



Boomerang+

2009 Annual Report





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Who we are

Boomerang Plus plc ("Boomerang+") is one of the United Kingdom's largest independent media companies based outside London.

We create entertainment, factual, sport, music, drama and children's programmes for television, radio and the web. The combination of our in-house talent and resources enables us to operate across the whole spectrum of creative industry activities including:

- **content production;**
- **post-production services;**
- **television facilities; and**
- **talent management.**

This position has been reached through a strong management team which has brought together the creative and business expertise of a wide variety of media talent.

Strategy

Our aims are to:

- Produce compelling, high quality content across the range of genres
- Become a leading producer of Advertiser Funded Programming ("AFP");
- Become a leading provider of digital media content and services;
- And be the supplier of choice to the Network broadcasters looking to fill their quotas from the "Nations and Regions".

Financial Highlights

- Revenue of £19.76m (2008 - £20.93m), a decrease of 5.6 per cent
- Operating profit of £1.14m (2008 - £1.40m), a decrease of 19 per cent
- Adjusted operating profit* of £1.25m (2008 - £2.20m), a decrease of 43 per cent
- Profit before tax of £1.10 m (2008 - £1.30m), a decrease of 15 per cent
- Cash and cash equivalents of £3.03m (2008 - £6.33m).



Operational Highlights

- Award of three-year contract for £12 million from S4C to produce programming and links for older children, reinforcing our position as one of the largest children's content producers in the UK.
- Revenue growth of 93% in our "AFP" division to £1m.
- 371 hours of television programming in calendar year 2008.

* adjusted for exceptional administrative expenses (2009 - £nil, 2008 - £0.64m), professional fees in relation to unsuccessful corporate transactions (2009 - £0.07m, 2008 - £0.10m), amortisation of intangible assets arising on business acquisitions (2009 - £0.02m, 2008 - £0.04m), and share-based payments (2009 - £0.02m, 2008 - £0.02m).

Outlook

- high visibility over future commissions with a pipeline of £42.9m of programming revenue (£16.9m for 2009/10);
- favourable regulatory environment;
- strong balance sheet to fund growth;
- post year-end incorporation of Freesports on 4 Freeze live event joint venture;
- post year-end acquisition of multimedia producer, Method;
- post year-end acquisition of Indus Films Limited; and
- current trading is in line with the Board's expectations.



Our businesses

The group produces multi-genre television, radio and website content, together with extensive post-production and support services facilities and a growing talent management business.

TV Production	Facilities	Other
<p>Boomerang Drama Events Youth Sports Children's Music AFP programming</p> <p>Fflic Lifestyle and Children's</p> <p>Alfresco Entertainment, Comedy, Factual Entertainment and Classical Music</p> <p>Apollo Drama, Children's and Documentary</p> <p>Indus Adventure, Environmental, Living history, Natural history and Arts</p>	<p>Mwnici External and in-house post- production editing services</p> <p>Boom Post In-house post-production editing and sound services</p> <p>Zoom Camera hire and services</p>	<p>Boom Talent Personal management company representing actors and presenters in film, television, theatre, radio, corporate and voiceover work</p> <p>Media4 (Associate) Media training and education</p> <p>Boom Extreme Publishing Publishing and multi-media exploitation</p>



Best Actress: Sharon Morgan
BAFTA Cymru / Huw John Photography



Best Actor: Ifan Huw Dafydd



Chairman's Report

I was delighted to take on the role of Chairman of the company and group in October 2008 and I am pleased to present the group's results for the year ended 31 May 2009.

It has been a difficult year for all UK broadcasters and this has inevitably had a knock-on effect to the television production sector, leading to increased pressure on programming budgets and margins, as well as creating a more uncertain commissioning environment. Boomerang has not been immune to the impact of this.

In the light of this, and following a year of substantial growth in 2008, the group has concentrated on integrating its existing businesses, growing its Advertiser Funded Programming ("AFP") division and delivering and developing a strong pipeline of projects for our key customers in order to provide long-term visibility.

We have created a well diversified group, which is amongst the largest Nations and Regions television production companies in the UK, producing across a wide variety of genres including entertainment, drama, lifestyle, children's, sports and factual programming.

The long-term value of this strategic positioning has been reinforced by the public sector broadcasting review carried out by Ofcom, together with the Digital Britain report, which has both increased the quota requirements for broadcasters to commission programmes from the Nations and Regions and also strongly reinforced S4C's remit, securing its position as an integral part of the digital broadcasting future.

During the year, we have continued to invest in new markets such as AFP, digital media and talent management, all of which are playing increasingly important roles in the broadcasting and production business models of the future. We will continue to seek out acquisitions that are both a good strategic fit for the group and can add value for shareholders.

Subsequent to the year-end, we were delighted in July 2009 to be awarded, in open tender, a three-year £12 million contract from S4C for the provision of programming and links for older children. This is a great endorsement of the creative talent within the company and makes us one of the UK's largest producers of children's content, a position that we will seek to exploit internationally through co-productions and sales.

After a challenging 12 months, we now have a strong foundation for the future with high visibility over future commissions having a pipeline of £42.9 million of production revenues, including £16.9 million for the current financial year. This, together with the recent acquisition of Indus Films, provides an excellent platform for the next phase of the group's growth.

Creative-led businesses are all about people and I would therefore like to take the opportunity to thank the executive team, under the leadership of Huw Eurig Davies, and most importantly all of our staff, for their hard work, commitment and passion for the Boomerang cause over the past year.

Richard Huntingford

Chairman

23 October 2009



Business Review

Financial Review – Key Performance Indicators

Against the backdrop of the global economic down-turn, the year to May 2009 was one of consolidation and integration of our businesses. Turnover decreased 5.6% to £19.76m (2008 - £20.93m) impacted by a small number of cancelled and delayed projects, most of which will occur in the current financial year.

One of the group's key performance indicators is gross profit which decreased by £1.02m to £2.88m, down by 26% on the prior year. Gross profit margins for the year were 14.6% (2008 - 18.6%). This reduction was impacted by two of the group's projects underperforming financially as well as the delays and cancellations mentioned above, and general downward pressure on programme budgets. Adjusted operating profits* decreased 43% to £1.25m (2008 - £2.20m).

Costs of £0.07m (2008 - £0.10m) were incurred in the period regarding professional fees in relation to unsuccessful corporate transactions. The prior year exceptional items included £0.64m of costs associated with listing on AIM in November 2007 and £0.1m of costs in relation to an unsuccessful merger. Reported profit before tax for the year was £1.1m (2008 - £1.30m).

The group had net cash of £3.03m at 31 May 2009 (2008 - £6.33m). Deferred consideration payments in respect of acquisitions in prior periods of £0.15m and debt repayments of £0.3m were also made during the year. The group incurred capital expenditure of £0.9m in the year to 31 May 2009, principally on expansion and the upgrade of the group's post production facilities.

As at 31 May 2009 the group had net assets of £8.66m (2008 - £7.75m).

Programming

All the group's content production businesses, Boomerang, Fflic, Alfresco and Apollo, have contributed towards a strong, multi-genre portfolio of programmes for our broadcast customers during the year. Highlights include:

Sports and AFP

Boomerang's Sports department completed the seventh series of the Royal Television Society's award-winning "Freesports on 4" for Channel 4 which is currently in production of an eighth series. We have long and trusted relationships with major brands such as Red Bull, Quiksilver, Billabong, Xbox and Sony.

During the year Boomerang produced "4 Sport:Road to 2012" for Channel 4 featuring Olympic hopefuls for London 2012 and two documentaries following Welsh Olympic hopefuls -

* adjusted for exceptional administrative expenses (2009 - £nil, 2008 - £0.64m), professional fees in relation to unsuccessful corporate transactions (2009 - £0.07m, 2008 - £0.10m), amortisation of intangible assets arising on business acquisitions (2009 - £0.02m, 2008 - £0.04m), and share-based payments (2009 - £0.02m, 2008 - £0.02m).

"Y Ras i Lundain" - for S4C. Also in production for S4C is a second series of the extreme sports show, "Chwa".

Following the success of "4Sport: Road to 2012" we were commissioned by McCain to produce the "Track and Field Show" on Channel 4. This was one of a number of important commissions by our AFP division during the year, including "Sony Eriksson B-boy Championships" and "Sony Playstation GT Academy" – both of which have been recommissioned.

Post year-end we have made exciting announcements: setting up Big Freeze Limited, with Channel 4 and Sportsvision, and acquiring Method, a multimedia producer specializing in snowboarding. Both these businesses will utilise the core skills of our AFP division and enable us to maximise the value of our brands.

Drama

Apollo, which is now the specialist drama department responsible for all of the group's drama output, has delivered a critically acclaimed 90-minute film for S4C entitled "Martha, Jac a Sianco" and the third series of their Rose d'Or award-winning drama, "Con Passionate" which follows a Welsh male voice choir. Both productions were successful at the Welsh Baftas with "Martha, Jac a Sianco" winning a staggering six awards.

The second series of "Teulu", a ten-part 60-minute drama set around a doctor's surgery in Aberaeron, and "Dau dy a Ni", a ten-part thirty-minute teen drama set in a foster home in the Welsh valleys, were both filmed in the period for S4C, and "Teulu" has been subsequently recommissioned for a third series.

Other one-off dramas delivered by the group during the year for S4C included "Ryan a Ronnie", "Y Rhwyd", "Omlet", "Cymru Fach" and "Beryl, Cheryl and Meryl".

Comedy, Entertainment and Music

For S4C, the group produced a Christmas special of the award-winning "PC Leslie Wynne Show", the second series of a ten-part travel quiz show "0 and 1" and an eight-part comedy chat show "Tudur Owen o'r Doc".

