

Golden Lane House Ltd. 2304117

DMWSL 660 Limited

**Annual report and consolidated
financial statements**

30 September 2019

Registered number: 07479191

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Strategic report

The Company is the ultimate UK parent company of the Tinopolis Group ("the Group") of Companies and is incorporated in England and Wales which includes the subsidiaries listed in note 22 of the Company financial statements.

Principal activities

The principal activity of the Group is the production of television and other audio-visual content.

Review of business and outlook

The Tinopolis Group is an international TV production and distribution group with businesses based in the UK and US.

The Group portfolio spans 13 content production companies across all genres – from big scale entertainment and award-winning factual to critically acclaimed drama and ground-breaking live sports coverage. The Group also includes international distributor, Passion.

Tinopolis is proud to work with some of TV's most respected and successful producers, creating circa 4,500 hours of exciting content annually for audiences around the globe.

The Group is one of the largest independent television suppliers in the UK, catering for all the major UK broadcasters and digital players, and have a significant presence in the global media marketplace. Tinopolis' two US businesses make a raft of hugely successful award-winning shows for all the top US networks and SVOD platforms.

Key shows include American Ninja Warrior, Top Chef, Hell's Kitchen, The Titan Games, BT Sport's Premier League coverage, Question Time, Emma Willis: Delivering Babies, Big Fat American Gypsy Weddings, How the Universe Works, daily magazine show Heno and acclaimed drama Hinterland.

Founded by Group Chairman Ron Jones in Wales in 1990, Tinopolis is also one of the UK's largest producers in the nations and regions, with substantial production bases in Cardiff, Llanelli and Glasgow and creating nearly 1,000 hours of original programming for multiple broadcasters over the past year alone.

Passion Distribution specialises in the distribution of popular quality programming and formats in genres including factual entertainment, reality documentaries, lifestyles, drama, comedy and game shows with exclusive distribution agreements with in-house and independent production companies.

In addition to TV production and distribution, Tinopolis also owns two digital businesses, which provide multiplatform programme support, as well as digital resources for the e-learning sector.

Creatively and operationally we are well placed as we enter 2019/20. Our revenue visibility remains strong with a high percentage of our budgeted sales already contracted. We have a wide range of customers and lack of dependence on any one contract. The Group is consistently cash generative.

Review of operations

The Group enjoyed a successful year of growth with turnover increasing by 19.2% to £272m (2018: £228m) in the year.

The Group generated operating profit of £15.4m (2018: £10.2m).

The Group generated adjusted EBITDA* of £24.3m (2018: £20.8m), a 17% increase on prior year.

Net cash generated from Operating activities was £13.1m (2018: £15.6m).

*Earnings Before Interest, Tax, Depreciation, Amortisation, restructuring and other costs (per note 3).

Strategic report (continued)

Risks

The Group's operations are exposed to a variety of financial and operational risks. These risks are formally reviewed by the board and appropriate processes are put in place to monitor and mitigate them.

- The Group operates in a very competitive market with many companies, small and large, competing for broadcasters' commissions. We have a reputation for consistently delivering high quality programmes enabling us to secure long running commissions and also operate across a wide range of genres and with a large number of broadcasters.
- Management operates strong financial disciplines around controlling the costs of productions and have insurances in place to cover unforeseen events that may impact a production schedule (for example, key cast sickness or equipment failure).
- Management regularly review the financial risks of the Group considering its key performance indicators such as turnover, profitability, cash flow and percentage of planned sales that have been commissioned. Management also review the financial requirements of the Group and financial instruments are used to reduce the exposure to interest or exchange risk.
- The UK Government is currently negotiating how the UK is expected to leave the EU. The directors recognise that Brexit has raised some uncertainty around employment of EU Nationals and movement of employees between the EU and UK. There has been no negative impact to trading during 2019 and the Group will continue to assess the impact of Brexit.

Financial Instruments

The Group's financial instruments comprise borrowings, cash and liquid resources, foreign exchange and interest rate derivative contracts and various items such as trade debtors and trade creditors that arise directly from its operations. The Group's operations expose it to a variety of financial risks including market price risk, credit risk, liquidity risk and cash flow risk. Overall responsibility for the management of these risks is vested in the board of directors.

Market price risk - the Group co-ordinates the handling of foreign exchange risks by netting-off naturally occurring opposite exposures wherever possible and limited use of forward contracts.

Credit risk - the Group's client base is predominantly broadcasters and the historical incidence of default is low.

Liquidity risk - the Group maintains sufficient liquid assets ensuring debtors and creditors are actively monitored. There is an overdraft facility in place.

Currency fluctuations affecting the earnings of the US subsidiaries are hedged with foreign currency borrowings.

By order of the board



WA Rees
Director

Park Street
Llanelli
Carmarthenshire
SA15 3YE

19 December 2019

Directors' report

The directors present their annual report and the audited financial statements for the year ended 30 September 2019.

Directors

The directors of the Company during the year, and since year end, were:

OGR Jones
W A Rees
J Foulser
A Mair
J Roberts
J Willis
A Smith
J Lipsitz (resigned 20th March 2019)

Dividends

During the year the Group declared dividends of £3,475,200 (£26 per allocated ordinary share) (2018: *£nil*)

Political Donations

The Company made no political donations during the period under review (2018: *£nil*).

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Going concern

The Board continues to adopt the going concern basis in preparing the Financial statements for both the Group and the parent company.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



WA Rees
Director

Park Street
Llanelli
Carmarthenshire
SA15 3YE

19 December 2019

Statement of directors' responsibilities in respect of the Annual Report and the financial statements

The directors are responsible for preparing the Strategic Report, the Directors' Report and the group and parent company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare group and parent company financial statements for each financial year. Under that law they have elected to prepare the group financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) and applicable law and have elected to prepare the parent company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of their profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant, reliable and prudent;
- for the group financial statements, state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- for the parent company financial statements, state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.



KPMG LLP

15 Canada Square
London
E14 5GL
United Kingdom

Independent auditor's report to the members of DMWSL 660 Limited

Opinion

We have audited the financial statements of DMWSL 660 ("the company") for the year ended 30 September 2019 which comprise the Consolidated Statement of Profit or Loss and Other Comprehensive Income, Consolidated and Company Statement of Changes in Equity, Consolidated Statement of Financial Position, Consolidated Statement of Cash Flows, Company Balance Sheet and related notes, including the accounting policies in note 1.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 30 September 2019 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, such as recoverability of goodwill, revenue recognition and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the group's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the group's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the group or the company or to cease their operations, and as they have concluded that the group and the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

Independent auditor's report to the members of DMWSL 660 Limited (*continued*)

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the group's business model, including the impact of Brexit, and

analysed how those risks might affect the group and company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the group or the company will continue in operation.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 4, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Independent auditor's report to the members of DMWSL 660 Limited (*continued*)

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.


A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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



Paul Barron (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL

 December 2019

Consolidated Statement of Profit or Loss and Other Comprehensive Income
for the year ended 30 September 2019

	<i>Note</i>	2019 £000	2018 £000
Revenue	2	271,915	227,500
Cost of sales		(215,586)	(174,257)
Gross profit		56,329	53,243
Administrative expenses		(40,923)	(43,003)
Operating profit	3,4,5	15,406	10,240
Finance income		584	20,652
Finance expense		(14,163)	(12,050)
Net finance (expense) / income	6	(13,579)	8,602
Profit before income tax		1,827	18,842
Taxation	7	(1,670)	(2,764)
Profit for the year		157	16,078
Profit attributable to:			
Equity holders of the parent		689	15,939
Non-controlling interest		(532)	139
Profit for the year		157	16,078
Other comprehensive income			
Foreign exchange translation differences – foreign operations		5,533	2,236
Net investment hedging		(3,363)	(1,206)
Other comprehensive income for the year		2,170	1,030
Total comprehensive income for the year		2,327	17,108
Attributable to:			
Equity holders of the parent		2,859	16,969
Non-controlling interest		(532)	139
		2,327	17,108

All the results arise from continuing operations. The notes on pages 12 to 30 form part of these financial statements.

