DCD MEDIA PLC

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2011

Company number 03393610

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DCD Media Plc

("DCD Media" or the "Group")

Audited results for the year ended 31 December 2011

DCD Media, the independent TV production and distribution group, reports results for the year ended 31 December 2011.

Financial Summary (comparatives are eighteen months to 31 December 2010)

Continuing operations:

- Revenue £21.8m (2010: £32.4m)
- Gross profit £7.0m (2010: £7.2m)
- Operating loss £6.0m (2010: £10.1m)

Discontinued operations:

- Revenue £8.1m (2010: £15.9m)
- Gross profit £1.1m (2010: £3.0m)
- Operating loss £1.8m (2010: £1.1m)

Group results:

- Unadjusted Loss Before Tax £8.2m (2010: £8.4m)
- Adjusted Profit Before Tax £0.1m (2010: £1.8m)
- Adjusted EBITDA £0.6m (2010: £2.3m)

Refer to table within the Financial Review section below for a reconciliation of the adjustments.

Business highlights

- **£1.75m** fundraising completed through £0.75m placing and £1.0m issue of convertible debt;
- New factual production company '**Rize USA**' launched successfully with several commissions won during the year and over £2 million worth of new orders to date;
- September Films Limited grew US creative team off of the back of new seasons of US reality shows **Bridezillas** and **Billy The Exterminator**, and in the UK delivered Saturday night ITV1 primetime series **Penn & Teller: Fool Us** presented by Jonathan Ross;
- **Factual division** centralised its management team and launched topical programming unit;
- Cardiff based company Prospect Cymru/Wales Limited delivered award winning **Shirley** on BBC2 as the centre piece of BBC2's Mixed Race season; and
- DCD Media appointed new members to the **Board of Directors**, adding Sammy Nourmand and John Cusins as Executive Director and Non-Executive Director of the Company, respectively.

Post year end events:

- DCD Media appointed Sammy Nourmand as **Chief Executive Officer** and David Green as **Executive Chairman**; and
- DCD Media added post production activity to the range of its television production businesses with the launch of DCD Post-Production Limited, trading under the brand name '**Sequence'**.

- Timeweave plc acquired £3.1 million of convertible loan notes due on 28 November 2012 and converted £595,750 into 59,575,000 shares representing 29.9% of the Company's issued share capital.

- The DCD Media Board of Directors have been, and continue to be, in discussions with the Directors of Timeweave to understand their intentions and are working with Timeweave on a proposal to reduce, or negate, the impact of the repayment of the convertible debt in November.

David Green, Executive Chairman, commented:

"Despite the continuing tough and challenging environment, the Group has delivered a steady set of results underpinned by an optimised operating structure and stronger financial footing that put us in a position to effectively take advantage of new opportunities on both sides of the Atlantic, grow the business and deliver long-term sustainable results for our shareholders."

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Executive Chairman’s review

Review of activity within the Group during the year.

Production

- Factual Television Production - This division is involved in the production of factual based content from the Prospect Pictures, Prospect Cymru/Wales, Rize USA and West Park Pictures brands. The review of joint venture Matchlight is also contained in this division

- Entertainment Television Production – This division is involved in the production of entertainment based television content. This includes productions by September Films

- Event Management – This division organises and manages events, primarily music concerts through Done and Dusted

Distribution

- Rights and Licensing – This division is involved with the sale of distribution rights, DVDs, music and publishing deals through DCD Rights and DCD Publishing (which comprises Digital Classics DVD and DCD Music)

Factual Division

The Group restructured its factual division bringing West Park Pictures, Prospect Pictures and Prospect Cymru/Wales under the Factual umbrella supported by a centralised management team with factual programming expertise including business affairs, finance and production management.

Highlights for 2011 included several successful programmes notably: **Shirley,** the biopic starring Ruth Negga in the role of Shirley Bassey, which achieved top ratings as the centre piece of BBC2’s Mixed Race season and has won the Best Television Actress award at the Irish Film And Television Awards and was nominated for Best Actress at the Royal Television Society Awards; 6-part series **Misbehaving Mums To Be** for BBC3 which enjoyed high ratings and international sales; 2-part BBC documentary **Passion of Port Talbot** starring Michael Sheen which aired on BBC Wales to critical acclaim and BBC4 documentary **Elgar: The Man Behind the Mask** which won numerous awards including a BAFTA Craft Award 2011.

Finally the division launched a topical programming unit which quickly won its first commission with the documentary **Gipsy Eviction: The Fight for Dale Farm** for Channel 4, one of the highest rated Dispatches films of 2011.

Matchlight

Glasgow based independent factual producer Matchlight, the joint venture with DCD Media launched in 2009, further cemented its reputation as one of Scotland's leading production companies.

Matchlight’s roster of clients now includes all the major UK broadcasters and the company has also strengthened its links with on-screen talent, working with a range of high profile personalities such as Prof. Amanda Vickery, John Humphrys, Rory Stewart, Dr. Helen Castor and Alexis Conran.

During the year Matchlight delivered over 10 series or individual films including for BBC1 - The Griersons Awards nominated **Imagine: The Trouble with Tolstoy**; for BBC2 - the RTS Programme Award nominated **At Home with the Georgians**; **The Many Lovers of Jane Austen** and **The Future State of Welfare**; for BBC3 - **Josie: My Cancer Curse**; and for Channel 5 – the 6 part series **Dangerous Drivers’ School.** Just after the year end it also won its first commission for ITV1 with a new film **Lenny Henry: Finding Shakespeare**, presented by comedian and actor Lenny Henry.

The outlook for Matchlight remains positive with a slate of projects in production and development across observational documentary, history, arts, current affairs and popular factual television.

Rize USA

Rize USA was launched in October 2011 as a co-venture between DCD Media and former September Films Creative Director, Sheldon Lazarus. Based in London and Los Angeles, the company operates under the DCD umbrella and focuses on factual, factual entertainment and reality programming for the UK and the US.

Rize has enjoyed a strong start and proven a valuable brand addition to the DCD stable of production companies, winning over £2 million worth of new business since inception. During the period under review Rize won its first documentary specials, **Accused: The 74-Stone Babysitter** and **My Social Network Stalker: True Stories**, which both aired post year end and achieved strong audience ratings on Channel 4.

The company is currently in production on a number of new series and one-off productions for UK and US broadcasters to be announced in 2012.

Rize USA (continued)

Rize USA's output is in line with DCD Media's portfolio of non-scripted offerings and further strengthening the Group's position in the non-scripted market. The current strong pipeline of projects bodes well on both sides of the Atlantic and will also continue to generate valuable IP to be exploited worldwide.

Entertainment Division

September Films

September Films is a producer of reality television, entertainment and formats based in Los Angeles and London. The division's performance was driven by returning hit series and talent fronted primetime entertainment shows. Highlights from the year included new seasons of the high volume series **Bridezillas** and **Billy The Exterminator** for A&E as well as ITV1 Saturday night series **Penn & Teller: Fool Us**, presented by Jonathan Ross. **Bridezillas** and **Penn & Teller: Fool Us** have performed strongly in the international market place where they are distributed by DCD Rights, the Group's wholly owned distribution arm. The BAFTA winning children's series **Richard Hammond's Blast Lab** transmitted its fourth series on BBC1 and BBC2 and continued to perform well in sales and licensing.

The division renewed its Creative team with two new senior appointments and a promotion for the new roles of Head of Entertainment, Head of Factual Entertainment and Head of Development in the UK, together with a number of senior US executive appointments for newly created positions at its LA office in Tribeca West including Senior Vice President, Creative and VP Development to help sustain growth in the US market.

The outlook for September Films is positive particularly in the US market where the division has a strong reputation and solid pipeline of returning reality series.

Event Management Division

Done and Dusted

The music and live events division delivered recurring large scale productions including **The Laureus World Sports Awards 2011** live from Abu Dhabi, Channel 4's summer music event **T4 On the Beach** which broadcast live in the summer and **The Mobo Awards** which aired live on BBC1 in the autumn. US based work included the returning franchise **The Victoria's Secret Fashion Show** which transmitted on CBS at the end of November. **T4 Stars** was held in December 2011 and transmitted live on Channel 4.

In September 2011, the Group confirmed the intended departure of its Done and Dusted management team at the end of December 2011. The departing management group have bought the trademark Done and Dusted from DCD Media. The Event Management division has been shown as a discontinued operation within the financial statements (note 10).

Rights and Licensing Division

DCD Rights

The Group's distribution arm was hampered by a difficult trading environment, coupled with a major buyer going into administration. Despite this backdrop, DCD Rights held its own and continued to expand in the international market. Many of the new shows acquired have been well received by network buyers around the world and also garnered numerous awards.

The support of DCD Rights' distribution fund and close relationships with top producers has been vital in securing third party programming from around the world.

Bridezillas, produced by September Films, continued to sell worldwide and entertainment series **Penn & Teller: Fool Us** performed well both as a finished programme and format. DCD Rights' factual catalogue has continued to grow and a notable ratings winner this year has been **Dangerous Drivers School**, produced by Matchlight, on Channel 5.

DCD Publishing (including DVD label Digital Classics)

The licensing arm of DCD Media exploiting wholly-owed and third party brands for IP in publishing, merchandising, DVD and music had a year of consolidation in 2011. It continued to take advantage of its access to the world's largest music publishing catalogues and launched a number of innovative products.

DCD Publishing have broadened their representation to include talent and to that end have signed representation deals with **Emma Forbes**, **Russell Grant**, **Vincent and Flavia** of BBC's Strictly Come Dancing, **Windsor Concourse of Elegance**, **Mahiki**, and TV company **Splash Media**.

DCD Publishing (including DVD label Digital Classics) (continued)

Richard Hammond's Blast Lab merchandise continues to sell well and the 'Bluw' toys range of music-based products got off to a flying start.

Digital Classics DVD, the Group's wholly owned DVD label, continued to increase the number of titles in the catalogue through third-party acquisitions as well as DCD-owned programmes. Continuing to work on titles by **Stephen Fry**, the label released a number of boxed sets all of which sold well. In 2011 the label suffered stock loss when Sony's Enfield warehouse burnt down in the riots but financial impact was limited by an effective insurance cover. Digital Classics DVD also took the opportunity of changing distribution arrangements, signing a new deal with distribution partner Demand in August, and sales volumes have increased significantly as a result. Highlighted titles in the period were **Tony Robinson's Crime and Punishment**, **At Home with the Georgians** and **Peter Ackroyd's Thames.**

David Green
Executive Chairman

28 May 2012

Chief Executive Officer's review

The Group continued to face challenges over the last 12 months but has produced a stabilising set of results which will allow it to move forward with a renewed focus and growth in the coming months and years.

In the first half of the year, the Group saw further rationalisation of resources, including further restructuring of the business units and moving to new, more cost effective office accommodation.

In the second half of the year, the Group saw a number of key events which are discussed below, including £1.75m fund raising, the departure of the Event Management business Done and Dusted Group Limited and changes to members of the Board of Directors.

The results are for the 12 months to 31 December 2011 and the comparatives are for the eighteen months to 31 December 2010.

Fund raising

During the latter half of the year the Company raised £1.75m through the issuance of new convertible debt of £975,000 and 77,500,000 ordinary shares at 1p each. This followed the announcement in the prior year financial statements of the need for funding and was the culmination of extensive discussions with investors. This investment provided a cash injection to stabilise the Group and to allow investment in the development and growth of the business.

Board changes

The year saw a number of changes to the Board. On 28 July 2011 John McIntosh, Chief Financial Officer, departed from the Board and, in November 2011, the existing Board Directors David Green (CEO) and Tarik Wildman (Non- Executive) were joined by John Cusins (Non Executive Chairman) and myself. Post year end I became CEO and David Green became Executive Chairman, with Non Executives John Cusins and Tarik Wildman forming the Audit Committee and Remuneration Committee.

Performance

The Group made an unadjusted loss after tax for the year of £7.1m (2010: £7.9m). This figure is affected by the impairment and amortisation of intangible assets, including goodwill and trade names.

Adjusted EBITDA and Adjusted PBT are the key performance measures that are used by the Board, as they more fairly reflect the underlying business performance by excluding the significant impacts of goodwill, trade name and programme rights amortisation and impairments.

The headline Adjusted EBITDA in the year ended 31 December 2011 was £0.6m, an annualised decrease of 61% on the eighteen months to 31 December 2010 (2010: £2.3m). Adjusted PBT was £0.1m, an annualised decrease of 92% on the eighteen month period to 31 December 2010 (2010: £1.8m).

Performance during the year was as expected but impacted by a number elements including

- the extensive refinancing discussions with investors, requiring Directors and key management to focus on refinancing rather than the core element of producing content and the development of new business;
- reduced momentum following on from the prior year, and as a result of continued difficult market conditions within the industry;
- delayed development of programming through funding constraints, until the final quarter of the year after funding raising was completed; and
- continued re-organisation and restructuring costs within the Group as part of the strategy to refocus on the core element of the business of television programming.

Revenue for the year ended 31 December 2011 for continuing operations was £21.8m, a 1% annualised increase on the eighteen month revenue to 31 December 2010 for continuing operations (2010: £32.4m).

Revenue for discontinued operations (note 10) for the year ended 31 December 2011 was £8.1m, an annualised 24% reduction on the eighteen months to 31 December 2010 (2010: 15.9m).

Performance (continued)

The following table represents the reconciliation between the operating loss per the consolidated statement of comprehensive income to adjusted Profit before Tax (PBT) and adjusted Earnings Before Tax Depreciation and Amortisation (EBITDA):

	Year ended 31 December 2011 £m	18 months period ended 31 December 2010 £m
Operating loss per statutory accounts (continuing operations)	(6.0)	(10.1)
Add: Discontinued operations	(1.8)	(1.1)
Operating loss per statutory accounts	**(7.8)**	**(11.2)**
Add Amortisation of programme rights (note 12)	5.5	8.7
Add: Impairment of programme rights (note 12)	0.9	1.4
Add: Amortisation of trade names (note 12)	1.0	1.5
Add: Impairment of goodwill and related intangibles (note 12)	5.1	9.4
Less: Capitalised programme rights intangibles (note 12)	(5.4)	(8.1)
Add: Depreciation (note 13)	0.1	0.1
EBITDA	**(0.6)**	**1.8**
Add: Restructuring costs (legal and statutory)	0.1	0.5
Add: Discontinued US operations costs	0.5	-
Add: Staff cost normalisation	0.6	-
Adjusted EBITDA	**0.6**	**2.3**
Less: Net financial income/(expense) (note 8)	(0.4)	(0.4)
Less: Depreciation	(0.1)	(0.1)
Adjusted PBT	**0.1**	**1.8**

Intangible Assets

The Group's consolidated statement of comprehensive income and consolidated statement of financial position has again this year been impacted by the amortisation and impairment of intangible assets, see note 12.

The Group has seen amortisation and impairment of goodwill and trade names for the year of £6.1m (2010 eighteen months: £10.9m) and a net amortisation and impairment of programme rights of £1.0m (2010 eighteen months £2.0m). This expenditure within the Group's consolidated statement of comprehensive income negatively impact the overall result, creating a loss for the year.

The accounting implications, in terms of the effect of reporting impaired intangible assets under International Financial Standards, are explained below.

September Films
September Films Limited, an operating unit within the Entertainment cash generating unit (CGU) had its performance impaired by market conditions and delayed investment in programme development, as described more generally above. The business has started to rebuild its development and commissioning pipeline, but in the short term the future cash flows and profitability of the business were deemed by management not to be able to support the current carrying value of the goodwill. An impairment of £1.5m was therefore applied to the goodwill, leaving a carrying value of £3.9m (2010: £5.4m).

