

PAYTON PRODUCTIONS LIMITED

REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD FROM 3 MARCH 2010 TO 5 APRIL 2011



Company Registration Number 7175797 (England and Wales)

PAYTON PRODUCTIONS LIMITED

REPORT AND FINANCIAL STATEMENTS

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PAYTON PRODUCTIONS LIMITED

THE COMPANY AND ITS ADVISERS

Directors	J L Boyton J P F Bradley J H M Clayton
Company Secretary	S J Cruickshank
Registered Office	15 Golden Square London W1F 9JG
Company Number	7175797 (England and Wales)
Auditors	Shipleys LLP Chartered Accountants and Statutory Auditor 10 Orange Street Haymarket London WC2H 7DQ
Bankers	Barclays Wealth 38 Hans Crescent London SW1X 0LZ

PAYTON PRODUCTIONS LIMITED

DIRECTORS' REPORT

5 APRIL 2011

The directors present the Report and Financial Statements of Payton Productions Limited ("the Company") for the period from incorporation on 3 March 2010 to 5 April 2011

The Company started to trade on 16 July 2010

The Directors' Report has been prepared in accordance with the provisions applicable to companies subject to the small companies' regime

Principal activities

The Company was formed to conduct a film, television and video game production business. Based in the UK, it draws on a deep pool of talent to produce and deliver high quality films, television and video game projects to a commissioning distributor ("the Commissioning Distributor")

In assessing which projects to produce, the Company endeavours to work with the most successful distributors and sales agents, and to work with, 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 film, television and video games projects, and all aspects of production and exploitation

Review of the period

The results for the period are set out on page 6

The directors consider the Company's performance during the period to be in line with expectations, and will continue to monitor the trading activities undertaken by the Company. The directors are confident that the Company will generate profits in future years

Directors

The directors who served during all or part of the period were as follows

	Appointment date
J L Boyton	3 March 2010
J P F Bradley	30 June 2010
J H M Clayton	3 March 2010

DIRECTORS' REPORT (CONTINUED)

5 APRIL 2011

Statement of directors' responsibilities

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

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

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

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

In so far as the directors are aware

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

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

Auditors

Shipleys LLP were appointed auditors in the period and in the absence of a notice proposing that the appointment be terminated, 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 on behalf of the board of directors on 01/12/11 by



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

Company Registration Number 7175797 (England and Wales)

PAYTON PRODUCTIONS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PAYTON PRODUCTIONS LIMITED

We have audited the financial statements of Payton Productions Limited for the period from 3 March 2010 to 5 April 2011 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 13. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with chapter 3 of part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PAYTON PRODUCTIONS LIMITED (CONTINUED)

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 5 April 2011 and of its loss for the period 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 period 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, or
- the directors were not entitled to take advantage of the small companies exemption in preparing the Directors' Report


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 1/12/11

PAYTON PRODUCTIONS LIMITED

**PROFIT AND LOSS ACCOUNT
PERIOD FROM 3 MARCH 2010 TO 5 APRIL 2011**

	Notes	Period from 3 March 2010 to 5 April 2011 £
Turnover	1	84,617
Cost of sales	1	<u>(22,512)</u>
Gross profit		62,105
Administrative expenses		<u>(130,278)</u>
Operating loss	2	(68,173)
Interest receivable and similar income	3	<u>2,169</u>
Loss on ordinary activities before taxation		(66,004)
Taxation	1, 4	<u>-</u>
Loss for the financial period	10	<u>(66,004)</u>

All of the Company's activities relate to continuing operations during the period

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 8 to 11 form an integral part of the financial statements

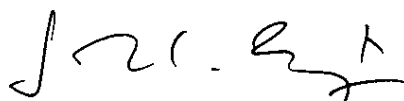
PAYTON PRODUCTIONS LIMITED

**BALANCE SHEET
AS AT 5 APRIL 2011**

	Notes	5 April 2011 £
Current assets		
Stock	1, 6	3,165,635
Debtors	7	322,877
Cash at bank		<u>455,253</u>
		3,943,765
Creditors: amounts falling due within one year	8	<u>(2,846,300)</u>
Net current assets		<u>1,097,465</u>
Net assets		<u>1,097,465</u>
Capital and reserves		
Called up share capital	9	1,163,469
Profit and Loss Account	10	<u>(66,004)</u>
Shareholders' funds	11	<u>1,097,465</u>

