

MONTAGE PRODUCTIONS PLC

(NOW MONTAGE PRODUCTIONS LIMITED)

ANNUAL REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 5 APRIL 2013

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Company Registration Number 7167505 (England and Wales)

ANNUAL REPORT AND FINANCIAL STATEMENTS

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MONTAGE PRODUCTIONS PLC

THE COMPANY AND ITS ADVISERS

Directors	J P F Bradley S J Speight H J C Eastwood
Company Secretary	S J Cruickshank
Registered Office	15 Golden Square London W1F 9JG
Company Number	7167505 (England and Wales)
Auditor	Shipleys LLP Chartered Accountants and Statutory Auditor 10 Orange Street Haymarket London WC2H 7DQ
Registrar	SLC Registrars Thames House Portsmouth Road Esher KT10 9AD

DIRECTORS' REPORT

5 APRIL 2013

The directors present the Annual Report and Financial Statements of Montage Productions plc ("the Company") for the year ended 5 April 2013

Principal activities

The Company was formed to produce and exploit high quality television programmes with ongoing potential for commercial exploitation across all media

In assessing which programmes to produce, the Company endeavours to work with the most successful broadcasters and sales agents, and engage the highest quality co-producers or production services companies and personnel to carry out its production activities. The Company also benefits from its relationship with Ingenious Media Holdings plc and its subsidiaries ("the Ingenious Group") to facilitate the sourcing of suitable television projects, and all aspects of production and exploitation

Review of the year

The Company made a loss after tax of £65,948 for the year ended 5 April 2013 (year ended 5 April 2012: profit after tax £39,515)

The net assets of the Company at 5 April 2013 were £1,852,930 (year ended 5 April 2012: £1,918,878)

The directors will continue to monitor the trading activities undertaken by the Company

Dividends

No interim dividends were paid during the year (year ended 5 April 2012: £nil). The directors do not propose to recommend the payment of a final dividend (year ended 5 April 2012: £nil)

Production activities

To date, the Company has raised capital of £2.0 million and has engaged in £1.8 million of television production expenditure

During a prior year the Company committed to co-produce one programme. The total budget in relation to the committed programme was £1.8 million and distributors acting on behalf of the Company have pre-sold the rights to this programme. The Company has engaged distributors to sell the programme internationally on its behalf and expects to generate further revenue in the forthcoming year. The programme was delivered during the prior year

MONTAGE PRODUCTIONS PLC

DIRECTORS' REPORT (CONTINUED)

5 APRIL 2013

Future prospects

The directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future. The Company is in a net asset position and has sufficient liquidity to meet current capital distribution obligations. The Company continues to be well placed to benefit from the future exploitation of the film and television productions delivered and accordingly the directors consider that the Company's will continue to generate future revenues. As a result, they continue to adopt the going concern basis in preparing the Annual Report and Financial Statements. Information relating to the re-registration of the Company and capital reduction after the year end date is detailed in note 13.

Directors

The directors who served throughout the year, and subsequently, were as follows

	Appointment date	Resignation date
J P F Bradley		
H J C Eastwood	10 April 2013	
F K Haycock	14 December 2012	10 April 2013
J E T Reeve	9 March 2010	14 December 2012
S J Speight		

Payment of suppliers

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

The trade creditor days for the year were nil days (year ended 5 April 2012: 72 days).

Financial risk management objectives and procedures

The key financial risks the Company's activities expose it to are credit risk and cashflow risk.

Credit risk

Credit risk is mitigated by the Company's credit control policies and production greenlighting procedure. In assessing which programmes to produce, the Company is advised by media specialist, Ingenious Media Services Limited. The Company endeavours to work with the most successful co-producers, distributors and broadcasters, and to work with and engage the highest quality personnel to carry out its production activities. The Company continues to monitor the exploitation of programmes in international markets and anticipates further income from those sources.

Cash flow risk

The Company's activities expose it to the financial risks of changes in foreign currency exchange rates. The Company uses foreign exchange forward contracts to hedge these exposures. The Company does not use financial instruments for speculative purposes.