A two-part celebrity reality show on a cattle ranch won a Welsh Bafta. "Saith Magnifico" featured Matthew Rhys and was filmed in Arizona as part of a substantial Christmas schedule from the group for S4C.



Y Sioe

S4C/Tim Flach



Y Sioe

S4C/Tim Flach

Business Review

The Boomerang "in production" portfolio includes:

"Bandit" - four specials of its late-night youth music show featuring Welsh music festivals.

"Nodyn" - the second series of the music show showcasing the best of contemporary Welsh music.

"Gofod" - series one of a twice weekly irreverent youth magazine show.

"Tenor" - a four-part factual entertainment series for BBC Wales fronted by Only Men Aloud's charismatic conductor Tim Rhys Evans searching for the secrets of the tenor voice.

"Elvis Weekend" – a one-off special (also BBC Wales) showing what happens when thousands of fans take over a seaside town for three days of Elvis-mania.

"Seren Bethlehem" – an eight-part flagship series featuring the village of Bethlehem in West Wales as the locals prepare to produce a very special nativity show.

"Tudur Owen o'r Doc" – series two with the stand up comedian Tudur Owen and guests.

"PC Leslie Wynne" – a second one-hour Christmas comedy special.

"Cyngerdd y Cardis" – a celebratory gathering of past National Eisteddfod winners of the prestigious Blue Ribbon singing competition..

Lifestyle

Fflic has produced another season of its high-end, lifestyle programming for S4C. As extensions of existing successful strands, "04 Wal Gwestai" looks at the architecture and design of hotels around the world; "Y Dref Gymreig" investigates historical and vernacular house-building in Welsh towns; and "Cwprdd Dillad" considers an individual's life through their wardrobe.

For the current year, Fflic is in production for two new series: "Cartrefi Cefn Gwlad Cymru" and "Tocyn".

Children's

In November 2008, Boomerang started the second year of its £4 million contract for S4C's "Planed Plant" children's continuity links. This contract has been extended until April 2010 when the new £4 million per annum expanded contract for programming and links for older children will start.

Series produced or in production in the period include "Yn yr Ardd", "Heini", "Dawnstastig 2", "Jac Russell" "Garej", "123" and the RTS award winning "ABC".





Business Review

The 2009 Broadcast Survey highlighted the group as one of the largest children's content producers in the UK. Building on this expertise, we are currently in production for our first CBBC commission "Children of Prisoners".

Series currently in production by Fflic include: "Garej 2", "Ant ac Al ar y Ffordd", "Y Salon" and "Yn yr Ardd 2"; and by Boomerang: "Twm Tisian", "Ty Cyw" and a 60-minute film "Ble mae Cyw?"

Factual

For BBC Wales, Boomerang has produced "Chiefs", with David Williams (a former BBC broadcaster); "Kick into Reading" linking storytelling with football through famous storyteller Pat Ryan and the players and coaches of Cardiff City FC; and "The Member for Happiness", a documentary marking the death of the flamboyant Welsh MP Leo Abse. For S4C, the group has produced the

one-offs "Camp Bastion" following members of the Territorial Army's '203' Field Hospital in Afghanistan; Griffith Jenkins Griffith where actor Matthew Rhys explores the life of the entrepreneur who helped transform Los Angeles from a cow town into a metropolis; "Y Bleddiad", following bikers; a biography on Hywel Teifi Edwards and "Lawrence o Arabia" where Welsh born Ali Yassine follows in the footsteps of T E Lawrence. For Channel 4's Cutting Edge strand, Boomerang is in production of "Harrow Scholarships" a documentary made with access to Britain's most expensive public school. This film focuses on a scholarship that offers boys from less well-off families a fully funded place amongst the public school elite.

Events

In July 2008, Boomerang produced the live broadcast of the "Royal Welsh Agricultural Show" for the third year of a four-year contract with S4C

which included over 60 hours of live TV broadcast, live web streaming and interactive coverage. The group's joint venture company, Hanner:Hanner, produced in May 2009 the live broadcast of the "Eisteddfod Genedlaethol yr Urdd" for the fourth year of a four-year contract.

Post-production and facilities

The group further expanded its in-house post-production department during the period, investing in high-end suites, expanding High Definition capability and increasing central unity storage. These cutting-edge facilities provide a quality finish to many of the productions across the group and for external clients.

The group's in-house studios continued to be highly utilised, mainly to service the "Planed Plant" contract, and the group's camera facilities joint venture, Zoom, continued to expand in its first full year of operation.



Lawrence o Arabia
S4C/ Aled Jenkins

Radio

The group continues to supply a diverse range of radio programmes, particularly for BBC Radio Wales and Radio Cymru, and during the year produced its first content for Radio 5.

Talent Management

In its second full year of trading, Boom Talent, a management company representing actors and presenters in film, television, theatre, radio, corporate and voice-over work, continues to establish itself and to increase its profile and client base - which has now grown to 29.

Digital media

With our digital media partner, Cube Interactive, we continue to explore and develop opportunities in digital media including websites, web streaming and interactive media. Significant interactive contracts include content for the "Royal Welsh", "Eisteddfod Genedlaethol yr Urdd" and "Planed Plant".

Regulatory Environment

Ofcom, the Industry Regulator, published phase 2 of its second public sector broadcasting review on 25 September 2008. This for the first time proposes a specific quota (3%) from outside England from 2010 for Channel 4 together with an increase in the outside London quota from 30% to 35%. Ofcom also "welcomes the BBC's target to reach 50% out-of-London production, with 17% from the nations..." Together with a very positive review from Ofcom of S4C, this strengthens our belief that being based in the Nations, and Wales in particular, provides substantial opportunities for the group.



Camp Bastion

S4C/ Emyr Jenkins



Heini

S4C/ Kiran Ridley

Business Review

Dividend policy

The directors are not recommending the payment of a dividend for the year (2008 - £nil). The declaration of any future dividends will depend on the company's and group's results, its financial position, cash requirements, future prospects and other factors deemed to be relevant at that time. In due course, the directors intend to adopt a progressive dividend policy.

Outlook

Our position as a multi-genre independent television production company based in the Nations and Regions makes us ideally placed to take advantage of the regulations within the market in which we operate.

Our success in securing new contracts and track record on recommissions provides the group with excellent visibility over revenues for the next financial year and the first half of 2011, a position not often experienced in our industry.

Integration of our businesses is continuing well, and our talented teams of people are developing many new ideas for our clients, which is helping us to grow our business organically. Our AFP division continues to grow and the additions

of "Big Freeze Limited" and "Method" should ensure that we can further exploit our core skills in this area.

The acquisition of Indus Films Limited will significantly diversify the group's customer base and broaden its genre offerings to include adventure, environmental, living history, natural history and the arts.

We will also continue to look for further acquisitions that can add value for shareholders in a fast-changing media marketplace.

Huw Eurig Davies
Chief Executive Officer
23 October 2009

Mark Fenwick
Finance Director
23 October 2009





Director's Report

The directors present their annual report and the audited financial statements of the group for the year ended 31 May 2009.

Business Review and Principal Activity

The principal activity of the group is that of independent television production. The company also holds investments in a number of UK subsidiaries, joint ventures and associates. Together, Boomerang Plus plc and its subsidiaries comprise the group, as represented by these consolidated financial statements.

Business Review and Future Developments

A detailed review of the group's operations and key performance indicators is contained in the Chairman's Report and the Business Review on pages 3 to 7.

There have been no significant changes in the group's principal activities in the year under review. On 7 October 2008 the group acquired 40% of Media4Enterprises Limited, a media training, education and production company, for a consideration of £27,000. The directors are not aware, at the date of this report, of any likely significant changes in the group's activities in the forthcoming year. The company will look to acquire similar TV production and complementary media companies, which will contribute to the group's growth and the products the group can offer broadcasters and other clients.

Information about the use of financial instruments by the company and its subsidiaries is given in note 23 to the financial statements.

Post Balance Sheet Events

On 8 June 2009, Boom Extreme Publishing Limited was incorporated as a 75% subsidiary of Boomerang Plus Plc. On 10 September 2009, Boom Extreme Publishing Limited acquired the intellectual property and certain assets of Method, a multimedia publisher offering snowboarding news and action across print, motion, audio and interactive platforms, for a cash consideration of £477,477.

On 23 July 2009, Boomerang Plus plc acquired 25% of Big Freeze Limited for cash consideration of £320,000 as part of a joint venture with broadcaster Channel 4 and events organiser Sports Vision. Big Freeze Limited is a production company created to organise and produce the Freesports on 4 Freeze live event franchise, the UK's biggest winter sports and music festival, as well as other broadcast related and advertiser funded events.

On 19 October 2009, Boomerang Plus plc acquired the entire share capital of Indus Films Limited, an independent television production company. The initial consideration was £1,100,000 of which £880,000 was paid on completion and £220,000 is payable on 19 October 2010. Further consideration of up to £1,295,000 is payable in cash or shares based on the performance of Indus Films Limited in the three years post completion. Owing to the timing of the transaction and its proximity to the date of the Company's results announcement, it has not been possible for the Directors to determine fair values of all tangible and intangible assets acquired and the overall level of goodwill arising on the transaction.

Principal Risks and Uncertainties

There are a number of potential risks and uncertainties which could have a material impact on the company's long-term performance.

Competitor risks

The group operates in a competitive market, with some 800 UK-based competitors. Competitor risk is minimised by the group's investment in creative staff and programme development.

Customer relationship risks

The television sector is heavily biased towards the four main terrestrial broadcasters (BBC, ITV, Channel 4 and Five) together with the digital multi-channel providers and the indigenous language public service broadcasters such as S4C in Wales. As such, the customer base is limited and hence an increased risk profile exists for the whole sector. S4C is the group's largest customer. This gives rise to a concentration of customer risk, which is common in the industry. This risk is managed as the group supplies programming across a broad range of genre, as opposed to many competitors which produce in only one or a limited number of genres.

