

Registered number: 06525088

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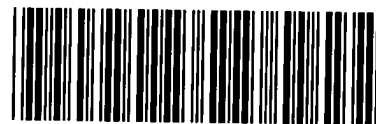
**INGENIOUS MEDIA HOLDINGS LIMITED**  
**(Formerly known as Ingenious Media Holdings PLC)**

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**GROUP ANNUAL REPORTS AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2016**

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## INGENIOUS MEDIA HOLDINGS LIMITED

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### COMPANY INFORMATION

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**Directors**  
N A Forster  
P A McKenna (Chief Executive)  
D M Reid  
P M Shawyer

**Company secretaries**  
S J Cruickshank  
J F Wright

**Registered number** 06525088 (England and Wales)

**Registered office**  
15 Golden Square  
London  
W1F 9JG

**Business address**  
15 Golden Square  
London  
W1F 9JG

**Independent auditor**  
Deloitte LLP  
Statutory Auditor  
Hill House  
1 Little New Street  
London  
EC4A 3TR

**Bankers**  
Barclays Bank PLC  
1 Churchill Place  
London  
E14 5HP

Natwest Bank  
135 Bishopgate  
London  
EC2M 3UR

Clydesdale Bank  
30 St. Vincent Place  
Glasgow  
G1 2HL

Metro Bank  
1 Southampton Row  
London  
WC1B 5HA

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## INGENIOUS MEDIA HOLDINGS LIMITED

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### CONTENTS

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	Page
Group Strategic Report	1 - 2
Directors' Report	3 - 4
Independent Auditor's Report	5 - 6
Group Profit and Loss Account	7
Group Balance Sheet	8
Company Balance Sheet	9
Group Statement of Changes in Equity	10
Company Statement of Changes in Equity	11
Group Statement of Cash Flows	12
Notes to the Financial Statements	13 - 40

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## INGENIOUS MEDIA HOLDINGS LIMITED

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### GROUP STRATEGIC REPORT FOR THE YEAR ENDED 30 JUNE 2016

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The Group Strategic Report has been prepared for Ingenious Media Holdings Limited ("the Company"), formerly known as Ingenious Media Holdings PLC, and the Ingenious Media Holdings Limited group of companies ("the Group") for the year ended 30 June 2016.

On 12 June 2017, the Company re-registered from a public company to a private company limited by shares. As at 30 June 2016, the Company was known as Ingenious Media Holdings PLC.

#### **Principal activity and review of the business**

The principal activities of the Group include managing its remaining investment activities and using its net assets to provide lending facilities to the media, real estate and infrastructure sectors. The primary subsidiaries and other undertakings included within the Group results are those listed in note 10 to the financial statements.

The Group generated a loss after tax of £54,036k, which includes a provision for tax (£37,292k) and related interest (£17,977k) based on the outcome of the First-tier Tax Tribunal decision (refer note 9). The net assets of the Group at year end after taking into account these additional provisions were £63,147k.

The directors believe that further key performance indicators for the Group are not necessary or appropriate for an understanding of the development, performance or position of the business.

#### **Principal risks and uncertainties**

The Group actively manages risks and uncertainties facing its business by undertaking regular strategic reviews. The principal risks identified are those relating to the national and global economy and changes to the regulatory environment governing investment business. Damage to reputation and competitive pressure are also continuing risks for the Group. The Group seeks to mitigate these risks through the rigorous selection and training of its people, and building and maintaining of strong relationships with clients and other key stakeholders.

#### **Dividends**

The results for the year are set out on page 7.

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

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## INGENIOUS MEDIA HOLDINGS LIMITED

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### GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2016

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#### Financial instruments and risk management

The Group operates a treasury function which is responsible for managing the liquidity, interest rate, credit and business risks associated with the Group's activities.

The Group's principal financial instruments include cash and loans relating to the Group's operations. The most important components of financial risk are:

##### (a) Liquidity risk

The Group manages its cash and borrowing requirements in order to maximise returns, whilst ensuring the Group has sufficient liquid resources to meet the operating needs of the business as well as the regulatory capital requirements as laid down by the Financial Conduct Authority.

##### (b) Interest rate risk

The Group is exposed to movements in interest rates in respect of its borrowings and deposit balances as well as on the loans it provides.

##### (c) Credit risk

The Group regularly reviews its treasury management strategy based upon all available information. Where loans are provided in the normal course of business, credit reviews are undertaken.

##### (d) Currency risk

The Group is exposed to currency risk on its foreign currency transactions. Foreign currency forward contracts are used as a foreign currency hedge when the Group has an obligation to pay or receive a foreign currency amount at some point in the future.

##### (e) 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 9 for further details.

#### Future developments

The Group intends to continue providing investment and advisory services to the media and entertainment, real estate, and infrastructure industries.

Approved by the board of directors and signed on its behalf by:



**N A Forster**  
Director

Date: 26 April 2018

Registered office:  
15 Golden Square,  
London,  
W1F 9JG

Company registration number: 06525088 (England and Wales)

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## INGENIOUS MEDIA HOLDINGS LIMITED

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### DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2016

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The directors present their annual report, together with the financial statements and the auditor's report, for the year ended 30 June 2016.

#### Directors' responsibilities statement

The directors are responsible for preparing the Group annual reports and 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 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 financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Group'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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group 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 the Group and to 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements and other information included in the Directors' Report may differ from legislation in other jurisdictions.

#### Directors

The directors who served during the year and subsequently were as follows:

N A Forster  
P A McKenna  
D M Reid  
P M Shawyer  
J L Boyton (resigned 19 June 2016)

#### Directors' remuneration

Directors' remuneration is disclosed in note 6 to the financial statements.

#### Going concern

The Group's business activities including the impact of the First-tier Tax Tribunal (the "Tribunal") and Partner Payment Notices ("PPNs") (as further explained in notes 9 and 27), as well as the civil claims (refer to note 26), have been reviewed by the directors.

Having assessed these risks including those set out in the Group Strategic Report, its financial position, and profit and cash flow forecasts, the directors intend to continue operating its business. The going concern basis of accounting is appropriate and further details regarding the adoption of the going concern basis can be found in note 1 of the financial statements.

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## INGENIOUS MEDIA HOLDINGS LIMITED

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

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#### Creditors payment policy

The Group does not follow a specific code or standard on payment of creditors. The Group 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. Trade creditors of the Group at 30 June 2016 were equivalent to 29 (2015: 16) days' purchases.

#### Charitable contributions

During the year the Group made charitable donations of £730,312 (period ended 30 June 2015: £200,153).

#### Provision 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.

#### Auditor

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 auditor is 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 auditor is 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.

In the absence of a notice proposing that the appointment be terminated, the auditor, Deloitte LLP, will be deemed to be re-appointed in accordance with section 487(2) of the Companies Act 2006.

Approved by the board of directors and signed on its behalf by:



**N A Forster**  
Director

Date: 26 April 2018

Registered office:  
15 Golden Square,  
London,  
W1F 9JG

Company registration number: 06525088 (England and Wales)

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## INGENIOUS MEDIA HOLDINGS LIMITED

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

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We have audited the financial statements of Ingenious Media Holdings Limited (formerly known as Ingenious Media Holdings PLC) for the year ended 30 June 2016 which comprise the Group Profit and Loss Account, the Group and Company Balance Sheets, the Group and Company Statements of Changes in Equity, the Group Cash Flow Statement and the related notes 1 to 28. 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), including FRS 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 our 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, 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.

#### 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 Group's and 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 reports 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 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 Group's and the Company's affairs as at 30 June 2016 and of the Group's 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.



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## INGENIOUS MEDIA HOLDINGS LIMITED

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

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#### Emphasis of matter

Without qualifying our opinion, we draw the attention to the disclosures made in notes 1 and 2 concerning the outcome of the tax tribunal case and consequential impact on the carrying value of assets and liabilities of subsidiaries.

As described in note 9, certain subsidiaries of the Group have invested in partnerships which have been the subject of cases before the First-tier Tax Tribunal. Both HMRC and the partnerships have been granted permission to appeal, and as a result, the eventual outcome of the tax cases remains uncertain and the provision recognised in the financial statements is the directors' best estimate of the amount required to settle the obligation at the reporting date based on the latest Tribunal decision. Some of the subsidiaries that have invested in the partnerships have been issued with Partner Payment Notices by HMRC. Subject to the outcome of the judicial review of the PPN determinations, the subsidiaries at risk may be unable to settle their PPNs which may cast significant doubt about the ability of the subsidiaries at risk to continue as a going concern and therefore realise their assets and discharge their liabilities in the normal course of business. However, the subsidiaries at risk have limited recourse to Ingenious Media Holdings Limited (the "Company") and on this basis, the directors of the Company have concluded that it is appropriate to prepare the Group financial statements on a going concern basis. If some or all of the subsidiaries at risk were not a going concern, or if the ultimate outcome of the tax cases were in HMRC's favour, adjustments might be required to the consolidated financial statements. The financial statements do not give details of these potential adjustments as it is not practicable to quantify them.

#### Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

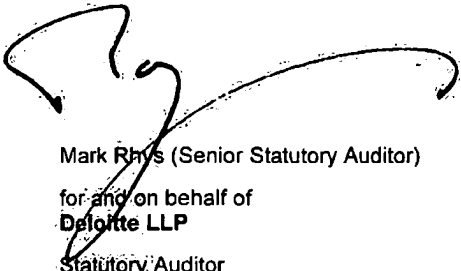
- the information given in the Group Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and the Company and their environment obtained in the course of the audit, we have not identified any material misstatements in the Group Strategic Report or the Directors' Report.

#### 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.



Mark Rhys (Senior Statutory Auditor)

for and on behalf of

Deloitte LLP

Statutory Auditor

Hill House  
1 Little New Street  
London

EC4A 3TR  
Date: 26 April 2018

**INGENIOUS MEDIA HOLDINGS LIMITED**

**GROUP PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 30 JUNE 2016**

	Note	Year ended 30 June 2016 £'000	Period ended 30 June 2015 £'000
Turnover		56,946	89,534
Cost of sales		(16,509)	(31,657)
<b>Gross profit</b>		<b>40,437</b>	<b>57,877</b>
Administrative expenses		(41,574)	(55,271)
Other operating income/(expense)		994	(879)
<b>Operating (loss)/profit</b>	<b>4</b>	<b>(143)</b>	<b>1,727</b>
Share of profit from partnerships		167	198
(Loss)/profit from other interests		(565)	650
Interest receivable and similar income	<b>7</b>	454	202
Interest payable and similar charges	<b>8</b>	(18,649)	(1,151)
<b>(Loss)/profit on ordinary activities before taxation</b>		<b>(18,736)</b>	<b>1,626</b>
Taxation	<b>9</b>	(35,300)	(3,359)
<b>Loss on ordinary activities after taxation</b>		<b>(54,036)</b>	<b>(1,733)</b>
<b>Loss for the year/period attributable to:</b>			
Minority interest	<b>20</b>	-	(178)
Owners of the parent		(54,036)	(1,733)
<b>Loss for the financial year/period</b>		<b>(54,036)</b>	<b>(1,911)</b>

The notes to the financial statements on pages 13 to 40 form an integral part of these financial statements.

All of the Group's turnover and operating profit is derived from continuing operations during the current year.

During the prior period, turnover derived from continuing and discontinuing operations were £82,989k and £6,545k, respectively, and operating profit derived from continuing and discontinuing operations were £1,387k and £340k, respectively.

There were no other income/gains or losses and as such no statement of comprehensive income is presented.

**INGENIOUS MEDIA HOLDINGS LIMITED**  
**REGISTERED NUMBER: 06525088**

**GROUP BALANCE SHEET**  
**AS AT 30 JUNE 2016**

	Note	2016 £'000	2015 £'000
<b>Fixed assets</b>			
Investments	10	802,173	1,376,584
Intangible assets	11	37	-
Tangible fixed assets	12	1,280	768
		<u>803,490</u>	<u>1,377,352</u>
<b>Current assets</b>			
Debtors: amounts falling due after more than one year	13	25,151	211,426
Debtors: amounts falling due within one year	13	87,177	79,821
Cash at bank and in hand		52,451	54,886
		<u>164,779</u>	<u>346,133</u>
Creditors: amounts falling due within one year	14	(62,682)	(34,004)
<b>Net current assets</b>		<u>102,097</u>	<u>312,129</u>
<b>Total assets less current liabilities</b>		<u>905,587</u>	<u>1,689,481</u>
Creditors: amounts falling due after more than one year	15	(803,237)	(1,548,328)
Provisions	17	(39,203)	(23,970)
<b>Net assets</b>		<u><u>63,147</u></u>	<u><u>117,183</u></u>
<b>Capital and reserves</b>			
Called up share capital	18	154	154
Merger reserve	19	(149,945)	(149,945)
Profit and loss account		212,938	266,974
<b>Shareholders' funds</b>		<u><u>63,147</u></u>	<u><u>117,183</u></u>

The notes to the financial statements on pages 13 to 40 form an integral part of these financial statements.

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



**N A Forster**  
Director

Date: 26 April 2018

Company registration number: 06525088 (England and Wales)

**INGENIOUS MEDIA HOLDINGS LIMITED**  
**REGISTERED NUMBER: 06525088**

**COMPANY BALANCE SHEET**  
**AS AT 30 JUNE 2016**

	Note	2016 £'000	2015 £'000
<b>Fixed assets</b>			
Investments	10	-	32,888
		<u>-</u>	<u>32,888</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	13	63,100	84,236
Cash at bank and in hand		52	64
		<u>63,152</u>	<u>84,300</u>
Creditors: amounts falling due within one year	14	(5)	(5)
<b>Net current assets</b>		<u>63,147</u>	<u>84,295</u>
<b>Total assets less current liabilities</b>		<u>63,147</u>	<u>117,183</u>
<b>Net assets</b>		<u>63,147</u>	<u>117,183</u>
<b>Capital and reserves</b>			
Called up share capital	18	154	154
Profit and loss account		62,993	117,029
<b>Shareholders' funds</b>		<u>63,147</u>	<u>117,183</u>

The notes to the financial statements on pages 13 to 40 form an integral part of these financial statements.

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



**N A Forster**  
Director

Date: 26 April 2018

Company registration number: 06525088 (England and Wales)

**INGENIOUS MEDIA HOLDINGS LIMITED**

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

	Called up share capital £'000	Merger reserve £'000	Profit and loss account £'000	Equity attributable to owners of the parent company £'000	Minority interest £'000	Total equity £'000
<b>At 1 April 2014</b>	154	(149,945)	274,063	124,272	607	124,879
Loss for the period	-	-	(1,911)	(1,911)	178	(1,733)
Amounts withdrawn by members	-	-	(208)	(208)	-	(208)
Dividend in specie (as a result of the demerged business)	-	-	(4,970)	(4,970)	-	(4,970)
Demerger of Ingenious Asset Management Holdings Limited and subsidiaries	-	-	-	-	(785)	(785)
<b>At 30 June 2015</b>	154	(149,945)	266,974	117,183	-	117,183
Loss for the year	-	-	(54,036)	(54,036)	-	(54,036)
<b>At 30 June 2016</b>	154	(149,945)	212,938	63,147	-	63,147

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**INGENIOUS MEDIA HOLDINGS LIMITED**

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

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	<b>Called up share capital £'000</b>	<b>Profit and loss account £'000</b>	<b>Total equity £'000</b>
<b>At 1 April 2014</b>	154	234,253	234,407
Loss for the period	-	(117,224)	(117,224)
<b>At 30 June 2015</b>	154	117,029	117,183
Loss for the year	-	(54,036)	(54,036)
<b>At 30 June 2016</b>	154	62,993	63,147

**INGENIOUS MEDIA HOLDINGS LIMITED**

**GROUP STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2016**

	<b>2016 £'000</b>	<b>2015 £'000</b>
<b>Cash flows from operating activities</b>		
Operating (loss)/profit on ordinary activities before taxation	(143)	1,727
<b>Adjustments for:</b>		
Amortisation of intangible assets (note 11)	2,506	3,688
Depreciation of tangible assets (note 12)	357	904
Provision for impairment of fixed asset investments (note 10)	559,136	22,062
Decrease in debtors	196,806	41,363
Decrease in creditors	(742,912)	(52,466)
Corporation tax paid	(5,553)	(3,601)
<b>Net cash generated from operating activities</b>	<b>10,197</b>	<b>13,677</b>
<b>Cash flows from investing activities</b>		
Payments to acquire tangible and intangible fixed assets (notes 11 and 12)	(906)	(783)
Acquired rights (note 11)	(2,506)	(3,254)
Amounts received from partnerships and other investments	4,947	7,114
Purchase of other investments	-	(33,974)
Demerger of subsidiary undertaking (net of cash received)	-	(13,947)
Investment in partnerships and other investments	-	(12,413)
Disposal/returns of financial investments (note 10)	9,930	28,348
Interest received (note 7)	454	202
<b>Net cash from/(used in) investing activities</b>	<b>11,919</b>	<b>(28,707)</b>
<b>Cash flows from financing activities</b>		
Bank loans	(5,755)	(12,736)
Other loans	(18,124)	28,885
Equity dividends paid and amounts withdrawn by members	-	(208)
Interest paid (note 8)	(672)	(1,151)
<b>Net cash (used in)/generated from financing activities</b>	<b>(24,551)</b>	<b>14,790</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(2,435)</b>	<b>(240)</b>
Cash and cash equivalents at beginning of year/period	54,886	55,126
<b>Cash and cash equivalents at the end of year/period</b>	<b>52,451</b>	<b>54,886</b>
<b>Cash and cash equivalents at the end of year/period comprise:</b>		
Cash at bank and in hand	52,451	54,886

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## INGENIOUS MEDIA HOLDINGS LIMITED

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

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#### 1. Accounting policies

The principal accounting policies are summarised below. They have been applied consistently throughout the current year and prior period.