Consolidated Balance Sheet at 30 September 2019

	Note	2019 £000	2018 £000
Non-current assets			
Property, plant and equipment	8	3,161	2,930
Intangible assets	9	205,441	200,690
Trade and other receivables	10	4,407	3,938
Deferred tax assets	14	1,820	1,599
Total non-current assets		214,829	209,157
Current assets			
Inventories		45	61
Trade and other receivables	10	59,705	41,069
Cash and cash equivalents	11	8,291	17,292
Total current assets		68,041	58,422
Total assets		282,870	267,579
Equity attributable to equity holders of the parent			
Share capital	18	1	1
Retained earnings		7,858	10,644
Foreign currency translation reserve		10,630	8,460
Merger reserve		978	978
Total equity attributable to equity holders of the parent company		19,467	20,083
Non-controlling interests		209	741
Total equity		19,676	20,824
Non-current liabilities			
Loans and borrowings	13	177,725	177,283
Deferred tax liabilities	14	3,339	1,987
Total non-current liabilities		181,064	179,270
Current liabilities			
Other interest-bearing loans and borrowings	13	2,534	1,344
Other financial liabilities – fair value of derivative financial instruments	15	184	527
Trade and other payables	12	79,412	65,614
Total current liabilities		82,130	67,485
Total liabilities		263,194	246,755
Total equity and liabilities		282,870	267,579

These financial statements were approved by the board of directors on 19 December 2019 and were signed on its behalf by:

WA Rees
Director



The notes on pages 12 to 30 form part of these financial statements.

Consolidated Statement of Changes in Equity for the year ended 30 September 2018

	Share capital	Share premium	Retained earnings	Merger Reserve	Translation Reserve	Total	Non- controlling interest	Total equity
	£000	£000	£000	£000	£'000	£000	£000	£000
Balance at 1 October 2017	1	-	(5,295)	978	7,430	3,114	637	3,751
Total comprehensive income for the year								
Profit for the year	-	-	15,939	-	-	15,939	139	16,078
Other comprehensive income	-	-	-	-	1,030	1,030	-	1,030
Total comprehensive income for the year	-	-	15,939	-	1,030	16,969	139	17,108
Dividends paid	-	-	-	-	-	-	(35)	(35)
Balance at 30 September 2018	1	-	10,644	978	8,460	20,083	741	20,824

for the year ended 30 September 2019

	Share capital	Share premium	Retained earnings	Merger Reserve	Translation Reserve	Total	Non- controlling interest	Total equity
	£000	£000	£000	£000	£'000	£000	£000	£000
Balance at 1 October 2018	1	-	10,644	978	8,460	20,083	741	20,824
Total comprehensive income for the year								
Profit for the year	-	-	689	-	-	689	(532)	157
Other comprehensive income	-	-	-	-	2,170	2,170	-	2,170
Total comprehensive income for the year	-	-	689	-	2,170	2,859	(532)	2,327
Dividends paid	-	-	(3,475)	-	-	(3,475)	-	(3,475)
Balance at 30 September 2019	1	-	7,858	978	10,630	19,467	209	19,676

Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations, as well as from the translation of liabilities that hedge the Company's net investment in a foreign operation.

	2019 £000	2018 £000
Foreign exchange translation differences on foreign operations	18,607	13,074
Net investment hedging	(7,977)	(4,614)
	<u>10,630</u>	<u>8,460</u>

The notes on pages 12 to 30 form part of these financial statements.

Consolidated Cash Flow Statement for the year ended 30 September 2019

	<i>Note</i>	2019 £000	2018 £000
Cash flows from operating activities			
Profit for the year		157	16,078
<i>Adjustments for:</i>			
Depreciation, amortisation and impairment	8,9	6,621	3,984
Finance expense	6	14,163	12,050
Finance income		(584)	(20,652)
Foreign exchange (gain) / loss	3	(26)	106
Loss on sale of fixed assets	3	17	11
Income tax	7	1,670	2,764
		<hr/> 22,018	<hr/> 14,341
Decrease / (increase) in inventories		16	(1)
(Increase) / decrease in trade and other receivables		(17,706)	973
Increase in trade and other payables		8,787	291
		<hr/> 13,115	<hr/> 15,604
Cash generated from operating activities			
Income taxes paid		(966)	(799)
Income taxes received		651	-
		<hr/> 12,800	<hr/> 14,805
Cash flows from investing activities			
Acquisition of property, plant and equipment	8	(1,526)	(1,251)
Capitalisation of learning content intangible asset	9	(98)	(157)
Acquisition of distribution rights	9	(1,485)	(1,539)
Proceeds from sale of property, plant and equipment		-	5
Interest received	6	9	1
		<hr/> (3,100)	<hr/> (2,941)
Net cash from investing activities			
Cash flows from financing activities			
Net proceeds from bank borrowings		-	32,375
Repayment of borrowings		(9,128)	(26,001)
Dividends paid to non-controlling interests		-	(35)
Interest paid		(10,065)	(14,845)
		<hr/> (19,193)	<hr/> (8,506)
Net cash from financing activities			
Net (decrease) / increase in cash and cash equivalents		<hr/> (9,493)	<hr/> 3,358
Cash and cash equivalents at start of year		17,292	13,664
Effect of exchange rate movements on cash held		492	270
		<hr/> 17,784	<hr/> 14,204
Cash and cash equivalents at end of year	11	<hr/> 8,291	<hr/> 17,292

The notes on pages 12 to 30 form part of these financial statements.

Notes to the Consolidated Financial Statements

1 Accounting policies

Basis of preparation

DMWSL660 Limited (the 'Company') is a private company incorporated, domiciled and registered in England in the UK. The registered address is Park Street, Llanelli, Carmarthenshire, SA15 3YE.

The Group Financial Statements consolidate those of the Company and its subsidiaries (together referred to as the "Group"). The parent company financial statements present information about the Company as a separate entity.

The Group Financial Statements have been prepared and approved by the Directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRS"). The Company has elected to prepare its parent company financial statements in accordance with FRS 101; these are presented on pages 31 to 39. The consolidated financial statements have been prepared on the historical cost basis except for certain items measured at fair value as noted in the accounting policies.

Going concern

Having reviewed the Group's current trading and forecasts up to at least twelve months from the date of this report, together with sensitivities and the available facilities, the Board has reasonable expectations that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Board continues to adopt the going concern basis in preparing the Financial Statements for both the Group and the parent company.

Basis of consolidation

The Group Financial Statements consolidate those of DMWSL660 Limited and of its subsidiary undertakings, together referred to as "the Group" drawn up to 30 September 2019.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, the Group takes into consideration potential voting rights. The acquisition date is the date on which control is transferred to the acquirer. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements and by all Group entities, except as explained in the basis of preparation, which addresses any changes in accounting policies resulting from new or revised standards.

Revenue recognition

Revenue (which excludes VAT) primarily represents amounts receivable for work carried out in producing television programmes, other content and distribution of content. Revenue is recognised when the performance obligation has been met. Event based productions are recognised over time using the costs incurred method. Other productions are recognised over time using the time elapsed measurement and distribution of content is recognised at a point in time. Where productions are in progress and where the sales invoiced exceed the value of the work done, the excess is shown as deferred income. Where the value of the work done to date exceeds the invoiced amount, the amounts are classified as accrued income.

Notes to the Consolidated Financial Statements *(continued)*

1 Accounting policies *(continued)*

Revenue recognition (continued)

Distribution revenues are recognised at the later of:

- (a) upon commencement of the licence period;
- (b) signature of the contract;
- (c) delivery of programme to the customer.

Development costs

Internally generated costs relating to programmes, to the extent they are not funded by a customer, are written off to the income statement.

Translation of foreign currencies

Transactions in foreign currencies are translated to the respective functional currencies of group entities at the date of exchange ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated to sterling at the rate of exchange ruling at the balance sheet date, and any exchange differences taken to the income statement except for differences arising on the retranslation of a financial liability designated as a hedge of the net investment in a foreign operation that is effective, which is recognised directly in other comprehensive income. Non-monetary assets are translated to sterling at the rates of exchange ruling at the date of purchase.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to the Group's presentational currency, Sterling, at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the year where this rate approximates to the foreign exchange rates ruling at the dates of the transactions.