Decreased advertising revenues and other funding pressures on broadcasters has led to reduced programme budgets and hence pressure on production margins. To address this, we continue to look at new and innovative ways of working that can add value for our customers whilst retaining our margins. In addition, as mentioned in the Business Review, "outside London" and "outside England" quotas are increasing and non-broadcaster income such as advertiser sponsored programming is growing, which will provide significant opportunities for the group.

Treasury risks

The group has an overdraft facility that is utilised from time to time, but is usually in a net cash position. Interest earned on cash deposits varies from time to time in line with underlying bank base rates.

Substantially all sales and costs are in sterling and hence the group is not subject to exchange rate risk.

Dividends

The directors do not recommend the payment of a dividend (2008 - £nil).

Capital Structure

Details of the authorised and issued share capital, together with details of the movements in the company's issued share capital during the year, are shown in note 24. The company has one class of ordinary share which carries no right to fixed income. Each share carries the right to one vote at general meetings of the company.

There are no specific restrictions on the size of a holding or on the transfer of shares, which are both governed by the general provisions of the Articles of Association and prevailing legislation. The directors are not aware of any agreements between holders of the company's shares that may result in restrictions on the transfer of securities or on voting rights.

Details of employee share schemes are set out in note 25.

No person has any special rights of control over the company's share capital and all issued shares are fully paid.

With regard to the appointment and replacement of directors, the company is governed by its Articles of Association, the Combined Code, the Companies Acts and related legislation. The Articles themselves may be amended by special resolution of the shareholders. The powers of directors are described in the Main Board Terms of Reference, copies of which are available on request, and the Corporate Governance Statement on page 12.

Under its Articles of Association, the company has authority to issue ordinary shares or make market purchases to an aggregate nominal value equal to ten per cent of the aggregate nominal ordinary share capital as shown in the audited accounts for the year ended 31 May 2009.

Supplier Payment Policy

The group's policy is to settle terms of payment with suppliers when agreeing the terms of trade. Trade creditors of the group at 31 May 2009 were equivalent to 7 days (2008 – 13 days) purchases, based on the average daily amount invoiced by suppliers during the year.

Directors' Report (continued)

Directors and their interests

The current directors of the company, who served throughout the financial year unless stated otherwise, are as shown below.

The beneficial interests of the directors in the share capital of the company at the beginning and the end of the financial year were as follows:

	31 May 2009 1p ordinary share options No.	31 May 2008 1p ordinary share options No.	31 May 2009 1p ordinary shares No.	31 May 2008 1p ordinary shares No.
R Huntingford (appointed 29 October 2008)	-	-	-	-
H E Davies	-	-	2,334,484	2,334,484
G S Rees	-	-	918,000	918,000
M W Fenwick	86,566	86,566	357,000	357,000
R B Moore	-	-	13,111	13,111
L James	-	-	-	-

The directors held no shares in any other group company at any time during the financial year.

Substantial Shareholders

As at 30 September 2009, notifications of beneficial interests in 3% or more of the company's issued share capital are as follows:

	Ordinary shares No.	%
H E Davies	2,334,484	26.20
G S Rees	918,000	10.30
G R Davies	918,000	10.30
M D Barnard & Co Limited	642,994	7.22
Rathbone	544,670	6.11
Finance Wales Investments Limited	479,868	5.39
Gartmore Investment Limited	446,685	5.01
D T F Richards	408,000	4.58
H T Jenkins	384,851	4.32
M W Fenwick	357,000	4.01
W R Protheroe	304,660	3.42
E H Protheroe	304,659	3.42

Corporate Governance

The company is not required to comply with the Combined Code on Corporate Governance issued by the Financial Reporting Council and accordingly does not report on how it has applied the principles therein or on the extent to which it has complied with the provisions therein throughout the year.

However, the company's directors are committed to applying the underlying principles of the Combined Code, having regard to the size of the company, an illustration of which is given below.

The company has three independent, non-executive directors, R Huntingford, R B Moore and L James, and the Board meets regularly approving strategy, accounts, budgets and acquisitions amongst other matters.

Audit, Remuneration and Nomination committees have been established, chaired by R Huntingford since his appointment on 29 October 2008, which comprise the three non-executive directors. Prior to R Huntingford's appointment, the committees were chaired by R B Moore and comprised the two non-executive directors.

The Audit Committee's responsibilities include monitoring the integrity of the company's and group's financial statements, reviewing the external auditors' independence, objectivity and effectiveness and making recommendations to the Board in relation to the appointment, reappointment and removal of the external auditor.

The Remuneration Committee is responsible for reviewing the performance of the executive directors and setting the scale and structure of their remuneration, including bonus arrangements.

The directors comply, and procure compliance with, Rule 21 of the AIM Rules for Companies relating to dealings by directors and other applicable employees in the company's securities and, to this end, the company has adopted an appropriate share-dealing code.

Internal Control

The Board of directors is responsible for the group's system of internal control and for reviewing its effectiveness and notes that the system can only provide a reasonable but not an absolute assurance against material misstatement or loss. The directors have reviewed the effectiveness of the system of internal control which has been in operation throughout the year. There is an ongoing process for identifying, evaluating and managing the significant risks faced by the group. The process, which accords with the "Turnbull" guidelines, is regularly reviewed by the Board at its meetings and steps are taken to deal with areas of improvement which come to the Board's attention.

Going Concern

The group has considerable financial resources together with a long-term relationship with its key customer. Due to the nature of the group's business, management have visibility over its pipeline of productions over the foreseeable future, which is fully funded by its customers. As a consequence, the directors believe the company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The directors, after making enquiries, have a reasonable expectation that the company will have adequate resources to continue operating for the foreseeable future and therefore the going concern basis has been adopted in preparing these accounts.

Directors' Report (continued)

Auditors

In the case of each of the persons who are directors of the company at the date when this report is approved:

- so far as each of the directors is aware, there is no relevant audit information (as defined in the Companies Act 2006) of which the company's auditors are unaware; and
- each of the directors has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information (as defined) and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

On 1 December 2008 Deloitte & Touche LLP changed its name to Deloitte LLP. Deloitte LLP have indicated their willingness to continue in office as the company's auditors and a resolution for their reappointment will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board

Mark Fenwick
Financial Director
23 October 2009

Consolidated Statement of Directors' Responsibilities

The directors are responsible for preparing the Annual Report, Directors' Remuneration 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. The directors are required to prepare the group financial statements under IFRSs (IFRSs) as adopted by the European Union and have also elected to prepare the parent company financial statements in accordance with IFRSs as adopted by the European Union. The financial statements are also required by law to be properly prepared in accordance with the Companies Act 2006.

International Accounting Standard 1 requires that financial statements present fairly for each financial year the company's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and presentation of financial statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRSs. However, directors are also required to:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information; and
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Consolidated Independent Auditors' Report to the Members of Boomerang Plus PLC

We have audited the financial statements of Boomerang Plus plc for the year ended 31 May 2009 which comprise the consolidated income statement, the consolidated and company statement of changes in equity, the consolidated and company balance sheets, the consolidated cash flow statement and the related notes 1 to 29. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the company's members, as a body, in accordance with sections 495 and 496 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

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

Scope of the audit of the financial statements

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

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 May 2009 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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.

Nigel Thomas (Senior Statutory Auditor)

for and on behalf of Deloitte LLP

Chartered Accountants and Statutory Auditors

Cardiff, United Kingdom

23 October 2009

Consolidated Income Statement

Year ended 31 May 2009

	Note	2009 £'000	2008 £'000
Continuing Operations			
Revenue	2	19,759	20,931
Cost of sales		(16,882)	(17,034)
Gross Profit		2,877	3,897
Administrative expenses			
Other administrative expenses		(1,862)	(1,874)
Exceptional administrative expenses	7	-	(642)
Professional fees in relation to unsuccessful corporate transactions		(66)	(97)
Amortisation of intangibles arising on business acquisitions	13	(21)	(38)
Equity-settled share-based payments	25	(23)	(23)
Total administrative expenses		(1,972)	(2,674)
Other operating income		232	133
Share of results of joint ventures and associates		3	48
Operating Profit		1,140	1,404
Investment revenue	8	25	32
Finance costs	9	(71)	(133)
Profit Before Tax		1,094	1,303
Tax	11	(207)	(617)
Profit For The Year		887	686
Attributable to:			
Equity holders of the parent		887	686
Earnings per share			
Basic	12	9.96p	8.77p
Diluted		9.70p	8.31p
Adjusted - basic		11.20p	18.99p
Adjusted - diluted		10.91p	17.78p

Statement of Changes in Equity

Year ended 31 May 2009

Group	Share capital £'000	Share premium account £'000	Merger reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 1 June 2007	68	969	1,217	1,801	4,055
Profit for the financial year	-	-	-	686	686
New shares issued (*)	21	2,962	-	-	2,983
Equity-settled share-based payments	-	-	-	23	23
Balance at 1 June 2008	89	3,931	1,217	2,510	7,747
Profit for the financial year	-	-	-	887	887
New shares issued	-	2	-	-	2
Equity-settled share-based payments	-	-	-	23	23
Balance at 31 May 2009	89	3,933	1,217	3,420	8,659

The group has taken advantage of section 612 of the Companies Act 2006 and therefore the excess over the nominal value of shares issued other than for cash has been allocated to the merger reserve.

(*) Amount is stated net of share issue costs of £150,000.

Company	Share capital £'000	Share premium account £'000	Merger reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 1 June 2007	68	969	1,217	1,934	4,188
Profit for the financial year	-	-	-	352	352
New shares issued (*)	21	2,962	-	-	2,983
Equity-settled share-based payments	-	-	-	23	23
Balance at 1 June 2008	89	3,931	1,217	2,309	7,546
Profit for the financial year	-	-	-	771	771
New shares issued	-	2	-	-	2
Equity-settled share-based payments	-	-	-	23	23
Balance at 31 May 2009	89	3,933	1,217	3,103	8,342

(*) Amount is stated net of share issue costs of £150,000.