##### 1.1 General information and basis of accounting

Ingenious Media Holdings Limited is a company incorporated in England and Wales under the Companies Act. Its place of business and head office address is 15 Golden Square, London, W1F 9JG. The nature of the Group and Company's operations and principal operating activity are set out in the Group Strategic Report on pages 1 and 2.

- As at 30 June 2016, the Company was known as Ingenious Media Holdings PLC. On 12 June 2017, the Company re-registered from a public company to a private company limited by shares.

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

The functional currency of the Group is considered to be pound sterling which is the currency of the primary economic environment in which the Group operates. Foreign currency transactions are included in accordance with the policies set out below.

##### 1.2 Accounting period

During the prior period the Group changed its financial year end from 31 March to 30 June to align with Group accounting policy. Comparative figures are stated as at 30 June 2015 for the 15 month period ended as at that date.

Subsequently, the financial year end was shortened from 30 June 2016 to 29 June 2016, and then from 29 June 2016 to 28 June 2016, and finally from 28 June 2016 to 27 June 2016. The Group has taken advantage of section 390(3)(b) of the Companies Act 2006 in preparing these financial statements to 30 June 2016 which is within seven days of the Company's 27 June 2016 accounting reference period end.

##### 1.3 Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Group Strategic Report. The Group Strategic Report on pages 1 and 2 describes the Group's objectives, policies, its financial risk management objectives; and its exposure to business, credit, liquidity and interest rate risk.

The Group's and the Company's business activities including the impact of the Tribunal and PPNs (as further explained in notes 9 and 27), as well as the civil claims (see note 26), have been reviewed by the directors.

The directors of the Group have prepared cash flow forecasts for 12 months following approval of these financial statements assuming a range of operational transactions. Having assessed the risks facing the business as set out in the Directors' Report, its financial position and profit and cashflow forecasts, the directors believe that the Group is well placed to manage its business successfully. In forming this view, the directors have considered the fact that there is limited recourse to the Company by the subsidiaries at risk as defined in note 9. Accordingly, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and have therefore concluded that it is appropriate to prepare these financial statements on a going concern basis. If some or all of the subsidiaries at risk were not a going concern, or if the ultimate outcome of the Tribunal were in the favour of HMRC's claim, adjustments might be required to the consolidated financial statements. The financial statements do not give details of these potential adjustment as it is not practicable to quantify them.



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## INGENIOUS MEDIA HOLDINGS LIMITED

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

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#### 1. Accounting policies (continued)

##### 1.4 Basis of consolidation

The financial statements represent the consolidated accounts of the Company and of each of its subsidiary and associated undertakings. The results of subsidiary undertakings acquired during the financial year are included from the date on which control passes and are accounted for under the acquisition method unless otherwise noted.

The Profit and Loss Account of the Company is not included in the financial statements as permitted by section 408 of the Companies Act 2006.

##### 1.5 Turnover

Turnover represents amounts receivable for services net of Value Added Tax and is derived from the Group's principal activity. Turnover from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the value of the consideration.

##### 1.6 Leased assets

Rentals payable under operating leases are charged against income on a straight-line basis over the lease term.

##### 1.7 Taxation

Current tax, including United Kingdom corporation 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 tax is provided in full on timing differences which 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 the 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.

##### 1.8 Pension

The pension costs charged in the financial statements represent the defined contributions payable by the Group during the year/period on an accruals basis.

##### 1.9 Foreign currencies

Transactions denominated in foreign currencies are translated into pound sterling at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the Balance Sheet date. Exchange differences are taken to the Profit and Loss Account.

##### 1.10 Intangible assets - website

The website is recorded at cost less accumulated amortisation. Website costs are amortised to the Profit and Loss Account over a 3 year period.

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## INGENIOUS MEDIA HOLDINGS LIMITED

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

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#### 1. Accounting policies (continued)

##### 1.11 Intangible assets - acquired rights

Where the rights to future film receipts are acquired from ordinary members in film partnerships, an intangible asset arises representing the value of payments owing from those members. The intangible asset is amortised to the Profit and Loss Account on a systematic basis to match against the income generated by the acquisition.

##### 1.12 Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment.

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life:

Short leasehold land and buildings	In equal instalments over the remaining period of the lease
Fixtures, fittings and equipment	10% - 33% of cost

##### 1.13 Fixed asset investments

###### *Interest in partnerships*

Fixed asset investments in partnerships are held at cost adjusted for allocated profit and drawings. The allocated partnership's profit or loss is included within the Group Profit and Loss Account.

###### *Other investments and loans*

Other investments and loans are stated at cost less impairment.

##### 1.14 Long-term contracts

Amounts recoverable on long-term contracts, which are included in debtors, are stated at the net sales value of the work performed less amounts received as progress payments on account. Excess progress payments are included in creditors as payments on account.

Profit is recognised on long-term contracts, if the final outcome can be assessed with reasonable certainty, by including in the Profit and Loss Account turnover and related costs as contract activity progresses. Turnover is calculated by reference to the value of work performed to date as a proportion of the total contract value. Provision is made for the full amount of foreseeable losses on contracts.

##### 1.15 Trade loans

Trade loans entered into are recorded at the full extent of their legal liability at the date that the loan agreement was signed, less any repayments to date.

##### 1.16 Bank borrowings

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges are accounted for on an accruals basis in the Profit and Loss Account using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

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## INGENIOUS MEDIA HOLDINGS LIMITED

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

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#### 1. Accounting policies (continued)

##### 1.17 Financial instruments

Financial assets and liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

##### *Financial assets and liabilities*

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets as classified as fair value through profit and loss, which are initially measured at fair value.

Financial assets and liabilities are only offset in the Balance Sheet when, and only when there exists a legally enforceable right to set off the recognised amounts and the Group intends to either settle on a net basis, or to realise the asset and liability simultaneously.

Debt instruments which meet the conditions of being 'basic' financial instruments as defined in FRS 102.11.9 are subsequently measured at amortised cost using the effective interest method. Debt instruments that have no stated interest rate (and do not constitute financing transactions) and are classified as payable or receivable within one year are initially measured at an undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment. Other debt instruments not meeting the conditions being 'basic' financial instruments are measured at fair value through profit or loss.

##### 1.18 Investment in jointly controlled operations and jointly controlled assets

Ingenious Media Services Limited, a wholly owned subsidiary of Ingenious Media Limited, has entered into a series of agreements with various Limited Liability Partnerships ("the LLPs"), to source and undertake various activities on the LLPs' behalf. The LLPs maintain a right of approval over any such activities and also over the use of such funds advanced until suitable opportunities arise. The risks and rewards of the activities conducted rest with the LLPs.

In the opinion of the directors each of the above arrangements constitute jointly controlled operations and jointly controlled assets, as defined by FRS 102 Section 15 Investments in Joint Ventures. Accordingly all transactions entered into by Ingenious Media Services Limited under these agreements are not recorded within the Group's financial statements but in the LLPs' accounts to reflect the substance of those transactions.

##### 1.19 Film finance leases

In accordance with FRS 102 Section 20 Leases, the amount due from the lessee under finance leases is recorded in the Balance Sheet as a debtor at the amount of the net investment in the lease, less provision for any items such as bad and doubtful rentals receivable.

##### 1.20 Merger reserve

The merger reserve was created due to a reorganisation of the Group in a previous period. The Group reorganisation was accounted for using merger accounting principles in order to meet the overriding requirement under section 277(6) of the Companies Act 1985 for financial statements to present a true and fair view.

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## INGENIOUS MEDIA HOLDINGS LIMITED

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

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#### 2. Judgements in applying accounting policies and key sources of estimation uncertainty

In the application of the Group's and Company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

#### **Critical accounting judgements in applying the accounting policies**

The following are the critical judgements that the directors have made in the process of applying the accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Aside from the estimated tax liability, impairment of investments and estimated fair value of non basic financial liabilities noted below, there were no other key sources of estimation uncertainty in the Group.

#### **Impairment of assets and fair value through profit and loss**

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

##### *Non-financial assets:*

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

##### *Financial assets:*

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

The Group holds financial assets and financial liabilities in the form of non basic debt instruments where the repayment obligation of the loans are restricted to the film receipts collected by some underlying partnerships (the "S&L partnerships") when they entered into sale and leaseback investments, and are therefore valued at fair value through profit and loss in accordance with FRS 102 section 12. The Group also holds financial assets in the form of equity investments into some of the S&L partnerships which have been financed by the above mentioned debt instruments. These equity investments are valued by the Group at cost less impairment in accordance with FRS 102 section 11.

Because there is evidence that the value of the film assets (and therefore of the related loans) has fallen due to the commercial performance of the underlying films being less than anticipated, management have subsequently re-measured the assets and the related loan liabilities. When performing their impairment assessment of the equity investments and fair value of the debt instruments, management have taken into account the performance to date of the underlying film assets and the future cash flows expected to arise based on each film lease schedule.