Done and Dusted
The key management of the Event Management CGU left the Group at the year end, and no replacement staff or trade were identified which resulted in the CGU being classified as a discontinued operation. No future cashflows are expected from the CGU moving forward. The remaining goodwill of £1.5m after management review was impaired down to reflect the fair value of the consideration likely to be received for the goodwill post year end. It was then re-categorised as an asset held for sale (note 16). The impairment amounted to £1.4m and the carrying value of the asset held for sale was £0.1m (note 10).

Trade Names

Trade names are amortised over ten years on a straight line basis and a non cash expense of £0.9m was expensed in the year relating to trade names. A review of the trade name net book value at the year end identified that the carrying value of the assets were not appropriate and an impairment of £2.3m against the West Park Pictures and Prospect trade names was applied. The carrying value of trade names after the amortisation and impairment was £2.5m.

Restructuring costs

Restructuring costs of £0.1m have been disclosed in the consolidated statement of comprehensive income. Restructuring costs relate to redundancy payments and an office move. In April 2011 the office in central London was closed and the head office operations were moved to the Hammersmith office, resulting in one off restructuring costs of £0.02m. This relocation to the Hammersmith office will provide the business with annual savings of £0.4m.

Discontinued US operations costs

The Event Management US operations incurred operational costs for maintaining a presence in the US which was not offset by normal revenue streams for the same period. The reduction in revenue was due to a reduced focus on the US operations as a result of the impending cessation of the Event Management activities, as part of the discontinued operations. The impact of this was £0.4m and is considered to be a one off exceptional item which will not recur in future years.

Staff cost normalisation

Staff normalisation costs relate to other costs incurred in the year which will not be incurred in future years through the rationalisation of resourcing across the business with a reduction in headcount. The reduced costs in the future amount to £0.6m and is considered to be a one off exceptional item which will not recur in future years.

Earnings per share

Basic loss per share in the period was 9.36p (eighteen month period ended 31 December 2010: 13.38p loss per share) and was calculated on the losses after taxation of £7.1m (eighteen month period ended 31 December 2010: loss £7.9m) divided by the weighted average number of shares in issue during the year being 75,354,034 (2010: 59,019,293). The number of shares has increased due to a conversion of debt to equity and a subscription of shares in the year, detailed in note 23.

Balance Sheet

Since the prior period end the Group debt profile has increased marginally by £0.3m with current debt at £6.1m (31 December 2010: £5.8m). During the year £1.0m of bank debt was repaid. Convertible debt increased by the issue of £1.0m of new convertible loan notes and through £0.4m of rolled up interest. The debt at the year end is made up of outstanding bank loans £1.2m (2010: £2m) and overdraft of £0.6m (£0.7m) and convertible debt of £4.3m (2010: £3.1m).

Following the restructuring explained in the Chief Executive Officer section above, the Group undertook its regular impairment review after the period end. As a consequence of that review under the principles of International Financial Reporting Standards the Group has taken a non-cash charge of £6.1m (2010: £9.4m) against goodwill and trade names and £1.0m (2010: £1.4m) against the intangible programme rights catalogue. This impairment has been recorded in the statement of comprehensive income (see note 12).

The Group's net cash balances as at 31 December 2011 were £5.8m (31 December 2010: £4.1m). A substantial part of the Company cash balances represent the Company's working capital commitment in relation to its programme making and is not considered to be free cash.

As at the 31 December 2011 the Group had a term loan of £1.0m which is due for repayment on 28 November 2012. The Group has repaid £0.25m of this term loan in the post year end period and the current outstanding balance is £0.75m. The term loan is currently under review and being renegotiated with the Group's principal bankers, with a view to changing the repayment period to one greater than 18 months. The Group's bankers have indicated that it is their intention to agree new terms. The Group's overdraft facility has also recently been extended by its principal bankers until 30 November 2012. Accordingly, the Directors have a reasonable expectation that both the term loan and the overdraft facility will continue to be available to the Group for the foreseeable future.

On 28 November 2012, convertible debt, totalling £4.3m of principal loan and cumulative interest as at 31 December 2011, is due to become payable. Timeweave Plc acquired £3.1m of this convertible debt on 8 February 2012. Timeweave PLC converted £0.6m of the convertible debt on 18 April 2012 to acquire a 29.99% holding in the Company. The Directors have been, and continue to be, in discussions with the Directors of Timeweave to understand their intentions and are working with Timeweave on a proposal for Timeweave to reduce, or negate, the impact of the repayment of the convertible debt in November 2012.. There remains, however, a material uncertainty that the Company may not be able to repay in cash the convertible debt on 28 November 2012 as it arises, if discussions with Timeweave result in a withdrawal of their support.

Chief Executive Officer's review

Shareholders' Equity

Retained earnings as at 31 December 2011 were £(59.8m) (2010: £(52.7m)) and total shareholders' equity at that date was £3.3m (2010: £9.8m).

Amounts attributable to non-controlling interests

In the prior period, the Group bought a stake in Matchlight Limited, a collaboration with a group of leading Scottish programme makers. The Group has recognised a loss of £0.04m (2010: £0.15m) attributable to non controlling interests in the statement of comprehensive reserves and an amount of £0.62m (2010: £0.39m) as equity representing the non controlling interest of the company as at the financial year end.

Current Trading

The Group has had a slow start to 2012, however several big returning shows have been recommissioned and their income will be realised in the second half of the year. There is also a strong development pipeline and the directors expect this to further contribute to an improved second half of the year. The Group has also been focused on a rationalisation and restructure of the number of divisions and subsidiaries. Cash reserves remain tight, but the Group continues to generate cash from its activities and are confident that they will be able cover the operational costs.

Going Concern

On 28 November 2012, convertible debt, totalling £4.3m of principal loan and cumulative interest as at 31 December 2011, is due to become payable. Timeweave Plc acquired £3.1m of this convertible debt on 8 February 2012. Timeweave PLC converted £0.6m of the convertible debt on 18 April 2012 to acquire a 29.99% holding in the Company. The Directors have been, and continue to be, in discussions with the Directors of Timeweave to understand their intentions and are working with Timeweave on a proposal for Timeweave to reduce, or negate, the impact of the repayment of the convertible debt in November. There remains, however, a material uncertainty that the Company may not be able to repay in cash the convertible debt on 28 November 2012 as it arises, if discussions with Timeweave result in a withdrawal of their support.

S Nourmand
Chief Executive Officer

28 May 2012

Report of the Directors for the year ended 31 December 2011

The Directors present their report together with the audited financial statements for the year ended 31 December 2011.

Principal activities

The main activities of the Group continued to be content production, event management and distribution and rights exploitation.

A detailed review of the Group's business is contained in the Executive Chairman's review on pages 3 to 5 and the Chief Executive Officer's review on pages 6 to 9.

Results

The Group's loss before taxation for the year ended 31 December 2011 was £8.2m (eighteen month period ended 31 December 2010: £8.4m). The loss for the year post-taxation was £7.1m (eighteen month period ended 31 December 2010: £7.9m) and has been carried forward in reserves.

The Directors do not propose to recommend the payment of a dividend.

Business review

Risks and uncertainties
The Group's management aims to minimise risk by developing a broad, balanced stable of production/ distribution activity and intellectual property. Clear risk assessment and strong financial and operational management is essential to control and manage the Group's existing business, retain key staff and balance current development with future growth plans. As the Group operates in overseas markets it is also subject to exposures on transactions undertaken in foreign currencies.

Acquisition activity
As described in the Chief Executive Officer's review, during the year of reporting the Group has focused on stabilising its existing business while seeking suitable partner opportunities. It is an aim of the Group to continue to look for suitable opportunities which will create synergy and enhance earnings. The known risks of such a strategy can be summarised as: finding appropriate targets or joint ventures opportunities, integration risk of acquiring targets, finding and retaining key staff and failure to achieve financial/operational synergies from those targets.

To minimise risk, the Group uses its financial and operational diligence process, backed by legal diligence. The Group has already integrated its previous acquisitions, which are regularly monitored through the Group's internal control function.

Production and distribution revenue
Revenue is subject to fluctuations throughout the year and will peak after sales markets during the year.

Funding and Liquidity
Costs incurred during production are not always funded by the commissioning broadcaster. The Group policy is to maintain its production cash balances to ensure there is no financial shortfall in the ability to produce a programme. It is inherent in the production process that in the short-term cash flows on productions can sometimes be negative initially. This is due to costs incurred before contracted sales have been received, in order to meet delivery and transmission dates. The Group funds these initial outflows, when they occur, in two ways: internally, ensuring that overall exposure is minimised; or, through a short term advance from a bank or finance house, which will be underwritten by the contracted sale. The Group regularly reviews the cost/benefit of such decisions in order to obtain the optimum use from its working capital. The Group's cash and cash equivalents net of overdraft at the end of the period was £5.8m (31 December 2010: £3.4m) including certain production related cash held to maintain the Group policy. The Group debt consists of convertible loan notes and conventional bank debt. Details of the interest payable and convertible loans notes are disclosed in note 8, 18 and 20 to the financial statements, respectively.

Liquidity risks
Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. A full description of the Group's position regarding its convertible loan notes is disclosed in the Directors' consideration of the going concern basis of preparation of the financial statements (note 1). The Group's exposure to interest rate fluctuations on its conventional bank debt is appropriately hedged. The Group's exposure to exchange rate fluctuations has historically been small based on its revenue and cost base. Dependent on the extent the Group's international revenue grows the appropriate hedging strategy will be introduced.

It is Group policy to continue to seek the most optimum structure for its borrowings and this policy will be pursued over the coming year.

Directors and their interests

The Directors of the Company, and their beneficial interests in the share capital of the Company, during the year were as follows:

	At 31 December 2011			At 31 December 2010		
	Ordinary shares of 1p each	**Deferred shares of 0.9p each**	**Deferred shares of 9p each**	**Ordinary shares of 10p each**	**Deferred shares of 0.9 p each**	**Deferred shares of 9p each**
J Cusins (appointed 16 November 2011)	2,000,000	-	-	-	-	-
D Green	24,246,614	-	24,246,614	4,246,614	-	-
J McIntosh (resigned 28 July 2011)	-	-	-	-	-	-
S Nourmand (appointed 16 November 2011)	4,452,972	-	4,452,972	452,972	-	-
T Wildman	29,285	645,157	29,285	29,285	645,157	-

Other than as disclosed in note 26 to the financial statements, none of the Directors had a material interest in any other contract of any significance with the Company and its subsidiaries during or at the end of the financial period.

Substantial shareholdings

As at 21 May 2012, the following notifications had been made by holders of beneficial interests in 3% or more of the Company's issued ordinary share capital as follows:

	No. of 1p ordinary shares	%
Timeweave Plc	59,575,000	29.99
Henderson Global Investors Limited	39,885,996	20.07
D Green (Director)	24,246,614	12.20
H Kronsten	15,500,000	7.80

Share capital

Details of share capital are disclosed in note 23 to the financial statements.

Employment Involvement

The Group's policy is to encourage employee involvement at all levels as it believes this is essential for the success of the business. There is significant competition for experienced and skilled creative staff and administrators. The Directors are aware of this and have looked to encourage and develop internal resources and to put in place succession plans. In addition, the Group has adopted an open management style to encourage communication and give employees the opportunity to contribute on business issues.

The Group does not discriminate against anyone on any grounds. Criteria for selection and promotion are based on suitability of an applicant for the job. Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes of the applicants concerned. In the event of members of staff becoming disabled, every effort will be made to ensure that their employment with the Group continues and that appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be at least comparable with that of other employees.

Financial instruments

Details of the use of financial instruments by the company are contained in note 22 of the financial statements.

The Board

As at the date of approval of these financial statements, the Board of Directors consisted of four members, two of whom are Non-Executive Directors. Their biographies are to be found on page 14. The Group has adopted a framework for corporate governance which it believes is suitable for a company of its size with reference to the key points within the Principles of Good Governance and Code of Best Practice ("the Combined Code").

Report of the Directors for the year ended 31 December 2011

Corporate governance

The Board meets regularly, normally monthly, and covers strategic, operational, financial performance and remuneration committee matters as they arise from time to time. A Management Executive Group made up of key executives from the divisions normally meets monthly to cover cross-Group matters and develop new business opportunities. Matters of significance are raised with the Board. The Board reviews financial and operational information derived from the Management Executive Group, and the effectiveness of external audit and internal financial controls. The terms of reference of the Audit Committee are to assist themselves as Directors in discharging their individual and collective legal responsibilities for ensuring that:

- the Group's financial and accounting systems provide accurate and up-to-date information on its current financial position;
- the Group's published financial statements represent a true and fair reflection of this position; and
- the external audit, which the law requires in order to provide independent confirmation that these legal responsibilities are being met, is conducted in a thorough, efficient and effective manner.

The external auditors attend the audit committee meeting and as such it provides them with a direct line of communication to the Directors.

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 Chief Executive Officer's review. The financial position of the Group, its cash position and borrowings are set out in the financial review section of the statement (note 18). In addition note 22 sets out the Group's objectives, policies and processes for managing its financial instruments and risk.

As highlighted in note 1 to the financial statements, the Group's day-to-day operations are funded from cash generated from trading.

As at the 31 December 2011 the Group had a term loan of £1.0m which is due for repayment on 28 November 2012. The Group has repaid £0.25m of this term loan in the post year end period and the current outstanding balance is £0.75m. The term loan is currently under review and being renegotiated with the Group's principal bankers, with a view to changing the repayment period to one greater than 18 months. The Group's bankers have indicated that it is their intention to agree new terms. The Group's overdraft facility has also recently been extended by its principal bankers until 30 November 2012. Accordingly, the Directors have a reasonable expectation that both the term loan and the overdraft facility will continue to be available to the Group for the foreseeable future.

On 28 November 2012, convertible debt, totalling £4.3m of principal loan and cumulative interest as at 31 December 2011, is due to become payable. Timeweave Plc acquired £3.1m of this convertible debt on 8 February 2012. Timeweave PLC converted £0.6m of the convertible debt on 18 April 2012 to acquire a 29.99% holding in the Company. The Directors have been, and continue to be, in discussions with the Directors of Timeweave to understand their intentions and are working with Timeweave on a proposal for Timeweave to reduce, or negate, the impact of the repayment of the convertible debt in November 2012. There remains, however, a material uncertainty that the Company may not be able to repay in cash the convertible debt on 28 November 2012 as it arises, if discussions with Timeweave result in a withdrawal of their support.

The Board remain positive about the resilience of the Group despite the pressures from the current economic conditions and those outlined above. The Directors forecasts and projections, which make allowance for reasonably possible changes in its trading performance, show that, with the ongoing support of its lenders and its bank, the Group can continue to generate cash to meet their obligations as they fall due.

Through the recent negotiations with its shareholders, its loan note holders and its principal bankers, the Directors, after making enquiries, have a reasonable expectation that the Company and the Group will have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

Directors' responsibilities for the financial statements

The Directors are responsible for preparing the annual 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 Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. The Directors have elected to prepare the parent company financial statements in accordance with UK GAAP. 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 Group and Company and of the profit or loss of the Group and Company for that period. The Directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market.

Directors' responsibilities for the financial statements (continued)

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the European Union, 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 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 requirements of 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.

Website publication

The Directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Auditors

All of the current Directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The Directors are not aware of any relevant audit information of which the auditors are unaware.

By Order of the Board

S Nourmand
Chief Executive Officer

28 May 2012

Board of Directors

David Green (Executive Chairman)

David Green was appointed as Executive Chairman of DCD Media in February 2012, after 3 years as CEO. He joined the Group in 2007 when London and LA-based television and film production company September Films, of which he was Chairman and Founder, was acquired by DCD Media. He originally took on the role of DCD Chief Creative Officer with the task of driving creative synergies across all Group production and distribution companies. He now merges his Chairman role with special responsibility for spearheading DCD Media's surge into the booming American production market.