Balance Sheets

31 May 2009

	Note	Group 2009 £'000	Group 2008 £'000	Company 2009 £'000	Company 2008 £'000
Non-Current Assets					
Goodwill	13	2,131	2,108	-	-
Other intangible assets	13	1,161	1,229	18	21
Property, plant and equipment	14	1,686	1,662	1,356	1,216
Investments	15	147	124	4,779	4,757
		5,125	5,123	6,153	5,994
Current Assets					
Inventories	16	-	3	-	-
Trade and other receivables	17	3,625	2,851	3,033	2,206
Current tax assets		219	-	-	-
Cash and cash equivalents	17	3,027	6,325	1,250	2,893
		6,871	9,179	4,283	5,099
Total Assets		11,996	14,302	10,436	11,093
Current Liabilities					
Trade and other payables	19	2,106	4,894	1,125	2,343
Current tax liabilities		407	589	149	181
Interest-bearing loans and borrowings	18	307	278	303	252
Deferred consideration	22	209	174	209	174
		3,029	5,935	1,786	2,950
Non-Current Liabilities					
Interest-bearing loans and borrowings	18	175	290	175	286
Other payables	19	17	68	17	64
Deferred tax liabilities	20	116	103	116	88
Deferred consideration	22	-	159	-	159
		308	620	308	597
Total Liabilities		3,337	6,555	2,094	3,547
Net Assets		8,659	7,747	8,342	7,546

31 May 2009

	Note	Group 2009 £'000	Group 2008 £'000	Company 2009 £'000	Company 2008 £'000
Equity					
Share capital	24	89	89	89	89
Share premium account		3,933	3,931	3,933	3,931
Merger reserve		1,217	1,217	1,217	1,217
Retained earnings		3,420	2,510	3,103	2,309
Total Equity		8,659	7,747	8,342	7,546

The financial statements of Boomerang Plus plc, registered number 2936337, were approved by the Board of Directors and authorised for issue on 23 October 2009

Signed on behalf of the Board of Directors

H E Davies
Director

M W Fenwick
Director

Consolidated Cash Flow Statement

Year ended 31 May 2009

	Note	Group 2009 £'000	Group 2008 £'000	Company 2009 £'000	Company 2008 £'000
Net Cash (Outflow)/Inflow from Operating Activities	27	(2,828)	1,044	(1,675)	(1,353)
Investing Activities					
Interest received		25	32	13	13
Dividends received		-	-	450	630
Purchase of property, plant and equipment		(183)	(346)	(173)	(311)
Acquisition of subsidiaries (see note 29)		-	(2)	-	-
Acquisition of associates		(33)	-	-	-
Acquisition of subsidiaries - deferred consideration payments	22	(146)	(837)	(146)	(837)
Acquisition of intangible fixed assets		-	(69)	-	-
Proceeds on disposal of property, plant and equipment		54	184	51	185
Net Cash used in Investing Activities		(283)	(1,038)	195	(320)
Financing Activities					
Repayments of obligations under finance leases		(340)	(329)	(315)	(280)
Repayment of borrowings		-	(350)	-	(350)
Proceeds on issue of shares		3	2,983	2	2,983
Grants received		150	80	150	79
Net Cash (Used in) Generated from Financing Activities		(187)	2,384	(163)	2,432
Net (Decrease)/Increase in Cash and Cash Equivalents		(3,298)	2,390	(1,643)	759
Cash and Cash Equivalents at Beginning of Year		6,325	3,935	2,893	2,134
Cash and Cash Equivalents at End of Year		3,027	6,325	1,250	2,893

Notes to the Consolidated Financial Statements

Year ended 31 May 2009

1. General Information

Boomerang Plus plc is a company incorporated in the United Kingdom under the Companies Act 2006, the shares of which are publicly traded on AIM. The address of the registered office is 218 Penarth Road, Cardiff CF11 8NN. The nature of the UK group's operations and its principal activities are set out in the business review and principal activity section on page 9 of the directors' report.

Adoption of New and Revised Standards

In the current year, no new accounting standards were adopted.

At the date of the authorisation of the financial statements, the following standards and interpretations, which have not been applied in the financial statements, were in issue but not yet effective:

IAS 1	Revised – Presentation of financial statements
IFRS 2	Amendment – Share-based payments
IFRS 3	Business combinations
IFRS 5	Amendment – Non-current assets held for sale and discontinued operations
IFRS 7	Improving disclosures about financial instruments
IFRS 8	Operating segments
IAS 7	Amendment – Statement of cash flows
IAS 16	Amendment – Property, plant and equipment
IAS 17	Amendment – Leases
IAS 27	Amendment – Consolidated and separate financial statements
IAS 32	Amendment – Financial instruments: Presentation
IAS 36	Amendment – Impairment of assets
IAS 38	Amendment – Intangible assets
IAS 39	Amendment – Financial instruments: Recognition and measurement
IFRIC 10	Interim financial reporting and impairment
IFRIC 11	Group and treasury share transactions
IFRIC 13	Customer loyalty programmes

The directors do not anticipate that the adoption of these standards and interpretations in future periods will have a material impact on the financial statements except for additional segmental disclosures when IFRS 8 comes into effect for periods commencing on or after 1 January 2009, thereby impacting the group for the year ended 31 May 2010.

2. Accounting Policies

Basis of accounting

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRSs).

The financial statements have been prepared on the historical cost basis. The principal accounting policies adopted, which have been applied consistently in the current and the prior financial year, are outlined below.

These financial activities are presented in pounds sterling because that is the currency of the primary economic environment in which the group operates.

Notes to the Consolidated Financial Statements

2. Accounting Policies (continued)

Going concern

The group's business activities, together with the factors likely to affect its future development, performance and position, its financial position at the balance sheet date, its cash flows and the liquidity position, are set out in the chairman's report on page 3, the business review on pages 4 to 7 and the directors' report on pages 9 to 13. In addition, note 23, Financial Instruments, includes the group's objectives and policies and process around managing capital risk; its financial risk management objectives; and its exposure to market, credit and liquidity risk. The directors, after making enquiries, have a reasonable expectation that the company will have adequate resources to continue operating for the foreseeable future and therefore the going concern basis has been adopted in preparing these accounts.

Basis of consolidation

The consolidated financial information incorporates the financial information of the company and entities controlled by the company (its subsidiaries). Control is achieved where the company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits for its activities.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Business combinations

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair value at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for resale in accordance with IFRS 5 Non Current Assets Held for Sale and Discontinued Operations, which are recognised and measured at fair value less costs to sell.

The group has taken advantage of section 612 of the Companies Act 2006 and so the excess over the nominal value of shares issued other than for cash has been allocated to the merger reserve.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the group's interest in the net fair values of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised in the income statement immediately.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

Jointly controlled entities

A joint venture is an entity over which the group has joint control, and joint ability to govern financial and operating policy decisions of the economic activity so as to obtain benefits from it.

The group accounts for its jointly controlled entities by means of an equity method of accounting.

Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the group's interest in the fair value of identifiable assets and liabilities of a subsidiary and jointly controlled entities at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill which is recognised as an asset is reviewed for impairment at least annually. Any impairment is recognised in the income statement and is not subsequently reversed.

For the purpose of impairment testing, goodwill is allocated to each of the group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of any subsidiary, the attributable amount of goodwill is included in the determination of profit or loss on disposal. Goodwill arising on business combinations before the date of transition to IFRS has been retained at the value that would arise applying the principles of UK GAAP.

Revenue and revenue recognition

Revenue (which excludes VAT) represents amounts receivable for work carried out in the production and post-production of television and radio programmes and is recognised over the period of the related activity. Revenue is measured by reference to the fair value of consideration received or receivable from customers. Gross profit on production activity is recognised over the period of the production and in accordance with the underlying contract. Cost overspends on productions are recognised as they arise and cost underspends recognised when it is known with reasonable certainty the final position of the relevant contract. Final production fees are recognised on completion of the productions in line with the underlying contractual agreement. Where productions are in progress and where sales invoiced exceed the cost of work completed, the excess is shown as deferred income. Where the value of work completed exceeds the invoiced amount, the excess is shown as accrued income. When it is probable that total production costs will exceed contract revenue, the expected loss is recognised as an expense immediately.

Revenue in respect of distribution and licensing income is recognised when the group has earned the right to recognise the revenue and has complied with the terms of the licence agreement and represents amounts receivable under such contracts.

Exceptional items

Exceptional items relate to significant items that fall within the activities of the group which are separately disclosed by virtue of their size or incidence to enable a full understanding of the group's financial performance.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance lease are recognised as assets in the balance sheet at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a financial lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

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

Notes to the Consolidated Financial Statements

2. Accounting Policies (continued)

Grants

Grants in respect of capital expenditure are credited to a deferred income account and are released to the income statement over the expected useful lives of the relevant assets. Grants of a revenue nature are credited to income in the year to which they relate.

Operating profit

Operating profit is stated after charging/(crediting) the share of results of joint ventures and charging provisions for impairment in investments in associates, but before investment income and finance costs.

Retirement benefit costs

The company operates a defined contribution retirement benefit scheme. Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

Taxation

The tax expense represents the sum of the tax currently payable, and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

A Group subsidiary, Boom Films Limited, is a special purpose vehicle involved in the production of Theatrical Films. As such Boom Films Limited receives film tax credits based on a percentage of production expenditure. These credits are recognised in the Income Statement as part of the tax charge for the year once sufficient evidence exists to support the income recognition.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates and interests in joint ventures, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the group intends to settle its current tax assets and liabilities on a net basis.

