

360 PRODUCTION LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2013

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360 PRODUCTION LIMITED

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The following pages do not form part of the statutory financial statements:

360 PRODUCTION LIMITED

COMPANY INFORMATION

DIRECTORS	Mark Wright Sheryl Trinh John Farren
COMPANY NUMBER	NI071206
REGISTERED OFFICE	10 Northland Road Derry Northern Ireland BT48 7JD
AUDITORS	Crowe Horwath Bastow Charleton Marine House Clanwilliam Court Dublin 2 Ireland
BANKERS	Coutts & Co 440 Strand London WC2R 0QS
SOLICITORS	Aslan Charles Kousetta Castle House 75 Wells Street London W1T 3QH

360 PRODUCTION LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MAY 2013**

The directors present their report and the financial statements for the year ended 31 May 2013.

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have 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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

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.

PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS

The principal activity of the company continued to be that of the production of programming for television.

Though revenue for 2012-13 was down on the previous year, the company continued to sustain its television production output whilst growing online digital content. During the period, the company successfully launched a new Youtube science channel and produced bespoke content for Yahoo. Whilst the company has invested substantial time and resources to establish this foothold, the company has paved the way for an important long term strategy for commercialisation of cross media content.

The heart of 360 Production Limited is its personnel and the company has expanded the core team whilst nurturing new talent in both London and Derry. The company also opened up a subsidiary office in Dublin to manage new productions for 2013-14 out of the Republic of Ireland. Cash flow continues to require constant review but has been managed during the year through careful controls.

RESULTS

The profit for the year, after taxation, amounted to £205,429 (2012 - £294,492).

360 PRODUCTION LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MAY 2013**

DIRECTORS

The directors who served during the year were:

Mark Wright
Sheryl Trinh
John Farren
Jonathon Drake (Resigned 01 January 2013)

PRINCIPAL RISKS AND UNCERTAINTIES

The directors do not consider that the company has any significant exposure to financial risk, finance and interest rate risk, liquidity, foreign exchange and cash flow risk or credit risk. The directors are also fully aware of the challenges the current economic climate will pose to the company. The board consider that the company is well placed to meet these challenges. The board also continuously monitors the company's exposures to such risk factors and takes appropriate action should it become necessary.

The directors acknowledge their responsibility for the design and implementation of internal controls to prevent and detect fraud. The directors confirm that they have assessed the risk of fraud in the company and do not consider that the financial statements are materially misstated as a result of fraud. The directors have no knowledge of any actual, alleged or suspected fraud affecting the company where such fraud could have a material effect on the financial statements.

GROUP STRUCTURE

The company is a 70% subsidiary of Impossible Pictures Limited, a company incorporated in England and Wales with a registered address at 11c Gower Mews, London, WC1E 6HP.

STATEMENT OF DISCLOSURE TO AUDITORS

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information.

AUDITORS

Crowe Horwath Bastow Charleton, are eligible and have expressed their willingness to continue in office. Therefore, a resolution proposing the reappointment of Crowe Horwath Bastow Charleton as auditors to the company will be put to the annual general meeting in accordance Section 485 of the Companies Act 2006.

This report was approved by the board on 13 February 2014 and signed on its behalf.

John Farren
Director



360 PRODUCTION LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF 360 PRODUCTION LIMITED

We have audited the financial statements of 360 Production Limited for the year ended 31 May 2013, set out on pages 6 to 15. 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 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 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 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 Directors' 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.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 May 2013 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF 360 PRODUCTION LIMITED

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.

Christopher Magill FCA

(Senior statutory auditor)

for and on behalf of:

Crowe Horwath Bastow Charleton

Crowe Horwath
Bastow Charleton
Marine House
Clanwilliam Court
Dublin 2
Ireland

Date: *17 February 2014*

360 PRODUCTION LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MAY 2013**

	Note	2013 £	2012 £
TURNOVER	1	3,478,668	4,082,925
Cost of sales		<u>(2,083,766)</u>	<u>(2,819,685)</u>
GROSS PROFIT		1,394,902	1,263,240
Administrative expenses		(1,152,046)	(919,122)
Other operating income	2	<u>27,828</u>	<u>36,266</u>
OPERATING PROFIT	3	270,684	380,384
Interest receivable and similar income		20	187
Interest payable and similar charges	6	<u>(275)</u>	<u>-</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		270,429	380,571
Tax on profit on ordinary activities	7	<u>(65,000)</u>	<u>(86,079)</u>
PROFIT FOR THE FINANCIAL YEAR	13	<u><u>205,429</u></u>	<u><u>294,492</u></u>

All amounts relate to continuing operations.