A veteran of the British and American film and television industries where he has successfully built his career since graduating from Oxford in 1972, David has produced and/or directed over a thousand hours of primetime television including the landmark 'Hollywood Women' series and September's flagship show 'Bridezillas' - both of which he created. His four feature film directing credits notably include the Oscar-nominated 'Buster' (4 awards) one of the biggest grossing British films of all time, and the $22m Disney action adventure 'Wings of the Apache', starring Nicolas Cage and Tommy Lee Jones. He was also the Executive Producer of two September movies: Oscar-nominated 'Solomon and Gaenor' (7 awards) and 'House of America' (6 awards).

Sammy Nourmand (Chief Executive Officer)

Sammy Nourmand brings with him 18 years experience in the independent television sector, as a Production Accountant and then Financial Controller before joining September Films as Head of Finance in 1998. He went on to become Director of Finance and Deputy CEO in November 2003 taking over as CEO in April 2005. Sammy oversaw September Films operations in the UK and the US as well as its distribution arm, September International. He was instrumental in the sale of September Films to DCD Media in August 2007 and under his stewardship September Films enjoyed its longest period of growth and stability. Sammy took the role of acting COO of DCD Media between 2009 and 2010, became a Director of DCD Media in November 2011 and was appointed CEO in February in 2012.

Tarik Wildman (Non-Executive Director)

Tarik Wildman has been involved in the financial industry for over 20 years. He was a Director at Credit Suisse First Boston and Dillon Read and remains an adviser at UBS. He is also a partner in the Madrid-based firm Forest Asset Management, and runs his own enterprise Wildman & Company Limited, which finds financial solutions for a wide variety of corporate clients. Tarik is currently Managing Director of PJ Investments and sits on the Board of Red Letter Days and other companies associated with Peter Jones.

John Cusins (Non-Executive Director)

John Cusins has had a distinguished career in finance. He has held a variety of senior posts in the Investment Banking, Insurance and Asset Management sectors. He qualified as a Chartered Accountant with KPMG before moving to UBS, then took the role of Managing Director at Dresdner Bank, London. He was part of the private equity group that acquired Pearl Group Limited in December 2004 and held a number of senior Directorial posts in that business. Whilst at Pearl Group John founded Axial Investment Management Limited and held the positions of CEO, CIO and CFO within Axial. John is an Executive Director of Strathdon Investments PLC and a Non-Executive Director of AMG Systems Limited.

Independent auditor's report to the members of DCD Media Plc

We have audited the financial statements of DCD Media Plc for the year ended 31 December 2011 which comprise the consolidated statement of comprehensive income, the consolidated statement of financial position and Company balance sheet, the consolidated statement of cash flows, the consolidated statement of changes in equity and the related notes. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in preparation of the parent company financial statements 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 sections 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 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

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

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 parent Company's affairs as at 31 December 2011 and of the Group's loss for the period then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent Company's financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Independent auditor's report to the members of DCD Media Plc

Emphasis of matter – Going Concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in note 1 to the Financial Statements concerning the Group and Company's ability to continue as a going concern.

The Company's convertible loan notes become payable in November 2012. The Directors have entered into negotiations with these note holders and are confident that the note holders will not demand cash repayment within the next 12 months. Negotiations are currently ongoing and no guarantee exists that cash repayment will not be demanded.

These conditions indicate the existence of material uncertainties which may cast significant doubt upon the Group and Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Group was unable to continue as a going concern.

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 by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company 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.

Simon Brooker (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
Bridgewater House
Finzels Reach
Counterslip
Bristol
BS1 6BX

28 May 2012

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC203127).

Consolidated income statement for the year ended 31 December 2011

	Note	Year ended 31 December 2011 £'000	18 month period ended 31 December 2010 £'000
Revenue	4	**21,843**	**32,439**
Cost of sales		(13,864)	(23,828)
Impairment of programme rights	5,12	(991)	(1,422)
		(14,855)	(25,250)
Gross profit		**6,988**	**7,189**
Selling and distribution expenses		**(121)**	**(101)**
Administrative expenses:			
- Other administrative expenses		(8,125)	(7,289)
- Impairment of goodwill and trade names	5,12	(3,782)	(7,892)
- Amortisation of goodwill and trade names	5,12	(988)	(1,482)
- Restructuring costs	5	(105)	(530)
		(13,000)	**(17,193)**
Other income		81	7
Operating loss		**(6,052)**	**(10,098)**
Finance income	7	2	4
Gain settlement on convertible loan	18	-	3,560
Finance costs	8	(386)	(785)
Loss before taxation		**(6,436)**	**(7,319)**
Taxation	9	1,172	544
Loss after taxation from continuing operations		**(5,264)**	**(6,775)**
Loss on discontinued operations net of tax	10	(1,790)	(1,120)
Loss for the year		**(7,054)**	**(7,895)**
Loss attributable to:			
Owners of the parent		(7,031)	(7,742)
Non controlling interest		(23)	(153)
		(7,054)	**(7,895)**

Earnings per share attributable to the equity holders of the Company during the year (expressed as pence per share)

	Note	2011	2010
Basic loss per share from continuing operations	11	**(6.99p)**	**(11.48p)**
Basic (loss)/profit per share from discontinued operations	10	**(2.37p)**	**(1.90p)**
Total basic loss per share	11	**(9.36p)**	**(13.38p)**
Diluted loss per share from continuing operations	11	**(6.99p)**	**(11.48p)**
Diluted (loss)/profit per share from discontinued operations	10	**(2.37p)**	**(1.90p)**
Total diluted loss per share	11	**(9.36p)**	**(13.38p)**

The notes on pages 22 to 51 are an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income for the year ended 31 December 2011

	Note	Year ended 31 December 2011 £'000	18 month period ended 31 December 2010 £'000
Loss		**(7,054)**	**(7,895)**
Other comprehensive expenses			
Exchange losses arising on translation of foreign operations		(123)	-
Total other comprehensive expenses		(123)	-
Total comprehensive expense		**(7,177)**	**(7,895)**
Total comprehensive expense attributable to:			
Owners of the parent		(7,154)	(7,742)
Non controlling interest		(23)	(153)
		(7,177)	**(7,895)**

Consolidated statement of financial position as at 31 December 2011

Company number 03393610

	Note	Year ended 31 December 2011 £'000	Period ended 31 December 2010 £'000
Non-current assets			
Goodwill	12	4,629	7,568
Other intangible assets	12	3,458	7,768
Property, plant and equipment	13	78	104
		8,165	**15,440**
Current assets			
Inventories	14	186	276
Trade and other receivables	15	5,164	7,930
Cash and cash equivalents		6,386	4,135
Assets held for sale	16	83	-
		11,819	**12,341**
Current liabilities			
Bank overdrafts	18	(615)	(738)
Secured convertible loan	18,22	(4,314)	-
Bank and other loans	18,22	(1,154)	(1,000)
Trade and other payables	17	(9,341)	(9,560)
Taxation and social security	17	(541)	(869)
Obligations under finance lease	18	(17)	(11)
Provisions	19	-	(76)
		(15,982)	**(12,254)**
Non-current liabilities			
Secured convertible loan	20,22	-	(3,123)
Bank and other loans	20	-	(1,000)
Obligations under finance leases	20	(24)	-
Deferred tax liabilities	21	(622)	(1,636)
		(646)	**(5,759)**
Net assets		**3,356**	**9,768**
Equity			
Equity attributable to owners of the parent			
Share capital	23	7,393	6,602
Share premium account		49,391	49,451
Equity element of convertible loan	18	154	120
Merger reserve		6,356	6,356
Translation reserve		(123)	-
Retained earnings		(59,753)	(52,722)
Equity attributable to owners of the parent		**3,418**	**9,807**
Non controlling interest		(62)	(39)
Total Equity		**3,356**	**9,768**

The notes on pages 22 to 51 are an integral part of these consolidated financial statements.

The financial statements were approved and authorised for issue by the Board of Directors on 28 May 2012

S Nourmand
Director

Consolidated statement of cash flows for the period ended 31 December 2011

Cash flow from operating activities including discontinued operations		Year ended 31 December 2011 £'000	Restated period ended 31 December 2010 £'000
Net loss before taxation		**(8,215)**	**(8,439)**
Adjustments for:			
Depreciation of tangible assets	13	56	79
Amortisation and impairment of intangible assets	12	12,693	21,056
Profit on disposal of property, plant and equipment	5	53	-
Profit on refinancing of convertible loan	18	-	(3,560)
Net bank and other interest charges	7,8,10	390	783
Net exchange differences on translating foreign operations		(123)	-
Decrease in provision		(76)	(8)
Net cash flows before changes in working capital		**4,778**	**9,911**
Decrease/(increase) in inventories	14	90	(66)
Decrease/(increase) in trade and other receivables	15	2,766	(763)
(Decrease)/increase in trade and other payables	17	(547)	1,462
Cash from operations		**7,087**	**10,544**
Interest received		2	5
Interest paid		(112)	(169)
Income taxes paid/(received)		145	(33)
Net cash flows from operating activities		**7,122**	**10,347**
Investing activities			
Acquisition of subsidiary undertakings, net of cash and overdrafts acquired	30	-	(179)
Purchase of property, plant and equipment	13	(83)	(41)
Purchase of intangible assets	12	(5,527)	(8,092)
Net cash flows used in investing activities		**(5,610)**	**(8,312)**
Financing activities			
Issue of ordinary share capital		703	-
New finance leases received		46	-
Repayment of finance leases		(16)	(3)
Repayment of loan		(846)	(3,480)
New loans raised		975	3,000
Net cash flows from financing activities		**862**	**(483)**
Net increase in cash		**2,374**	**1,552**
Cash and cash equivalents at beginning of year		3,397	1,845
Cash and cash equivalents at end of year	29	**5,771**	**3,397**

Consolidated statement of changes in equity for the year ended 31 December 2011

	Share capital £'000	Share premium £'000	Equity element of convertible loan £'000	Merger reserve £'000	Translation reserve £'000	Retained earnings £'000	Equity attributable to owners of the parent £'000	Amounts attributable to non-controlling interest £'000	Total equity £'000
Balance at 30 June 2009	**5,806**	**49,100**	**328**	**6,356**	**-**	**(45,188)**	**16,402**	**-**	**16,402**
Loss and total comprehensive income for the period	-	-	-	-	-	(7,742)	**(7,742)**	(153)	**(7,895)**
Shares issued	796	351	-	-	-	-	**1,147**	-	**1,147**
Movements on refinancing	-	-	(208)	-	-	208	-	-	-
Minority interest recognised on obtaining a controlling interest	-	-	-	-	-	-	-	114	**114**
Balance at 31 December 2010	**6,602**	**49,451**	**120**	**6,356**	**-**	**(52,722)**	**9,807**	**(39)**	**9,768**
Loss and total comprehensive income for the year	-	-	-	-	-	(7,031)	**(7,031)**	(23)	**(7,054)**
Convertible loan note issued	-	-	35	-	-	-	**35**	-	**35**
Shares issued	775	(72)	-	-	-	-	**703**	-	**703**
Shares issued on conversion of loan	16	12	(1)	-	-	-	**27**	-	**27**
Exchange differences on translating foreign operations	-	-	-	-	(123)	-	**(123)**	-	**(123)**
Balance at 31 December 2011	**7,393**	**49,391**	**154**	**6,356**	**(123)**	**(59,753)**	**3,418**	**(62)**	**3,356**

Notes to the financial statements for the year ended 31 December 2011

The principal activity of DCD Media plc and subsidiaries (the Group) is the production of television programmes in the United Kingdom and United States, and the worldwide distribution of those programmes for television and other media; the Group also distributes programmes on behalf of other independent producers.

DCD Media plc is the Group's ultimate parent company, and it is incorporated and domiciled in Great Britain. The address of DCD Media plc's registered office is One America Square, Crosswall, London EC3N 2SG, and its principal place of business is London. DCD Media plc's shares are listed on the Alternative Investment Market of the London Stock Exchange.

DCD Media plc's consolidated financial statements are presented in Pounds Sterling (£), which is also the functional currency of the parent company. The accounts have been drawn up to the date of 31 December 2011.

1 Principal accounting policies

The principal accounting policies adopted in the preparation of the consolidated financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated. The Group financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRSs) issued by the International Accounting Standards Board (IASB) as adopted by European Union ("Adopted IFRSs"), and with those parts of the Companies Act 2006 applicable to companies preparing their financial statements under Adopted IFRSs.

Change of accounting reference date

During the period to 31 December 2010, the accounting reference date (ARD) was changed from 30 June to 30 December. Under the Companies Act 2006, accounts can be made up to a date within 7 days of the ARD. The Directors have therefore selected 31 December as the year end date. The financial statements shown for 2011 are for the year 1 January 2011 to 31 December 2011. Comparative figures are for the period 1 July 2009 to 31 December 2010, a period of 18 months.

Basis of preparation – 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 CEO's statement. The financial position of the Group, its cash position and borrowings are set out in the financial review section of the statement. In addition note 22 sets out the Group's objectives, policies and processes for managing its financial instruments and risk.

The Group's day-to-day operations are funded from cash generated from trading and the use of an overdraft facility of £0.75m, with other activities funded from a combination of equity and short and medium term debt instruments. In considering the going concern basis of preparation of the Group's financial statements, the Board have prepared profit and cash flow projections which incorporate reasonably foreseeable impacts of the ongoing challenging economic environment. These projections reflect the ongoing management of the day to day cash flows of the Group which includes assumptions on the profile of payment of certain existing liabilities of the Group. They show that the day to day operations will continue to be cash generative which will underpin the Group's stability and enable management to continue to focus the Group's activities into profitable production development. The forecasts show that the Group will continue to utilise its term loan and overdraft facility provided by its principal bankers for the foreseeable future.

As at the 31 December 2011 the Group had a term loan of £1.0m which is due for repayment on 28 November 2012. The Group has repaid £0.25m of this term loan in the post year end period and the current outstanding balance is £0.75m. The term loan is currently under review and being renegotiated with the Group's principal bankers, with a view to changing the repayment period to one greater than 18 months. The Group's bankers have indicated that it is their intention to agree new terms. The Group's overdraft facility has also recently been extended by its principal bankers until 30 November 2012. Accordingly, the Directors have a reasonable expectation that both the term loan and the overdraft facility will continue to be available to the Group for the foreseeable future.

On 28 November 2012, convertible debt, totalling £4.3m of principal loan and cumulative interest as at 31 December 2011, is due to become payable. Timeweave Plc acquired £3.1m of this convertible debt on 8 February 2012. Timeweave PLC converted £0.6m of the convertible debt on 18 April 2012 to acquire a 29.99% holding in the Company. The Directors have been, and continue to be, in discussions with the Directors of Timeweave to understand their intentions and are working with Timeweave on a proposal for Timeweave to reduce, or negate, the impact of the repayment of the convertible debt in November 2012 There remains, however, a material uncertainty that the Company may not be able to repay in cash the convertible debt on 28 November 2012 as it arises, if discussions with Timeweave result in a withdrawal of their support.

The Board remain positive about the resilience of the Group despite the pressures from the current economic conditions and those outlined above. The Directors forecasts and projections, which make allowance for reasonably possible changes in its trading performance, show that, with the ongoing support of its lenders and its bank, the Group can continue to generate cash to meet their obligations as they fall due.

1 Principal accounting policies (continued)

Basis of preparation – going concern (continued)

Through the recent negotiations with its shareholders, its loan note holders and its principal bankers, the Directors, after making enquiries, have a reasonable expectation that the Company and the Group will have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

The financial statements do not include the adjustments that would result if the Group or Company was unable to continue as a going concern.

Changes in accounting policies

The following new standards, interpretations and amendments, applied for the first time from 1 January 2011, have had an affect on the financial statements:

Revised IAS 24 Related Party Disclosures
The revision to IAS 24 is in response to concerns that the previous disclosure requirements and the definition of a related party were too complex and difficult to apply in practice, especially in environments where government control is pervasive. The revised standard addresses these concerns by providing a revised definition of a related party. The structure of definition of a related party has been simplified and inconsistencies eliminated. The revised definition will mean that some entities within the Group will have more related parties for which disclosures will be required.