Property, plant and equipment

Property, plant and equipment are held at cost less accumulated depreciation and any recognised impairment loss. They are depreciated to their residual value using the straight-line method over their expected useful lives as follows:

Leasehold property improvements	-	Over the period of the lease
Plant and machinery	-	14.3% to 20% straight-line
Fixtures and fittings	-	15% to 20% straight-line
Motor vehicles	-	20% to 25% straight-line
Computer equipment	-	20% to 25% straight-line

Assets held under finance lease are depreciated over their useful lives as set out above.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset, and is recognised in the income statement.

Development costs

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from the group's production development is recognised only if the following conditions are met:

- an asset is created that can be identified;
- it is probable that the asset created will generate future economic benefits; and
- the development cost of the asset can be measured reliably.

The costs of developing programmes not meeting the IAS 38 "Intangible Assets" criteria are written off to the income statement.

Programme catalogue

Investments in programme catalogues are capitalised at cost less provision for impairment. The cost is amortised over three years, the expected period of distribution income.

Separable intangibles

When an acquisition is made, a review is undertaken to identify separately identifiable non-monetary assets that meet the definition under IAS 38 "Intangible assets". In respect of acquisitions made in the period since transition to IFRS, customer relationships and non-compete agreements were recognised as being separately identifiable. The fair value was determined on a basis that reflects the amounts the acquirer would have paid for the assets in arm's length transactions between knowledgeable willing parties.

Contractual customer relationships are amortised over their useful economic lives. Non-contractual customer relationships have an indefinite life and are subject to an annual impairment review. Non-compete agreements are amortised over the life of the agreement, which is an average of two years.

Other intangibles

Costs of acquiring rights to commission income from talent management contracts are amortised over three years, the period the group will benefit from the contracts. Costs of building commercial websites are amortised over two years, the period the group will benefit from the websites.

Notes to the Consolidated Financial Statements

2. Accounting Policies (continued)

Impairment of tangible and intangible assets excluding goodwill

At each balance sheet date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indications exist, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount in which case the reversal of the impairment loss is treated as a revaluation increase.

Investments

Investments in subsidiaries and associates are held as non-current assets and are stated at cost less provision for any impairment.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct material costs. Net realisable value represents the estimated selling price less all estimated costs of completion.

Financial instruments

Financial assets and financial liabilities are recognised on the group's balance sheet when the group becomes a party to the contractual provision of the instrument.

Trade receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in the income statement when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits held at call with banks.

Trade payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost using the effective interest rate method.

Equity instruments

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

Provisions

Provisions are recognised when the group has a present obligation as a result of a past event and it is probable that the group will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date and are discounted to present value where the effect is material

Share-based payments

The group has applied the requirements of IFRS 2 "Share-based payments". In accordance with the transitional provision, IFRS 2 has been applied to all grants of equity instruments after 7 November 2002 that were unvested as of 1 January 2005.

The group issues equity-settled, share-based payments to certain employees. Equity-settled, share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled, share-based payments is expensed on a straight-line basis over the vesting period, based on the group's estimate of share that will eventually vest.

Fair value is measured by use of a Black Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

3. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

Critical judgements in applying the company's accounting policies

In the process of applying the company's accounting policies, which are described in note 2, management has made the following judgements that have the most significant effect on the amounts recognised in the financial statements.

Revenue recognition

Production revenue is recognised over the period of the related production activity which requires management to consider the costs incurred to the balance sheet date and estimate the costs to completion of the production, as described in note 2.

In making these judgements, management considered the detailed criteria for the recognition of revenue set out in IAS 18 "Revenue" and the principles of IAS 11 "Construction contracts" for further guidance as it applies to both revenue and expenses. Following detailed review of the group's production contracts, the directors are satisfied that recognition of revenue as reported is appropriate.

Identification and measurement of separate intangible assets acquired in a business combination

IFRS 3 "Business Combinations" requires the acquirer to recognise separately an intangible asset of the acquiree at the acquisition date if it meets the definition of an intangible asset in IAS 38 "Intangible Assets" and its fair value can be measured reliably.

IAS 38 defines an intangible asset as 'an identifiable non-monetary asset without physical substance.'

Notes to the Consolidated Financial Statements

3. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

An asset meets the identifiability criterion in the definition only if it:

- a) is separable, i.e. capable of being separated or divided from the entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or
- b) arises from contractual or other legal rights, regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

IFRS 3 requires the acquirer to determine the fair value of intangibles by reference to an active market as defined in IAS 38; or, if no active market exists, on a basis that reflects the amounts the acquirer would have paid for the assets in arm's length transactions between knowledgeable willing parties, based on the best information available.

The separate intangible assets acquired as part of business combinations effected after the transition to IFRS are detailed in note 13. The values of the separate intangible assets were estimated on the following basis:

Non compete agreements: using a "discounted cash flow"; by estimating the potential cash flows that could be lost if the agreements had not been in place. This requires the entity to estimate the future cash flows and a suitable discount rate in order to calculate present value.

Customer relationships: using an "excess earnings income approach"; by estimating the cash flows expected to be generated from the relationships net of a reasonable return on other assets also contributing to that stream of cash flows, discounted at an appropriate rate of return. This requires the entity to estimate the future cash flows and a suitable discount rate in order to calculate present value.

Impairment of goodwill

The group tests annually for impairment or more frequently if there are indications that goodwill may be impaired.

The recoverable amount of the goodwill is determined from value in use calculations. The key assumptions and estimates for the value in use calculations are those regarding the discount rates, growth rates and expected changes to sales during the period. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the cash-generating units.

The group prepares cash flow forecasts derived from the most recent financial budgets approved by management (which take into account the group's pipeline of productions, past experience and industry growth forecasts) for the next three years and extrapolates cash flows for the following seven years assuming annual growth of 2.5% per annum from that date.

Notes to the Consolidated Financial Statements

4. Business and Geographical Segments

A business segment is a group of assets and operations engaged in providing services that are subject to risks and returns that are different from those of other business segments. The principal activity of the group is that of independent television production. The customer base and distribution channels for each group company are the same so that for the purposes of IAS 14, "Segment Reporting", the consolidated entity operates in one business segment. As the group only operates in one business segment, no additional business segmental analysis has been shown.

All business activities are located within the UK and therefore the group operates in a single geographical segment.

Year ended 31 May 2009

	2009 £'000	2008 £'000
This has been arrived at after charging/(crediting)		
Government grants - capital	(165)	(38)
Government grants - revenue	(25)	(61)
Depreciation of property, plant and equipment		
- owned assets	254	200
- leased assets	142	163
Amortisation of intangible fixed assets	68	65
Profit on sale of property, plant and equipment	(37)	(7)
Professional fees in relation to unsuccessful corporate transactions	66	97
Staff costs (see note 6)	4,580	3,949
Auditors' remuneration - audit services	44	59
Auditors' remuneration – non-audit services	21	206
	£'000	£'000
Auditors' remuneration		
The analysis of auditors' remuneration is as follows:		
Fees payable to the company's auditors for the audit of the group's annual accounts	20	18
Fees payable to the company's auditors for the audit of the company's annual accounts	24	21
Fees payable on IFRS transition (from 2007)	-	20
Total audit fees	44	59
Other services:		
Other services pursuant to legislation (AIM listing)	-	186
Other services pursuant to legislation (Other)	-	2
Tax advisory services	6	2
Tax compliance services	15	16
Total non-audit fees	21	206

Fees payable to Deloitte LLP and their associates for non-audit services to the company are not required to be disclosed because the financial statements are required to disclose such fees on a consolidated basis.

Notes to the Consolidated Financial Statements

Year ended 31 May 2009

6. Information regarding Directors and Employees

	2009 £'000	2008 £'000
Group		
Directors' emoluments (executive and non-executive directors)		
Emoluments	394	396
Contributions to money purchase pension schemes	25	27
Other benefits in kind	22	33
	441	456

The directors held 86,566 of outstanding options at the year-end (2008 – 86,566). Gains of £nil (2008 – £43,890) on the exercise of share options were made during the year by the directors.

	£'000	£'000
Highest paid director		
Emoluments	142	104
Contributions to money purchase pension schemes	10	6
	152	110

	No.	No.
Number of directors in pension scheme	3	7

	No.	No.
Average number of persons employed (including directors)		
Directors	6	7
Production	102	95
Administration	6	6
	114	108

	£'000	£'000
Staff costs during the year (including directors)		
Wages and salaries	4,020	3,480
Social security costs	433	377
Pension costs	104	69
Equity-settled share-based payments	23	23
	4,580	3,949

Company	2009 £'000	2008 £'000
Directors' emoluments (executive and non-executive directors)		
Emoluments	394	333
Contributions to money purchase pension schemes	25	22
Other benefits in kind	22	32
	441	387

The directors held 86,566 of outstanding options at the year-end (2008 – 86,566). Gains of £nil (2008 – £43,890) on the exercise of share options were made during the year by the directors.

	£'000	£'000
Highest paid director		
Emoluments	131	91
Contributions to money purchase pension schemes	10	6
	141	97

	No.	No.
Number of directors in pension scheme	3	6

	No.	No.
Average number of persons employed (including directors)		
Directors	6	6
Production	76	64
Administration	2	2
	84	72

	£'000	£'000
Staff costs during the year (including directors)		
Wages and salaries	2,683	2,300
Social security costs	292	247
Pension costs	59	22
Equity-settled share-based payments	23	23
	3,057	2,592

Notes to the Consolidated Financial Statements

Year ended 31 May 2009

7. Exceptional Items

	2009 £'000	2008 £'000
Costs associated with AIM listing	-	642

8. Investment Revenue

	2009 £'000	2008 £'000
Interest on bank deposits	25	32

9. Finance Costs

	2009 £'000	2008 £'000
Interest on other loans	-	33
Interest on obligations under finance lease and hire purchase contracts	46	46
Other interest and similar charges	5	5
Preferred share finance cost	-	17
Deferred consideration finance charges	20	32
	71	133

10. Company Profit and Loss account

As permitted by section 408 of the Companies Act 2006, the company has elected not to present its own profit and loss account for the year. Boomerang Plus plc reported a profit for the financial year ended 31 May 2009 of £771,000 (2008 - £352,000).