# INGENIOUS MEDIA HOLDINGS LIMITED

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

### 2. Judgements in applying accounting policies and key sources of estimation uncertainty (continued)

The carrying amount of the consolidated equity and debt instruments in the S&L partnerships at the balance sheet date was £26,555k after an adjusting loss of £728,967k was recognised during the year ended 30 June 2016. An equal and opposite adjusting gain of £728,967k was recognised through profit and loss during the year ended 30 June 2016 in order to adjust the corresponding financial liability to £26,555k.

#### Tax liability

In estimating the potential tax liability relating to the First-tier Tax Tribunal (refer to note 9), 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.

### 3. Turnover and revenue

In the opinion of the directors it would be seriously prejudicial to the interests of the Group to disclose this information.

### 4. Operating (loss)/profit

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

	Year ended 30 June 2016 £'000	Period ended 30 June 2015 £'000
Provision for impairment of fixed asset investments (see note 10)	559,136	22,062
Revaluation of non basic financial liabilities (see note 2)	(728,967)	-
Revaluation of non basic financial assets (see note 2)	183,663	-
Amortisation of intangible asset (see note 11)	2,506	3,688
Depreciation of tangible fixed assets (see note 12)	357	904
Operating lease rentals - land and buildings	1,414	1,784
Foreign exchange (gain)/loss	(881)	102
<b>Auditor remuneration</b>		
- Fees payable to the Company's auditor for the audit of the Company's annual financial statements	6	5
- Fees payable to the Group's auditor for the audit of the Group's subsidiaries pursuant to legislation	752	290
<b>Total audit fees</b>	<b>758</b>	<b>295</b>
<b>Other services</b>		
Other services	-	4
<b>Total non-audit fees</b>	<b>-</b>	<b>4</b>

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**INGENIOUS MEDIA HOLDINGS LIMITED**

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

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**5. Staff costs**

Group staff costs, including directors' remuneration (see note 6), were as follows:

	2016 £'000	2015 £'000
Wages and salaries	22,689	27,930
Social security costs	1,835	2,319
Other pension costs	64	80
	<u>24,588</u>	<u>30,329</u>

The average monthly number of employees (including directors) during the year/period was as follows:

	2016 No.	2015 No.
Office and administration staff	184	226
	<u>184</u>	<u>226</u>

**6. Directors' remuneration**

	2016 £'000	2015 £'000
Directors' emoluments	1,878	1,835
Company pension contributions to money purchase scheme	-	4
	<u>1,878</u>	<u>1,839</u>

The above pension contributions were paid into a personal pension scheme on behalf of one of the directors.

The highest paid director of the Group received remuneration of £797k (2015: £498k).

See also directors' current accounts in note 23.

**7. Interest receivable and similar income**

	Year ended 30 June 2016 £'000	Period ended 30 June 2015 £'000
Bank interest receivable	454	202

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**INGENIOUS MEDIA HOLDINGS LIMITED**

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

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**8. Interest payable and similar charges**

	<b>Year ended 30 June 2016 £'000</b>	<b>Period ended 30 June 2015 £'000</b>
Interest payable on bank overdrafts and bank loans	672	1,151
Interest on estimated tax liability	17,977	-
	<u>18,649</u>	<u>1,151</u>

**9. Taxation**

	<b>Year ended 30 June 2016 £'000</b>	<b>Period ended 30 June 2015 £'000</b>
<b>Corporation tax</b>		
UK corporation tax at 20% (2015: 21% for the period from 6 April 2014 to 31 March 2015 and 20% for the period from 1 April 2015 to 30 June 2015) based on the adjusted results for the year/period		3,750
UK corporation tax relating to Group relief withdrawn and film production losses denied	37,292	-
Adjustments in respect of prior years	(1,192)	192
<b>Current tax charge</b>	<u>36,100</u>	<u>3,942</u>
Deferred tax (credit)/charge for the year	(716)	9
Deferred tax adjustment in respect of prior years	(84)	(514)
Change in tax rate movement - credit		(78)
<b>Total tax charge for the year/period</b>	<u>35,300</u>	<u>3,359</u>

**INGENIOUS MEDIA HOLDINGS LIMITED**

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

**9. 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 - 21% for the period from 6 April 2014 to 31 March 2015 and 20% for the period from 1 April 2015 to 30 June 2015) based on the adjusted results for the year. The differences are explained below:

	Year ended 30 June 2016 £'000	Period ended 30 June 2015 £'000
Loss/(profit) on ordinary activities before tax	18,736	(1,626)
UK corporation tax at 20% (2015: 21% for the period from 6 April 2014 to 31 March 2015 and 20% for the period from 1 April 2015 to 30 June 2015) based on the adjusted results for the year/period	(3,747)	338
<b>Effects of:</b>		
Adjustments resulting from investment in film partnerships	30,639	(122)
Adjustments in respect of investment in associated LLPs	166	3,006
UK dividend income not taxable	-	(9)
Utilisation of tax losses brought forward	(442)	(142)
Expenses (not taxable)/not deductible for tax purposes	(29,373)	1,147
Income taxed at lower rates overseas	-	(33)
Transfer pricing adjustment (re: mark up on salaries and associated costs)	618	80
Timing differences in relation to capital allowances	(116)	13
Other short-term timing differences	141	(19)
Income of consolidated partnerships taxable on non-Ingenious members	(260)	(428)
Share of profit from associated company	(8)	(129)
Adjustments in respect of prior years	(1,276)	(323)
Impairment of investments	10	65
Effect of change in rate (income taxable/expenses deductible in particular period)	59	(85)
Group relief withdrawn and film production losses denied	37,292	-
Deferred tax derecognised on consolidation	409	-
Unrecognised tax losses carried forward	1,188	-
<b>Total tax charge for the year/period</b>	<b>35,300</b>	<b>3,359</b>

A potential deferred tax asset of £4.1m (period ended 30 June 2015: £0.44m) in respect of tax losses carried forward has not been recognised due to uncertainty over the availability of taxable profits in future accounting periods.



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## INGENIOUS MEDIA HOLDINGS LIMITED

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

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#### 9. Taxation (continued)

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 partnerships have challenged the basis on which the closure notices have been calculated, resulting in a hearing before the Tribunal. The initial decision of the Tribunal was delivered on 2 August 2016 and 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 had 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 indicated that it intends to hold an oral hearing to conclude on whether to grant permission to appeal on the remaining aspects of the only ground on which permission to appeal had 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 Group of £37,292k together with a liability for late paid interest of £17,977k based on the current Tribunal decision. These figures are subject to any future court decisions. As a result of this provision the Group has incurred a net loss of £54,036k during the year ended 30 June 2016. Refer to note 10 for a list of subsidiaries of the Group (the "subsidiaries at risk") that are in a net liability position as a result of the Tribunal decision. The subsidiaries at risk have limited recourse to the Company and may be unable to pay those amounts and therefore there is a material uncertainty which may cast significant doubt about the ability of the subsidiaries at risk to continue as a going concern and therefore realise their assets and discharge their liabilities in the normal course of business.

During November 2016, a number of companies, all subsidiaries of Ingenious Media Holdings Limited, as corporate members of film production partnerships received 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. HMRC reverted back on some of these and issued amended PPNs on 10 November 2017. These are non-adjusting post balance sheet events as explained in note 27. As a result of this obligation it has been determined that if the Group undertakings demand repayments of the amounts owed to them, these subsidiaries do not currently have sufficient liquid assets to reimburse it and/or meet their PPN obligation. Refer to note 10 for subsidiaries of the Group (the "subsidiaries at risk") that have been assessed as having a material uncertainty as a consequence of the PPNs. The subsidiaries at risk have limited recourse to the Company and may be unable to pay those amounts and therefore there is a material uncertainty which may cast significant doubt about the ability of the subsidiaries at risk to continue as a going concern and therefore realise their assets and discharge their liabilities in the normal course of business.

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**INGENIOUS MEDIA HOLDINGS LIMITED**

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

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**10. Fixed asset investments**

**Group**

	Interest in partnerships £'000	Other investments £'000	Total £'000
<b>Cost/share of net assets</b>			
At 1 July 2015	774,531	602,053	1,376,584
Drawings	(2,851)	(1,843)	(4,694)
Disposals	-	(9,930)	(9,930)
Share of profits/(losses)	167	(818)	(651)
Provision for impairment	(13,042)	(546,094)	(559,136)
At 30 June 2016	<u>758,805</u>	<u>43,368</u>	<u>802,173</u>
<b>Net book value</b>			
At 30 June 2016	<u>758,805</u>	<u>43,368</u>	<u>802,173</u>
At 30 June 2015	<u>774,531</u>	<u>602,053</u>	<u>1,376,584</u>

Other investments are largely represented by the Group's investment in film sale and leaseback partnerships via corporate partners wholly-owned by the Group.