DIRECTORS' REPORT (CONTINUED)

5 APRIL 2013

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the financial statements, the directors are required to

- select suitable accounting policies and apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable United Kingdom Accounting Standards have been followed, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company, and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the directors are aware

- there is no relevant audit information of which the Company's 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.

Auditor

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

This report was approved and signed by order of the board of directors on 09/09/2013 by



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

Company Registration Number 71 67505 (England and Wales)

MONTAGE PRODUCTIONS PLC

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MONTAGE PRODUCTIONS PLC

We have audited the financial statements of Montage Productions plc for the year ended 5 April 2013 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement, the Notes to the Cash Flow Statement and the related notes 1 to 14. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with chapter 3 of part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an 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 statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report 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.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF MONATGE PRODUCTIONS PLC (CONTINUED)

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 5 April 2013 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been properly prepared in accordance with the Companies Act 2006

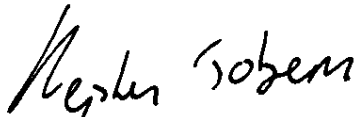
Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Stephen Joberns (Senior Statutory Auditor)

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

Date 9/9/13

MONTAGE PRODUCTIONS PLC

PROFIT AND LOSS ACCOUNT YEAR ENDED 5 APRIL 2013

	Notes	Year ended 5 April 2013 £	Year ended 5 April 2012 £
Turnover		5,751	1,823,004
Cost of sales		<u>(58,369)</u>	<u>(1,767,282)</u>
Gross (loss)/profit		(52,618)	55,722
Administrative expenses		<u>(16,983)</u>	<u>(19,728)</u>
Operating (loss)/profit	2	(69,601)	35,994
Interest receivable and similar income	3	3,653	4,438
Interest payable and similar charges	4	<u>-</u>	<u>(1)</u>
(Loss)/profit on ordinary activities before taxation		(65,948)	40,431
Taxation	5	<u>-</u>	<u>(916)</u>
(Loss)/profit for the financial year	11	(65,948)	39,515

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

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

The notes on pages 11 to 16 form an integral part of the financial statements

MONTAGE PRODUCTIONS PLC

BALANCE SHEET AS AT 5 APRIL 2013

	Notes	5 April 2013 £	5 April 2012 £
Current assets			
Debtors	7	844,678	1,726,224
Cash at bank		<u>1,035,853</u>	<u>550,152</u>
		1,880,531	2,276,376
Creditors: amounts falling due within one year	8	<u>(27,601)</u>	<u>(357,498)</u>
Net current assets		<u>1,852,930</u>	<u>1,918,878</u>
Net assets		<u>1,852,930</u>	<u>1,918,878</u>
Capital and reserves			
Called up equity share capital	9	2,000,101	2,000,101
Profit and Loss Account	10	<u>(147,171)</u>	<u>(81,223)</u>
Shareholders' funds	11	<u>1,852,930</u>	<u>1,918,878</u>

The notes on pages 11 to 16 form an integral part of the financial statements

The financial statements were approved by the board of directors and authorised for issue on 9/9/2013, and are signed on their behalf by



H J C Eastwood
Director

Company Registration Number 7167505 (England and Wales)

MONTAGE PRODUCTIONS PLC

CASH FLOW STATEMENT YEAR ENDED 5 APRIL 2013

	Notes	5 April 2013 £	5 April 2012 £
Cash inflow from operating activities	A	482,048	409,145
Taxation	B	-	(916)
Returns on investment and servicing of finance	C	3,653	4,437
Net cash inflow before management of liquid resources and financing		485,701	412,666
Increase in cash in the year	E	485,701	412,666