11. Tax on Profit on Ordinary Activities

	Note	2009 £'000	2008 £'000
Current taxation			
United Kingdom corporation tax:			
Current tax on income for the year at 28% (2008 – 28%/30%)		194	618
Adjustment in respect of prior years		-	(23)
Total current tax		194	595
Deferred tax			
Origination and reversal of timing differences		13	40
Adjustments to the estimated recoverable amounts of deferred tax assets arising in		-	(18)
	20	13	22
Total charge for the year		207	617

The difference between the total tax shown above and the amount calculated by applying the standard rate of United Kingdom corporation tax to the profit before tax is as follows:

	£'000	£'000
Profit on ordinary activities before tax	1,094	1,303
Tax on profit on ordinary activities before tax at 28% (2008 – 28%/30%)	306	387
Factors affecting charge for the year		
Expenses not deductible for tax purposes	34	249
Non-deductible amortisation and impairment charges	6	11
Capital allowances less than/(in excess of) depreciation	17	(45)
Unutilised tax losses	7	12
Other	(8)	4
Marginal relief	(2)	-
UK Film tax credit adjustment	(166)	-
Adjustment in respect of prior years	-	(23)
Origination and reversal of timing differences	-	40
Adjustments to the estimated recoverable amounts of deferred tax assets arising in previous periods	-	(18)
Total tax charge for the year	194	617

Included within the current tax charge is a credit of £219,000. This relates to the UK Film tax credit earned within Boom Films Limited, a subsidiary company.

Notes to the Consolidated Financial Statements

12. Earnings per Share

The calculation of the basic, diluted and adjusted earnings per share is based on the following data:

	2009 £'000	2008 £'000
Earnings		
Profit for the year	887	686
Preferred share finance cost	-	17
Diluted profit		
Exceptional administrative expenses	66	739
Amortisation of intangibles arising on business acquisitions	21	38
Equity-settled share-based payments	23	23
Adjusted profit	997	1,503
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	8,903,478	7,824,974
Effect of dilutive potential ordinary shares:		
Share options	238,178	631,148
Dilutive weighted average number of shares	9,141,655	8,456,122
Earnings per ordinary share – basic	9.96p	8.77p
Earnings per ordinary share – diluted	9.70p	8.31p
Adjusted earnings per share – basic	11.20p	18.99p
Adjusted earnings per share – diluted	10.91p	17.78p

13. Goodwill and other Intangible Fixed Assets

	Goodwill £'000	Customer relationships £'000	Non- compete agreements £'000	Programmes catalogue £'000	Other £'000	Total £'000
Group Cost						
At 1 June 2007	2,108	1,197	37	36	15	3,393
Additions	-	-	-	10	59	69
At 1 June 2008	2,108	1,197	37	46	74	3,462
Additions	23	-	-	-	-	23
At 31 May 2009	2,131	1,197	37	46	74	3,485
Amortisation						
At 1 June 2007	-	43	13	4	-	60
Charge for the year	-	23	15	-	27	65
At 1 June 2008	-	66	28	4	27	125
Charge for the year (*)	-	12	9	12	35	68
At 31 May 2009	-	78	37	16	62	193
Carrying amount						
At 31 May 2009	2,131	1,119	-	30	12	3,292
At 31 May 2008	2,108	1,131	9	42	47	3,337

(*) Amortisation of intangibles arising on business acquisitions of £21,000 relate to the amortisation of customer relationships and non-competes agreements.

Goodwill, customer relationships and non-competes agreements

Goodwill, customer relationships and non-competes agreements arise on consolidation. Included in customer relationships are non-contractual relationships of £1,035,000 (2008 - £1,035,000). These relationships are key to the long-term future of the relevant businesses and are therefore considered to have an indefinite life and are subject to an annual impairment review. Contractual customer relationships are amortised over the life of the existing contract, which is one year. Non-competes agreements are amortised over the life of the agreement, which is an average of two years.

Additions to goodwill in the year relate to adjustments to the deferred consideration on the purchase of Ffilmiau Apollo Cyfyngedig.

Goodwill and non-contractual relationships acquired in a business combination are allocated at acquisition to the cash generating units ("CGUs") that are expected to benefit from the business combination. Before recognition of any impairment losses, the carrying amount of goodwill and non-contractual relationships has been allocated as follows:

Notes to the Consolidated Financial Statements

13. Goodwill and other Intangible Fixed Assets (continued)

	2009 £'000	2008 £'000
Goodwill		
Fflic Cyfyngedig	577	577
Cynhyrchiadau Alfresco Productions Cyfyngedig	639	639
Mwnci Cyfyngedig	296	296
Ffilmiau Apollo Cyfyngedig	619	596
	2,131	2,108
Non-contractual customer relationships		
	£'000	£'000
Cynhyrchiadau Alfresco Productions Cyfyngedig	639	639
Ffilmiau Apollo Cyfyngedig	396	396
	1,035	1,035

The group tests goodwill and non-contractual customer relationships annually for impairment, or more frequently if there are indications that goodwill might be impaired.

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 changes to selling prices and direct costs during the period. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The growth rates are based on industry growth forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

The group prepares cash flow forecasts derived from the most recent financial budgets approved by management for the next three years and extrapolates cash flows for the following six years based on an estimated growth rate of 2.5% per annum. This rate does not exceed the average long-term growth rate for the relevant markets. The rate used to discount the forecast cash flows of each of the CGUs as defined above was 12%.

Programme catalogue

Programme catalogue relates to investment in programmes held for distribution.

Other intangibles

Other intangible fixed assets relate to rights to commission income from talent management contracts and the costs of building commercial websites.

13. Goodwill and other Intangible Fixed Assets (continued)

Company	Programme catalogue £'000
Cost	
At 1 June 2008 and 31 May 2009	25
Amortisation	
At 1 June 2008	4
Charge for the year	3
At 31 May 2009	7
Carrying amount	
At 31 May 2009	18
At 31 May 2008	21

Notes to the Consolidated Financial Statements

14. Property, Plant and Equipment

Group	Leasehold property improvements £'000	Plant and machinery £'000	Fixtures and fittings £'000	Motor vehicles £'000	Computer £'000	Total £'000
Cost						
At 1 June 2007	256	1,124	440	144	184	2,148
Additions	126	645	58	17	54	900
Transfer	-	47	-	-	(47)	-
Disposals	-	(285)	(154)	(51)	(20)	(510)
At 1 June 2008	382	1,531	344	110	171	2,538
Additions	9	364	5	9	50	437
Disposals	-	(127)	-	(54)	-	(181)
At 31 May 2009	391	1,768	349	65	221	2,794
Depreciation						
At 1 June 2007	41	460	189	91	65	846
Charge for the year	29	194	79	26	35	363
Eliminated on disposal	-	(111)	(154)	(48)	(20)	(333)
At 1 June 2008	70	543	114	69	80	876
Charge for the year	33	241	64	14	44	396
Eliminated on disposal	-	(118)	-	(46)	-	(164)
At 31 May 2009	103	666	178	37	124	1,108
Net book value						
At 31 May 2009	288	1,102	171	28	97	1,686
At 31 May 2008	312	988	230	41	91	1,662

Included within the net book value of £1,686,000 (2008 - £1,662,000) are the following assets held under hire purchase and finance lease agreements

	Leasehold property improvements £'000	Plant and machinery £'000	Motor vehicles £'000	Total £'000
At 31 May 2009	32	805	25	862
At 31 May 2008	35	634	24	693

14. Property, Plant and Equipment (continued)

Company	Leasehold property improvements £'000	Plant and machinery £'000	Fixtures and fittings £'000	Motor vehicles £'000	Computer £'000	Total £'000
Cost						
At 1 June 2007	160	887	219	122	97	1,485
Additions	117	643	46	17	42	865
Disposals	-	(285)	(16)	(51)	(20)	(372)
At 1 June 2008	277	1,245	249	88	119	1,978
Additions	8	360	3	9	48	428
Disposals	-	(127)	-	(39)	-	(166)
At 31 May 2009	285	1,478	252	58	167	2,240
Depreciation						
At 1 June 2007	23	422	152	83	44	724
Charge for the year	15	138	32	20	27	232
Eliminated on disposal	-	(111)	(15)	(48)	(20)	(194)
At 1 June 2008	38	449	169	55	51	762
Charge for the year	19	187	23	11	34	274
Eliminated on disposal	-	(118)	-	(34)	-	(152)
At 31 May 2009	57	518	192	32	85	884
Net book value						
At 31 May 2009	228	960	60	26	82	1,356
At 31 May 2008	239	796	80	33	68	1,216

Included within the net book value of £1,356,000 (2008 - £1,216,000) are the following assets held under hire purchase and finance lease agreements:

	Leasehold property improvements £'000	Plant and machinery £'000	Motor vehicles £'000	Total £'000
At 31 May 2009	32	717	25	774
At 31 May 2008	35	518	24	577

Notes to the Consolidated Financial Statements

15. Investments

Group	Investment in joint ventures £'000	Investment in associates £'000	Investment £'000	Total £'000
Cost				
At 1 June 2007	13	102	70	185
Share of profit	41	-	-	41
At 1 June 2008	54	102	70	226
Acquisitions	-	27	-	27
Share of profit	(10)	6	-	(4)
At 31 May 2009	44	135	70	249
Impairment and amortisation				
At 1 June 2008 and 31 May 2009	-	102	-	102
Net book value				
At 31 May 2009	44	33	70	147
At 31 May 2008	54	-	70	124

During the year the group invested £27,000 for a 40% shareholding in Media4Enterprises Limited.