Improvements to IFRSs (2010)
The improvements in this Amendment clarify the requirements of IFRSs and eliminate inconsistencies within and between Standards. The changes include amendments to:

- IFRS 3 (Revised 2008) 'Business combinations' including: (i) Clarification that the treatment of contingent consideration arising in business combinations occurring before the effective date of IFRS 3(R) continues to be treated under the old requirements. (ii) Limiting the choice to measure non-controlling interests at a proportionate share in recognised amounts of the acquiree's identified net assets to present ownership interests with other components of the non-controlling interest being measured at fair value. (iii) The inclusion or otherwise in the cost of investment of replacement share-based payment awards provided to employees of the acquiree

- IFRS 7 'Financial instruments: Disclosures' including clarification that an entity should provide qualitative disclosures in the context of quantitative disclosures to enable users to link related disclosures and hence form an overall picture of the nature and extent of risks arising from financial instruments

- IAS 1 (Revised 2007) 'Presentation of financial statements' clarifying that the analysis of components of other comprehensive income in the statement of changes in equity may be presented in a note

- IAS 34 'Interim financial reporting' clarifying the disclosures required in respect of significant events and transactions during the period.

Improvements to IFRSs (2010) also made minor amendments to the wording of IFRIC 13 'Customer loyalty programmes' regarding the valuation of award credits and the transitional arrangements for amendments to IAS 21 'The effects of changes in foreign exchange rates' and IAS 28 'Investments in associates' in respect of the loss of control or significant influence which were introduced by IAS 27 (as amended 2008) 'Consolidated and separate financial statements'.

A number of standards and interpretations have been issued by the IASB. They become effective after the current year and have not been adopted by the Group. Management have reviewed these standards and believe none of these standards, which are effective for periods beginning after 1 January 2011 are expected to have a material effect on the Group's future financial statements.

Revenue and attributable profit

Production revenue represents amounts receivable from producing programme/production content, and is recognised over the period of the production in accordance with the milestones within the underlying signed contract. Profit attributable to the period is calculated by capitalising all appropriate costs up to the stage of production completion, and amortising production costs in the proportion that the revenue recognised in the year bears to estimated total revenue from the programme. The carrying value of programme costs in the statement of financial position is subject to an annual impairment review.

Event management revenue arises where the Group produced and filmed events in the period. Event management revenue is recognised in accordance with the milestones agreed within the underlying signed contract. Associated costs are recognised in-line with the agreed budgets aligned to the contractual milestones.

1 Principal accounting policies (continued)

Revenue and attributable profit (continued)

Where productions are in progress at the year end and where billing is in advance of the completed work per the contract, the excess is classified as deferred income and is shown within trade and other payables.

Distribution revenue arises from the licensing of programme rights which have been obtained under distribution agreements with either external parties or Group companies. Distribution revenue is recognised in the statement of comprehensive income on signature of the licence agreement, and represents amounts receivable from such contracts.

Revenue from sales of DVDs and other sales is the amounts receivable from invoiced sales during the year.

All revenue excludes value added tax.

Basis of consolidation

The Group financial statements consolidate those of the Company and of its subsidiary undertakings drawn up to 31 December 2011. Subsidiaries are entities over which the Group has the power to control the financial and operating policies so as to obtain benefits from its activities. The Group obtains and exercises control through voting rights.

Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

The Group also holds an investment of 19.9% in Classical TV Limited. This interest is not accounted for as a subsidiary or associate as the Group does not have sufficient control or influence to do so. The investment had a carrying value of nil in both the current year and previous financial period.

Non-controlling interests

For business combinations completed prior to 1 July 2009, the Group initially recognised any non-controlling interest in the acquiree at the non-controlling interest's proportionate share of the acquiree's net assets. For business combinations completed on or after 1 July 2009 the Group has the choice, on a transaction by transaction basis, to initially recognise any non-controlling interest in the acquiree which is a present ownership interest and entitles its holders to a proportionate share of the entity's net assets in the event of liquidation at either acquisition date fair value or, at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. Other components of non-controlling interest such as outstanding share options are generally measured at fair value. The Group has not elected to take the option to use fair value in acquisitions completed to date.

From 1 July 2009, the total comprehensive income of non-wholly owned subsidiaries is attributed to owners of the parent and to the non-controlling interests in proportion to their relative ownership interests. Before this date, unfunded losses in such subsidiaries were attributed entirely to the Group. In accordance with the transitional requirements of IAS 27 (2008), the carrying value of non-controlling interests at the effective date of the amendment has not been restated.

Goodwill

Goodwill represents the excess of the cost of a business combination over, in the case of business combinations completed prior to 1 January 2010, the Group's interest in the fair value of identifiable assets, liabilities and contingent liabilities acquired and, in the case of business combinations completed on or after 1 July 2009, the total acquisition date fair value of the identifiable assets, liabilities and contingent liabilities acquired. For business combinations completed prior to 1 July 2009, cost comprises the fair value of assets given, liabilities assumed and equity instruments issued, plus any direct costs of acquisition. Changes in the estimated value of contingent consideration arising on business combinations completed by this date are treated as an adjustment to cost and, in consequence, result in a change in the carrying value of goodwill.

For business combinations completed on or after 1 July 2009, cost comprised the fair value of assets given, liabilities assumed and equity instruments issued, plus the amount of any non-controlling interests in the acquiree plus, if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree. Contingent consideration is included in cost at its acquisition date fair value and, in the case of contingent consideration classified as a financial liability, re-measured subsequently through profit or loss. For business combinations completed on or after 1 January 2010, direct costs of acquisition are recognised immediately as an expense.

Goodwill is capitalised as an intangible asset with any impairment in carrying value being charged to the consolidated statement of comprehensive income. Where the fair value of identifiable assets, liabilities and contingent liabilities exceed the fair value of consideration paid, the excess is credited in full to the consolidated statement of comprehensive income on the acquisition date.

1 Principal accounting policies (continued)

Property, plant and equipment

Property, plant and equipment are stated at cost net of depreciation and any provision for impairment. Depreciation is calculated to write down the cost less estimated residual value by equal annual instalments over their expected useful lives. The rates generally applicable are:

Short leasehold property improvements	Over the life of the lease
Motor vehicles	25% on cost
Office and technical equipment	25%-33% on cost

The assets' residual values and useful lives are reviewed at each statement of financial position date and adjusted if appropriate.

Other intangible assets

Trade names

Trade names acquired through business combinations are stated at their fair value at the date of acquisition. They are amortised through the statement of comprehensive income, following a periodic impairment review, on a straight line basis over their useful economic lives, such periods not to exceed 10 years.

Programme rights

Internally developed programme rights are stated at the lower of cost, less accumulated amortisation, or recoverable amount. Cost comprises the cost of all productions and all other directly attributable costs incurred up to completion of the programme and all programme development costs. Where programme development is not expected to proceed, the related costs are written off to the statement of comprehensive income. Amortisation of programme costs is charged in the ratio that actual revenue recognised in the current year bears to estimated ultimate revenue. At each statement of financial position date, the Directors review the carrying value of programme rights and consider whether a provision is required to reduce the carrying value of the investment in programmes to the recoverable amount. The expected life of these assets is not expected to exceed 7 years.

Purchased programme rights are stated at the lower of cost, less accumulated amortisation, or recoverable amount. Purchase programme rights are amortised over a period inline with expected useful life, not exceeding 7 years.

Amortisation and any charge in respect of writing down to recoverable amount during the year are included in the statement of comprehensive income within cost of sales.

Leased assets

Property, plant and equipment acquired under finance leases or hire purchase contracts are capitalised and depreciated in the same manner as other property, plant and equipment, and the interest element of the lease is charged to the statement of comprehensive income over the period of the finance lease. Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability by using an effective interest rate. The related obligations, net of future finance charges, are included in liabilities.

Rentals payable under operating leases are charged to the statement of comprehensive income on a straight line basis over the period of the lease.

Inventories

Inventories comprise pre-production costs incurred in respect of programmes deemed probable to be commissioned, and finished stock of DVDs available for resale. Where it is virtually certain production will occur, pre-production costs are capitalised in inventories and transferred to intangibles on commencement of production. Finished stock of DVDs available for re-sale is also included within inventories. Inventories are valued at the lower of cost or recoverable amount.

Programme distribution advances

Advances paid in order to secure distribution rights on third party catalogues or programmes are included within current assets. Distribution rights entitle the Company to license the programmes to broadcasters and DVD labels for a sales commission, whilst the underlying rights continue to be held by the programme owner. The advances are stated at the lower of the amounts advanced to the rights' owners less actual amounts due to rights owners based on sales to date.

1 Principal accounting policies (continued)

Impairment of non-current assets

For the purposes of assessing impairment, assets are grouped into separately identifiable cash-generating units. Goodwill is allocated to those cash-generating units that have arisen from business combinations.

At each statement of financial position date, the Group reviews the carrying amounts of its non-current assets, to determine whether there is any indication those assets have suffered an impairment loss. If any such indication exists the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Goodwill is tested for impairment annually. Goodwill impairment charges are not reversed.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value and value in use based on an internal discounted cash flow evaluation.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents. Bank overdrafts are shown in current liabilities on the statement of financial position. Overdrafts are included in cash and cash equivalents for the purpose of the cash flow statement.

Assets held for sale

Non-current assets and disposal groups are classified as held for sale when:

- they are available for immediate sale;
- management is committed to a plan to sell;
- it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn;
- an active programme to locate a buyer has been initiated;
- the asset or disposal group is being marketed at a reasonable price in relation to its fair value; and
- a sale is expected to complete within 12 months from the date of classification.

Non-current assets and disposal groups classified as held for sale are measured at the lower of:

- their carrying amount immediately prior to being classified as held for sale in accordance with the Group's accounting policy; and
- fair value less costs to sell.

Following their classification as held for sale, non-current assets (including those in a disposal group) are not depreciated.

Discontinued operations

The results of operations disposed during the year are included in the consolidated statement of comprehensive income up to the date of disposal.

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale, that has been disposed of, has been abandoned or that meets the criteria to be classified as held for sale.

Discontinued operations are presented in the consolidated statement of comprehensive income as a single line which comprises the post-tax profit or loss of the discontinued operation along with the post-tax gain or loss recognised on the re-measurement to fair value less costs to sell or on disposal of the assets or disposal groups constituting discontinued operations.

Restatement of prior period cash flow statement

The restatement is due to the correction of the movements in trade and other receivables, the movements in trade and other payables and the net cash flows from financing activities. £0.966m has been reanalysed as a cash outflow from the movement in trade and other payables to net cash flows from financing activities. £0.38m has been reanalysed as a cash outflow from movements in trade and other receivables to movements in trade and other payables. The net effect on cash flows is nil.

1 Principal accounting policies (continued)

Equity

Equity comprises the following:

- **Share capital** represents the nominal value of issued Ordinary shares and Deferred shares;
- **Share premium** represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue;
- **Equity element of convertible loan** represents the part of the loan classified as equity rather than liability (see note 18);
- **Merger reserve** represents the excess over nominal value of the fair value of consideration received for equity shares issued on acquisition of subsidiaries, net of expenses of the share issue (in accordance with s.612 of the Companies Act 2006);
- **Translation reserve** represents the exchange rate differences on the translation of subsidiaries from a functional currency to Sterling at the year end;
- **Retained earnings** represents retained profits and losses; and
- **Non controlling interest** represents net assets owed to non-controlling interests.

Deferred taxation

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the statement of financial position differs from its tax base, except for differences arising on:

- the initial recognition of goodwill;
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit; and
- investments in subsidiaries and jointly controlled entities where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the statement of financial position date and are expected to apply when the deferred tax liabilities/(assets) are settled/(recovered).

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either:

- the same taxable Group company; or
- different Group entities which intend either to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

Foreign currency

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the statement of financial position date. Exchange differences arising on the settlement and retranslation of monetary items are taken to the statement of comprehensive income.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at the exchange rate ruling at the statement of financial position date. Income and expense items are translated at the average exchange rates for the year. Exchange differences arising are classified as equity and transferred to the Group's retained earnings reserve.

Financial instruments

Financial assets and financial liabilities are initially recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument at their fair value and thereafter at amortised cost.

Trade Receivables
Trade receivables are recorded at their amortised cost less any provision for doubtful debts. Trade receivables due in more than one year are discounted to their present value.

1 Principal accounting policies (continued)

Financial instruments (continued)

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Group will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are reported in a separate allowance account with the loss being recognised within administrative expenses in the statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Convertible Loans

Convertible loan notes are regarded as compound instruments, consisting of a liability component and an equity component. At the date of issue the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible debt. The difference between the proceeds of issue of the convertible loan note and the fair value assigned to the liability component, representing the embedded option to convert the liability into equity of the Group, is included in equity.

Issue costs are apportioned between the liability and equity components of the convertible loan notes based on their relative carrying amounts at the date of issue. The portion relating to the equity component is charged directly against equity.

The interest expense of the liability component is calculated by applying the effective interest rate to the liability component of the instrument. The difference between this amount and the interest paid is added to the carrying amount of the convertible loan note.

Bank Borrowings

Bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the year to repayment is at a constant rate on the balance of the liability carried in the consolidated statement of financial position. Finance charges are accounted for on an effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the year in which they arise.

Trade Payables

Trade payables are stated at their amortised cost.

Equity Instruments

Equity instruments issued by the Group are recorded as the proceeds received, net of direct costs.

Retirement benefits

The Group operates pension schemes for the benefit of a number of its Directors. The schemes are defined contribution schemes and the contributions are charged against profits as they accrue.

2 Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the date of the financial statements. If in the future such estimates and assumptions which are based on management's best judgement at the date of the financial statements, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the year in which the circumstances change. Where necessary, the comparatives have been reclassified or extended from the previously reported results to take into account presentational changes.

Critical judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, which are described in note 1, management has made the following judgements that have the most significant effect on the amounts recognised in the financial statements (apart from those involving estimations, which are dealt with below).

Sale and leaseback

As explained in note 24, the Group enters into sale and leaseback arrangements to finance programme production. The obligations to the lessee are matched by deposits held with financial institutions. The Group is not able to control the deposit accounts, nor is it able to withhold payments to the investor from the accounts. Accordingly, the Group has determined that, under IAS39 'Financial instruments: Recognition and Measurement', each sale and leaseback transaction entered into by the Group has, from inception, failed to meet the definition of an asset and liability and has therefore not been recognised in these financial statements. The Group has applied guidance from SIC27 'Evaluating the substance of transactions involving the legal form of a Lease'.

2 Critical accounting judgements and key sources of estimation uncertainty (continued)

Key sources of estimation uncertainty
The key assumptions concerning the future, and other key sources of estimation uncertainty at the statement of financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Recoverability of programmes in the course of production
During the year, management reviewed the recoverability of its programmes in the course of production which are included in its statement of financial position. The projects continue to progress satisfactorily and management continue to believe that the anticipated revenues will enable the carrying amount to be recovered in full.

Impairment of goodwill
Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating unit to which the goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. The carrying amount of goodwill at the statement of financial position date was £4.6m. Details relating to the allocation of goodwill to cash-generating units and potential impairment calculations are given in note 12.

Impairment of programme rights
Determining whether programme rights are impaired requires an estimation of the value in use of the cash-generating unit to which the rights have been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. The carrying amount of programme rights at the statement of financial position date was £0.5m. Details of the impairment review calculations are given in note 12.

3 Segment information

Under IFRS 8 the accounting policy for identifying segments is based on the internal management reporting information that is regularly reviewed by the senior management team.