There were no recognised gains and losses for 2013 or 2012 other than those included in the Profit and loss account.

The notes on pages 8 to 15 form part of these financial statements.

360 PRODUCTION LIMITED
REGISTERED NUMBER: NI071206

BALANCE SHEET
AS AT 31 MAY 2013

	Note	£	2013 £	£	2012 £
FIXED ASSETS					
Tangible assets	8		36,305		41,542
Investments	9		80		-
			<u>36,385</u>		<u>41,542</u>
CURRENT ASSETS					
Debtors	10	1,248,359		999,007	
Cash at bank and in hand		399,107		116,642	
		<u>1,647,466</u>		<u>1,115,649</u>	
CREDITORS: amounts falling due within one year	11	(1,590,296)		(1,193,162)	
NET CURRENT ASSETS/(LIABILITIES)			<u>57,170</u>		<u>(77,513)</u>
NET ASSETS			<u>93,555</u>		<u>(35,971)</u>
CAPITAL AND RESERVES					
Called up share capital	12		100		100
Profit and loss account (deficit)	13		93,455		(36,071)
SHAREHOLDERS' FUNDS/(DEFICIT)	14		<u>93,555</u>		<u>(35,971)</u>

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



John Farren
 Director

Date: 13 February 2014

The notes on pages 8 to 15 form part of these financial statements.

360 PRODUCTION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2013**

1. ACCOUNTING POLICIES

1.1 Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with accounting standards generally accepted in the United Kingdom and the Companies Act 2006. Accounting Standards generally accepted in the United Kingdom in preparing financial statements giving a true and fair view are those published by the Institute of Chartered Accountants in England and Wales and issued by the Accounting Standards Board.

1.2 Turnover

Production

Turnover represents amounts receivable for work carried out in producing television programmes and is recognised over the period of production. Gross profit on production activity is recognised over the period of production in accordance with the underlying contract. Overages on productions are recognised as they arise and underages are recognised on completion of the production.

Distribution

Turnover arises from the distribution or other exploitation by the group of programmes produced by the group, or from the distribution by third parties of programmes produced by the group. Turnover is recognised when receivable.

For programmes distributed by the group, the directors consider turnover to be receivable when the following conditions have been met:

- contractual terms have been agreed
- the contracted sum has been invoiced
- the programme is complete and delivered or available for delivery

For programmes distributed by third parties, the directors consider that turnover is receivable when the group has been notified of sums due to it.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life as follows:

Tangible fixed assets - 25% Straight Line

1.4 Investments

Investments held as fixed assets are shown at cost less provision for impairment.

1.5 Programmes in progress at the year end

For all productions, the stage of completion is dictated by the costs incurred to date relative to the overall production budget. Where productions are in progress at the year end and where the services invoiced exceed the value of work done, the excess is shown as deferred income. In instances where programmes in progress at the year have not been fully invoiced relative to the stage of completion, the balance of income for the stage of completion is recognised as accrued income. Any expected losses arising on productions in progress are recognised immediately.

360 PRODUCTION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2013**

1. ACCOUNTING POLICIES (continued)

1.6 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

All differences are taken to the profit and loss account.

1.7 Government grants

Grants in respect of revenue expenditure are released to the profit and loss account as the related expenditure is incurred.

2. OTHER OPERATING INCOME

	2013 £	2012 £
Other operating income	4,167	-
Government grants receivable	23,661	36,266
	<u>27,828</u>	<u>36,266</u>

3. OPERATING PROFIT

The operating profit is stated after charging:

	2013 £	2012 £
Depreciation of tangible fixed assets:		
- owned by the company	19,990	6,993
- held under finance leases	-	8,548
Auditors' remuneration	12,559	17,709
Operating lease rentals:		
- other operating leases	65,935	47,536
Difference on foreign exchange	5,181	5,283
	<u>103,660</u>	<u>86,069</u>

360 PRODUCTION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2013**

4. STAFF COSTS

Staff costs, including directors' remuneration, were as follows:

	2013 £	2012 £
Wages and salaries	782,360	621,617
Social security costs	83,828	63,575
	<u>866,188</u>	<u>685,192</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2013 No.	2012 No.
Employees	<u>22</u>	<u>21</u>