Exchange differences arising from this translation of foreign operations are reported as an item of other comprehensive income and accumulated in the translation reserve or non-controlling interest, as the case may be. When a foreign operation is disposed of, such that control, joint control or significant influence (as the case may be) is lost, the entire accumulated amount in the translation reserve, net of amounts previously attributed to non-controlling interests, is recycled to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while still retaining control, the relevant proportion of the accumulated amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while still retaining significant influence or joint control, the relevant proportion of the cumulative amount is recycled to profit or loss.

Exchange differences arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of a net investment in a foreign operation and are recognised directly in equity in the translation reserve. Foreign currency differences arising on the retranslation of a hedge of a net investment in a foreign operation are recognised directly in equity, in the translation reserve, to the extent that the hedge is effective. When the hedged part of a net investment is disposed of, the associated cumulative amount in equity is recycled to profit or loss as an adjustment to the profit or loss on disposal.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Notes to the Consolidated Financial Statements *(continued)*

1 Accounting policies *(continued)*

Taxation (continued)

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Leasing and hire purchase commitments

All leases are accounted for as "operating leases" and the rentals payable are charged to the income statement on a straight line basis over the life of the lease.

Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. Subsequently goodwill is measured at cost less accumulated impairment losses.

Goodwill on acquisition is allocated to cash generating units and is not amortised but tested for impairment at each balance sheet date or more frequently if there are indicators that goodwill may be impaired. Any impairment is recognised immediately in the income statement and may not be subsequently reversed. On the disposal of a subsidiary or business, the attributable goodwill is included in determination of the profit or loss on disposal.

Goodwill is maintained in local currency and revalued at year end rates where this is not sterling.

Impairment excluding inventories and deferred tax assets

Assets that have an indefinite useful life are not subject to amortisation and are tested at each balance sheet date for impairment. Assets that are subject to amortisation or depreciation are reviewed for impairment whenever there is an indication of impairment to determine whether events or changes in circumstances indicate that the carrying amount may not be recoverable. If any such conditions exist, the recoverable amount of the asset is estimated in order to determine the extent, if any, of the impairment loss. Where the asset does not generate cash flows that are independent from other assets, estimates are made of the cashflows of the cash generating unit to which the asset belongs.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. In assessing value in use, estimated future cash flows are discounted to their present value using a discount rate appropriate to the specific asset or cash generating unit.

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 or cash generating unit is reduced to its recoverable amount. Impairment losses are recognised immediately in the income statement.

Notes to the Consolidated Financial Statements *(continued)*

1 Accounting policies *(continued)*

Impairment excluding inventories and deferred tax assets (continued)

In respect of assets other than goodwill, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Impairment losses in respect of goodwill are not reversed.

Other intangible assets

Intangible assets acquired as part of an acquisition of a business are recognised separately from goodwill if those assets are separable and their fair value can be measured reliably. In making its judgement, the directors have considered the recognition and measurement criteria for intangible assets set out in IFRS 3 and IAS 38.

Learning content

Learning content expenditure is capitalised only if the product is commercially feasible and future economic benefits are probable. The expenditure capitalised includes the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use.

Amortisation is calculated so as to write off the cost of the asset, less its estimated residual value, over the useful economic life of that asset which is between 3 and 5 years and is charged to administrative expenses in the income statement.

Distribution Rights

Distribution rights represent rights to programmes and intellectual property and are initially recognised at cost. Amortisation of distribution rights is charged to match the revenue profile of the recoupment of the advance.

Property, plant and equipment

Property, plant and equipment are stated at cost less depreciation. The cost of property, plant and equipment is their purchase cost, together with any incidental costs of acquisition.

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Short life studio / post production equipment	-	20% - 25% straight line
Studio equipment	-	15% - 20% reducing balance
Fixtures and fittings	-	15% straight line
Motor vehicles	-	25% straight line
Computer equipment	-	25% straight line
Leasehold property improvements	-	5% - 10% straight line

Equity - Merger Reserve

When DMWSL660 Limited acquired 100% share capital of DMWSL584 Limited and became the new parent company of the Group, this restructuring was not considered to be a business combination under IFRS3 as no independent parties were involved. A merger reserve was created in order to adjust the consolidated share capital and premium to that of the new company.

Notes to the Consolidated Financial Statements *(continued)*

1 Accounting policies *(continued)*

Derivative financial instruments

Derivative financial instruments are recorded at fair value (which is deemed to be market value), changes in the market value of derivative financial instruments have been recognised through the Consolidated Statement of Comprehensive Income as financial income or expense.

Non-derivative financial instruments

Financial assets and liabilities are recognised on the Group's Statement of Financial Position when the Group becomes a party to the contractual provisions of the instrument.

Trade and other receivables are recorded initially at their fair value and subsequently at amortised cost less provision for impairment.

Interest bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, long term borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis. Borrowings are classified as non-current liabilities where the Group has an unconditional right to defer settlement of the liability for at least 12 months after the date of the Statement of Financial Position.

Trade and other payables are stated initially at fair value and subsequently at amortised cost.

Cash and cash equivalents comprise cash balances and bank overdrafts. The bank overdrafts are repayable on demand and form an integral part of the Group's cash management. They are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Defined contribution plans

The Group contributes to a defined contribution plan, which is a post-employment benefit plan under which the Group pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution benefit plans are recognised as an employee benefit expense in profit or loss when they are due.

Finance income and expense

Finance income comprises bank interest receivable and changes in fair value of derivative financial instruments.

Finance expense comprises interest payable and finance charges on financial liabilities recognised in the Consolidated Statement of Comprehensive Income using the effective interest method and changes in fair value of derivative financial instruments.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method. Where bank fees relate to ongoing facilities, they are capitalised and spread over the period of the loan. Fees in relation to renegotiation of facilities are expensed in the statement of comprehensive income.

Notes to the Consolidated Financial Statements (*continued*)

1 Accounting policies (*continued*)

Critical accounting estimates and judgements

The preparation of the consolidated financial statements in conformity with Adopted IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements and assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is given below. The Group is not deemed to have any critical judgements, the below are deemed to be estimates.

The Group estimates the recoverable amounts of goodwill based on historical experience of margin, volumes and cost structure and expectations of future events. The Group's weighted average cost of capital has been adjusted to take account of current market conditions and this has been applied as a discount factor to obtain a current value. The weighted average cost of capital is impacted by estimates of interest rates, equity returns and market specific risks. Refer to note 9 for further details.

Revenue recognition involves the assessment of performance obligations and estimation of costs to complete on contracts that are fulfilled over more than one accounting period.

Newly issued standards adopted in these financial statements

IFRS 9: Financial Instruments, the Group has adopted IFRS 9 with a date of initial application of 1 October 2018. Changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively. The Group do not consider the adoption of the standard to have a significant effect on the classification and measurement of financial assets and financial liabilities, so the comparative periods have not been restated.

IFRS 15: Revenue from contracts with customers establishes a comprehensive framework for determining whether, how much and when revenue is recognised, replacing IAS 18 Revenue. The Group has adopted IFRS 15 with effect of initially applying this standard recognised at the date of initial application of 1 October 2018. The Group considers the current basis of revenue recognition to remain appropriate because the accounting policies support the recognition of revenue in line with the performance obligations identified under IFRS 15. The Group has initially applied the cumulative effect method, as such there is no comparative information. The Group therefore considers that the initial application of IFRS 15 has no significant change or impact on the Group's accounting policies applied on its consolidated financial statements.

Adopted IFRS not yet applied

Certain IFRSs have been issued but have not been applied by the Group in these financial statements as their effective date has not yet been reached. Their adoption is not expected to have a material effect on the financial statements unless otherwise indicated.

IFRS 16 'Leases' was released in January 2016 and replaces IAS 17 leases. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard requires all leases (excluding short term and leases of low value items) to be recognised as an asset on the balance sheet, with a corresponding lease liability. Lessees will be required to separately recognise the interest expense on the lease liability and depreciation expense of the right-of-use asset, the directors are currently evaluating the impact of the adoption of this standard on future periods on the treatment of the Group's short leasehold properties which are currently being accounted for as operating leases under IAS 17.

Amendments to IFRS 2 'Classification and Measurement of Share-based Transactions. Effective date to be confirmed. The full impact has not yet been wholly quantified.