The notes on pages 8 to 11 form an integral part of the financial statements

The financial statements were approved by the board of directors and authorised for issue on 01/12/11, and are signed on their behalf by



J L Boyton
Director

Company Registration Number 7175797 (England and Wales)

PAYTON PRODUCTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

5 APRIL 2011

1. Accounting policies

Basis of accounting

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

Turnover

Turnover derives from the production and exploitation of films, television and video game projects, and is stated net of Value Added Tax. 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 debtors. 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 periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

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 films, television and video game projects 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. The Company makes use of money market facilities when appropriate.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
5 APRIL 2011

2. Operating loss

Period from
3 March 2010
to 5 April 2011
£

The operating loss is stated after charging

Auditors' remuneration for audit services	4,000
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3. Interest receivable and similar income

Period from
3 March 2010
to 5 April 2011
£

Bank interest	2,169
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4. Taxation

Period from
3 March 2010
to 5 April 2011
£

The tax charge on the loss on ordinary activities for the period was as follows

Current tax charge for the period	-
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Total tax charge	-
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Period from
3 March 2010
to 5 April 2011
£

Factors affecting the tax charge for the period

Loss on ordinary activities before taxation	(66,004)
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Loss on ordinary activities multiplied by the standard rate of corporation tax of 21% for the period from 3 March 2010 to 31 March 2011 and 20% for the period from 1 April 2011 to 5 April 2011	(13,848)
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Effects of	
Expenses not deductible for tax purposes	7,323
Tax losses not utilised	6,525

Current tax charge for the period	-
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A potential deferred tax asset of £6,220 in respect of tax losses carried forward has not been recognised due to uncertainty over the availability of taxable profits in future chargeable accounting periods

PAYTON PRODUCTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) 5 APRIL 2011

5. Directors and employees

The Company did not have any employees during the period. The directors did not receive any remuneration for their services during the period.

6. Stock

	5 April 2011 £
Stock	3,165,635

7. Debtors

	5 April 2011 £
Trade debtors	238,421
Other debtors	84,456
	322,877

8. Creditors: amounts falling due within one year

	5 April 2011 £
Trade creditors	5,623
Provision for costs	1,194,681
Deferred income	1,641,996
Accruals	4,000
	2,846,300

9. Share capital

	Allotted, called up and fully paid 5 April 2011	
	£	No.
Ordinary shares of £1 each issued at par	1,163,469	1,163,469

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
5 APRIL 2011

10. Statement of movements on Profit and Loss Account

	5 April 2011 £
Balance on incorporation	-
Loss for the financial period	(66,004)
Balance carried forward	(66,004)

11. Reconciliation of movements in shareholders' funds

	5 April 2011 £
Loss for the financial period	(66,004)
Share capital issued for cash	1,163,468
Net movement in shareholders' funds	1,097,464
Shareholders' funds on incorporation	1
Closing shareholders' funds	1,097,465

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 Asset Management Limited is a wholly-owned subsidiary of Ingenious Asset Management Holdings Limited, which is a subsidiary of Ingenious Media Limited. Ingenious Media Limited is a wholly-owned subsidiary within the Ingenious Group.

During all or part of the period, the directors of the Company were also directors of Ingenious Media Investments Limited. J L Boyton and J H M Clayton were also directors of Ingenious Media Services Limited. J P F Bradley is also a director of Ingenious Asset Management Limited. Ingenious Media Investments Limited administers the Company under an investment agreement. Ingenious Media Services Limited provides media and production services to the Company. The Company is managed by Ingenious Ventures, a trading division of Ingenious Asset Management Limited.

During the period, Ingenious Media Services Limited charged fees to the Company of £5,817 (excluding VAT), all of which were paid during the period.

During the period, Ingenious Media Investments Limited charged fees to the Company of £4,685 (excluding VAT). At the period end the outstanding balance was £5,622 (including VAT).

During the period, Ingenious Ventures charged fees to the Company of £115,551 (excluding VAT). All balances were paid during the period.

13. Controlling party

During the period from 28 April 2010 to 5 April 2011 there was no direct or ultimate controlling party.

Prior to 28 April 2010 the Company was controlled by Ingenious Media Limited. Ingenious Media Limited's ultimate parent company is Ingenious Media Holdings plc, which is under the control of P A McKenna.

The consolidated Financial Statements of Ingenious Media Holdings plc can be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.