5. DIRECTORS' REMUNERATION

	2013 £	2012 £
Emoluments	<u>294,026</u>	<u>213,297</u>

6. INTEREST PAYABLE

	2013 £	2012 £
On bank loans and overdrafts	<u>275</u>	<u>-</u>

7. TAXATION

	2013 £	2012 £
Analysis of tax charge in the year		
Current tax (see note below)		
UK corporation tax charge on profit for the year	65,000	41,079
Deferred tax		
Movement in the year	-	45,000
Tax on profit/(loss) on ordinary activities	<u>65,000</u>	<u>86,079</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2013**

7. TAXATION (continued)**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2012 - lower than) the standard rate of corporation tax in the UK of 24% (2012 - 26%). The differences are explained below:

	2013 £	2012 £
Profit/(loss) on ordinary activities before tax	<u>270,429</u>	<u>380,571</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 24% (2012 - 26%)	64,903	98,949
Effects of:		
Expenses not deductible for tax purposes	-	2,730
Utilisation of tax losses	-	(60,600)
Other item	97	-
Current tax charge for the year (see note above)	<u><u>65,000</u></u>	<u><u>41,079</u></u>

8. TANGIBLE FIXED ASSETS

	Plant & machinery £
Cost	
At 1 June 2012	74,338
Additions	18,773
Disposals	<u>(19,141)</u>
At 31 May 2013	<u>73,970</u>
Depreciation	
At 1 June 2012	32,796
Charge for the year	19,990
On disposals	<u>(15,121)</u>
At 31 May 2013	<u>37,665</u>
Net book value	
At 31 May 2013	<u><u>36,305</u></u>
At 31 May 2012	<u><u>41,542</u></u>

360 PRODUCTION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2013**

9. FIXED ASSET INVESTMENTS

	Investments in subsidiary companies £
Cost or valuation	
At 1 June 2012	-
Additions	80
	80
At 31 May 2013	80
Net book value	
At 31 May 2013	80
	80
At 31 May 2012	-

Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Class of shares	Holding
360 Production South Post And Graphics Limited	Ordinary Shares of €1 each	100%

The aggregate of the share capital and reserves as at 31 May 2013 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

Name	Aggregate of share capital and reserves £	Profit/(loss) £
360 Production South Post And Graphics Limited	31,910	31,810
	31,910	31,810
	31,910	31,810

360 Production South Post And Graphics Limited is incorporated in the Republic of Ireland.

10. DEBTORS

	2013 £	2012 £
Trade debtors	175,817	527,452
Amounts owed by group undertakings (note 18)	52,002	71
Value added tax	-	4,933
Other debtors	91,805	1,755
Prepayments and accrued income	928,735	464,796
	1,248,359	999,007
	1,248,359	999,007

360 PRODUCTION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2013**

11. CREDITORS:

Amounts falling due within one year

	2013	2012
	£	£
Trade creditors	73,796	251,134
Amounts owed to group undertakings (note 18)	-	257,505
Social security and other taxes (see below)	80,515	47,958
Dividend payable	22,921	80,000
Amounts owed to a director (note 18)	705	153
Other creditors	1,412,359	556,412
	1,590,296	1,193,162
	1,590,296	1,193,162

Social security and other taxes

	2013	2012
	£	£
PAYE/NI control	35,624	47,958
VAT control	44,891	-
	80,515	47,958
	80,515	47,958

12. SHARE CAPITAL

	2013	2012
	£	£
Allotted, called up and fully paid		
100 Ordinary shares of £1 each	100	100
	100	100

13. RESERVES

	Profit and loss account £
At 1 June 2012 - (deficit)	(36,071)
Profit for the year	205,429
Dividends	(75,903)
	93,455
At 31 May 2013	93,455

360 PRODUCTION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2013**

14. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2013	2012
	£	£
Opening shareholders' deficit	(35,971)	(250,463)
Profit for the year	205,429	294,492
Dividends (Note 15)	(75,903)	(80,000)
	93,555	(35,971)
Closing shareholders' funds/(deficit)	93,555	(35,971)

15. DIVIDENDS

	2013	2012
	£	£
Dividends	75,903	80,000
	75,903	80,000

16. CONTINGENT LIABILITIES

The company had a fixed and floating charge registered against it in favour of Coutts & Company in respect of the company's current and any potential liabilities.