IFRIC 22 Foreign Currency Transactions and Advance Consideration. Effective date to be confirmed. The full impact has not yet been wholly quantified.

Notes to the Consolidated Financial Statements *(continued)*

2 Revenue

	2019 £000	2018* £000
Programme revenue	252,988	209,044
Distribution revenue	16,345	15,962
Digital revenue	2,582	2,494
	<u>271,915</u>	<u>227,500</u>
 Timing of transfer of goods or services		
	2019 £000	
Programmes and content transferred at a point in time	18,264	
Programmes and content transferred over time	253,651	
	<u>271,915</u>	

*The Group has initially applied IFRS15 using the cumulative effect method. Under this method, the comparative information is not restated.

Contract balances

The following table provides information about opening and closing receivables, contract assets and contract liabilities. There was no adjustment to opening balances at 1st October 2018 from applying IFRS 15.

	30 September 2019 £'000	1 October 2018 £'000
Receivables (note 10)	15,211	14,573
Contracts assets	29,283	15,243
Contract liabilities	22,013	10,430

The contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date. The contract assets are transferred to receivables when the customer is invoiced. The contract liabilities primarily relate to the advance consideration received from the customer.

The Group applies the practical expedient in IFRS15 and does not disclose the information about remaining performance obligations that have original expected durations of one year or less.

Notes to the Consolidated Financial Statements *(continued)*

3 Operating activities and auditor's remuneration

	2019 £000	2018 £000
<i>Included in results from operating activities are the following:</i>		
Restructuring costs	1,233	6,536
Other	784	-
Impairment of goodwill (note 9)	4,000	-
	<hr/> 6,017	<hr/> 6,536
Depreciation and amortisation	2,621	3,984
Loss on disposal of fixed assets	17	11
Operating lease charges - land and buildings	2,938	3,304
- other	91	101
Foreign exchange (gain) / loss	(26)	106
	<hr/> <hr/>	<hr/> <hr/>
 Auditor's remuneration:		
	2019 £000	2018 £000
Audit of these financial statements	120	120
<i>Amounts receivable by auditor and their associates in respect of:</i>		
Audit of subsidiaries of the company	181	148
Audit of related assurance services	5	3
	<hr/> <hr/>	<hr/> <hr/>

No other services were received from the auditors in either year.

4 Directors' remuneration

The directors' aggregate emoluments in respect of qualifying services were:

	2019 £000	2018 £000
Emoluments	3,868	6,551
Other pension costs	54	53
	<hr/> 3,922	<hr/> 6,604
	<hr/> <hr/>	<hr/> <hr/>
	2019 £000	2018 £000
Highest paid director - Emoluments	1,658	2,192
	<hr/> 1,658	<hr/> 2,192
	<hr/> <hr/>	<hr/> <hr/>

Notes to the Consolidated Financial Statements *(continued)*

5 Staff costs

	2019 £000	2018 £000
Wages and salaries	33,857	34,484
Social security costs	2,876	3,287
Other pension costs	866	743
	<u>37,599</u>	<u>38,514</u>

The average number of persons employed (including Directors) during the year were:

	2019 Number	2018 Number
Production	406	382
Administration	138	140
	<u>544</u>	<u>522</u>

6 Finance income and expense

	2019 £000	2018 £000
Net gain on fair value of investor loan notes (note 13)	-	20,443
Net gains on fair value of derivative financial instruments	343	-
Other interest receivable	241	209
Finance income	<u>584</u>	<u>20,652</u>
Interest on bank loan and overdrafts	10,453	10,153
Interest on investor loan notes	1,587	1,490
Change in fair value of investor loan notes	2,108	-
Change in fair value of derivative financial instruments	-	385
Other interest payable	15	22
Finance expense	<u>14,163</u>	<u>12,050</u>
Net finance (expense) / income	<u>(13,579)</u>	<u>8,602</u>

Notes to the Consolidated Financial Statements *(continued)*

7 Income tax

	2019 £000	2018 £000
<i>Current tax</i>		
Current period	590	491
Adjustment for prior periods	100	(203)
Total current tax charge	690	288
<i>Deferred tax</i>		
Origination and reversal of temporary differences	1,201	2,476
Adjustment for prior periods	(221)	-
Total deferred tax charge (note 14)	980	2,476
Total income tax charge in income statement	1,670	2,764

The tax assessed for the year is higher (2018: lower) than the standard rate of corporation tax in the UK of 19% (2018: 19%). The differences are explained below:

	2019 £000	2018 £000
Profit for the period	157	16,078
Total income tax expense	1,670	2,764
Profit excluding income tax	1,827	18,842
Tax on profit at the UK tax rate of 19% (2018: 19%).	347	3,580
<i>Effects of</i>		
Expenses not deductible for tax purposes	1,225	1,217
Fair value adjustment not allowable / (taxable)	401	(3,884)
Depreciation less capital allowances	(112)	(89)
Tax losses carried forward	176	336
Tax losses brought forward	(106)	-
Withholding tax	13	11
Adjustment for prior periods	(121)	(203)
Foreign tax adjustment	(153)	1,796
	1,670	2,764

A reduction in the UK corporation tax rate to 19% (effective 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly.

The deferred tax asset/(liability) at 30 September 2019 has been calculated based on these rates.

Notes to the Consolidated Financial Statements *(continued)*

8 Property, plant and equipment

	Leasehold property improvements	Motor vehicles	Fixtures and fittings & computer equipment	Studio/post production equipment	Total
	£000	£000	£000	£000	£000
<i>Cost</i>					
At 1 October 2017	2,693	184	4,575	10,978	18,430
Additions	272	48	31	900	1,251
Disposals	-	(57)	(974)	(1,420)	(2,451)
Foreign currency movement	-	-	10	112	122
At 30 September 2018	2,965	175	3,642	10,570	17,352
At 1 October 2018	2,965	175	3,642	10,570	17,352
Additions	1	-	340	1,185	1,526
Disposals	-	-	(37)	(41)	(78)
Foreign currency movement	-	-	23	272	295
At 30 September 2019	2,966	175	3,968	11,986	19,095
<i>Depreciation</i>					
At 1 October 2017	2,283	105	3,624	8,020	14,032
Charge for the year	162	35	541	1,981	2,719
On disposals	-	(49)	(988)	(1,401)	(2,438)
Foreign currency movement	-	-	9	100	109
At 30 September 2018	2,445	91	3,186	8,700	14,422
At 1 October 2018	2,445	91	3,186	8,700	14,422
Charge for the year	81	38	234	961	1,314
On disposals	-	-	(37)	(24)	(61)
Foreign currency movement	-	-	22	237	259
At 30 September 2019	2,526	129	3,405	9,874	15,934
<i>Net book value</i>					
At 1 October 2017	410	79	951	2,958	4,398
At 30 September 2018	520	84	456	1,870	2,930
At 1 October 2018	520	84	456	1,870	2,930
At 30 September 2019	440	46	563	2,112	3,161

The loss on disposal of fixed assets during the year was £17,000 (2018: £11,000).

There are no assets held under hire purchase and finance lease agreements included within the net book value and there is no depreciation charge in respect of such assets in either year.

Notes to the Consolidated Financial Statements (continued)

9 Intangible assets

	Goodwill	Contracts	Learning content	Distribution Rights	Total
	£000	£000	£000	£000	£000
<i>Cost</i>					
At 1 October 2017	212,795	6,218	2,390	8,857	230,260
Additions	-	-	157	1,539	1,696
Foreign currency movement	3,753	-	-	18	3,771
At 30 September 2018	216,548	6,218	2,547	10,414	235,727
At 1 October 2018	216,548	6,218	2,547	10,414	235,727
Additions	-	-	98	1,485	1,583
Foreign currency movement	8,433	-	-	47	8,480
At 30 September 2019	224,981	6,218	2,645	11,946	245,790
<i>Amortisation</i>					
At 1 October 2017	19,170	6,218	2,155	6,228	33,771
Amortisation for the year	-	-	122	1,143	1,265
Foreign currency movement	-	-	-	1	1
At 30 September 2018	19,170	6,218	2,277	7,372	35,037
At 1 October 2018	19,170	6,218	2,277	7,372	35,037
Amortisation for the year	-	-	120	1,187	1,307
Impairment	4,000	-	-	-	4,000
Foreign currency movement	-	-	-	5	5
At 30 September 2019	23,170	6,218	2,397	8,564	40,349
<i>Net book value</i>					
At 30 September 2018	197,378	-	270	3,042	200,690
At 30 September 2019	201,811	-	248	3,382	205,441

The key assumptions for the value in use calculations are those regarding the discount rate, growth rates and expected income and cash.