Company	Investment in associates £'000	Investment in subsidiaries £'000	Total £'000
Cost			
At 1 June 2007 and 1 June 2008	102	4,757	4,859
Adjustments	-	22	22
Write-off of investment in associates	(102)	-	(102)
At 31 May 2009	-	4,779	4,779
Impairment and amortisation			
At 1 June 2007 and 1 June 2008	102	-	102
Write-off of investment in associates	(102)	-	(102)
At 31 May 2009	-	-	-
Net book value			
At 31 May 2009	-	4,779	4,779
At 31 May 2008	-	4,757	4,757

An increase of £22,000 has been made to the acquisition cost of Ffilmiau Apollo Cyfyngedig based on the final deferred consideration payable. Toucan Television Limited was dissolved in the period. The cost and associated impairment review has been written off by the company.

Subsidiaries	Holding (£1 Ordinary shares)	Activity	Country of Incorporation
Fflic Cyfyngedig	100%	Television production	Wales
Cynhyrchiadau Boomerang Cyfyngedig	100%	Holding company	Wales
Cynhyrchiadau Alfresco Productions Cyfyngedig*	100%	Television production	Wales
218 Holdings Limited	100%	Holding company	Wales
Mwnici Cyfyngedig*	100%	Post production	Wales
Ffilmiau Apollo Cyfyngedig	100%	Holding company	Wales
Teledu Apollo Cyfyngedig*	100%	Television production	Wales
Boom Films Limited	100%	Theatrical Films	Wales
Boom Freesports Limited	88%	Rights management	Wales
Boom Talent Limited	51%	Talent management	Wales
Joint ventures			
Hanner:Hanner Cyfyngedig*	50%	Television production	Wales
Adnoddau Zoom Cyfyngedig*	50%	Television facilities	Wales
Calon/Boom JV Limited*	50%	Distribution	Wales
Associates			
Media4Enterprises Limited*	40%	Holding company	Wales
Media4Creative Limited*	40%	Media training, education and production	Wales

*indirectly held.

16. Inventories

Group	2009 £'000	2008 £'000
Production supplies	-	3

Notes to the Consolidated Financial Statements

17. Other Financial Assets

Trade and other receivables

	Group 2009 £'000	Group 2008 £'000	Company 2009 £'000	Company 2008 £'000
Trade receivables	1,354	1,446	644	807
Other receivables	1,070	463	1,361	804
Prepayments and accrued income	1,201	942	1,028	595
	3,625	2,851	3,033	2,206

The group's and company's principal financial assets are cash and cash equivalents, trade receivables and other receivables.

Trade receivables

The average credit period taken on group sales was 22 days (2008 – 21 days). An allowance has been made for estimated irrecoverable amounts of £15,000 (2008 - £17,000) based on a specific review of each trade receivable. Gross trade receivables were £1,369,000 (2008 - £1,463,000).

The average credit period taken on company sales was 16 days (2008 – 20 days). An allowance has been made for estimated irrecoverable amounts of £nil (2008 - £15,000) based on a specific review of each trade receivable. Gross trade receivables were £644,000 (2008 - £822,000).

The directors consider that the carrying amount of trade and other receivables approximates their fair value.

The group's credit risk is primarily attributable to its trade and other receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables, estimated by the group's management based on prior experience and its assessment of the current economic environment. There is a concentration of receivables credit risk with the group's principal customer, S4C.

At 31 May 2009, trade receivables of £463,000 (2008 - £866,000) were within the group's standard payment terms of 30 days and trade receivables of £159,000 (2008 - £619,000) were within the company's standard payment terms. The directors believe that no further impairment provision is required. Included in the group and company trade receivable balance are debtors which are past due at the reporting date for which the group has not made an impairment provision. The majority of these amounts is outstanding due to outstanding programme paperwork and, as such, is still considered recoverable.

The age of trade receivables past due but not considered impaired is as follows:

	Group 2009 £'000	Group 2008 £'000	Company 2009 £'000	Company 2008 £'000
Less than three months	456	94	302	60
Three months to six months	155	28	126	19
Six months to one year	42	190	15	98
Over one year	238	268	42	11
	891	580	485	188

The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the group's maximum exposure to credit risk.

Other receivables

Other receivables do not include any impaired amounts or any amounts past due. Group other receivables mainly comprise amounts owed from joint ventures, and company other receivables mainly comprise amounts owed from group companies (see note 28 for further detail).

Cash and cash equivalents

These comprise cash in hand and deposits held at call with banks. The carrying amount of these assets approximates their fair value. The group has composite guarantees with companies within the group which represent contingent liabilities. The guarantee at the year-end is £185,000 (2008 - £nil).

The credit risk on liquid funds is limited because whilst the majority of liquid funds are held with the group's principal bankers, Coutts, they are also held with various other counterparties, all of which are banks with high credit ratings assigned by international credit rating. There is no significant concentration of credit risk on liquid funds.

Notes to the Consolidated Financial Statements

18. Interest-bearing Loans and Borrowings

	Group 2009 £'000	Group 2008 £'000	Company 2009 £'000	Company 2008 £'000
Current liabilities				
Hire purchase and finance lease agreements	307	278	303	252
Non-current liabilities				
Hire purchase and finance lease agreements	175	290	175	286

The hire purchase and finance lease obligations are repayable as follows:

	£'000	£'000	£'000	£'000
Hire purchase contracts and finance leases				
Within one year	307	278	303	252
Between one and two years	146	230	146	227
Between two and five years	29	60	29	59
	482	568	478	538

Obligations under finance lease and hire purchase contracts are secured on the related assets. See note 21 for further detail on finance lease contracts.

19. Other Financial Liabilities

Trade and other payables

	Group 2009 £'000	Group 2008 £'000	Company 2009 £'000	Company 2008 £'000
Current liabilities				
Trade payables	315	628	189	478
Other taxation and social security	401	1,176	238	664
Other creditors	79	47	71	47
Accruals and deferred income	1,311	3,043	627	1,154
	2,106	4,894	1,125	2,343
Non-current liabilities				
Other creditors	17	68	17	64

Trade payables principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 7 days (2008 – 13 days) for the group and 6 days (2008 – 16 days) for the company. There are no trade payables past due for either group or company. The directors consider that the carrying amount of trade and other payables approximates their fair value for the group and company. The trade payables, other taxation and social security, will be settled within the next year. The group's and company's financial liabilities are carried at amortised cost.

20. Deferred Tax

The following are the major deferred tax liabilities and assets recognised by the group and company and movements thereon during the current and prior reporting period.

Group	Accelerated capital allowances £'000	Short term timing differences £'000	Total £'000
Balance at 1 June 2007	82	(1)	81
Charge to the income statement	22	-	22
Balance at 1 June 2008	104	(1)	103
Charge to the income statement	13	-	13
At 31 May 2009	117	(1)	116
	£'000	£'000	£'000
Company			
Balance at 1 June 2007	50	(1)	49
Charge to the income statement	39	-	39
Balance at 1 June 2008	89	(1)	88
Charge to the income statement	28	-	28
At 31 May 2009	117	(1)	116

21. Obligations under Finance Leases

	Minimum Lease Payments			
	Group 2009 £'000	Group 2008 £'000	Company 2009 £'000	Company 2008 £'000
Amounts payable under finance leases:				
Within one year	333	318	328	289
In the second to fifth years inclusive	182	307	182	303
Total value of lease obligations	515	625	510	592
Less: future finance charges	(33)	(57)	(32)	(54)
Present value of lease obligations	482	568	478	538

Notes to the Consolidated Financial Statements

21. Obligations under Finance Leases

It is the group's policy to lease certain property, plant and machinery under finance leases. The average lease term is three years. For the year ended 31 May 2009, the average effective borrowing rate was 8.1% (2008 – 8.6%). Interest rates are fixed at the contract date. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. The carrying amount of the borrowings approximates their fair value.

The contractual payments in respect of finance leases based on the undiscounted cash flows and the earliest date on which the group and company can be required to pay are shown above.

All lease obligations are denominated in sterling. The fair value of the group's lease obligations approximates their carrying amount. The group's obligations under finance leases are secured by the lessors' rights over the leased assets.

22. Deferred Consideration

	Group 2009 £'000	Group 2008 £'000	Company 2009 £'000	Company 2008 £'000
Current liabilities				
Deferred consideration	209	174	209	174
Non-current liabilities				
Deferred consideration	-	159	-	159
	£'000	£'000	£'000	£'000
Deferred consideration				
Within one year	209	174	209	174
Between one and two years	-	159	-	159
	209	333	209	333
	£'000	£'000	£'000	£'000
Movement in deferred consideration				
At 1 June	333	1,170	333	1,170
Adjustment	22	-	22	-
Payment	(146)	(837)	(146)	(837)
At 31 May	209	333	209	333

23. Financial Instruments

Capital risk management

The group and company manages its capital to ensure that entities in the group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings, are disclosed in the statement of changes in equity.

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument, are disclosed in note 2 to the financial statements.

Financial risk management objectives

The Board manages the financial risks of the group and company. These risks may include market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

Market risk

The group and company activities do not expose it to the financial risks of changes in foreign currency exchange rates and interest rates. If these risks arise in future, the Board will consider whether it is appropriate to enter into derivative financial instruments to manage its exposure to interest rate and foreign currency risk.

As the group and company are not susceptible to foreign currency exchange rates and interest rates, no sensitivity analysis has been provided.

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the group and company. The group and company have adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The group and company only transact with entities that are rated the equivalent to investment grade and above. The group and company exposure and the credit ratings of their counterparties are continuously monitored.