The Group has four main reportable segments:

- ***Factual Television Production*** - This division is involved in the production of factual based television content from the aggregate of the following reporting lines: Prospect Pictures, West Park Pictures and DCD Factual brands;
- ***Entertainment Television Production*** – This division is involved in the production of entertainment based television content. This includes productions by September Films and Matchlight Limited;
- ***Event Management*** – This division organises and manages events, primarily music concerts through Done and Dusted, and has been classified as a discontinued operation at the year end; and
- ***Rights and Licensing*** – This division is involved with the sale of distribution rights, DVDs, music and publishing deals through the aggregate of the following reporting lines: DCD Rights, DC DVD, DCD Music and DCD Publishing.

The Group's reportable segments are strategic business divisions that offer different products to different markets, while its **Other division** is its head office function which manages other business which cannot be reported within the other reportable segments. They are managed separately because each business required different management and marketing strategies.

Uniform accounting policies are applied across the entire Group. These are described in note 1 of the financial statements.

The Group evaluates performance of the basis of profit or loss from operations but excluding exceptional items such as goodwill impairments. The Board considers the most important KPIs within its business segments to be revenue and segmental profit.

Inter-segmental trading occurs between the Rights and Licensing division and the production divisions where sales are made of distribution rights. Royalties and commissions paid are governed by an umbrella agreement covering the Group that applies an appropriate rate that is acceptable to the local tax authorities.

Segment assets include all trading assets held and used by the segments for their day to day operations. Goodwill and trade-names are not included within segmental assets as management views these assets as owned by the Group. Segment liabilities include all trading liabilities incurred by the segments. Loans and borrowings and deferred tax liabilities incurred by the Group are not allocated to segments. Details of these balances are provided in the reconciliations below:

3 Segment information (continued)

2011 Segmental Analysis – income statement

	Factual	Entertainment	Event Management (discontinued operations)	Rights and Licensing	Other	Total 2011
	£'000	£'000	£'000	£'000	£'000	£'000
Total revenue	4,446	15,421	8,391	5,044	84	**33,386**
Inter-segmental revenue	(48)	(2,295)	(275)	(810)	-	**(3,428)**
Total revenue from external customers	4,398	13,126	8,116	4,234	84	**29,958**
Discontinued operations	-	-	(8,116)	-	-	**(8,116)**
Group's revenue per consolidated statement of comprehensive income	**4,398**	**13,126**	**-**	**4,234**	**84**	**21,842**
Operating loss before tax – continuing operations						**(6,052)**
Operating loss before tax – discontinued operations						**(1,773)**
Operating (loss)/profit before tax	**(452)**	**(1,213)**	**(1,773)**	**(1,101)**	**(3,286)**	**(7,825)**
Capitalisation of programme rights	(438)	(4,712)	(285)	-	-	**(5,435)**
Amortisation of programme rights	404	4,678	284	36	66	**5,468**
Impairment of programme rights	4	148	2	-	839	**993**
Amortisation of goodwill and trade names	569	419	-	-	-	**988**
Impairment of goodwill and trade names	2,296	1,486	1,370	-	-	**5,152**
Depreciation	13	8	18	14	3	**56**
Segmental EBITDA	2,396	814	(384)	(1,051)	(2,378)	**(603)**
Restructuring costs	47	-	-	-	58	**105**
Discontinued US operations costs	-	-	512	-	-	**512**
Staff normalisation costs	167	-	-	269	120	**556**
Intercompany debt write off	(250)	2,526	-	-	(2,276)	**-**
Segmental adjusted EBITDA	2,360	3,340	128	(782)	(4,476)	**570**
Net finance expense	(6)	-	(6)	(40)	(332)	**(384)**
Depreciation	(13)	(8)	(18)	(14)	(3)	**(56)**
Segmental adjusted profit/(loss) before tax	**2,341**	**3,332**	**104**	**(836)**	**(4,811)**	**130**

3 Segment information (continued)

2011 Segmental Analysis – financial position

	Factual	Entertainment	Event Management (discontinued operations)	Rights and Licensing	Other	Total 2011
	£'000	£'000	£'000	£'000	£'000	£'000
Non-current assets	109	717	1	41	-	**868**
Reportable segment assets	1,292	4,798	1,580	4,832	92	**12,594**
Central assets	-	-	-	-	138	**138**
Goodwill	132	3,873	-	624	-	**4,629**
Trade-names	236	2,304	-	-	-	**2,540**
Assets held for sale	-	-	83	-	-	**83**
Total Group assets	**1,660**	**10,975**	**1,663**	**5,456**	**230**	**19,984**
Reportable segment liabilities	(1,228)	(2,686)	(1,021)	(4,532)	(456)	**(9,923)**
Loans and borrowings	-	-	-	-	(6,083)	**(6,083)**
Deferred tax liabilities	(58)	(564)	-	-	-	**(622)**
Total Group liabilities	**(1,286)**	**(3,250)**	**(1,021)**	**(4,532)**	**(6,539)**	**(16,628)**

3 Segment information (continued)

2010 Segmental Analysis – income statement

	Factual	Entertainment	Event Management (discontinued operations)	Rights and Licensing	Other	Total 2010
	£'000	£'000	£'000	£'000	£'000	£'000
Total revenue	8,449	16,263	15,920	9,513	43	**50,188**
Inter-segmental revenue	-			(1,829)	-	**(1,829)**
Total revenue from external customers	8,449	16,263	15,920	7,684	43	**48,359**
Discontinued operations	-	-	(15,920)	-	-	**(15,920)**
Group's revenue per consolidated statement of comprehensive income	**8,449**	**16,263**	**-**	**7,684**	**43**	32,439
Operating loss before tax – continuing operations						**(10,098)**
Operating loss before tax - discontinued operations						**(1,117)**
Operating (loss)/profit before tax	**(9,900)**	**(352)**	**(1,117)**	**(65)**	**219**	**(11,215)**
Capitalisation of programme rights	(1,248)	(6,844)	-	-	-	**(8,092)**
Amortisation of programme rights	1,551	6,938	-	-	246	**8,735**
Impairment of programme rights	275	230	36	91	790	**1,422**
Amortisation of goodwill and trade names	854	628	-	-	-	**1,482**
Impairment of goodwill and trade names	7,889	-	1,525	-	3	**9,417**
Depreciation	8	28	23	19	1	**79**
Segmental EBITDA	(571)	628	467	45	1,259	**1,828**
Restructuring costs	-	-	-	-	530	**530**
Segmental adjusted EBITDA	(571)	628	467	45	1,789	**2,358**
Net finance income/(expense)	1	(1)	(2)	(1)	(440)	**(443)**
Depreciation	(8)	(28)	(23)	(19)	(1)	**(79)**
Segmental adjusted profit/(loss) before tax	**(578)**	**599**	**442**	**25**	**1,348**	**1,836**

Notes to the financial statements for the year ended 31 December 2011

3 Segment information (continued)

2010 Segmental Analysis – financial position

	Factual	Entertainment	Event Management (discontinued operations)	Rights and Licensing	Other	Total 2011
	£'000	£'000	£'000	£'000	£'000	£'000
Non-current assets	853	866	23	47	259	**2,048**
Reportable segment assets	959	4,101	3,149	5,910	270	**14,389**
Goodwill	132	5,359	1,453	624	-	**7,568**
Trade-names	3,102	2,722	-	-	-	**5,824**
Total Group assets	**4,193**	**12,182**	**4,602**	**6,534**	**270**	**27,781**
Reportable segment liabilities	(780)	(1,845)	(2,352)	(4,391)	(1,072)	**(10,440)**
Loans and borrowings	-	-	-	-	(5,861)	**(5,861)**
Provisions	-	-	-	-	(76)	**(76)**
Deferred tax liabilities	(872)	(764)	-	-	-	**(1,636)**
Total Group liabilities	**(1,652)**	**(2,609)**	**(2,352)**	**(4,391)**	**(7,009)**	**(18,013)**

4 Revenue

The Group's headquarters is based in the United Kingdom. It also has offices in New York and Los Angeles to conduct any business in the United States. Outside the United Kingdom, sales are generally denominated in US dollars.

Revenue, which excludes value added tax and transactions between Group companies, represents the sale of television production services, event management services, commissions on television and film distribution rights and the sale of television and film distribution rights on behalf of third party producers.

The following table provides an analysis of the Group's revenue by geographical market, irrespective of the origin of the goods or services:

	Year ended 31 December 2011 £'000	18 month period ended 31 December 2010 £'000
United Kingdom	8,642	16,388
Rest of Europe	1,878	2,672
North and South America, including Canada	10,267	10,584
Rest of the World	1,056	2,795
	21,843	**32,439**

5 Expenses by nature

	Year ended 31 December 2011 £'000	18 month period ended 31 December 2010 £'000
Auditors' remuneration:		
Fees payable to the company's auditor:		
For the audit of the company's annual accounts	10	10
For the audit of other Group companies	55	65
For provision of accounting advice	-	7

5 Expenses by nature (continued)

	Year ended 31 December 2011 £'000	18 month period ended 31 December 2010 £'000
Operating lease rentals:		
Plant and machinery	-	211
Other	293	543
Loss on foreign exchange fluctuations	(6)	(65)
Loss on disposal of property, plant and equipment	(53)	-
Depreciation, amortisation and impairment:		
Intangible assets - programme amortisation in cost of sales (note 12)	5,468	8,735
Intangible assets - programme impairment in cost of sales - continued operations (note 12)	991	1,422
Intangible assets - programme impairment in cost of sales - discontinued operations (note 12)	2	-
Intangible assets - goodwill in administrative expenses (note 12)	3,782	9,417
Intangible assets - trade names in administrative expenses (note 12)	988	1,482
Intangible assets - assets held for sale (note 12)	1,370	-
Property, plant and equipment (note 13)	56	79
Staff costs (note 6)	5,206	7,842
Restructuring costs (see below)	105	530

The restructuring costs relate to the change in premise of the head office, separation costs for the departure of Done and Dusted Group Limited from the Group and redundancy costs within the Group including legal costs and compensation to individuals for loss of office.

6 Directors and employees

Staff costs during the year, including Directors, were as follows:

	Year ended 31 December 2011 £'000	18 month period ended 31 December 2010 £'000
Wages and salaries	4,698	6,891
Social security costs	490	890
Other pension costs	18	61
	5,206	**7,842**

Other pension costs include contributions totalling £nil (2010: £21,799) to money purchase pension schemes in respect of three employees. There are no defined benefit schemes in operation.

The average number of employees of the Group during the year were as follows:

	Year ended 31 December 2011 No.	18 month period ended 31 December 2010 No.
Sales and distribution	9	9
Production	29	31
Directors and administration	24	31
	62	**71**

6 Directors and employees (continued)

Remuneration in respect of the Directors, who are the key management personnel of the Group was as follows for the year versus the comparative figures for the eighteen month period:

	Emoluments £'000	Pension Contributions £'000	Money value of non-cash benefits received £'000	2011 Total £'000
J Cusins (appointed 17 November 2011)	5	-	-	**5**
D Green	301	-	-	**301**
J McIntosh (resigned 28 July 2011)	165	-	-	**165**
S Nourmand (appointed 17 November 2011)	252	5	-	**257**
T Wildman	40	-	-	**40**
2011	**763**	**5**	**-**	**768**

	Emoluments £'000	Pension Contributions £'000	Money value of non-cash benefits received £'000	2010 Total £'000
D Elstein (resigned 12 October 2010)	64	-	-	**64**
T Wildman	30	-	-	**30**
S Pizey (resigned 7 December 2010)	177	7	-	**184**
D Green	302	-	-	**302**
S Nourmand (appointed 17 November 2011)	278	6	-	**284**
J McIntosh	192	21	-	**213**
2010	**1,043**	**34**	**-**	**1,077**

7 Finance income

	Year ended 31 December 2011 £'000	18 month period ended 31 December 2010 £'000
Interest on short term bank deposits	2	4
	2	**4**

8 Finance costs

	Year ended 31 December 2011 £'000	18 month period ended 31 December 2010 £'000
Bank overdraft	27	37
Convertible loan interest charge	282	496
Convertible loan equity interest charge	-	123
Bank loan	70	129
Other interest charges	7	-
	386	**785**

As explained in note 18, the convertible loan note issued on 5 September 2011 was accounted for as a compound instrument under IFRS 32. As a result, there has been an interest charge in the year of £nil (2010: £123,000) to equalise the equity element of the loan credited to reserves. The redemption date of the remaining loan notes was extended to 30 November 2012.

9 Taxation on ordinary activities

Recognised in the statement of comprehensive income:

	Year ended 31 December 2011 £'000	18 month period ended 31 December 2010 £'000
Current tax (expense)/credit:		
Continuing operations		
UK corporation tax	-	-
US federal and state income taxes	159	(29)
Withholding tax suffered	(1)	(4)
Discontinued operations		
US federal and state income taxes	(11)	-
Current year credit/(expense)	**147**	**(33)**
Deferred tax (expense)/credit:		
Reversal of temporary differences under IFRS	1,014	577
Total tax in statement of comprehensive income	**1,161**	**544**

Tax charge represents:	2011 £'000	2010 £'000
Loss on ordinary activities – continuing operations	(7,806)	(8,844)
(Loss)/profit on ordinary activities – discontinued operations	(409)	405
	(8,215)	(8,439)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 26.49% (2010: 28%)	(2,176)	(2,363)
Effects of:		
Expenses not deductible for tax purposes	2,832	2,907
Provisions deductible on paid basis	-	53
Net losses in year carried forward/(brought forward losses utilised)	304	36
Depreciation in excess of capital allowances	8	16
Rate differential on foreign taxes	194	(109)
Overseas withholding tax suffered	(1)	4
Total tax credit	**1,161**	**544**

A deferred tax asset of approximately £3.1m (2010: £4.2m) arising principally from losses in the company has not been recognised. The Directors believe that it is prudent not to recognise the deferred tax asset within the financial statements.

The Directors believe that the brought forward losses would not be utilised in 2012 and so have calculated the asset value based upon the 2012 tax rate of 23%. If the brought forward losses were not utilised until 2014 a tax rate of 22% would be applicable, resulting in a deferred tax asset of £2.9m, a reduction of £0.2m.

10 Discontinued operations

In June 2011, the Board took the decision to part company with key management at one of its subsidiaries, Done and Dusted Group Limited. This decision was to allow the Company to focus on its key markets, that of television production and distribution. Done and Dusted Group Limited will remain within the Group, however trade names have been passed to key management in consideration of key management returning their shares in the Company. The return of ordinary shares in the Company had not completed as at the signing date of the financial statements. Operations within Done and Dusted Group Limited have ceased from 1 January 2012.

10 Discontinued operations (continued)

	31 December 2011 £'000	31 December 2010 £'000
Asset held for sale (note 16)	83	-
	83	**-**

Result of discontinued operations	Year ended 31 December 2011 £'000	18 month period ended 31 December 2010 £'000
Revenue	8,116	15,921
Expenses other than finance costs	(8,519)	(15,560)
Other income	-	47
Finance costs	(6)	(3)
Impairment of goodwill	(1,370)	(1,525)
(Loss)/profit from discontinued operations before tax	(1,779)	(1,120)
Tax expense	(11)	**-**
(Loss)/profit from discontinued operations after tax	(1,790)	(1,120)
Basic (loss)/earnings per share (pence)	**(2.37p)**	**(1.90p)**
Diluted (loss)/earnings per share (pence)	**(2.37p)**	**(1.90p)**

Statement of cash flows

The statement of cash flows includes the following amounts related to discontinued operations:

	Year ended 31 December 2011 £'000	18 month period ended 31 December 2010 £'000
Cash flow from operating activities	**9**	**488**
Cash flow from investing activities	**(289)**	**(26)**
Cash flow from financing activities	**-**	**-**
Net cash flow from discontinued operations	**(280)**	**462**

11 Earnings per share

The calculation of the basic loss per share is based on the loss attributable to ordinary shareholders divided by the weighted average number of shares in issue during the year. The calculation of diluted loss per share is based on the basic loss per share, adjusted to allow for the issue of shares and the post tax effect of dividends and interest, on the assumed conversion of all other dilutive options and other potential ordinary shares.