The Group prepares cash flow forecasts derived from the most recent financial results and the budget to the period ending 30 September 2020 approved by management, followed by an extrapolation of expected cash flows using growth rates based on management's estimate of likely growth of 3% (2018: 3%), terminal growth rate of 3% (2018: 3%) and pre-tax discount rate of 7.4% (2018: 6.4%) for 5 years. Growth rates are based on past results and expectations of future changes in the sector. The discount rate applied is deemed applicable to each cash generating unit as they are within the same industry and exposed to similar risk. On the given assumptions, goodwill has been impaired by £4 million.

The impairment calculation is sensitive to changes in the above assumptions. Sensitivity analyses were performed over each CGU to model the effects of adverse changes in the forecasts. For example, the most sensitive CGU is Firecracker and a combined increase in the discount rate of 0.5% and a decrease in the long-term growth rate of 0.5% would result in an additional impairment within that CGU of £1,545,000.

Management continue to monitor closely the performance of all CGUs and consider the impact of any changes to the key assumptions. In conclusion, other than disclosed above with the CGU impaired in the year, management believes there is no reasonably possible changes in the underlying assumptions that would result in a further significant impairment charge in the consolidated income statements.

Notes to the Consolidated Financial Statements *(continued)*

9 Intangible assets *(continued)*

Cash generating units	2019 £000	2018 £000
The Television Corporation Group	22,870	22,870
Video Arts	2,390	2,390
Tinopolis Wales Group	10,182	10,182
Pioneer	2,469	2,469
A Smith & Co Group	65,529	61,156
Firecracker	16,298	20,298
Passion	8,638	8,638
Magical Elves Group	73,435	69,375
	<u>201,811</u>	<u>197,378</u>

10 Trade and other receivables

	2019 £000	2018 £000
Current		
Trade receivables	15,211	14,573
Other receivables	16	67
Prepayments and accrued income	43,118	24,477
Current income tax receivable	1,360	1,952
Current trade and other receivables	<u>59,705</u>	<u>41,069</u>
Non-current assets		
Other Receivables	4,407	3,938
Total Debtors	<u>64,112</u>	<u>45,007</u>

11 Cash and cash equivalents

	2019 £000	2018 £000
Cash and cash equivalents	<u>8,291</u>	<u>17,292</u>

12 Trade and other payables

	2019 £000	2018 £000
Current liabilities		
Trade payables	13,141	8,361
Other taxation and social security	1,454	1,464
Accruals and deferred income	64,817	55,568
Current income tax payable	-	221
	<u>79,412</u>	<u>65,614</u>

Notes to the Consolidated Financial Statements *(continued)*

13 Other interest-bearing loans and borrowings

	2019 £000	2018 £000
Current liabilities		
Bank loans	2,534	1,344
	<u>2,534</u>	<u>1,344</u>
Non-current liabilities		
Bank loans	112,820	119,848
Investor loan notes	64,905	57,435
	<u>177,725</u>	<u>177,283</u>

As a result of the Group restructure in October 2017, the outstanding loan notes were revalued resulting in a change in their carrying value of £2.1m (2018: £20.4 m)

Liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments based on interest rates extant at the year end and excluding the effect of netting agreements:

			2019			
	Interest rate	Carrying amount £000	1 year or less £000	1 to < 2years £000	2 to < 5years £000	>5years £000
Non-derivative financial liabilities						
Secured bank loans	Variable	115,354	11,842	12,287	29,969	109,554
Loan notes	Fixed	64,905	-	-	-	94,254
Trade and other payables	Variable	79,412	79,412	-	-	-
			<u>91,254</u>	<u>12,287</u>	<u>29,969</u>	<u>203,808</u>

			2018			
	Interest rate	Carrying amount £000	1 year or less £000	1 to < 2years £000	2 to < 5years £000	>5years £000
Non-derivative financial liabilities						
Secured bank loans	Variable	121,192	11,782	12,185	34,624	123,420
Loan notes	Fixed	57,435	-	-	-	90,097
Trade and other payables	Variable	65,614	65,614	-	-	-
			<u>77,396</u>	<u>12,185</u>	<u>34,624</u>	<u>213,517</u>

The bank loans carry a rate of interest of between 3% and 7% above base, interest is repayable quarterly in arrears and are repayable in instalments. The bank loans mature in 2024 and 2025.

The investor loan notes carry a rate of interest of 2% per annum which is compounded annually and payable on redemption on 31 December 2025.

Notes to the Consolidated Financial Statements (continued)

14 Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets 2019 £000	Liabilities 2019 £000	Net 2019 £000	Assets 2018 £000	Liabilities 2018 £000	Net 2018 £000
Property, plant and equipment	611	(183)	428	513	(100)	413
Trading losses	6,803	-	6,803	5,730	-	5,730
Other timing differences	765	(9,515)	(8,750)	830	(7,361)	(6,531)
Net tax assets/(liabilities)	8,179	(9,698)	(1,519)	7,073	(7,461)	(388)

Movement in deferred tax during the year

	At 1 October 2018 £000	Recognised in income statement £000	Foreign currency movement £'000	At 30 September 2019 £000
Property, plant and equipment	413	22	(7)	428
Trading losses	5,730	737	336	6,803
Other timing differences	(6,531)	(1,739)	(480)	(8,750)
	(388)	(980)	(151)	(1,519)

The amount of unused tax losses for which no deferred tax asset has been recognised in the statement of financial position is £4,077,000 (2018: £4,498,000).

The deferred tax asset/(liability) at 30th September 2019 has been calculated on rates ranging from 17% to 21%, based on the jurisdiction the deferred tax asset/(liability) arises in. Tax rate of 17% is effective from 1 April 2020 so far as it relates to UK trading operations. Deferred tax assets/(liabilities) in other jurisdictions have been calculated at the appropriate, enacted local corporation tax rate.

15 Financial instruments

(a) Fair values of financial instruments

The Group's financial instruments include trade and other receivables, trade and other payables, cash and cash equivalents, interest-bearing borrowings and derivative financial instruments in the form of an interest rate swap and foreign exchange contracts.

Trade and other receivables, trade and other payables and cash

The fair value of trade and other receivables and trade and other payables are assessed based upon discounted cashflows at prevailing interest rates. Cash and cash equivalents approximate to their book values due to the short maturity period. The fair values for each of these classes of financial assets and financial liabilities together are not materially different from their carrying amount.

Notes to the Consolidated Financial Statements *(continued)*

15 Financial instruments *(continued)*

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value, less attributable transaction costs. Fair value generally equates to the initial amount received. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method.

Derivative financial instruments

The fair values of interest rate swaps and foreign exchange contracts are based on bank valuations. The fair value and carrying value of the instruments at 30 September 2019 was £184,000 liability (2018: £527,000 liability).

(b) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from broadcasters.

Broadcasters are not considered to be a significant credit risk due to their size and financial resources. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. At the balance sheet date the directors believe that there were no significant concentrations of credit risk based on the size, age, geographical region and nature of trade receivable balances. The carrying amount of financial assets represents the maximum credit exposure. Therefore, the maximum exposure to credit risk at the balance sheet date was as shown in the table below. The ageing of trade receivables at the balance sheet date was:

	Gross 2019 £000	Impairment 2019 £000	Gross 2018 £000	Impairment 2018 £000
Current	11,956	-	11,545	-
Past due	1,436	-	1,679	-
More than 120 days	2,420	601	1,935	586
	<u>15,812</u>	<u>601</u>	<u>15,159</u>	<u>586</u>

The group provides in full for any debts it believes have become non recoverable. A provision for bad and doubtful debts of £601,000 (2018: £586,000) is included in the amounts above.