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## INGENIOUS MEDIA HOLDINGS LIMITED

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

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#### 10. Fixed asset investments (continued)

##### Principal Group investments

During the year the Group had the following principal operating subsidiaries which were all incorporated and registered in England and Wales (unless otherwise indicated), and were included within the consolidated financial statements:

Subsidiary undertaking	Class	% Holding	Principal activity
Amber Film Partner 1 Ltd	Ordinary	100 %	Film production
Big Screen Productions 2 Ltd - 5 Ltd	Ordinary	100 %	Integrated film business
Big Screen Productions 7 Ltd - 13 Ltd	Ordinary	100 %	Film production
Big Screen Productions 14 IM Ltd - 24 IM Ltd	Ordinary	100 %	Film production
Bronze Film Partner 1 Ltd	Ordinary	100 %	Film production
Cairo Film Partner 1 Ltd	Ordinary	100 %	Film production
Capitan Films Ltd	Ordinary	100 %	Film production
Chrome Film Partner 1 Ltd	Ordinary	100 %	Film production
Copper Film Partner 1 Ltd	Ordinary	100 %	Film production
Corinth Film Partner 1 Ltd	Ordinary	100 %	Film production
Dayday Films (CM) Ltd	Ordinary	100 %	Film production
Daylily Investments Ltd	Ordinary	100 %	Film production
Delphi Film Partner 1 Ltd	Ordinary	100 %	Film production
Electra Film Partner 1 Ltd	Ordinary	100 %	Film production
Fleet Film Partners 1 Ltd	Ordinary	100 %	Film production
Gemini Film Partner 1 Ltd	Ordinary	100 %	Film production
Gemstone Film Partner 1 Ltd	Ordinary	100 %	Film production
IFP1 Corporate Partner Ltd	Ordinary	100 %	Integrated film business
IFP2 Corporate Partner Ltd	Ordinary	100 %	Integrated film business
Ingenious Clean Energy Services Ltd	Ordinary	100 %	Services to the clean energy industry
Ingenious Corporate Finance Ltd	Ordinary	100 %	Corporate finance
Ingenious Distribution Services Ltd	Ordinary	100 %	Services to video, film and television industries
Ingenious Films Ltd	Ordinary	100 %	Services to film industry
Ingenious Film Partners Ltd	Ordinary	100 %	Integrated film business
Ingenious Film Partners 2 Ltd^	Ordinary	100 %	Integrated film business
Ingenious Film Partners 3 Ltd	Ordinary	100 %	Integrated film business
Ingenious Film Partners LLP**	Members' Capital	69 %	Integrated film business
Ingenious Film Partners 2 LLP**	Capital	71 %	Integrated film business
Ingenious Fuller Partnership IM Ltd	Ordinary	100 %	Film production
Ingenious Games Ltd	Ordinary	100 %	Video games development
Ingenious Games Services Ltd	Ordinary	100 %	Services to video games industry
Ingenious Holdings Ltd	Ordinary	100 %	Holding company for various investments
Ingenious Media Ltd	Ordinary	100 %	Services to media and entertainment sector
Ingenious Media Consulting Ltd^	Ordinary	100 %	Management consultancy
Ingenious Media Investments Ltd	Ordinary	100 %	Services to media and entertainment sector (FCA registered)
Ingenious Media Services Ltd^	Ordinary	100 %	Services to film industry

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**INGENIOUS MEDIA HOLDINGS LIMITED**

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

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**10. Fixed asset investments (continued)**

<b>Subsidiary undertaking</b>	<b>Class</b>	<b>% Holding</b>	<b>Principal activity</b>
Ingenious Resources Ltd	Ordinary	100 %	Provision of investment capital
Ingenious Treasury Services Ltd	Ordinary	100 %	Group treasury function
Ingenious Ventures Ltd <sup>^</sup>	Ordinary	100 %	Investment management services
Ingenious (Jersey) Film Sales Ltd	Ordinary	100 %	Film sales and marketing (Jersey registered)
Inkie Productions IM Ltd	Ordinary	100 %	Film production
Ivory Film Partner 1 Ltd	Ordinary	100 %	Film production
Jade Film Partner 1 Ltd	Ordinary	100 %	Film production
Jasper Film Partner 1 Ltd	Ordinary	100 %	Film production
Jewel Film Partner 1 Ltd	Ordinary	100 %	Film production
Kenrick Sustainable Estate LLP	Members' Capital	100 %	Clean energy
Little Blair Productions IM Ltd	Ordinary	100 %	Film production
Lodestone Film Partner 1 Ltd	Ordinary	100 %	Film production
Mars Film Partner 1 Ltd	Ordinary	100 %	Film production
Malachite Film Partner 1 Ltd	Ordinary	100 %	Film production
MC Pictures IM Ltd	Ordinary	100 %	Film production
Mercury Film Productions Ltd	Ordinary	100 %	Film production
Milan Film Partner 1 Ltd	Ordinary	100 %	Film production
NBBP (IM) Ltd	Ordinary	100 %	Film production
Neptune Film Partner 1 Ltd	Ordinary	100 %	Film production
Opal Film Partners 1 Ltd	Members' Capital	100 %	Film production
Pall Mall Film Partners*	Capital	100 %	Film partnership (unincorporated)
Pangorda Investor Ltd	Ordinary	100 %	Film production
Petra Film Partner 1 Ltd	Ordinary	100 %	Film production
Phoenix Film Partners Ltd	Ordinary	100 %	Integrated film business
Phoenix Nominees Ltd	Ordinary	100 %	Integrated film business
Quartz Film Partner 1 Ltd	Ordinary	100 %	Film production
Rome Film Partner 1 Ltd	Ordinary	100 %	Film production
Sapphire Film Partner 1 Ltd	Ordinary	100 %	Film production
Saturn Film Partner 1 Ltd	Ordinary	100 %	Film production
Sirius Film Partner 1 Ltd	Ordinary	100 %	Film production
Solar Film Partners IM Ltd	Ordinary	100 %	Film production
Starlight Film Partners Ltd	Ordinary	100 %	Film production
Taurus Film Partner 1 Ltd	Ordinary	100 %	Film production
Topaz Film Partner 1 Ltd	Ordinary	100 %	Film production
Trieste Film Partner 1 Ltd	Ordinary	100 %	Film production
Turin Film Partner 1 Ltd	Ordinary	100 %	Film production
Verona Film Partner 1 Ltd	Ordinary	100 %	Film production
Vienna Film Partner 1 Ltd	Ordinary	100 %	Film production
Virgo Film Partner 1 Ltd	Ordinary	100 %	Film production
Zinc Film Partner 1 Ltd	Ordinary	100 %	Film production

## INGENIOUS MEDIA HOLDINGS LIMITED

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

#### 10. Fixed asset investments (continued)

\* The Group's holding in Pall Mall Film Partners is made up of the equity held by Ingenious Media Limited and seven of its subsidiary undertakings. The registered office address is 15 Golden Square, London W1F 9JG.

\*\* Whilst 69% of the members' capital in Ingenious Film Partners LLP and 71% of the members' capital in Ingenious Film Partners 2 LLP is held by the Group, 100% of the net assets of both partnerships are consolidated reflecting the terms of the underlying members' agreements.

^ Subsidiaries at risk, as further explained in note 9.

#### Significant investments

During the year the Group had interests in the following significant investments:

Associate	Net assets / (liabilities) at latest financial year end £'000	Profit / (loss) at latest financial year end £'000	Members' capital %	As at financial year end
Amber Film Partners	2,387	288	45.1 %	05-Apr-16
Big Screen Productions 2 LLP	296	104	76.2 %	31-Mar-16
Big Screen Productions 3 LLP	33	35	76.2 %	30-Jun-16
Big Screen Productions 4 LLP	353	70	78.8 %	30-Sep-15
Big Screen Productions 5 LLP	987	149	79.0 %	31-Dec-15
Big Screen Productions 7 LLP	911	323	83.8 %	31-Mar-16
Big Screen Productions 8 LLP	647	98	88.2 %	05-Apr-16
Big Screen Productions 9 LLP	3,965	490	88.0 %	30-Apr-16
Big Screen Productions 10 LLP	117	9	83.8 %	30-Jun-16
Big Screen Productions 11 LLP	65	23	83.8 %	30-Sep-15
Big Screen Productions 12 LLP	110	92	83.8 %	31-Dec-15
Big Screen Productions 13 LLP	157	978	83.8 %	31-Mar-16
Big Screen Productions 14 LLP	147	233	83.8 %	30-Jun-15
Big Screen Productions 15 LLP	166	306	83.8 %	30-Sep-15
Big Screen Productions 16 LLP	906	1,207	83.8 %	31-Dec-15
Big Screen Productions 17 LLP	2,414	2,101	83.8 %	31-Mar-16
Big Screen Productions 18 LLP	3,352	758	83.8 %	30-Jun-16
Big Screen Productions 19 LLP	2,944	(525)	83.8 %	30-Sep-15
Big Screen Productions 20 LLP	3,402	177	83.8 %	31-Dec-15
Big Screen Productions 21 LLP	6,075	275	83.8 %	31-Mar-16
Big Screen Productions 22 LLP	437	324	83.8 %	30-Jun-16
Big Screen Productions 23 LLP	278	111	83.8 %	30-Sep-15
Big Screen Productions 24 LLP	697	717	83.8 %	31-Dec-15
Down Productions LLP	1,001	325	83.8 %	31-Mar-16
Pangorda Productions LLP	887	852	84.9 %	31-Mar-16
Temin Productions LLP	62	86	85.0 %	30-Jun-16
Westerdale Productions LLP	2,165	178	88.1 %	30-Sep-15
Attercop Productions LLP	(10)	7	72.0 %	05-Apr-16
MC Pictures LLP	(7)	7	72.0 %	31-Mar-16
The Blair Partnership	8,713	6,045	72.0 %	31-Mar-16
Dayday Films LLP	87,048	12,076	66.0 %	05-Apr-16

