bankers as part of the Badger Holdco Limited group's funding arrangements. As at 31 December 2012, the amount owed to the bank by the group was £46,509,000 (2011 £54,178,000)

15 Employee information / Directors' emoluments

There were no employees in the year (2011 none). No remuneration was paid to the directors during the year for services to the company (2011 £nil)

16 Ultimate parent company and controlling party

At 31 December 2012, the company's immediate parent company is Badger USA Inc and ultimate parent company is Badger Holdco Limited, a company incorporated in England and Wales

The largest group in which the results of the company are consolidated is that headed by Badger Holdco Limited. The consolidated financial statements of this company are available to the public and may be obtained from Badger Holdco Limited, 40-41 Great Marlborough Street, London, W1F 7JQ. No other group financial statements include the results of the company.

The ultimate controlling party is Equistone Europe Partners LLP, which manages various funds holding 65.56% of the current issued equity share capital of Badger Holdco Limited.