(c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

The Group finances its operations through a mixture of cash from retained profits and bank borrowings. The Group has continued with its policy of ensuring that there are sufficient funds to meet the expected funding requirements of the Group's operations and investment opportunities. The Group continues to monitor its liquidity position through budgetary procedures and cash flow analysis (see note 13 for further analysis).

(d) Capital management

The Group's objectives when managing capital, equity and borrowings, is to safeguard the Group as a going concern and provide returns for the shareholders and other stakeholders by maintaining an optimal capital structure.

Notes to the Consolidated Financial Statements *(continued)*

(e) Market risk

Foreign Currency Risk

Interest expense reflects the cost of the Group's borrowings. Interest income arises from investment of cash and short term deposits held by the group. Interest rate risk is managed by monitoring market rates to ensure that optimal returns are achieved. The Group uses certain financial instruments to mitigate risks of movements in interest rates on a proportion of those borrowings that are subject to a variable rate.

A change of 100 basis points in variable interest rates at the balance sheet date would not have changed equity and profit for the year as an interest rate swap is in place.

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's income or the value of its holdings of financial instruments.

The Group co-ordinates foreign exchange risks by netting off naturally occurring opposite exposures wherever possible and the use of limited forward contracts for foreign exchange.

The Group's exposure to foreign currency risk is outlined in the table below. This is based on the carrying amount for monetary financial instruments. All other receivables, payables and borrowings not included in the table are denominated in sterling.

As at 30 September 2019	Sterling £000	Euro £000	US Dollar £000	Other £000	Total £000
Cash and cash equivalents	1,909	461	5,800	121	8,291
Trade receivables	6,418	1,220	4,428	3,145	15,211
Trade payables	(4,875)	(165)	(8,029)	(72)	(13,141)
Total	3,452	1,516	2,199	3,194	10,361
As at 30 September 2018	Sterling £000	Euro £000	US Dollar £000	Other £000	Total £000
Cash and cash equivalents	453	1,024	15,580	235	17,292
Trade receivables	5,725	2,108	5,383	1,357	14,573
Trade payables	(3,072)	(69)	(5,193)	(27)	(8,361)
Total	3,106	3,063	15,770	1,565	23,504

The financial instruments carried at fair value through the income statement amount to £184,000 liability (2018: £527,000 liability), comprising interest rate swaps and foreign exchange contracts. The valuation method for calculating the fair value uses prices from an active listed market.

16 Pension Costs

Contributions to defined contribution pension schemes of £866,000 (2018: £743,000) were made in the year. Included in other creditors are unpaid contributions of £119,000 (2018: £98,000).

Notes to the Consolidated Financial Statements *(continued)*

17 Operating leases

At 30 September 2019 the Group had the following commitments under non-cancellable operating leases:

	2019 £000	2018 £000
Less than one year	3,772	2,779
Between one and five years	16,514	11,127
More than five years	6,901	7,822
	<u>27,187</u>	<u>21,728</u>

18 Called up share capital

Authorised, allotted, called up & fully paid	2019 No.	2018 No.	2019 £	2018 £
Ordinary shares of £0.01	135,148	135,148	1,351	1,351
C shares of £0.01	6,265	6,265	63	63
	<u>141,413</u>	<u>141,413</u>	<u>1,414</u>	<u>1,414</u>

19 Dividends

Dividends of £3,475,200 (2018: nil) were declared during the year, payable to Ordinary shareholders.

Dividends paid in 2018 of £35,000 reflect payments made by the Group to shareholders of non-fully controlled companies.

Notes to the Consolidated Financial Statements *(continued)*

20 Related party transactions

At the balance sheet date, loan notes of £17,585,000 (2018: £29,153,000) are payable by the Group to the Directors of the company.

Details of loan note interest and maturity can be seen in note 13. Interest is accumulated and payable on redemption of the loan notes. Accrued interest in relation to the year ended 30 September 2019 was £1,587,000 (2018: £1,490,000)

During the year, Group companies purchased from Owens Industrial Fuels Limited (a business whose proprietor is the brother of Mr OGR Jones) materials to the value of £157,000 (2018: £205,000). The transaction was conducted on an arm's length basis and there is £23,000 (2018: £17,000) outstanding at year end.

During the year, Group companies paid Tafena Ltd (a company owned by a relation to Angharad Mair) services to the value of £10,000 (2018: £nil). The transaction was conducted on an arm's length basis and there is no amount outstanding at either year end.

During the year, Group companies paid Rachel Smith (a relation to A Smith) services to the value of £76,000 (2018: £40,000). The transaction was conducted on an arm's length basis and there is no amount outstanding at either year end.

During the year, Group companies paid Leah Smith (a relation to A Smith) services to the value of £14,000 (2018: £nil). The transaction was conducted on an arm's length basis and there is no amount outstanding at either year end.

During the year, Group companies paid Alex Lipsitz (a relation to J Lipsitz) services to the value of £125,000 (2018: £65,000). The transaction was conducted on an arm's length basis and there is no amount outstanding at either year end.

A company connected to a director of the Group has a loan of £4,407,000 (2018: £3,938,000). The loan has an interest rate of 6% pa and is repayable in December 2025.

Key management personnel are judged to be the directors whose remuneration is disclosed in note 4.

Company Balance Sheet
at 30 September 2019

	<i>Note</i>	2019 £000	2018 £000
Tangible assets			
Investments	22	2,110	2,110
Current assets			
Debtors	23	22,523	21,092
Creditors: amounts falling due within one year	24	(6,230)	(2,717)
Net current assets		16,293	18,375
Net assets		18,403	20,485
Capital and reserves			
Called up share capital	25	1	1
Share premium account		978	978
Profit and loss account		17,424	19,506
Shareholders' funds		18,403	20,485

The notes on pages 33 to 39 form part of these financial statements.

These financial statements were approved by the board of directors on 19 December 2019 and were signed on its behalf by:



WA Rees
Director

	Called up Share capital £000	Share Premium account £000	Profit and loss account £000	Total equity £000
Balance at 1 October 2018	1	978	19,506	20,485
Total comprehensive income for the year				
Profit for the year	-	-	1,393	1,393
Dividends paid	-	-	(3,475)	(3,475)
	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive loss for the year	-	-	(2,082)	(2,082)
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 30 September 2019	1	978	17,424	18,403

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Notes to the Company Financial Statements *(continued)*

21 Accounting policies – Company

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101").

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

Under section s408 of the Companies Act 2006 the company is exempt from the requirement to present its own profit and loss account.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- A Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital;
- Disclosures in respect of transactions with group companies wholly under the same ownership;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs; and
- Disclosures in respect of the compensation of Key Management Personnel.

As the consolidated financial statements of ultimate parent undertaking include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

Certain disclosures required by IFRS 7 *Financial Instrument Disclosures*.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Measurement convention

The financial statements are prepared on the historical cost basis.

Under sections 408(3) and (4) of the Companies Act 2006 the company is exempt from the requirement to present its own profit and loss account. The company generated a profit of £1,393,000 (2018: £17,928,000) for the year ended 30 September 2019.

Going concern

Having reviewed the Company's current trading and forecasts up to at least twelve months from the date of this report, together with sensitivities and the available facilities, the Board has reasonable expectations that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Board continues to adopt the going concern basis in preparing the Financial Statements.

Dividends

Dividends are recognised as a liability in the period in which they are declared and appropriately authorised.

Notes to the Company Financial Statements *(continued)*

21 Accounting policies – Company *(continued)*

Impairment

Financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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 the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised.

Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, loans and borrowings.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Investments in subsidiary undertakings

Investments in subsidiary undertakings are stated at cost less any provision for impairment.

Notes to the Company Financial Statements (continued)

22 Fixed asset investments

	2018
	£000
<i>Cost and net book value</i>	
At 1 October 2018 and 30 September 2019	2,110

The Company holds the following issued ordinary share capital in the principal group undertakings as listed below. All of these companies are included in the consolidation.