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**INGENIOUS MEDIA HOLDINGS LIMITED**

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

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**10. Fixed asset investments (continued)**

<b>Associate</b>	<b>Net assets / (liabilities) at latest financial year end £'000</b>	<b>Profit / (loss) at latest financial year end £'000</b>	<b>Members' capital %</b>	<b>As at financial year end</b>
Solar Film Partners LLP	(8)	49	72.0 %	05-Apr-16
Little Blair Productions LLP	4,308	(85)	72.0 %	31-Jan-16
Starlight Film Partners LLP	15,865	496	72.0 %	05-Apr-16
Ingenious Fuller Partnership LLP	1,744	(3)	72.0 %	05-Apr-16
Ingenious Film Partners 3 LLP	65	(2)	72.0 %	05-Apr-16
Ingenious Games LLP	179	131	72.0 %	29-Feb-16
Phoenix Film Partners LLP	455	68	99.9 %	05-Apr-16

The Group holds more than 20% of the above undertakings. Management do not consider these to be associates as defined in FRS 102 Section 14 Investments in Associates, as the Group has no significant influence over the operating and financial policies.

**Company**

	<b>Subsidiary undertakings £'000</b>
<b>Cost/share of net assets</b>	
At 1 July 2015	32,888
Impairment	(32,888)
At 30 June 2016	
At 30 June 2016	
At 30 June 2015	32,888

**INGENIOUS MEDIA HOLDINGS LIMITED**

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

**11. Intangible assets**

**Group**

	Website development costs £'000	Acquired rights £'000	Total £'000
<b>Cost</b>			
At 1 July 2015	-	43,885	43,885
Additions	37	2,506	2,543
At 30 June 2016	37	46,391	46,428
<b>Amortisation</b>			
At 1 July 2015	-	43,885	43,885
Charge for the year	-	2,506	2,506
At 30 June 2016	-	46,391	46,391
<b>Net book value</b>			
At 30 June 2016	37	-	37
At 30 June 2015	-	-	-

**Website development costs**

Costs related to the development of a new website have been capitalised in accordance with the requirements of FRS 102. No amortisation expense has been incurred as the website went active post year end, in July 2016.

**Acquired rights**

On 5 April 2008 Ingenious Film Partners Limited acquired the right to receive future film receipts above an agreed level from the ordinary members of the Ingenious Film Partners LLP. On 22 November 2010, IFP1 Corporate Partner Limited became entitled to a portion of these film receipts, as detailed in the members' agreement.

On 5 April 2008 Ingenious Film Partners 2 Limited acquired the right to receive future film receipts above an agreed level from the ordinary members of the Ingenious Film Partners 2 LLP. On 22 November 2010, IFP2 Corporate Partner Limited became entitled to a portion of these film receipts, as detailed in the members' agreement.

In both acquisitions the amount payable to the ordinary members is capitalised as an intangible asset and amortised as a charge to the Profit and Loss Account to match the income that the asset has generated.

The above amortisation charge of £2.5m (period ended 30 June 2015: £3.3m) is included within administrative expenses in the Group Profit and Loss Account.

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**INGENIOUS MEDIA HOLDINGS LIMITED**

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

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**12. Tangible fixed assets**

**Group**

	Short-term leasehold property £'000	Fixtures, fittings and equipment £'000	Total £'000
<b>Cost or valuation</b>			
At 1 July 2015	3,073	3,954	7,027
Additions	684	185	869
At 30 June 2016	<u>3,757</u>	<u>4,139</u>	<u>7,896</u>
<b>Depreciation</b>			
At 1 July 2015	2,821	3,438	6,259
Charge for the year	153	204	357
At 30 June 2016	<u>2,974</u>	<u>3,642</u>	<u>6,616</u>
<b>Net book value</b>			
At 30 June 2016	<u>783</u>	<u>497</u>	<u>1,280</u>
At 30 June 2015	<u>252</u>	<u>516</u>	<u>768</u>



**INGENIOUS MEDIA HOLDINGS LIMITED**

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

**13. Debtors**

	<b>Group 2016 £'000</b>	<b>Group 2015 £'000</b>	<b>Company 2016 £'000</b>	<b>Company 2015 £'000</b>
<b>Due after more than one year</b>				
Other loans (note 2)	22,177	206,698	-	-
Net investment in finance leases	1,818	3,335	-	-
Deferred tax asset	1,156	1,393	-	-
	<u>25,151</u>	<u>211,426</u>	<u>-</u>	<u>-</u>

Other loans (due after more than one year) relate to loans to sale and leaseback partnerships.

	<b>Group 2016 £'000</b>	<b>Group 2015 £'000</b>	<b>Company 2016 £'000</b>	<b>Company 2015 £'000</b>
<b>Due within one year</b>				
Trade debtors	180	2,283	-	-
Amounts due from Group undertakings	-	-	62,952	84,088
Trade loans	1,472	1,472	-	-
Other loans	65,866	45,484	-	-
Other debtors	9,547	21,783	148	148
Prepayments and accrued income	8,400	7,438	-	-
Net investment in finance leases	1,478	1,361	-	-
Derivative financial asset	234	-	-	-
	<u>87,177</u>	<u>79,821</u>	<u>63,100</u>	<u>84,236</u>

Other loans (due within one year) are represented mainly by amounts lent to Ingenious Qila Biogas LLP and Ingenious AG JV LLP joint ventures.

	<b>Group 2016 £'000</b>	<b>Group 2015 £'000</b>	<b>Company 2016 £'000</b>	<b>Company 2015 £'000</b>
<b>Net investment in film finance leases (due after more than one year) fall due as follows:</b>				
Due within one to two years	1,600	1,361	-	-
Due within two to five years	218	1,974	-	-
	<u>1,818</u>	<u>3,335</u>	<u>-</u>	<u>-</u>

**INGENIOUS MEDIA HOLDINGS LIMITED**

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

**13. Debtors (continued)**

	<b>Group 2016 £'000</b>	<b>Group 2015 £'000</b>	<b>Company 2016 £'000</b>	<b>Company 2015 £'000</b>
<b>Gross rentals and finance charges from net investment in film finance leases were:</b>				
Gross rentals	3,439	4,968	-	-
Finance charges	(143)	(272)	-	-
	<u>3,296</u>	<u>4,696</u>	<u>-</u>	<u>-</u>

**14. Creditors: Amounts falling due within one year**

	<b>Group 2016 £'000</b>	<b>Group 2015 £'000</b>	<b>Company 2016 £'000</b>	<b>Company 2015 £'000</b>
Bank loans and overdrafts	4,350	5,539	-	-
Finance lease	803	1,020	-	-
Trade creditors	1,315	1,385	-	-
Social security and other taxes	81	4,898	-	-
Corporation tax	33,980	3,433	-	-
Other creditors	3,979	7,333	-	-
Accruals and deferred income	17,407	10,273	5	5
Director's current account (note 23)	533	123	-	-
Amount owed to related party	234	-	-	-
	<u>62,682</u>	<u>34,004</u>	<u>5</u>	<u>5</u>

**15. Creditors: Amounts falling due after more than one year**

	<b>Group 2016 £'000</b>	<b>Group 2015 £'000</b>	<b>Company 2016 £'000</b>	<b>Company 2015 £'000</b>
Bank loans	5,069	9,419	-	-
Trade loans	753,427	765,201	-	-
Other creditors (note 2)	44,741	773,708	-	-
	<u>803,237</u>	<u>1,548,328</u>	<u>-</u>	<u>-</u>

# INGENIOUS MEDIA HOLDINGS LIMITED

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

### 15. Creditors: Amounts falling due after more than one year (continued)

Bank loans fall due for repayment as follows:

	<b>Group 2016 £'000</b>	<b>Group 2015 £'000</b>	<b>Company 2016 £'000</b>	<b>Company 2015 £'000</b>
<b>Bank loans</b>				
Due within one to two years	3,338	4,350	-	-
Due within two to five years	1,731	5,069	-	-
	<u>5,069</u>	<u>9,419</u>	<u>-</u>	<u>-</u>

The bank loans relating to sale and leaseback are secured by the Group's share of lease rental income receivable by partnerships in which the Group has made investments (note 10), and are repayable within four years. An average interest rate of 4.81% per annum (period ended 30 June 2015: 4.81% per annum) is payable on these loans.

Trade loans represent amounts loaned by film and video games distributors. Repayment is on a limited recourse basis from contracted proportions of the Group's share of drawings from various limited liability partnerships of which certain Group companies are members. Any such drawings are from income generated by the films produced and games developed by each partnership and are therefore dependent on the revenue cycle of those films and games.