	Loss £'000	Weighted average number of shares	2011 Per share amount pence	Loss £'000	Weighted average number of shares	2010 Per share amount pence
Basic loss per share						
Loss attributable to ordinary shareholders	(7,054)	75,354,034	(9.36)	(7,895)	59,019,293	(13.38)
Diluted loss per share						
Loss attributable to ordinary shareholders	(7,054)	75,354,034	(9.36)	(7,895)	59,019,293	(13.38)

11 Earnings per share (continued)

If convertible loan balances held at the year end were converted at their respective conversion prices of 18 pence and 1 pence, and the share options were converted at their respective conversion prices of 1 pence and 10 pence, the number of shares issued would be 204,848,375. The consequence of this transaction has not been considered for 2011 figures as the effect would be anti-dilutive.

12 Goodwill and intangible assets

	Goodwill £'000	Trade Names £'000	Programme Rights £'000	Total £'000
Cost				
At 1 July 2009	34,467	9,882	31,605	75,954
Additions	-	-	8,092	8,092
Created on business combinations (note 30)	136	-	-	136
At 31 December 2010	**34,603**	**9,882**	**39,697**	**84,182**
At 1 January 2011	34,603	9,882	39,697	84,182
Additions	-	-	5,435	5,435
Transfer of goodwill to assets held for sale (note 10, 16)	(12,264)	-	-	(12,264)
At 31 December 2011	**22,339**	**9,882**	**45,132**	**77,353**
Amortisation and impairment				
At 1 July 2009	18,218	1,976	27,596	47,790
Amortisation provided in period in cost of sales	-	-	8,735	8,735
Impairment provided in period in cost of sales	-	-	1,422	1,422
Amortisation provided in period in administrative expenses	-	1,482	-	1,482
Impairment provided in period in administrative expenses	8,817	600	-	9,417
At 31 December 2010	**27,035**	**4,058**	**37,753**	**68,846**
At 1 January 2011	27,035	4,058	37,753	68,846
Amortisation provided in year in cost of sales	-	-	5,468	5,468
Impairment provided in year in cost of sales - continued operations	-	-	991	991
Impairment provided in year in cost of sales - discontinued operations	-	-	2	2
Amortisation provided in year in administrative expenses	-	988	-	988
Impairment provided in year in administrative expenses – continued operations	1,486	2,296	-	3,782
Impairment provided in year in administrative expenses – discontinued operations	1,370	-	-	1,370
Transfer of accumulated amortisation	(12,181)	-	-	(12,181)
At 31 December 2011	**17,710**	**7,342**	**44,214**	**69,266**
Net book value				
At 31 December 2011	**4,629**	**2,540**	**918**	**8,087**
At 31 December 2010	7,568	5,824	1,944	15,336

12 Goodwill and intangible assets (continued)

Current estimates of useful economic lives of intangible assets are as follows:

Goodwill	Indefinite
Trade names	10 years
Programme Rights	5-7 years

Trade names currently have a remaining useful economic life of five and a half years.

Goodwill and trade names

Goodwill acquired in a business combination is allocated, at acquisition, to the cash-generating units (CGUs) that are expected to benefit from that business combination.

Details of goodwill allocated to cash generating units for which the amount of goodwill so allocated is as follows:

		Goodwill carrying amount	
	Segment (note 3)	31 December 2011 £'000	31 December 2010 £'000
Cash generating units (CGU):			
DCD Rights Limited	Rights and Licensing	624	624
Done and Dusted Group Limited*	Event Management	83	1,453
September Holdings Limited	Entertainment	3,873	5,359
Prospect Pictures Limited	Factual	-	-
West Park Pictures Limited	Factual	-	-
Matchlight Limited	Factual	132	132
		4,712	**7,568**

*The goodwill relating to Done and Dusted Group Limited has been reclassified as a current asset held for sale. See note 10 and 16.

Trade names were identified on acquisition. These trade names are being amortised over a 10 year life. The details of the trade names allocated by CGU are below:

		Trade name carrying amount	
	Segment (note 3)	31 December 2011 £'000	31 December 2010 £'000
Cash generating units (CGU):			
DCD Rights Limited	Rights and Licensing	-	-
Done and Dusted Group Limited*	Event Management	-	-
September Holdings Limited	Entertainment	2,304	2,723
Prospect Pictures Limited	Factual	236	2,501
West Park Pictures Limited	Factual	-	600
Matchlight Limited	Factual	-	-
		2,540	**5,824**

Goodwill and trade names are allocated to CGUs for the purpose of the impairment review. The recoverable amounts of the CGUs are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected profitability of the CGUs over the future seven years. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks inherent in the CGUs.

The board choose to perform an annual impairment review of all intangible assets, including goodwill and trade names. With the exception of Done and Dusted Group Limited, the recoverable amounts of all the above CGUs have been determined from value in use calculations. Formally approved budgets cover a two year period to December 2014. The results are then extrapolated for a further five years to December 2019. The board uses this seven year period of projection as they believe it is reasonably aligned with the expected lifespan of a TV production. The impairments arising from this value in use calculation are recorded below.

12 Goodwill and intangible assets (continued)

Goodwill	Impairment charge 31 December 2011 £'000	Impairment charge 31 December 2010 £'000
Cash generating units (CGU):		
DCD Rights Limited	-	-
Done and Dusted Group Limited*	1,370	1,525
September Holdings Limited	1,486	-
Prospect Pictures Limited	-	4,925
West Park Pictures Limited	-	2,367
Matchlight Limited	-	-
	2,856	**8,817**

Trade names	Amortisation charge 31 December 2011 £'000	Amortisation charge 31 December 2010 £'000	Impairment charge 31 December 2011 £'000	Impairment charge 31 December 2010 £'000
Cash generating units (CGU):				
DCD Rights Limited	-	-	-	-
Done and Dusted Group Limited*	-	-	-	-
September Holdings Limited	419	628	-	-
Prospect Pictures Limited	385	577	1,880	-
West Park Pictures Limited	184	277	416	600
Matchlight Limited	-	-	-	-
	988	**1,482**	**2,296**	**600**

In the previous financial period, management has assessed the value of the event management unit which contains no intellectual property, and has considered the risk associated with change of circumstance in the evolving niche market for event management and opportunity for future potential cashflows; and replacing its key staff in the event of failure to retain their service. This had an adverse impact on the projected value in use of the operation concerned and consequently resulted in an impairment to goodwill of £1.524m.

During the period the Directors of Done and Dusted Group Limited chose to leave the Group. The board considered the value in use of the Goodwill being an estimate of amounts recoverable as proceeds from the return of certain DCD Media plc shares to the Group from the Directors. This charge was £1.37m. As a result the goodwill in relation to Done & Dusted Limited of £1.453m was impaired to a carrying value of £0.083m. This asset has now been transferred to non-current assets held for sale (note 16).

During the previous financial period key creative executives left West Park Pictures Limited. This event was seen by management as an indicator of impairment against the trade name in addition to the annual requirement for an impairment review of goodwill. This departure had an adverse impact on the projected value in use of the operation concerned resulting in an impairment of £2.967m. The impairment charge has eliminated goodwill to nil and reduced the carrying value of the trade-name to £0.6m.

During the period management made the decision to not invest in the West Park brand any longer. This event meant that no further value in use was identified in the trade name and it was impaired to a value of nil. The CGU has been wound down and closed in the post year end period.

During the previous period key creative executives left Prospect Picture Limited and the business was also restructured as part of the overall re-organisation of the Group. This event was seen by management as an indicator of impairment against the trade name in addition to the annual requirement for an impairment review of goodwill. This impairment review against the aggregated intangible assets has resulted in an impairment of £4.925m. Projected value in use justified the carrying value of the trade name at the financial year end of £2.501m.

During the current period further key executives left Prospect Pictures Limited and the decision was taken to restructure the operations of the division. The effect of this restructuring has led to a further impairment of £0.416m in the period. The Group will continue to trade this division.

Management has assessed the value of September Films Limited and has considered the risk associated with the refocusing of the business and re-assessed future cashflows based on revised cash flows from the prior year. This had an adverse impact on the projected value in use of the operation concerned and consequently resulted in an impairment to goodwill of £1.486m.

12 Goodwill and intangible assets (continued)

The key assumptions used for value in use calculations are the discount factor and growth rates applied to the forecasts.

The rate used to discount the forecast cash flows is 12% for all CGUs. If the discount rates used were increased by 3% to 15%, it is estimated that the recoverable amount of goodwill would have impaired by approximately £0.64m. If the discount rates were decreased to 9%, it is estimated that the recoverable amount of goodwill would be increased by approximately £0.75m.

Varying growth rates are applied dependent upon the historical growth of the CGU. These growth rates are only applied for the five years subsequent to the initial period of formally approved budgets.

	Discount factor		Growth rate	
Trade names	**31 December 2011 %**	**31 December 2010 %**	**31 December 2011 %**	**31 December 2010 %**
Cash generating units (CGU):				
DCD Rights Limited	12	12	5	5
Done and Dusted Group Limited	12	12	5	-
September Holdings Limited	12	12	8	5
Prospect Pictures Limited	12	12	5	5
Matchlight Limited	12	12	5	5

The carrying value of goodwill in the DCD Rights CGU is exceeded by a recoverable amount of £0.74m.The carrying value of goodwill in the Matchlight CGU is exceeded by a recoverable amount of £0.03m.

Programme Rights

Management performed an impairment review of intangible programme rights held by the business. The valuations of programme rights are based on the recoverable amounts from their value in use using a discount factor of 12%. The forecasts are based on historic sales of the programmes, and future sales are forecast over a seven year period on a reducing basis. Seven years is used for the forecasts because the programme rights are held for periods longer than five years, but not more than ten years. If the discount rate was increased by 3% to 15% the carrying values would decreased by £0.021m. If the discount rate was decreased by 3% to 9% the carrying value of assets would increase by £0.011m.

13 Property, plant and equipment

	Short leasehold property improvements £'000	Office and technical equipment £'000	Motor vehicles £'000	Total £'000
Cost				
At 1 July 2009	157	918	44	1,119
Additions	-	45	-	45
On acquisition of subsidiaries	-	24	-	24
Disposals	-	(6)	-	(6)
At 31 December 2010	**157**	**981**	**44**	**1,182**
At 1 January 2011	157	981	44	1,182
Additions	-	36	47	83
Disposals	(157)	(154)	(44)	(355)
At 31 December 2011	**-**	**863**	**47**	**910**
Depreciation				
At 1 July 2009	157	831	17	1,005
Provided in period	-	63	16	79
Disposed in period	-	(6)	-	(6)
At 31 December 2010	**157**	**888**	**33**	**1,078**
At 1 January 2011	157	888	33	1,078
Provided in year	-	43	13	56
Disposed in year	(157)	(109)	(36)	(302)
At 31 December 2011	**-**	**822**	**10**	**832**
Net book value				
At 31 December 2011	**-**	**41**	**37**	**78**
At 31 December 2010	-	93	11	104

The net book value of property, plant and equipment includes an amount of £36,909 (2010: £29,247) in respect of assets held under finance leases and hire purchase contracts. The related depreciation charge on these assets for the year was £13,791 (2010: £14,753).

14 Inventories

	31 December 2011 £'000	31 December 2010 £'000
Pre-production costs	71	114
Finished stocks	115	162
	186	**276**

15 Trade and other receivables

	31 December 2011 £'000	31 December 2010 £'000
Trade receivables	3,986	5,437
Less: provision for impairment of trade receivables	(11)	(110)
Trade receivables – net	3,975	5,327
Taxation and social security	180	215
Other receivables	786	908
Prepayments and accrued income	223	1,480
Total trade and other receivables	**5,164**	**7,930**
Total financial assets other than cash and cash equivalents classified as loans and receivables	**4,761**	**6,235**

The average credit period taken on sales of goods is 43 days (2010: 60 days). No interest is charged on receivables within the agreed credit terms. Thereafter, interest may be charged.

An allowance for impairment is made where there is an identified event which, based on previous experience, is evidence of a reduction in the recoverability of the outstanding amount. The Group provides, in full, for any debts it believes have become non recoverable. The figures shown above are after deducting a specific provision for bad and doubtful debts of £11,000 (2010: £110,000). No amounts are included within trade and other receivables are expected to be recovered in more than one year (2010: £nil). The decrease in the bad debt provision is related to a reduced number of debts being identified where the Directors deem recovery of amounts owed to be unlikely. The Directors have reviewed their customer portfolio and marketplace and do not consider the risk of bad debt to be material to the business.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable set out above.

The ageing of trade receivables that have not been provided for are:

	31 December 2011 £'000	31 December 2010 £'000
Not due yet		
0-29 days	1,875	3,239
Overdue		
30-59 days	459	1,175
60-89 days	230	203
90-119 days	210	499
120+ days	1,201	211
	3,975	**5,327**

16 Assets held for sale

	31 December 2011 £'000	31 December 2010 £'000
Intangible assets	83	-
	83	**-**

Non-current assets are transferred to assets held for sale when it is expected that their carrying amounts will be recovered principally through disposal and a sale is considered likely. They are held at the lower of carrying amount and fair value less costs to sell.

The creation of assets held for sale arises from the transfer of goodwill relating to Done and Dusted Group Limited. The amount held is the fair value of DCD Media Plc shares held by the exiting key management of Done and Dusted Group Limited which are contractually returnable to DCD Media Plc as part of exit contract which became effective on 1 January 2012. See discontinued operations note 10.

17 Trade and other payables

	31 December 2011 £'000	31 December 2010 £'000
Trade payables	1,452	2,424
Other payables	1,674	2,043
Accruals and deferred income	6,215	5,093
Taxation and social security	541	869
Total trade and other payables	**9,882**	**10,429**
Total financial liabilities, excluding loans and borrowings, classified as financial liability measure at amortised cost	**3,126**	**4,467**

18 Interest bearing loans and borrowings - due within one year

	31 December 2011 £'000	31 December 2010 £'000
Bank overdrafts (secured)	615	738
Bank loan (secured)	1,000	1,000
Other loan (unsecured)	154	-
Convertible debt (secured)	4,314	-
Obligations under finance leases	17	11
	6,100	**1,749**

The principal terms and the debt repayment schedule for the Group's loans and borrowings are as follows as at 31 December 2010 and 2011:

	Currency	Nominal rate %	Year of maturity
Bank overdrafts (secured)	Sterling	3.00 over Base Rate	2011
Bank loan (secured)	Sterling	3.50 over LIBOR	2012
Other loan	Sterling	3.50 over LIBOR	2012
Convertible debt (secured)	Sterling	8.22	2012
Obligations under finance leases	Sterling	18.50	2014

Bank borrowings

Bank overdrafts and bank loans are secured by a fixed charge over the Group's intangible programme rights and a floating charge over the remaining assets of the Group.

Convertible debt

Convertible debt is secured by a floating charge over the assets of the Group and is subordinate to bank overdrafts and bank borrowings.

A new convertible loan note debt of £975,000 was issued on 5 September 2011. The convertible loan note debt is redeemable by November 2012 if not previously converted at a fixed price of 1p. The remaining convertible loan debt is redeemable by November 2012 if not previously converted at a fixed price of 18p.

The convertible loan as at 30 November 2009 was accounted for as a compound instrument, and a calculation has been made to separate the equity element from the liability element of the loan. A discount rate of 12% has been applied to the future interest payments and repayment of the loan. This has resulted in a reduction of the liability by crediting an equity element of £120,000 to reserves.