Subsidiary undertaking	Country of incorporation	Share capital ownership	Proportion held	Company status
DMWSL 584 Limited	England and Wales ^{1 8}	Direct Holding	100%	Holding
DMWSL 575 Limited	England and Wales ^{1 8}	Indirect Holding	100%	Holding
Red Dragon Acquisitions Ltd	England and Wales ^{1 8}	Indirect Holding	100%	Holding
RD Nominees Ltd	England and Wales ^{1 8}	Indirect Holding	100%	Holding
Tinopolis Limited	England and Wales ^{1 8}	Indirect Holding	100%	Holding
DWMSL 678 Limited	England and Wales ^{1 8}	Indirect Holding	100%	Holding
Tina US Holding LLC	USA ⁴	Indirect Holding	100%	Holding
A. Smith & Co Productions, LLP	USA ²	Indirect Holding	100%	Trading
A Smith Holdings, LLC	USA ²	Indirect Holding	100%	Holding
A. Smith Holdings, Inc	USA ²	Indirect Holding	100%	Holding
A. Smith & Co. Properties, Inc	USA ²	Indirect Holding	100%	Trading
IMAS Productions, Inc	USA ²	Indirect Holding	100%	Dormant
She Said She Said Productions, Inc	USA ²	Indirect Holding	100%	Dormant
Sturgis Productions, Inc	USA ²	Indirect Holding	100%	Trading
PVJ Productions, Inc	USA ²	Indirect Holding	100%	Dormant
JVCT Productions, Inc	USA ²	Indirect Holding	100%	Dormant
Canam Productions, Inc	USA ²	Indirect Holding	100%	Trading
Attack Productions, Inc	USA ²	Indirect Holding	100%	Trading
Bizdis Productions, LLC	USA ²	Indirect Holding	100%	Dormant
DMS Productions, Inc	USA ²	Indirect Holding	100%	Dormant
CCCD Productions, Inc	USA ²	Indirect Holding	100%	Dormant
XY Productions, Inc	USA ²	Indirect Holding	100%	Trading
TIO Productions, Inc	USA ²	Indirect Holding	100%	Dormant
Chainsaw Productions, Inc	USA ²	Indirect Holding	100%	Dormant
D-Hotel Productions, Inc	USA ²	Indirect Holding	100%	Dormant
QE Productions, Inc	USA ²	Indirect Holding	100%	Dormant
MSG Productions, Inc	USA ²	Indirect Holding	100%	Dormant
BBBQ Productions, Inc	USA ²	Indirect Holding	100%	Dormant
Unsung Productions, Inc	USA ²	Indirect Holding	100%	Trading
OTG Productions, Inc	USA ²	Indirect Holding	100%	Dormant
W Wars Productions, Inc	USA ²	Indirect Holding	100%	Trading
ASCPD Productions, Inc	USA ²	Indirect Holding	100%	Trading
Tee Travel Solutions, Inc	USA ²	Indirect Holding	100%	Trading
ASC Magic Inc	USA ²	Indirect Holding	100%	Trading
Got Seoul Inc	USA ²	Indirect Holding	100%	Trading
Get Social Inc	USA ²	Indirect Holding	100%	Trading
Mentorn USA, Inc	USA ⁵	Indirect Holding	100%	Trading
Mentorn Abroad Inc	USA ⁵	Indirect Holding	100%	Trading
Mentorn Fleek Inc	USA ⁵	Indirect Holding	100%	Trading
Scargill Post LLC	USA ²	Indirect Holding	100%	Trading
Moving Interiors LLC	USA ³	Indirect Holding	50%	Dormant
Monkey and Bear Productions LLP	USA ³	Indirect Holding	50%	Trading
IDAS Productions, Inc	USA ²	Indirect Holding	100%	Trading
JN Productions, Inc	USA ²	Indirect Holding	100%	Dormant
Fancy Table Productions, Inc	USA ²	Indirect Holding	100%	Trading
9911 Productions, Inc	USA ²	Indirect Holding	100%	Trading
BBM Productions, Inc	USA ²	Indirect Holding	100%	Trading
WYWS Productions, Inc	USA ²	Indirect Holding	100%	Trading
Open Productions, Inc	USA ²	Indirect Holding	50%	Dormant

Notes to the Company Financial Statements (continued)

22 Fixed asset investments (continued)

Fulham Palace, LLC	USA ²	Indirect Holding	100%	Trading
Boys will be Boys LP	USA ²	Indirect Holding	100%	Dormant
Girls will be Girls music, LP	USA ²	Indirect Holding	100%	Dormant
RSC13 Inc	USA ²	Indirect Holding	100%	Dormant
Base Production Holdings L.P	USA ²	Indirect Holding	100%	Holding
Base Productions, LP	USA ²	Indirect Holding	100%	Trading
Saber FX, LP	USA ²	Indirect Holding	100%	Dormant
L.O.M Design, LP	USA ²	Indirect Holding	100%	Trading
Telesonic Music, LP	USA ²	Indirect Holding	100%	Trading
JBMS Holdings, LP	USA ²	Indirect Holding	100%	Dormant
V Street Productions, LP	USA ²	Indirect Holding	100%	Dormant
Thunder Road Productions, L.P	USA ²	Indirect Holding	100%	Dormant
Sport Science Productions, LP	USA ²	Indirect Holding	100%	Dormant
BioMech Productions, L.P	USA ²	Indirect Holding	100%	Dormant
Multifit Productions, LP	USA ²	Indirect Holding	100%	Trading
Tollbooth Group LP	USA ²	Indirect Holding	100%	Dormant
Base GP LLC	USA ²	Indirect Holding	100%	Holding
Firecracker Films (USA) LLC	USA ²	Indirect Holding	100%	Trading
Magical Elves, LP	USA ³	Indirect Holding	100%	Trading
The Mission Productions, L.P	USA ³	Indirect Holding	100%	Trading
Twin Talk, LP	USA ³	Indirect Holding	100%	Dormant
D and J Productions, LP	USA ³	Indirect Holding	100%	Trading
Fasstar Productions, LP	USA ³	Indirect Holding	100%	Dormant
The Stylist, L.P	USA ³	Indirect Holding	100%	Trading
Audio Distortion, LP	USA ³	Indirect Holding	100%	Trading
MEI Productions Inc	USA ³	Indirect Holding	100%	Dormant
Digital Elves L.P	USA ³	Indirect Holding	100%	Dormant
Pupster Productions LP	USA ³	Indirect Holding	100%	Dormant
Chico 6255 Inc	USA ²	Indirect Holding	100%	Dormant
Sierra Alpha Productions, L.P	USA ³	Indirect Holding	100%	Dormant
Restaurant Supply Co. LP	USA ³	Indirect Holding	100%	Trading
Passion Distribution Limited	England and Wales ^{1,8}	Indirect Holding	100%	Trading
Firecracker Films Limited	England and Wales ^{1,8}	Indirect Holding	100%	Trading
Pioneer Productions Media Group Limited	England and Wales ^{1,8}	Indirect Holding	100%	Dormant
Pioneer Film and Television Productions Limited	England and Wales ^{1,8}	Indirect Holding	100%	Trading
Pioneer Productions International Limited	England and Wales ^{1,8}	Indirect Holding	100%	Dormant
In the Womb Limited (formerly WDHCF Ltd)	England and Wales ^{1,8}	Indirect Holding	100%	Dormant
Science Channel Limited	England and Wales ^{1,8}	Indirect Holding	100%	Dormant
The Television Corporation Ltd	England and Wales ^{1,8}	Indirect Holding	100%	Trading
Tinopolis Facilities Ltd	England and Wales ^{1,8}	Indirect Holding	100%	Trading
Teledu Tinopolis Cyf	England and Wales ¹	Indirect Holding	100%	Trading
Agenda Films Ltd	England and Wales ^{1,8}	Indirect Holding	100%	Trading
Tinopolis Interactive Ltd	England and Wales ¹	Indirect Holding	100%	Trading
Video Arts Group Ltd	England and Wales ^{1,8}	Indirect Holding	100%	Dormant
Video Arts Ltd	England and Wales ¹	Indirect Holding	100%	Trading
Learning Pack Ltd	England and Wales ^{1,8}	Indirect Holding	100%	Dormant
Melrose Film Productions Ltd	England and Wales ^{1,8}	Indirect Holding	100%	Dormant
M4 Television Ltd	England and Wales ^{1,8}	Indirect Holding	100%	Dormant
Agenda Abertawe Cyf	England and Wales ^{1,8}	Indirect Holding	100%	Dormant
Ffatti Films Limited	England and Wales ¹	Indirect Holding	75%	Trading
Fiction Factory Ltd	England and Wales ¹	Indirect Holding	51%	Trading
Hinterland Films Limited	England and Wales ¹	Indirect Holding	51%	Trading
Hinterland Films 2 Limited	England and Wales ¹	Indirect Holding	51%	Trading
Hinterland Films 3 Limited	England and Wales ¹	Indirect Holding	51%	Trading
Dave Edwards Entertainment Media Limited	England and Wales ^{1,8}	Indirect Holding	75%	Dormant
Daybreak Pictures Ltd	England and Wales ¹	Indirect Holding	51%	Trading
Salem Films Ltd	England and Wales ^{1,8}	Indirect Holding	51%	Dormant