The notes on pages 11 to 16 form an integral part of the financial statements

MONTAGE PRODUCTIONS PLC

NOTES TO THE CASH FLOW STATEMENT YEAR ENDED 5 APRIL 2013

A. Reconciliation of operating (loss)/profit to net cash inflow from operating activities	5 April 2013 £	5 April 2012 £	
Operating (loss)/profit	(69,601)	35,994	
Decrease in stock	-	1,767,282	
Decrease/(increase) in debtors	881,546	(766,643)	
Decrease in creditors	<u>(329,897)</u>	<u>(627,488)</u>	
Net cash inflow from operating activities	482,048	409,145	
B. Taxation	5 April 2013 £	5 April 2012 £	
Corporation tax expense	-	(916)	
C. Returns on investment and servicing of finance	5 April 2013 £	5 April 2012 £	
Interest received	3,653	4,438	
Interest paid	<u>-</u>	<u>(1)</u>	
Net cash inflow from investment and servicing of finance activities	3,653	4,437	
D. Analysis of changes in net funds	At 6 April 2012 £	Cash flow £	At 5 April 2013 £
Cash at bank	550,152	485,701	1,035,853
E. Reconciliation of net cash flow to movement in net funds	5 April 2013 £	5 April 2012 £	
Increase in cash in the year	485,701	412,666	
Net funds at start of the year	<u>550,152</u>	<u>137,486</u>	
Net funds at end of the year	1,035,853	550,152	

The notes on pages 11 to 16 form an integral part of the financial statements

MONTAGE PRODUCTIONS PLC

NOTES TO THE FINANCIAL STATEMENTS

5 APRIL 2013

1. Accounting policies

Basis of accounting

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

Turnover

Turnover derives from one class of business, the production and exploitation of television programmes, and is stated net of Value Added Tax. Turnover is entirely derived from the activities in the United Kingdom. Turnover is recognised at the fair value of the right to consideration and is not recognised until there is certainty over the right to consideration. Turnover which has been recognised but not invoiced by the Balance Sheet date is included in accrued income. Amounts invoiced in advance are included in deferred income.

Cost of sales

Cost of sales represents direct costs attributable to turnover.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date.

Deferred taxation is provided in full on timing differences that result in an obligation at the Balance Sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in years different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Stock

Stock and work-in-progress other than long-term contracts, are stated at the lower of cost and net realisable value. Cost comprises contractual expenditure in respect of the television programmes being produced or co-produced. Net realisable value is based on estimated selling price less all further costs to completion and all relevant marketing, selling and distribution costs.

Financial instruments

The Company's principal financial instruments are its cash at bank and receivables. The main purpose of the cash at bank and receivables are to provide funding for the Company's operations and to ensure the Company can meet its liabilities as they fall due.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5 APRIL 2013

1. Accounting policies (continued)

Foreign currencies

Transactions denominated in foreign currencies are translated into 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, with the exception of certain balances which are translated into sterling at the rate of exchange in forward and spot rate contracts. These contracts are in place in order to mitigate the risk of exchange rate fluctuations. Exchange differences are taken to the Profit and Loss Account.

MONTAGE PRODUCTIONS PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5 APRIL 2013

2. Operating (loss)/profit

	Year ended 5 April 2013 £	Year ended 5 April 2012 £
The operating (loss)/profit is stated after charging		
Auditor's remuneration for audit services	2,100	4,500
Foreign exchange gain	(5,751)	(144,005)
	<u>(3,651)</u>	<u>(139,505)</u>

3. Interest receivable and similar income

	Year ended 5 April 2013 £	Year ended 5 April 2012 £
Bank interest	3,653	4,438

4. Interest payable and similar charges

	Year ended 5 April 2013 £	Year ended 5 April 2012 £
Interest payable	-	1

5. Taxation

	Year ended 5 April 2013 £	Year ended 5 April 2012 £
UK corporation tax at 20% for the year ended 5 April 2013 (20% for the year ended 5 April 2012) based on the adjusted results for the year	-	887
Adjustment in respect of prior year	-	29
Current tax charge	-	916