The group and company have a concentration of credit risk with their principal customer, S4C. The credit risk with S4C is limited as S4C is a public service broadcaster. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of directors. The group and company manage liquidity risk by maintaining adequate cash reserves and continuously monitor forecast and actual cash flows. They have no bank borrowings at present.

The group and company expect to meet their obligations from their cash reserves and their operating cash flows. This is currently not a significant risk.

The only interest bearing liabilities relate to the hire purchase and finance lease arrangements as detailed in note 21.

Notes to the Consolidated Financial Statements

23. Financial Instruments (continued)

Fair value of financial instruments

The fair values of non-derivative financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments. The carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values. The group does not presently have any derivative financial instruments.

24. Called Up Share Capital

	Group 2009 £'000	Group 2008 £'000	Company 2009 £'000	Company 2008 £'000
Authorised				
30,000,000 (2008 - 30,000,000) ordinary shares of 1p each	300	300	300	300
Called up, allotted and fully paid				
8,911,231 (2008 – 8,901,231) ordinary shares of 1p each	89	89	89	89

Ordinary share capital

On 10 March 2009, 10,000 1p ordinary shares were issued for cash pursuant to the exercise of an option at an exercise price of 25p per share.

25. Share-Based Payments

The group, through Boomerang Plus plc, has a share option scheme for certain employees.

The fair values of services received in return for share options granted to employees are measured by reference to the fair value of share options granted. The estimate of the fair value of the services received is measured based on a Black-Scholes model (with the expectations of early exercise incorporated into the model).

Details of the share options outstanding during the year were as follows:

	2009		2008	
	Number of share options	Weighted average exercise price (p)	Number of share options	Weighted average exercise price (p)
Outstanding at beginning of year	415,894	65.7	313,614	35.8
Granted during the year	-	-	137,280	124
Forfeited during the year	-	-	(2,000)	36
Exercised during the year	(10,000)	25	(33,000)	25
Outstanding at the end of the year	405,894	66.7	415,894	65.7
Exercisable at the end of the year	268,614	37.5	113,500	25

1p shares under option EMI share options	Grant date	Exercise price	Vesting conditions
103,500	30 June 2005	25p	Vested
152,317	29 September 2006	36p	Vested
137,280	15 October 2007	124p	15 October 2009
Unapproved share options			
12,797	29 September 2006	156p	Vested

The options outstanding at 31 May 2009 had a weighted average contractual life of 7.3 years. In 2008 options were granted on 15 October 2007. The aggregate of the estimated fair values of the options granted on 15 October 2007 was £40,000.

The principal assumptions used in assessing the fair value of share options, using the Black-Scholes model were as follows:

	2009	2008
Weighted average share price	124p	124p
Weighted average exercise price	124p	124p
Expected volatility	25%	25%
Expected life	2 - 4 years	2 - 4 years
Risk-free interest rate	4.5%	4.5%
Expected dividend yield	0%	0%

Share options lapse on the tenth anniversary of the date of grant or on employees leaving the group. No options lapsed during the year following employees leaving the group (2008 – 2,000).

Expected volatility was determined by reference to the historical volatility of listed competitors' share prices. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

The group recognised total expenses of £23,000 (2008 - £23,000) related to equity-settled, share-based payment transactions during the year.

Notes to the Consolidated Financial Statements

26. Operating Lease Agreements

	2009 £'000	2008 £'000
Minimum lease payments under operating leases recognised as an expense in the year	224	212

At the balance sheet date, the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases in respect of office properties which fall due as follows:

27. Notes to the Consolidated Cash Flow Statement

	Group 2009 £'000	Group 2008 £'000	Company 2009 £'000	Company 2008 £'000
Profit from Operations	1,140	1,404	551	47
Adjustment for:				
Amortisation of intangible fixed assets	68	65	3	-
Depreciation of property, plant and equipment	396	363	274	232
Profit on property, plant and equipment disposals	(37)	(7)	(37)	(7)
Government grants	(165)	(38)	(150)	(38)
Results of joint venture	5	(48)	-	-
Equity-settled share-based payments	23	23	23	23
Operating cash flows before movement in working capital	1,430	1,762	664	257
Increase in receivables	(775)	(1,034)	(827)	(1,417)
(Decrease)/increase in payables	(2,823)	870	(1,265)	41
Decrease in inventory	3	2	-	-
Cash generated by operations	(2,165)	1,600	(1,428)	(1,119)
Income taxes paid	(592)	(423)	(182)	(110)
Interest paid	(71)	(133)	(65)	(124)
Net cash (outflow)/inflow from operating activities	(2,828)	1,044	(1,675)	(1,353)

28. Related Party Transactions

Group

The ultimate controlling party of the group is Boomerang Plus plc.

Transactions between the company and its subsidiaries, which are related parties of the company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the group and other related parties are disclosed below.

Included in other receivables is £9,835 (2008 - £4,684) owed by Hanner:Hanner Cyfyngedig, £149,352 (2008 - £205,804) owed by Adnoddau Zoom Cyfyngedig and £250,005 (2008 - £233,338) owed by Calon/Boom JV Limited which are 50% joint ventures of Boomerang Plus plc. Also included in other receivables is £33,333 owed by Media4Enterprises Limited which is a 40% associate of Boomerang Plus plc.

R Huntingford, a director of the company, provided consultancy services of £13,750 (2008 - £nil) during the year in addition to his remuneration as non-executive Chairman.

E Walford, a close family member of a director, provided services of £1,732 as a freelance presenter to the group. Holly Accountants, a close family member of a director, provided consultancy services of £13,750 to the group.

The remuneration of the directors, who are key management personnel of the group, is set out in note 6.

Sales of goods to related parties were made at the group's usual list prices, no discounts being given. Purchases were made at market price discounted to reflect the quantity of goods purchased and the relationships between the parties.

Fixed assets of £174,760 were transferred to Adnoddau Zoom Cyfyngedig during the year ended 31 May 2008 at open market value. There were no such transfers in the year ended 31 May 2009.

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No provisions have been made for doubtful debts in respect of the amounts owed by related parties.

	2009		2008	
	Sales of services £'000	Purchase of services £'000	Sale of services £'000	Purchase of services £'000
Company				
Teledu Apollo Cyfyngedig	85	-	45	-
Fflic Cyfyngedig	341	8	322	15
Cynhyrchiadau Alfresco Productions Cyfyngedig	186	-	840	-
Mwnci Cyfyngedig	-	468	-	344
Boom Talent Limited	-			20
Boom Freesports Limited	-	25	-	-
	612	501	1,207	379

Notes to the Consolidated Financial Statements

28. Related Party Transactions (continued)

Company	2009		2008	
	Amounts owed by related parties £'000	Amounts owed to related parties £'000	Amounts owed by related parties £'000	Amounts owed to related parties £'000
Fflic Cyfyngedig	-	1	-	-
Mwnci Cyfyngedig	-	6	-	-
Teledu Apollo Cyfyngedig	27	-	30	-
Cynhyrchiadau Alfresco Productions Cyfyngedig	130	-	193	-
218 Holdings Limited	41	-	41	-
Boom Talent Limited	59	-	42	-
Boom Freesports Limited	26	-	43	-
Hanner:Hanner Cyfyngedig	10	-	5	-
Adnoddau Zoom Cyfyngedig	149	-	206	-
Calon/Boom JV Limited	250	-	233	-
Boom Films Limited	27	-	-	-
Cynhyrchiadau Boomerang Cyfyngedig	27	-	-	-
Media4Enterprises Limited	33	-	-	-
	779	7	793	-

Sales of goods to related parties were made at the company's usual list prices, no discounts being given. Purchases were made at market price discounted to reflect the quantity of goods purchased and the relationships between the parties.

Fixed assets of £nil (2008 - £174,760) were transferred to Adnoddau Zoom Cyfyngedig during the year at open market value.

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No provisions have been made for doubtful debts in respect of the amounts owed by related parties.

29. Post Balance Sheet Events

On 8 June 2009, Boom Extreme Publishing Limited was incorporated as a 75% subsidiary of Boomerang Plus plc. On 10 September 2009, Boom Extreme Publishing Limited acquired the intellectual property and certain assets of Method, a multimedia publisher offering snowboarding news and action across print, motion, audio and interactive platforms, for a consideration of £477,477.

On 23 July 2009, Boomerang Plus plc acquired 25% of Big Freeze Limited for cash consideration of £320,000 as part of a joint venture with broadcaster Channel 4 and events organiser Sports Vision. Big Freeze Limited is a production company created to organise and produce the Freesports on 4 Freeze live event franchise, the UK's biggest winter sports and music festival, as well as other broadcast related and advertiser funded events.

On 19 October 2009, Boomerang Plus plc acquired the entire share capital of Indus Films Limited, an independent television production company. The initial consideration was £1,100,000 of which £880,000 was paid on completion and £220,000 is payable on 19 October 2010. Further consideration of up to £1,295,000 is payable in cash or shares based on the performance of Indus Films Limited in the three years post completion. Owing to the timing of the transaction and its proximity to the date of the Company's results announcement, it has not been possible for the Directors to determine fair values of all tangible and intangible assets acquired and the overall level of goodwill arising on the transaction.

Advisers

Nominated Adviser

Altium Capital Limited
30 St James' Square
London
SW1Y 4AL

Broker

Evolution Securities Limited
100 Wood Street
London
EC2V 7AN

Auditors

Deloitte LLP
Cardiff, United Kingdom

Solicitors

Osborne Clarke
One London Wall
London
EC2Y 5EB

Financial Public Relations

Redleaf Communications
11-33 St John Street
London
EC1M 4AA

Registrars

Capita Registrars
Northern House
Woodsome Park
Fenay Bridge
Huddersfield
HD8 0LA

Notes





www.boomerang.co.uk