Notes to the Company Financial Statements (continued)

22 Fixed asset investments (continued)

Endgame Films Limited	England and Wales ¹ ^a	Indirect Holding	51%	Dormant
Homeland Films Limited	England and Wales ¹ ^a	Indirect Holding	51%	Dormant
Daybreak Pictures (Churchill) Limited	England and Wales ¹ ^a	Indirect Holding	51%	Dormant
Daybreak SPV Limited	England and Wales ¹ ^a	Indirect Holding	51%	Dormant
Rain Media Entertainment Limited	England and Wales ¹ ^a	Indirect Holding	100%	Trading
Global Television Services Ltd	England and Wales ¹ ^a	Indirect Holding	100%	Dormant
Mentorn Group Ltd	England and Wales ¹ ^a	Indirect Holding	100%	Dormant
Mobile Sport Ltd	England and Wales ¹ ^a	Indirect Holding	100%	Dormant
Music Box Ltd	England and Wales ¹ ^a	Indirect Holding	100%	Dormant
Redback Films Ltd	England and Wales ¹ ^a	Indirect Holding	100%	Dormant
Sunset & Vine Mobiles Ltd	England and Wales ¹ ^a	Indirect Holding	100%	Dormant
Sunset & Vine Productions Ltd	England and Wales ¹	Indirect Holding	100%	Trading
Television Corporation Productions Ltd	England and Wales ¹ ^a	Indirect Holding	100%	Dormant
Venner TV Ltd	England and Wales ¹ ^a	Indirect Holding	100%	Dormant
Venner Television North Ltd	England and Wales ¹ ^a	Indirect Holding	100%	Dormant
World Sport Broadcasting Ltd	England and Wales ¹ ^a	Indirect Holding	100%	Dormant
World Sport Television Ltd	England and Wales ¹ ^a	Indirect Holding	100%	Dormant
Barraclough Carey Productions Ltd	England and Wales ¹ ^a	Indirect Holding	100%	Dormant
Golden Break Music Ltd	England and Wales ¹ ^a	Indirect Holding	100%	Trading
Mentorn Media Limited	England and Wales ¹ ^a	Indirect Holding	100%	Trading
Mentorn Broadcasting Ltd	England and Wales ¹ ^a	Indirect Holding	100%	Dormant
Mentorn Films Ltd	England and Wales ¹ ^a	Indirect Holding	100%	Dormant
Mentorn Ltd	England and Wales ¹ ^a	Indirect Holding	100%	Dormant
Mentorn UFO's Limited	England and Wales ¹ ^a	Indirect Holding	100%	Dormant
Mentorn International Ltd	England and Wales ¹ ^a	Indirect Holding	100%	Trading
Television Corporation Consumer Brands Ltd	England and Wales ¹ ^a	Indirect Holding	100%	Dormant
TV 21 Ltd	England and Wales ¹ ^a	Indirect Holding	100%	Dormant
TVC Media Ltd	England and Wales ¹ ^a	Indirect Holding	100%	Trading
Visions Transmission Services Ltd	England and Wales ¹ ^a	Indirect Holding	100%	Dormant
VMTV Ltd	England and Wales ¹ ^a	Indirect Holding	100%	Dormant
Worldwide Entertainment News Ltd	England and Wales ¹ ^a	Indirect Holding	100%	Dormant
Sunset + Vine Scotland Ltd	Scotland ⁶ ^a	Indirect Holding	100%	Dormant
V TV Scotland Ltd	Scotland ⁶ ^a	Indirect Holding	100%	Dormant
Sunset & Vine North Ltd	England and Wales ¹ ^a	Indirect Holding	100%	Dormant
Sunset + Vine (Oxford) Ltd	England and Wales ¹ ^a	Indirect Holding	100%	Trading
Sunset & Vine (South America) Ltd	England and Wales ¹ ^a	Indirect Holding	100%	Dormant
Sunset & Vine (London 2017) Ltd	England and Wales ¹ ^a	Indirect Holding	100%	Trading
Sunset + Vine Global Television Host Broadcast Ltd	England and Wales ¹ ^a	Indirect Holding	100%	Dormant
Sunset + Vine Asia (Pte) Limited	Singapore ⁷	Indirect Holding	100%	Trading
Sunset + Vine Asia (Digital) Pte. Limited	Singapore ⁷	Indirect Holding	100%	Trading
Space Productions Ltd	England and Wales ¹ ^a	Indirect Holding	50%	Dormant
Space Productions (Distribution) Ltd	England and Wales ¹ ^a	Indirect Holding	50%	Dormant
Thunderclap Media Limited	England and Wales ¹	Indirect Holding	50%	Trading

¹ registered at Tinopolis Centre, Park Street, Llanelli, Carmarthenshire, SA15 3YE.

² registered at 4130 Caluenga Blvd #315, Toluca Lake, CA 91602, USA.

³ registered at 6255 Sunset Blvd #1600, Los Angeles, CA90028, USA.

⁴ registered at 1209 Orange Street, Wilmington Delaware, 19801.

⁵ registered at 11377 W. Olympic Blvd, Los Angeles, CA 90064, USA

⁶ registered at 20 Buchanan Street, Glasgow G1 3LB

⁷ registered at 15 Hoe Chiang Road, #26-02, Tower Fifteen, Singapore 089316

^a These subsidiary undertakings are exempt from the Companies Act 2006 requirements relating to the audit of their individual accounts by virtue of Section 479A of the Act as DMWSL 660 Limited has guaranteed the subsidiary company under Section 479C of the Act.

Notes to the Company Financial Statements *(continued)*

23 Debtors

	2019 £000	2018 £000
Corporation tax receivable	1,196	1,183
Amounts owed by group undertakings	21,327	19,909
	<u>22,523</u>	<u>21,092</u>

Amounts owed by group undertakings are interest free and repayable on demand

24 Creditors: amounts falling due within one year

	2019 £000	2018 £000
Amounts owed to group undertakings	6,134	2,695
Trade payables	76	-
Accruals	20	22
	<u>6,230</u>	<u>2,717</u>

Amounts owed to group undertakings are interest free and payable on demand

25 Called up share capital

Authorised, allotted, called up & fully paid	2019 No.	2018 No.	2019 £	2018 £
Ordinary shares of £0.01	135,148	135,148	1,351	1,351
C shares of £0.01	6,265	6,265	63	63
	<u>141,413</u>	<u>141,413</u>	<u>1,414</u>	<u>1,414</u>

Notes to the Company Financial Statements *(continued)*

26 Related Party Disclosures

The following transactions are outstanding with group entities:

	2019 £000	2018 £000
Receivables outstanding		
DMWSL 584 Ltd	21,144	19,862
Tinopolis Facilities Ltd	-	47
Sunset & Vine Productions Ltd	183	-
	<hr/>	<hr/>
	21,327	19,909
	<hr/>	<hr/>
	2019 £000	2018 £000
Payables outstanding		
Tinopolis Ltd	2,595	2,563
Red Dragon Acquisition Ltd	111	132
Tinopolis Facilities Ltd	32	-
The Television Corporation Ltd	3,055	-
A Smith & Co Productions LP	341	-
	<hr/>	<hr/>
	6,134	2,695
	<hr/>	<hr/>

27 Ultimate controlling party

There are a number of shareholders therefore there is no ultimate controlling party.

No other group financial statements include the results of the company.