17. OPERATING LEASE COMMITMENTS

At 31 May 2013 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2013	2012
	£	£
Expiry date:		
Between 2 and 5 years	16,000	16,000
	16,000	16,000

360 PRODUCTION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2013**

18. RELATED PARTY TRANSACTIONS

At the beginning of the year, the company was owed an amount of £71 from Firestep Limited. During the year, an amount of £1,424 was invoiced to Firestep by the company and an amount of £1,495 was repaid. At the year end, an amount of £Nil remained owing to 360 Production Limited.

During the year, 360 Productions Limited disposed of fixed assets at a market value of £7,000 to its subsidiary, 360 Production South Post and Graphics Limited. The full amount of this balance remained payable at the year end.

During the year, the company invoiced an amount of £159,711 to Impossible Pictures Ireland Limited, a fellow group company. During the year, an amount of £150,426 was paid. A balance of £9,285 remained outstanding at the year end.

At the beginning of the year, the company owed an amount of £257,505 to its parent entity, Impossible Pictures Limited. During the year, £188,467 was invoiced to 360 Production Limited, an amount of £196,439 was recharged in respect of office and other costs from Impossible Pictures Limited to 360 Production Limited and an amount of £685,128 was paid to Impossible Pictures. At the year end, an amount of £42,717 was owed to 360 Production Limited. During the year, an amount of £52,982 was declared and paid to Impossible Pictures Limited in respect of dividends.

At the beginning of the year, an amount of £153 was owed to Mark Wright, a director in the company in respect of expenses due to him at the balance sheet date. During the year, the balance was repaid and at the year end, an amount of £147 in respect of expenses incurred during the year was payable to the director.

At the year end, an amount of £558 was owed to John Farren, a director in the company in respect of expenses due to him at the balance sheet date.

19. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

Impossible Pictures Limited is the immediate parent company and the ultimate controlling party is TMM Haines, by virtue of his majority shareholding in Impossible Pictures Limited.

360 PRODUCTION LIMITED

DETAILED TRADING AND PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MAY 2013

	Page	2013 £	2012 £
TURNOVER:	17	3,478,668	4,082,925
Cost of sales	17	(2,083,766)	(2,819,685)
GROSS PROFIT		1,394,902	1,263,240
Gross profit %		40.1 %	30.9 %
Other operating income:	17	27,828	36,266
		1,422,730	1,299,506
LESS: OVERHEADS			
Administrative expenses	17	(1,152,046)	(919,122)
OPERATING PROFIT		270,684	380,384
Interest receivable	18	20	187
Interest payable	18	(275)	-
PROFIT FOR THE YEAR		270,429	380,571

360 PRODUCTION LIMITED

**SCHEDULE TO THE DETAILED ACCOUNTS
FOR THE YEAR ENDED 31 MAY 2013**

	2013 £	2012 £
TURNOVER		
Sales	<u>3,478,668</u>	<u>4,082,925</u>
	2013 £	2012 £
COST OF SALES		
Direct costs	<u>2,083,766</u>	<u>2,819,685</u>
	2013 £	2012 £
OTHER OPERATING INCOME		
Other operating income	4,167	-
Government grants receivable	23,661	36,266
	<u>27,828</u>	<u>36,266</u>
	2013 £	2012 £
ADMINISTRATIVE EXPENSES		
Directors salaries	294,026	213,297
Staff salaries	488,334	408,320
National insurance	83,828	63,575
Staff training	-	2,139
Staff expenses	20,244	14,737
Entertainment	17,914	16,807
Hotels, travel and subsistence	49,513	52,266
Printing and stationery	5,540	5,099
Telephone and fax	8,297	6,003
Computer costs	16,006	12,812
Trade subscriptions	3,142	3,952
Legal and professional	29,773	16,164
Auditors' remuneration	12,559	17,709
Bank charges	8,362	904
Difference on foreign exchange	5,181	5,283
Sundry expenses	890	1,146
Rent	65,935	47,536
Light and heat	9,633	8,060
Cleaning	4,755	3,273
Insurances	2,920	1,555
Repairs and maintenance	698	2,944
Sundry establishment expenses	4,506	-
Depreciation - plant and machinery	19,990	15,541

360 PRODUCTION LIMITED

SCHEDULE TO THE DETAILED ACCOUNTS
FOR THE YEAR ENDED 31 MAY 2013

	<u>1,152,046</u>	<u>919,122</u>
	2013 £	2012 £
INTEREST RECEIVABLE		
Bank interest receivable	<u>20</u>	<u>187</u>
	2013 £	2012 £
INTEREST PAYABLE		
Bank overdraft interest payable	<u>275</u>	<u>-</u>