The new convertible loan note debt was also accounted for as a compound instrument, and a calculation has been made to separate the equity element from the liability element of the loan. A discount rate of 12% has been applied to the future interest payments and repayment of the loan. This has resulted in a reduction of the liability by crediting an equity element of £34,623 reserves.

18 Interest bearing loans and borrowings - due within one year (continued)

The total equity element of the convertible loan at the year end is £154,623.

On 11 April 2011, a portion of convertible debt was converted to equity at 18p per share resulting in 154,018 shares being issued for a consideration of £27,723. An amount of £1,029 was debited to the equity element in reserves.

On the 30 November 2009 the Group announced that the primary holder of convertible loan notes, Highbridge Capital LLC ('Highbridge') agreed to cancel approximately £6.9m of convertible loan notes in exchange for 7,631,048 of new ordinary shares in the Company and satisfied by a further payment of £2.5m of cash.

The consideration paid is allocated to liabilities and equity using the same method as used upon originally valuing the instruments. The Directors have performed a valuation exercise in respect to the consideration. The fair value of the consideration has been allocated against the liability component of the convertible instruments, realising an exceptional gain on early redemption of £3,559,737. This has been recognised in the statement of comprehensive income for the period ended 31 December 2010.

19 Provision

	Restructuring Provision £'000
1 January 2011	76
Amounts released against provision during the year	(76)
31 December 2011	**-**

The provision brought forward related to restructuring costs relating to closure of office space in central London, restructuring related redundancies and associated legal costs. All costs were received in the current year and as such the provision was utilised and any over provision was released.

20 Interest bearing loans and borrowings - due after more than one year

	31 December 2011 £'000	31 December 2010 £'000
Bank loan (secured) (note 18)	-	1,000
Convertible debt (secured) (note 18)	-	3,123
Obligations under finance leases	24	-
	24	**4,123**

21 Deferred tax liabilities

Deferred tax liabilities are attributable to the following:

	Liabilities		Net	
	31 December 2011 £'000	31 December 2010 £'000	31 December 2011 £'000	31 December 2010 £'000
Intangible assets	622	1,636	622	1,636
Tax value of carry-forward losses	-	-	-	-
Net tax liabilities	**622**	**1,636**	**622**	**1,636**

A deferred tax asset of £3.1 million, arising principally from losses in the Group of £13.4m, has not been recognised (2010: £4.2 million and £15.6m). These losses can be offset against future trading profits generated. The Directors believe at this stage that it is prudent not to recognise the deferred tax asset within the financial statements as the Directors do not believe that profits will be recognised in the near future.

21 Deferred tax liabilities (continued)

Movement in deferred tax during the year:

	1 January 2011 £'000	Recognised in income £'000	31 December 2011 £'000
Intangible assets	1,636	1,014	622
Tax value of temporary difference	**1,636**	**1,014**	**622**

22 Financial instruments and risk management

Financial risk factors

The Group's financial instruments comprise cash, including short term deposits, trade and other receivables and trade and other payables that arise directly from its operations, overdrafts, bank loans and convertible debt. The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk, credit risk and currency risk. The Board has reviewed and agreed policies for managing each of these risks and they are summarised below. The Group has no financial assets other than trade receivables and cash at bank. The values in the Consolidated Statement of Financial Position for the financial assets and liabilities are not materially different from their fair values.

Interest rate risk

The Group finances its operations at present through funds raised on share placings, convertible debt and production loan facilities provided by banks. The Group manages its exposure to interest rate fluctuations by mixing the duration of its deposits and borrowings to reduce the impact of interest rate fluctuations. Production loan facilities are short term and secured on the licence fee payable by the commissioning broadcaster at various stages of the production, which minimises the impact of any variation in interest rates. The interest rate on the convertible loans referred to in note 18 is fixed at 8.22%.

Liquidity risk

The Group seeks to manage financial risk to ensure sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. Some liquidity risk arises from the nature of production income, which does not always arise in an even manner, and the Group's policy is to ensure there are sufficient cash reserves to meet liabilities during such periods.

Liquidity risk also arises from the interest charges and repayment terms of convertible debt, which the Group seeks to manage by means of periodic charges for central administration services and support to each Group entity. These are incorporated into rolling twelve month Group cash flow forecasts, which are reviewed by the Board monthly, and the cash flows are monitored at Group level by weekly cash reports from each operating entity. Short term flexibility is provided through the availability of bank overdraft facilities.

Credit risk

The Group’s principal financial assets are bank balances, cash and trade and other receivables. The Group’s credit risk is primarily attributable to its trade receivables. The Group operates to ensure that the payment terms of customers are matched to the Group's own contractual obligations in terms of delivery of programmes and rights. The principal source of Group income is commissioning broadcasters, who are not considered to be a significant credit risk because of their size and financial resources. Other Group income is derived from distribution sales worldwide, and credit risk is assessed in relation to knowledge of the customer or by credit references. To minimise credit risk contractual terms may require that payment is made before delivery of materials.

Currency risk

The Group operates in overseas markets and is subject to exposures on transactions undertaken during the year. The Group's exposure to exchange rate fluctuations is small based on its revenue and cost base and its policy is not to hedge against foreign currency transactions.

22 Financial instruments and risk management (continued)

Currency risk (continued)

The sterling equivalent of the Group's assets and liabilities denominated in foreign currencies at 31 December 2011 and 31 December 2010 was as follows:

	Assets		Liabilities	
	31 December 2011 £'000	31 December 2010 £'000	31 December 2011 £'000	31 December 2010 £'000
US dollar	4,075	4,786	(1,832)	(1,904)
Euros	95	588	-	(441)
Other	1	464	-	(348)
Net assets/(liabilities)	**4,171**	**5,838**	**(1,832)**	**(2,693)**

Whilst the main currency that the Group is exposed to is US dollar, a 10% movement in its rate would not have a material impact on its reported results.

Interest rate and liquidity risk

Interest rate sensitivity
The sensitivity analysis has been based on the average exposure to floating rate debt during the year. It has been assumed that floating interest rates were 200 basis point higher than those actually incurred.

The effect of such a change would be to increase the loss before tax for the year by £32,300 (2010: loss of £67,000).

Capital risk management
The capital structure of the Group consists of convertible loan note loan financing, bank loan financing and the shareholders' equity comprising issued share capital and reserves.

The capital structure of the Group is reviewed on an ongoing basis with reference to the costs applicable to each element of capital, future requirements of the Group, flexibility of capital to be drawn down and availability of further capital should it be required. Management prepare cash flow projections to plan for repayment of loan facilities used. These projections are reviewed on a regular basis to check that the Group will be able to settle liabilities as they fall due.

The Group's objectives when maintaining capital are:

- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

Liquidity and interest risk tables

The following table details the Group's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted contractual maturities of the financial liabilities (including interest that will accrue to maturity). The discount column reflects the adjustments necessary to reconcile to the carrying amounts of the financial liabilities.

31 December 2011	Weighted average effective interest rate %	Less than 1 month or on demand £'000	1-3 months £'000	3-12 months £'000	1-5 years £'000	More than 5 years £'000	Discount £'000	Total £'000
Fixed rate								
Finance lease obligations	18.5%	1	4	12	24	-	-	**41**
Trade payables	0%	1,452	-	-	-	-	-	**1,452**
Floating rate								
Bank overdrafts	3.5%	615	-	-	-	-	-	**615**
Non-convertible debt	3.5%	-	404	750	-	-	-	**1,154**
Convertible debt	7.7%	-	-	3,778	-	-	-	**3,778**
Interest on convertible debt	7.7%	-	-	536	-	-	-	**536**

22 Financial instruments and risk management (continued)

31 December 2010	Weighted average effective interest rate %	Less than 1 month or on demand £'000	1-3 months £'000	3-12 months £'000	1-5 years £'000	More than 5 years £'000	Discount £'000	Total £'000
Fixed rate								
Finance lease obligations	18.5%	1	1	6	24	-	(5)	**27**
Trade payables	0%	2,424	-	-	-	-	-	**2,424**
Floating rate								
Bank overdrafts	3.5%	728	-	-	-	-	-	**728**
Non-convertible debt	3.5%	-	250	750	1,000		-	**2,000**
Convertible debt	7.7%	-	-	-	2,959	-	-	**2,959**
Interest on convertible debt	7.7%	-	-	-	164	-	-	**164**

Refer to note 18 for explanation of the increase of the convertible debt.

23 Share capital

	31 December 2011 £'000	31 December 2010 £'000
Authorised		
350,000,000 (2010: 100,000,000) ordinary shares of 1p (2010: 10p) each	3,500	10,000
50,933,729 (2010: 50,933,729) deferred shares of 0.9p (2010: 0.9p) each	458	458
350,000,000 (2010: nil) deferred shares of 9p (2010: nil) each	31,500	-
	35,458	**10,458**
Allotted, called up and fully paid		
139,095,283 (2010: 61,441,265) ordinary shares of 1p (2010: 10p) each	1,391	6,144
50,933,729 (2010: 50,933,729) deferred shares of 0.9p (2010: 0.9p) each	458	458
61,595,283 (2010: nil) deferred shares of 9p (2010: nil) each	5,544	-
	7,393	**6,602**

On 3 October 2011, each existing ordinary share of 10p was sub-divided into one ordinary share of 1p each and one deferred share of 9p each. Immediately following the subdivision, each shareholder held the same number of ordinary shares of 1p each as the number of ordinary shares of 10p each held immediately before the sub-division.

During 2011 the Company made an open subscription offer on equal terms to all shareholders. On 21 October 2011, the Company issued 77,500,000 ordinary shares as part of an open subscription.

The subscribers in the subscription were as follows:

Name	Number of Subscription Shares	Total number of Ordinary Shares following the Subscription	Percentage of enlarged issued share capital
Henderson Global Investors Limited	27,500,000	39,885,996	28.27%
D Green	20,000,000	24,246,614	17.18%
H Kronsten	15,000,000	15,500,000	10.99%
L Hamilton	5,000,000	5,174,507	3.67%
S Nourmand	4,000,000	4,452,972	3.16%
A Sington	3,000,000	3,272,157	2.32%
J Cusins	2,000,000	2,000,000	1.44%
Others	1,000,000	-	-
	77,500,000		

23 Share capital (continued)

At 21 October 2011, Henderson Global Investors Limited (as a substantial shareholder), D Green (as a Director of the Company), S Nourmand and A Sington (as subsidiary Directors), and L Hamilton (as a subsidiary Director within the preceding twelve months) were considered related parties under the AIM Rules. The subscription of Subscription Shares to them was considered a related party transaction under the AIM Rules. The Independent Director (T Wildman) considered, having consulted with the Company's nominated adviser at the date of the Subscription, that the terms of the related party transactions were fair and reasonable insofar as the Company's shareholders were concerned.

The deferred shares are not entitled to receive a dividend or other distribution, to attend or vote at any General Meeting and on return of capital on a winding up, shall only be entitled to receive the amount paid up on the shares after holders of the ordinary shares have received £100,000 for each ordinary share.

On 11 April 2011, a small portion of convertible debt was converted to equity at 18p per share resulting in 154,018 shares being issued for a consideration of £27,723.

24 Contingent liabilities – sale and leaseback agreements

One subsidiary company has a liability to pay annual rentals under a sale and leaseback agreement relating to television programme rights until 2015. This obligation has not been recognised in the financial statements because at 31 December 2011 an amount of £518,072 (31 December 2010: £522,034) is held in a bank deposit account which may only be used to settle those rental obligations. The deposit is held with the same bank to whom the rentals are paid, and full set-off is applicable in the event of the failure of the bank.

Other subsidiary companies have entered into sale and leaseback agreements relating to television programme rights where the obligations to pay rentals are guaranteed by amounts payable from bank deposits. These obligations have not been recognised in the financial statements because the contingent liability would only crystallise upon the failure of the bank holding the deposit. Further:

- the Group is not able to control the deposit account in pursuit of its own objectives and any payments under the lease are due out of this restricted account. The Group has neither control over the bank balance nor over any interest earned thereon;
- the risk of reimbursing the amount of fee receivable by the Group in respect of tax losses transferred and the risk of paying an amount due under the guarantee in case of collapse of the bank holding the deposit are remote; and
- other than the initial cash flows at inception of the arrangement, the only cash flows expected under this arrangement are the lease payments satisfied solely from funds withdrawn from the separate account established for this arrangement.

Given the above, the asset and the liability in respect of the sale and leaseback transactions do not represent an asset and a liability of the Group and according to SIC-27 "Evaluating the Substance of Transactions Involving the Legal Form of a Lease", and have not been recognised in these financial statements.

The liabilities from these agreements are as follows:

	Due within 1 year £'000	**Due within 2 to 5 years £'000**	**Due after 5 years £'000**	**Total £'000**
As at 31 December 2011	**1,295**	**8,194**	**771**	**10,260**
As at 31 December 2010	1,207	7,039	2,576	10,822

25 Capital commitments

There were no capital commitments at 31 December 2011 or 31 December 2010.

26 Transactions with Directors and other related parties

Loans from Directors

At 31 December 2011 there were £480,148 loans due to Directors. The amounts outstanding are as follows: David Green £319,137 (2010: £139,280), Sammy Nourmand £161,011 (2010: £67,379) and Tarik Wildman £nil (2010: £25,000). All loans due relate to deferred emoluments and expenses for services performed as Directors within DCD Media Plc.

26 Transactions with Directors and other related parties (continued)

Other transactions

During the year the following amounts were paid to companies in which the Directors have an interest:

Company	Director	Amount paid 2011 £'000	2010 £'000	Description
Polygon Productions Inc	D Green	157	328	Production services at September Films USA Inc
Greed Limited	S Nourmand	34	120	Production services at September Films USA Inc
JRC Business Consulting Services Limited	J Cusins	5	-	Services as Director of DCD Media Plc
Wildman and Co	T Wildman	40	25	Services as Director of DCD Media Plc

The balances outstanding at the year end were as follows:

Company	Director	Amount payable 2011 £'000	2010 £'000	Description
Polygon Productions Inc	D Green	246	209	Net trading balance
Greed Limited	S Nourmand	122	104	Net trading balance
JRC Business Consulting Services Limited	J Cusins	-	-	Net trading balance
Wildman and Co	T Wildman	-	-	Net trading balance

27 Retirement benefit schemes

The Group operates defined contribution pension schemes for the benefit of three employees. The assets of the scheme are administered by trustees in funds independent from those of the Group.

No costs were charged during the year (2010: £nil).

28 Operating lease rental commitments

The Group maintains property, plant and equipment on operating leases. The terms of the property lease is tenant repairing with a break clause after five years. Other leases review period vary between one and three years.

The total future value of minimum lease payments are is due as follows:

	31 December 2011 £'000	31 December 2010 £'000
Not later than one year	174	208
Later than one year and not later than five years	594	-
Later than five years	-	-
	768	**208**

29 Notes supporting the cash flow statement

Cash and cash equivalents for the purposes of the cash flow statement comprises:

	31 December 2011 £'000	31 December 2010 £'000
Cash available on demand	6,386	4,135
Overdraft	(615)	(738)
	5,771	**3,397**

30 Acquisitions in prior periods

On 9 July 2009 the Group acquired a controlling interest of the voting equity instruments of Matchlight Limited, a company whose principal activity is the development and production of television programmes primarily intended for exploitation on television. The principle reason for acquiring this controlling interest was to increase the Group's exposure to markets and opportunities across the UK. The Group also hopes to utilise expertise and know-how acquired in the development of new opportunities.

The Group owns 50% of the Matchlight Limited's called up and allotted share capital but have the casting vote.