	Year ended 5 April 2013 £	Year ended 5 April 2012 £
Factors affecting the tax charge for the year		
(Loss)/profit on ordinary activities before taxation	(65,948)	40,431
(Loss)/profit on ordinary activities multiplied by the standard rate of corporation tax of 20% for the year ended 5 April 2013 (20% for the year ended 5 April 2012) based on the adjusted results for the year	(13,190)	8,086
Effects of		
Utilisation of tax losses brought forward	-	(7,199)
Tax losses not utilised	13,190	-
Adjustment in respect of prior year	-	29
Current tax charge	-	916

A potential deferred tax asset of £18,166 (year ended 5 April 2012 £4,977) in respect of tax losses carried forward has not been recognised due to uncertainty over the availability of taxable profits in future chargeable accounting years

MONTAGE PRODUCTIONS PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5 APRIL 2013

6. Directors and employees

The Company did not have any employees during the year (year ended 5 April 2012 nil) The directors did not receive any remuneration for their services during the year (year ended 5 April 2012 £nil)

7. Debtors

	5 April 2013 £	5 April 2012 £
Trade debtors	619,865	854,710
Other debtors	140,632	482,007
Accrued income	84,181	389,507
	<u>844,678</u>	<u>1,726,224</u>

8. Creditors: amounts falling due within one year

	5 April 2013 £	5 April 2012 £
Trade creditors	-	353,861
Other creditors	10,500	-
Corporation tax	-	887
Accruals	17,101	2,750
	<u>27,601</u>	<u>357,498</u>

9. Share capital

	Allotted, called up and fully paid			
	5 April 2013		5 April 2012	
	£	No.	£	No.
Ordinary shares of £1 each issued at par	2,000,101	2,000,101	2,000,101	2,000,101

MONTAGE PRODUCTIONS PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5 APRIL 2013

10. Statement of movements on Profit and Loss Account

	5 April 2013 £	5 April 2012 £
Balance brought forward	(81,223)	(120,738)
(Loss)/profit for the financial year	<u>(65,948)</u>	<u>39,515</u>
Balance carried forward	<u>(147,171)</u>	<u>(81,223)</u>

11. Reconciliation of movements in shareholders' funds

	5 April 2013 £	5 April 2012 £
(Loss)/profit for the financial year	(65,948)	39,515
Equity share capital issued for cash	<u>-</u>	<u>-</u>
Net movement in equity shareholders' funds	(65,948)	39,515
Opening shareholders' funds	<u>1,918,878</u>	<u>1,879,363</u>
Closing equity shareholders' funds	1,852,930	1,918,878

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5 APRIL 2013

12. Related party transactions

Ingenious Media Investments Limited and Ingenious Media Services Limited are wholly-owned subsidiaries of Ingenious Media Limited, a company registered in England and Wales. Ingenious Media Limited is a wholly-owned subsidiary of Ingenious Holdings plc.

During the year, J P F Bradley and S J Speight were directors of Ingenious Media Investments Limited. S J Speight was also a director of Ingenious Media Services Limited. Ingenious Media Investments Limited administers the Company under a distribution and administration agreement. Ingenious Media Services Limited provides media and production services to the Company.

During the year, Ingenious Media Services Limited charged fees to the Company of £10,000 (year ended 5 April 2012: £10,000). At the year end the outstanding balance was £10,000 (year ended 5 April 2012: £nil, including VAT).

During the year, Ingenious Media Investments Limited charged fees to the Company of £5,000 (year ended 5 April 2012: £5,000). At the year end the outstanding balance was £5,000 (year ended 5 April 2012: £nil, including VAT).

13. Post balance sheet events

On 1 August 2013, the Company re-registered as a private limited company under section 97 of the Companies Act 2006 with the name Montage Productions Limited and reduced its capital in accordance with section 642 of the Companies Act 2006 by the cancellation of 1,980,099 Ordinary shares of £1 each, with 90p per cancelled Ordinary Share being paid to the registered shareholders of the Company following the registration of the capital reduction.

14. Controlling party

During the year ended 5 April 2013 there was no direct or ultimate controlling party.