### 16. Financial instruments

	<b>Group 2016 £'000</b>	<b>Group 2015 £'000</b>	<b>Company 2016 £'000</b>	<b>Company 2015 £'000</b>
<b>Financial assets</b>				
<b>Measured at cost less impairment</b>				
Fixed asset investments	802,173	1,376,584	-	32,888
<b>Measured at undiscounted amount receivable</b>				
Other loans	88,043	68,519	-	-
Net investment in finance leases	3,296	4,696	-	-
Trade debtors	178	2,283	-	-
Amounts owed from Group undertakings	-	-	62,952	84,088
Trade loans	1,472	1,472	-	-
Amounts due from participating interests	2	-	-	-
Other debtors	9,547	21,783	148	148
<b>Measured at fair value</b>				
Derivative financial asset	234	-	-	-
Other loans	-	183,663	-	-

**INGENIOUS MEDIA HOLDINGS LIMITED**

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

**16. Financial instruments (continued)**

	<b>Group 2016 £'000</b>	<b>Group 2015 £'000</b>	<b>Company 2016 £'000</b>	<b>Company 2015 £'000</b>
<b>Financial liabilities</b>				
<b>Measured at undiscounted amount payable</b>				
Bank loans and overdrafts	9,419	14,958	-	-
Trade creditors	1,315	1,385	-	-
Other creditors (due within one year)	3,979	7,333	-	-
<b>Measured at amortised cost</b>				
Trade loans	753,427	765,201	-	-
Other creditors (due after one year)	18,186	18,186	-	-
<b>Measured at fair value</b>				
Other creditors (due after one year)	26,555	755,522	-	-
Amount owed to related party	234	-	-	-

**17. Provisions**

**Group**

	<b>Deferred taxation £'000</b>	<b>Interest provision £'000</b>	<b>Other provisions £'000</b>	<b>Total £'000</b>
At 1 July 2015	3,728	-	20,242	23,970
(Credited)/charged to the Profit and Loss Account	(1,036)	17,977	(1,708)	15,233
<b>At 30 June 2016</b>	<b>2,692</b>	<b>17,977</b>	<b>18,534</b>	<b>39,203</b>

The deferred tax provision arises due to the investment in British film partnerships and will reverse by 2020.

Interest provision relates to interest on the estimated tax liability (refer to note 9).

Other provisions relate primarily to loans made in the course of the Group's trade. The timing of the settlement of these provisions is uncertain.

**INGENIOUS MEDIA HOLDINGS LIMITED**

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

**18. Called up share capital**

	2016 £	2015 £	2016 No.	2015 No.
<b>Allotted, called up and fully paid</b>				
Class 'A' shares of 10p each	149,100	149,100	1,491,000	1,491,000
Class 'B' shares of 5p each	450	450	9,001	9,001
Class 'C' shares of 5p each	452	452	9,035	9,035
Class 'D' shares of 5p each	452	452	9,041	9,041
Class 'E' shares of 5p each	459	459	9,189	9,189
Class 'F' shares of 5p each	452	452	9,044	9,044
Class 'G' shares of 5p each	496	496	9,919	9,919
Class 'H' shares of 5p each	476	476	9,520	9,520
Class 'I' shares of 5p each	473	473	9,464	9,464
Class 'J' shares of 5p each	483	483	9,663	9,663
Class 'K' shares of 5p each	484	484	9,683	9,683
Class 'L' shares of 0.125p each	24	24	19,305	19,305
Class 'M' shares of 0.125p each	23	23	18,176	18,176
Class 'N' shares of 0.125p each	23	23	18,176	18,176
Class 'O' shares of 0.125p each	23	23	18,176	18,176
Class 'P' shares of 0.125p each	25	25	19,806	19,806
Class 'Q' shares of 0.125p each	25	25	19,676	19,676
Class 'R' shares of 0.125p each	25	25	19,676	19,676
Class 'S' shares of 0.125p each	24	24	19,184	19,184
Class 'T' shares of 0.125p each	24	24	18,957	18,957
Class 'U' shares of 0.125p each	24	24	18,956	18,956
Class 'V' shares of 0.125p each	23	23	18,689	18,689
Class 'W' shares of 0.125p each	23	23	18,694	18,694
Class 'X' shares of 0.125p each	23	23	18,642	18,642
Class 'Y' shares of 0.125p each	23	23	18,640	18,640
Class 'Z' shares of 0.125p each	136	136	109,056	109,056
	<u>154,245</u>	<u>154,245</u>	<u>1,958,368</u>	<u>1,958,368</u>

'A' shares hold all voting rights and entitlements to distributions of retained profit.

Shares of 5p each of classes 'B' through 'K' acquired by employees are held in trust by Ingenious Nominees Limited and/or Barry Nominees Limited on behalf of the named employees.

Shares of 0.125p each of classes 'L' through 'Z' acquired by employees are held in trust by Ingenious Nominees Limited and/or Barry Nominees Limited on behalf of named employees. The shares do not carry voting rights or entitlements to dividends, but entitle the owner to a share of the proceeds on sale or public listing of the Company. Finance costs relating to the scheme are borne by Ingenious Media Limited. Employees can be made to surrender their shares if they cease to be employees of the Company.

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**INGENIOUS MEDIA HOLDINGS LIMITED**

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

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**19. Merger reserve**

	<b>2016 £'000</b>	<b>2015 £'000</b>
<b>Group</b>		
Balance brought forward	(149,945)	(149,945)
<b>Balance carried forward</b>	<u>(149,945)</u>	<u>(149,945)</u>

See note 1 for further information on the merger reserve.

**20. Minority interest**

	<b>2016 £'000</b>	<b>2015 £'000</b>
<b>Group</b>		
Balance brought forward	-	607
Profit for the period	-	178
Demerger of Ingenious Asset Management Holdings Limited and subsidiaries	-	(785)
	<u>-</u>	<u>-</u>

During a prior period, the Group undertook a reorganisation of its asset management business which involved creating a new holding company called Ingenious Asset Management Holdings Limited ("IAMHL"). IAMHL acquired the entire issued share capital of Ingenious Asset Management Limited, Ingenious Asset Management International Limited and Ingenious Global IDF G.P. Ltd. Immediately following the internal reorganisation, IAMHL's share capital consisted of 7,500 1p 'A' Ordinary Shares all held by Ingenious Media Limited and 2,500 'B' Ordinary Shares of 1p each issued to certain members of the asset management team. On 30 June 2014, IAMHL and its subsidiaries were demerged to Ingenious Asset Management Group Limited.

**21. Financial commitments**

Capital commitments are as follows:

	<b>2016 £'000</b>	<b>2015 £'000</b>
<b>Contracted for but not provided for</b>		
- finance leases entered into	15,714	1,119
- other	11,560	11,560
	<u>27,274</u>	<u>12,679</u>

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**INGENIOUS MEDIA HOLDINGS LIMITED**

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

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**21. Financial commitments**

Annual commitments under non-cancellable operating leases are as follows:

	<b>2016 £'000</b>	<b>2015 £'000</b>
<b>Leases of land and buildings which expire:</b>		
Not later than 1 year	1,571	1,497
Later than 1 year and not later than 5 years	6,286	-
Due later than 5 years	7,857	-
	<u>15,714</u>	<u>1,497</u>

During the year a new land and buildings lease was entered which commenced on expiration of the existing lease, 22 June 2016. The new lease has a term of 10 years. The lease was signed on 28 January 2016. The first payment under the new lease occurred in August 2016.

**INGENIOUS MEDIA HOLDINGS LIMITED**

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

**22. Related party transactions**

The Company has taken advantage of the exemptions conferred by FRS 102 Section 33 Related Party Disclosures to not disclose intercompany transactions between 100% subsidiaries. During the year the Group conducted significant transactions with related parties as follows:

		Fee income derived from entities listed below 2016 £'000	Fee income derived from entities listed below 2015 £'000	Amounts due from/(to) entities listed below 2016 £'000	Amounts due from/(to) entities listed below 2015 £'000
	<i>Subnote</i>				
Arlberg Productions Limited	1	-	-	218	-
Aries Film Partners	3,6,7	-	-	-	538
Big Screen Productions 2 LLP	3,5,6,7	5	2	-	(8)
Big Screen Productions 3 LLP	3,5,6,7	-	-	(10)	-
Big Screen Productions 4 LLP	3,5,6,7	-	-	(12)	(6)
Big Screen Productions 5 LLP	3,5,6,7	4	-	-	(16)
Big Screen Productions 7 LLP	3,5,6,7	9	-	-	-
Big Screen Productions 8 LLP	3,5,6,7	-	-	11	83
Big Screen Productions 10 LLP	3,5,6,7	-	-	(1)	-
Big Screen Productions 11 LLP	3,5,6,7	-	-	(2)	-
Big Screen Productions 12 LLP	3,5,6,7	13	-	-	-
Big Screen Productions 13 LLP	3,5,6,7	58	98	-	-
Big Screen Productions 14 LLP	3,5,6,7	9	-	-	-
Big Screen Productions 15 LLP	3,5,6,7	7	-	-	-
Big Screen Productions 16 LLP	3,5,6,7	52	62	-	(18)
Big Screen Productions 17 LLP	3,5,6,7	101	203	-	(7)
Big Screen Productions 22 LLP	3,5,6,7	24	89	-	-
Big Screen Productions 23 LLP	3,5,6,7	21	103	-	7
Big Screen Productions 24 LLP	3,5,6,7	60	332	-	-
Bramall Productions plc	1	-	-	33	-
Canada Farm Solar Park Limited	9	139	559	-	6,246
Carrow Productions plc	1	-	-	41	-
Cherwell Films LLP	3,6	-	-	623	623
Dayday Films LLP	7	523	529	1,221	611
Daylily Investments Limited	3,5,6,7	-	-	27	-
Down Productions	3,5,7	-	11	-	456
Fluyt Productions plc	1	-	-	7	-
Hamsun Productions plc	1	-	-	45	-
Ingenious AG JV Member Limited	1,2	1,952	1,519	22,795	16,405
Ingenious Asset Management Holdings Limited	1,2	-	-	-	1,513
Ingenious Asset Management International Limited	1,2	993	291	-	291
Ingenious Asset Management Limited	1,2	2,437	5,003	-	2,191
Ingenious Broadcasting LLP	3,5,6	85	-	6,055	-
Ingenious Capital Management Limited	1,2	19,660	18,226	4,993	9,521



**INGENIOUS MEDIA HOLDINGS LIMITED**

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

**22. Related party transactions (continued)**

		Fee income derived from entities listed below 2016 £'000	Fee income derived from entities listed below 2015 £'000	Amounts due from/(to) entities listed below 2016 £'000	Amounts due from/(to) entities listed below 2015 £'000
	<i>Subnote</i>				
Ingenious Games LLP	3,5,6,7	181	15	226	1,065
Ingenious IQB Member Limited	9	23	-	1,005	-
Ingenious Media Finance Limited	1	9	-	4,174	-
Ingenious Project Finance Limited	1,8	70	-	40	-
Ingenious Renewable Energy Enterprises Limited	8,9	1	116	2,353	-
Ingenious Renewable Energy Lending Services Limited	9	8	-	5,820	-
Ingenious Real Estate Enterprises 2 Limited	1,8	58	-	4,578	-
Isabella's Basil Productions Limited	1	-	-	610	-
KS SPV 11 Limited	6	103	317	-	5,211
Lucky Mill Holdings Limited	2	-	-	(26,555)	(755,522)
Pangorda Productions LLP	3,5,6,7	78	522	-	14
Peacehill Gas Limited	9	-	-	179	-
Phoenix Film Partners LLP	3,4,5,6,7	-	28	187	176
Pumori Productions plc	1	-	-	7	-
Thurleigh Investment Managers LLP	2,6	880	1,220	-	386
Wippen Ltd	1	-	-	276	-

The following significant relationships existed between the related parties during all or part of the year/period;

*Subnote:*

- 1 - Common director(s).
- 2 - Common shareholder(s)/ultimate shareholder.
- 3 - Operator/promoter/administrator/advisor/manager/agent is Ingenious Media Investments Limited.
- 4 - Common member(s).
- 5 - Common director/executive committee member.
- 6 - Common director(s)/director(s) of designated member.
- 7 - Director of corporate partner.
- 8 - Operator/promoter/administrator/advisor/manager/agent is Ingenious Capital Management Limited.
- 9 - S J Speight was a director of some subsidiaries in the Group.

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INGENIOUS MEDIA HOLDINGS LIMITED

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

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23. Directors' current accounts

Directors serving during the year had the following loan balances outstanding at the year end as stated below:

	2016 £'000	2015 £'000
<b>Amount owed to the Group:</b>		
P A McKenna	533	123
	<u>533</u>	<u>123</u>

24. Pension cost

During the year the Group made no (period ended 30 June 2015: £4,480) pension contributions to a director's personal pension scheme. At the year end there were no accrued or prepaid pension costs (period ended 30 June 2015: £nil).

25. Controlling party

During the year ended 30 June 2016 the ultimate controlling party of the Group and the Company was P A McKenna. The Company is the only parent undertaking for which consolidated financial statements are prepared.

26. Contingent liability

*Civil litigation claims*

During the year ended 30 June 2016, the Company and some of its subsidiaries have received claims from two law firms - Stewarts Law LLP and Peters and Peters LLP, filed on behalf of a minority of investors (the "Claimants") in what are referred to as the Inside Track partnerships, the Ingenious Film Partnerships and Ingenious Games LLP (the "Production Partnerships") and some film sale and leaseback partnerships, all operated or managed by the Group and its related entities. The claimants are seeking compensation via a number of legal remedies from various parties, many of whom are unconnected to the Group and its related entities, involved in the Production Partnerships and sale and leaseback partnerships including from the Company or its subsidiaries. The basis for the claims related to the film sale and leaseback partnerships has not been articulated. Following legal consultation based on the information which has been provided in respect of the nature and basis of the claims so far and consideration of the current circumstances, the directors of the Company believe the claims are without merit and therefore no provision has been made in the financial statements. Currently, there are no reasonable grounds for calculating the potential liability in the unexpected event that the claims do succeed.

*HMRC settlement opportunities*

In November 2015 HMRC approached the Group and some of its related entities and set out the basis on which they would settle the open enquiries into a number of film sale and leaseback partnerships in which some of the Company's subsidiaries hold investments. The settlement offer proposed by HMRC would result in a tax and interest cost to the Company's subsidiaries arising from tax relief generated by the partnerships being moved to a later year than originally claimed. The directors of the Company's subsidiaries impacted by these enquiries believe that the principles used in HMRC's settlement offer are inconsistent with the law and therefore, ultimately, no adjustment will be made to the partnership's tax returns. Therefore no provision has been made in the financial statements.

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## INGENIOUS MEDIA HOLDINGS LIMITED

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

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#### 27. Events after the balance sheet date

Having considered the representations, as explained in note 9, HMRC reverted back and issued amended PPNs, which are demands for payments on account in respect of a tax liability in dispute, on 10 November 2017 to some members. As a consequence of the determination, on 13 December 2017, certain subsidiaries of the Group notified HMRC of an intended claim for judicial review of the decision to uphold the PPNs and filed its claim with the court on 5 January 2018. HMRC have agreed to postpone collection of part of the PPN liability. The postponed amounts fall under two tranches; the first tranche HMRC have agreed to postpone pending the hearing of the judicial review, the second tranche is currently postponed pending an internal HMRC review. These postponements have resulted in a reduced payment of £13.6m to HMRC. If the PPN determination is upheld by the court, these subsidiaries will have a liability to make payments of a further £36.9m to HMRC. If HMRC also issues determinations in respect of the representations submitted by other Members, an additional payment of £10.8m will be due to HMRC in respect of group relief being withdrawn. When determining the best estimate of the ultimate cash outflows, the directors have considered the effect of the notices received but believe that the best estimate of ultimate cash outflows should still be based on the latest decision delivered by the First-tier Tax Tribunal. As at 30 June 2016, the Group did not have an obligation to make payment in respect of the notices and the determinations subsequently received do not represent an adjusting event.

After the year ended 30 June 2016, the Company and some of its subsidiaries were informed of potential claims from Mishcon de Reya, filed on behalf of a minority of investors in Inside Track 1 LLP, Inside Track 2 LLP, Inside Track 3 LLP, Ingenious Film Partners LLP and Ingenious Film Partners 2 LLP, all operated by the Group and its related entities. These investors are seeking compensation via a number of legal remedies from various parties involved in these partnerships, including from certain subsidiaries within the Group. Following legal consultation based on the information which has been provided in respect of the nature and basis of the potential claims so far and consideration of the current circumstances, the directors of the Group believe the potential claims are without merit and therefore no provision has been made in the financial statements. Currently, there are no reasonable grounds for calculating the potential liability in the unexpected event that any claims do succeed.

#### 28. Explanation of transition to FRS 102

This is the first year that the Group has presented its financial statements under FRS 102 issued by the Financial Reporting Council. The following disclosures are required in the year of transition.

- a. The Statement of Changes in Equity is a new disclosure within the financial statements;
- b. The Statement of Accounting Policies is now presented as note 1;
- c. Critical Accounting Judgements is a new disclosure presented as note 2; and
- d. The tax note now reconciles the total tax charge/(credit) and not just the current tax charge/(credit).

The last financial statements under previous UK GAAP were for the period ended 30 June 2015 and the date of transition to FRS 102 was therefore 1 July 2014.

The financial statements for the prior period were prepared in accordance with the previously effective UK accounting standards. The transition to the new financial reporting framework has had no impact on recognition and measurement, aside from as disclosed in note 1 regarding the fair value adoption for non basic debt instruments, but has required amendments to presentation and disclosure. The additional or amended disclosures in relation to the prior period have been presented consistently with those for the current year.