Details of the fair value of identifiable assets and liabilities acquired, purchased consideration and goodwill are as follows:

	Book value £000	**Adjustment £000**	**Fair value £000**
Property, plant & equipment	28	-	28
Receivables	188	-	188
Cash	71	-	71
Payables	(59)	-	(59)
Total net assets	228	-	228

Calculation of Goodwill

	£'000
Fair value of non recoupable loan capital paid	250
Book value of non-controlling interests	114
	364
Fair value of assets	228
Goodwill (note 12)	136

The main factor leading to the recognition of goodwill is expertise and know-how acquired for which the Group is prepared to pay a premium.

The goodwill recognised will not be deductable for tax purposes.

31 Events after the reporting date

Convertible Loan Notes

On 8 February 2012 Timeweave Plc acquired £3.068m of convertible loan notes in DCD Media plc. The loan notes were purchased from Gartmore Smaller Companies Trust, Standard Life UK Smaller Companies Trust, Barnard Nominees, Universities Superannuation Scheme, Rockmore Investment Master Fund, Artemis Investment Management and Henderson Global Investors.

All of the acquired loan notes have a maturity date of 28 November 2012 and £2.093m of the loan notes are convertible into ordinary shares in DCD Media plc at 18p and £975,000 of the loan notes are convertible into ordinary shares in DCD Media at 1p.

On 18 April 2012, Timeweave plc converted £595,750 in principal of its convertible loan notes into 59,575,000 ordinary shares of 1p each in the share capital of the Company. Following the conversion, Timeweave plc had 59,575,000 Ordinary shares representing 29.99% of the Company's issued share capital as enlarged by the conversion.

The total number of Ordinary shares in issue following the conversion is 198,670,283.

Changes in Directorate

On 24 February 2012, the company announced changes in the Directorate. S Nourmand became the Chief Executive Officer and D Green became the Executive Chairman. J Cusins became a Non-Executive Director and T Wildman remained a Non-Executive Director of the Company.

Company balance sheet as at 31 December 2011

Company number 03393610

	Note	31 December 2011 £'000	31 December 2010 £'000
Fixed assets			
Intangible assets	3	39	-
Property, plant and equipment	4	1	2
Investments	5	7,037	12,244
		7,077	**12,246**
Current assets			
Stock	6	96	95
Debtors	7	648	6,553
Cash at bank and in hand		29	150
		773	**6,798**
Creditors: amounts falling due within one year	8	**(6,693)**	**(4,525)**
Net current (liabilities)/assets		**(5,920)**	**2,273**
Total assets less current liabilities		**1,157**	**14,519**
Creditors: amounts falling due after more than one year	9	**-**	**(4,123)**
Net assets		**1,157**	**10,396**
Capital and reserves			
Called up share capital	11	7,393	6,602
Share premium account	12	49,391	49,451
Equity element of convertible loan	12	154	120
Profit and loss account	12	(55,781)	(45,777)
Shareholders' funds		**1,157**	**10,396**

The financial statements were approved and authorised for issue by the Board of Directors on 28 May 2012.

S Nourmand
Director

1 Principal accounting policies

These financial statements have been prepared in accordance with the historical cost convention and applicable accounting standards, on a going concern basis under UK GAAP. The principal accounting policies have remained consistent with those adopted in the previous year.

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the CEO's statement. The financial position of the Group, its cash position and borrowings are set out in the financial review section of the statement. In addition note 22 sets out the Group's objectives, policies and processes for managing its financial instruments and risk. The Directors have adopted the going concern assumption in the preparation of the financial statements; please see note 1 of the Group accounts for more detail.

Intangible Assets - Programme rights

Internally developed programme rights are stated at the lower of cost, less accumulated amortisation, or recoverable amount. Cost comprises the cost of all productions and all other directly attributable costs incurred up to completion of the programme and all programme development costs. Where programme development is not expected to proceed, the related costs are written off to the income statement. Amortisation of programme costs is charged in the ratio that actual revenue recognised in the current year bears to estimated ultimate revenue. At each statement of financial position date, the Directors review the carrying value of programme rights and consider whether a provision is required to reduce the carrying value of the investment in programmes to the recoverable amount. The expected life of these assets is not expected to exceed 5 years.

Purchased programme rights are stated at the lower of cost, less accumulated amortisation, or recoverable amount. Purchase programme rights are amortised over a period inline with expected useful life, not exceeding 5 years.

Amortisation and any charge in respect of writing down to recoverable amount during the year are included in the income statement within cost of sales.

Tangible fixed assets and depreciation

Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over the expected useful economic lives on the following bases:

Short leasehold property improvements	straight line over the life of the lease
Office and technical equipment	25-33% straight line

Financial instruments

Financial assets are recognised in the statement of financial position at the lower of cost and net realisable value. Provision is made for diminution in value where appropriate. Income and expenditure arising on financial instruments is recognised on the accruals basis, and credited or charged to the income statement in the financial year to which it relates.

Deferred taxation

Deferred tax is recognised on all timing differences where the transactions or events that give the company an obligation to pay more tax in the future, or right to pay less tax in the future, have occurred by the statement of financial position date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the statement of financial position date. Deferred tax balances are not discounted.

Leasing

Rentals payable under operating leases are charged to the income statement on a straight line basis over the period of the lease.

Pension costs

The Company operates pension schemes for the benefit of a number of its Directors. The schemes are defined contribution schemes and the contributions are charged against profits as they accrue.

Foreign currency

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the statement of financial position date. Any differences are taken to the income statement.

1 Principal accounting policies (continued)

Convertible debt

The proceeds received on issue of the Company's convertible debt are allocated into their liability and equity components and presented separately in the statement of financial position.

The amount initially attributed to the debt component equals the discounted cash flows using a market rate of interest that would be payable on a similar debt instrument that did not include an option to convert.

Investments

Investments held as fixed assets are stated at cost less any provision for impairment. Investments held as current assets are stated at the lower of cost or net realisable value.

The difference between the net proceeds of the convertible debt and the amount allocated to the debt component is credited direct to equity and not subsequently re-measured. On conversion, the debt and equity elements are credited to share capital and share premium as appropriate.

Transaction costs that relate to the issue of the instrument are allocated to the liability and equity components of the instrument in proportion to the allocation of proceeds.

2 Profit for the financial year

DCD Media plc has taken advantage of section s408 Companies Act 2006 and has not included its own income statement in these financial statements. The Company's loss for the year after tax was £10,004,430 (2010: Profit £3,126,315).

3 Intangible assets

	Programme Rights £'000
Cost	
At 1 July 2009 and 31 December 2010	**-**
At 1 January 2011	-
Additions	320
At 31 December 2011	**320**
Amortisation and impairment	
At 1 July 2009 and 31 December 2010	**-**
At 1 January 2011	-
Amortisation provided in year in cost of sales	10
Impairment provided in year in cost of sales	271
At 31 December 2011	**281**
Net book value	
At 31 December 2011	**39**
At 31 December 2010	-

Notes to the company accounts for the year ended 31 December 2011

4 Property, plant and equipment

	Short leasehold property improvements £'000	Office and technical equipment £'000	Total £'000
Cost			
At 1 July 2009	122	564	686
Additions	-	5	5
At 31 December 2010	**122**	**569**	**691**
At 1 January 2011	122	569	691
Disposals	(122)	-	(122)
At 31 December 2011	**-**	**569**	**569**
Depreciation			
At 1 July 2009	122	557	679
Provided in period	-	10	10
At 31 December 2010	**122**	**567**	**689**
At 1 January 2011	122	567	689
Disposals	(120)	-	(120)
Provided in year	(2)	1	(1)
At 31 December 2011	**-**	**568**	**568**
Net book value			
At 31 December 2011	**-**	**1**	**1**
At 31 December 2010	-	2	2

5 Fixed asset investments

	Shares in subsidiary Undertakings £'000
Cost or valuation	
At 1 July 2009 and 31 December 2010	**47,652**
At 1 January 2011	47,652
Transfer to assets held for sale	(12,264)
At 31 December 2011	**35,388**
Accumulated amortisation	
At 1 July 2009	21,120
Provided in period	14,308
At 31 December 2010	**35,428**
At 1 January 2011	35,428
Provided in year	5,104
Transferred to assets held for sale	(12,181)
At 31 December 2011	**28,351**
Net book value	
At 31 December 2011	**7,037**
At 31 December 2010	12,224

5 Fixed asset investments (continued)

The principal operating subsidiary companies are listed below. All are 100% owned, unless noted otherwise:

Digital Classics Distribution Limited
Digital Classics DVD Limited
DCD Rights Limited
Done and Dusted Group Limited
Done and Dusted Incorporated
Done and Dusted Productions Incorporated
Done and Dusted West Coast Incorporated
September Films Limited
September Films USA Incorporated
Exterminator Limited Liability Company
September Scripted Incorporated
September Scripted Productions Limited Liability Company
Prospect Pictures Limited
West Park Pictures Limited
Matchlight Limited*

Done and Dusted Group Limited, September Films Limited, Prospect Pictures Limited and West Park Pictures Limited are involved with the production of programmes for television and other media. Digital Classics Distribution Limited and DCD Rights Limited sell programme rights worldwide to all media. Digital Classics DVD Limited produces and markets DVD's to the retail market.

September Scripted Incorporated and September Scripted Productions Limited Liability Company were incorporated during the year are involved with the production of programmes for television and other media. They are both incorporated in California.

Box TV Limited, DCD Drama Limited, DCD Media USA Incorporated and Done and Dusted West Coast Incorporated are not part of ongoing trading operations.

*September Films Limited holds a 50% equity stake in Matchlight, a company that produces programmes for television and other media.

The Company also holds a 19.9% trade investment in Classical TV Limited. This was granted to the Company in May 2008 in exchange for services to be provided to Classical TV Limited by DCD employees. The carrying value of this asset of this investment is nil (2010: nil).

All the subsidiary companies are incorporated in England and Wales, except for:

- Done and Dusted Incorporated which is incorporated in New York, and Done and Dusted Productions Incorporated which is incorporated in California. Both of these companies are 100% owned by Done and Dusted Group Limited;
- Done and Dusted West Coast Incorporated which is incorporated in California and is 100% owned by Done and Dusted Productions Incorporated;
- September Films USA Incorporated, which is incorporated in California and is 100% owned by September Films Limited;
- Exterminator Limited Liability Company, which is incorporated in Louisiana and is 100% owned by September Films USA Incorporated;
- September Scripted Incorporated, which is incorporated in California and is 100% owned by September Films Limited;
- September Scripted Productions Limited Liability Company, which is incorporated in California and is 100% owned by September Scripted Incorporated;
- West Park Pictures West Limited, which is incorporated in the Republic of Ireland and is 100% owned by West Park Pictures Limited; and
- Matchlight Limited, which is incorporated in Scotland and is 50% owned by September Films Limited.

6 Stock

	31 December 2011 £‘000	**31 December 2010 £‘000**
Finished products	**96**	95

7 Debtors

	31 December 2011 £'000	31 December 2010 £'000
Trade debtors	50	136
Amounts owed by Group undertakings	375	6,163
Other debtors	17	43
Prepayments and accrued income	123	211
Asset held for sale	83	-
	648	**6,553**

8 Creditors: amounts falling due within one year

	31 December 2011 £'000	31 December 2010 £'000
Bank overdraft (secured)	615	738
Bank loans (secured)	1,000	1,000
Convertible debt (secured)	4,314	-
Trade creditors	178	864
Amounts owed to Group undertakings	-	1,059
Taxation and social security	150	222
Other creditors	236	299
Accruals and deferred income	200	343
	6,693	**4,525**

Included in trade creditors, other creditors and accruals are amounts owed to Directors as follows: Tarik Wildman £nil (2010: £25,000). All loans due relate to deferred emoluments and expenses for services performed as Directors within DCD Media Plc.

9 Creditors: amounts falling due after more than one year

	31 December 2011 £'000	31 December 2010 £'000
Bank and other borrowings (secured)	-	1,000
Convertible debt (secured)	-	3,123
	-	**4,123**

10 Bank and other borrowings

	31 December 2011 £'000	31 December 2010 £'000
Due within one year or on demand		
Bank loans and overdrafts		
Secured (a)	1,621	1,738
	1,621	**1,738**
Convertible loan notes (b)	3,349	**-**
Convertible loan notes (c)	965	**-**
	5,935	**1,738**

10 Bank and other borrowings (continued)

	31 December 2011 £'000	31 December 2010 £'000
Due after more than one year		
Bank loans		
Secured (a)	-	1,000
Unsecured	-	-
	-	1,000
Convertible loan notes (b)	-	3,123
	-	**4,123**
Total borrowings	**5,935**	**5,861**

(a) On 30 November 2009 a new senior bank loan was secured from Coutts & Co. of £3.0m. It was provided on normal commercial terms and is repayable over three years in equal quarterly instalments. The secured bank loans and overdrafts are secured by a fixed charge over the company's intangible programme rights assets.

(b) The terms of some convertible loan notes were extended on 30 November 2009 and the convertible loan note is redeemable in November 2012 if not previously converted at the fixed price of 18p per share. The difference between the carrying value at the date extension and value over the subsequent 10 months will be accounted through the effective interest rate of the instrument.

(c) A new convertible note of £975,000 was issued in September 2011. The convertible loan note is redeemable in November 2012 if not previously converted at the fixed price of 1p per share. The difference between the carrying value at the issue date and value over the subsequent 10 months will be accounted through the effective interest rate of the instrument.

The convertible loan as at 30 November 2009 was accounted for as a compound instrument, and a calculation has been made to separate the equity element from the liability element of the loan. A discount rate of 12% has been applied to the future interest payments and repayment of the loan. This has resulted in a reduction of the liability by crediting an equity element of £120,000 to reserves.

The new convertible loan note debt was also accounted for as a compound instrument, and a calculation has been made to separate the equity element from the liability element of the loan. A discount rate of 12% has been applied to the future interest payments and repayment of the loan. This has resulted in a reduction of the liability by crediting an equity element of £34,623 to reserves.

On 11 April 2011, a small portion of convertible debt was converted to equity at 18p per share resulting in 154,018 shares being issued for a consideration of £27,723. An amount of £1,029 was debited to the equity element in reserves.

11 Share capital

See Group accounts note 23.

12 Share premium account and reserves

	Share premium £'000	Equity element of convertible loan £'000	Profit and loss account £'000	Total £'000
At 1 July 2009	49,100	328	(34,321)	**15,107**
Loss for the year	-	-	(11,664)	(11,664)
Equity element of convertible loan	-	(208)	208	-
Share capital issued	351	-	-	351
At 31 December 2010	**49,451**	**120**	**(45,777)**	**3,794**
At 1 January 2011	49,451	120	(45,777)	**3,794**
Loss for the year	-	-	(10,004)	(10,004)
Capitalisation of professional fees	(72)	-	-	(72)
Convertible loan note issued	-	35	-	35
Shares issued on conversion of loan	12	(1)	-	11
At 31 December 2011	**49,391**	**154**	**(55,781)**	**(6,236)**

13 Capital commitments

There were no capital commitments at 31 December 2011 or 31 December 2010.

14 Pension costs

The Company operated defined contribution pension schemes for the benefit of one Director. This scheme is no longer in operation. The assets of the scheme are administered by trustees in funds independent from those of the Group.

There were costs charged of £nil during the year (2010: £nil).

15 Events after the reporting date

See Group accounts note 31.

16 Transactions with Directors and other related parties

Loans from Directors

At 31 December 2011 there were £nil (£25,000) loans due to Directors. The amounts outstanding are as follows: Tarik Wildman £nil (2010: £25,000). All loans due relate to deferred emoluments and expenses for services performed as Directors within DCD Media Plc.

Other transactions

During the year the following amounts were paid to companies in which the Directors have an interest:

		Amount paid		
		2011	2010	
Company	Director	£'000	£'000	Description
JRC Business Consulting Services Limited	J Cusins	5	-	Services as Director of DCD Media Plc
Wildman and Co	T Wildman	40	25	Services as Director of DCD Media Plc

There were no outstanding balances at the current and prior year ends.

Corporate information

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