Red Dragon Acquisitions Ltd

Annual report and consolidated financial statements

30 September 2022

Registered number: 06496514

Contents

Strategic report

Principal activities

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

Review of business and outlook

Red Dragon Acquisitions Ltd is a holding company of the Tinopolis trading group, an award winning, international TV production and distribution group with businesses based in the UK and US.

The Group is one of the largest independent television producers in the UK, working with all the major UK broadcasters and digital players, and has a significant presence in the global media marketplace. Tinopolis' two US businesses produce shows for all the top US networks and SVOD platforms.

Tinopolis is also one of the UK's largest producers in Wales and Scotland, with substantial production bases in Cardiff, Llanelli and Glasgow.

Review of operations

The Group generated turnover of £236m (2021: £212m) and Underlying Operating profit* of £17.5m (2021: £11.2m) in the year. Loans and borrowings reduced by £13.7m during the year. Net assets are £17.4m at 30 September 2022 (2021: £4.1m).

*Operating profit before restructuring and other one-off items (per note 3).

Section 172(1) statement

The directors are aware of their duty under section 172(1) of the Companies Act 2006 to act in a way, which they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole. The directors consider that, during the year to 30 September 2022, they have acted fairly between members having regard to the long term and the interests of the Company's employees and other stakeholders, including the impact of its activities on the community, the environment and the Company's reputation, when taking decisions.

The Long Term

The importance of high-quality content is increasing in an ever-evolving media landscape. The directors are well aware of evolving consumer consumption behaviours, growth of new global platforms, and changing tastes in demand for genres and formats. The directors' long-term strategy is to recover the Group's position as a world-class television content business and to maintain and develop strong relationships both with its traditional customers and the newer global platforms. Where the needs of different stakeholders are not aligned, the consequences of decisions are weighed carefully. Whilst precedence is given to long-term benefits, the directors will consider whether these are outweighed by short-term impacts in reaching their conclusions.

Our key stakeholders are our customers, employees and freelancers, shareholders and lenders:

Strategic report *(continued)*

Employees

The welfare and development of colleagues is of highest importance to the directors. Protecting the health, safety and wellbeing of our colleagues and individuals involved in our productions continues to be our overriding priority. We are benefiting from the investment we have made in technology and systems to allow some colleagues to work from home . The Group operates a clear Equal Opportunities Policy; Anti-Harassment and Bullying Policy; employee involvement practices; and talent and training initiatives.

Business Relationships

The directors continually seek to maintain and develop strong and mutually beneficial relationships with the Company's freelancer, suppliers and customers. The Group engages regularly with its customers and suppliers through meetings, attendance at television content markets and other industry events in order to ensure its strategy and values are aligned with customer needs.

The directors are committed to complying with all applicable local laws and regulations including in relation to modern slavery, human trafficking and anti-bribery and corruption. Contractual provisions are updated to ensure that external counterparties are obliged to adhere to all applicable laws and regulations.

Community and Environment

The Group produces a broad range of programming across many genres. In doing so, the directors recognise their duty of care to all participants and commit to providing appropriate support at all stages of programme creation.

As part of the wider portfolio of programming, the Group's production companies create many high quality and socially responsible programmes which raise awareness of key social and topical issues, aiming to show broad on-screen diversity and inclusion.

The Group is committed to minimising its environmental impact.

Lenders

The Group values its strong relationships with its lenders and continues to build on long-term established relationships. These relationships work not just by fulfilling contractual performance obligations, but also include regular communications on business strategy and working as partners towards shared objectives.

Fair dealing between shareholders

The directors seek to consider the needs and priorities of all shareholders during their discussions and as part of their decision-making.

High standards of business conduct

The directors strive to operate the business to the highest level of conduct. All staff are required to adhere to the Company's Diversity and Inclusion Policy and its Anti-Harassment and Bullying Policy and the Group's management teams drive adherence.

The directors treat all external stakeholders collaboratively and fairly, and duly expect a level of conduct from them, which aligns to the Group's values.

Strategic report *(continued)*

Carbon emissions

In line with the UK Government's energy and carbon reporting requirements the Group are required to report carbon emissions for the period ending 30 September 2021 and 30 September 2022. The Group has set 2021 as the baseline year and reports total emissions using the financial control boundary. This report covers all UK operations and the methodology used aligns with the Defra's Environmental reporting guidelines (2019) and uses UK Government's greenhouse gas reporting conversion factors to quantify emissions. Consumption data was determined by using invoices, annual statements and meter data from suppliers and estimating fuel usage based on expenditure.

Emissions Source	**2022**	**2021**
Emissions from fuel combustion	66,141	60.986
Emissions from gas consumption	114,808	147,588
Total scope 1 (Direct) Kg CO2e	**180,949**	**208,574**
Emissions from purchase of electricity	377,554	618,761
Total scope 2	**377,554**	**618,761**
Total Scope 1&2 Kg CO2e	**558,503**	**827,335**
Intensity Measure	**Ratio**	**Ratio**
Total CO2 emissions per £m revenue	2.37	3.9

Breakdown of emissions source	**Consumed**	**Consumed**
Electricity – Kwh	1,465,703	1,581,077
Gas combustion - Kwh	567,597	727,143
Vehicle fuel - litres	26,152	30,871

In the period 1 October 2021 to 30 September 2022 the Group have been looking into energy consumption with a view to become more efficient in the future.

Risks

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

Management regularly review the financial risks of the Group and its key performance indicators such as turnover, profitability, the impact of inflation, cash flow and percentage of planned sales that have been commissioned. Management also reviews the financial requirements of the Group and financial instruments are used to reduce the exposure to interest or exchange risk.

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 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 affect a production schedule (for example, key cast sickness or equipment failure).

Strategic report *(continued)*

The group operates internationally and fluctuations in exchange rates between currencies in which the group operates, relative to sterling, may cause fluctuations in its financial results. The main currencies which impact the group's operations are US Dollar and British Pound Sterling. Client and supplier contracts are usually denominated in local currency which alleviates the risk. Where material client contracts exist not in the currency of the agency entity providing the service, foreign exchange forward contracts are considered and if appropriate put in place. The weaking of the GBP in 2022 is unlikely to have a material impact on the Group due to the predominantly local trading arrangements.

Due to the current economic climate and levels of inflation at the date of issuance of the financial statements, the Group's exposure to inflation risk has resulted in a higher degree of focus by senior management. Staff and facility costs are impacted by inflation. To mitigate the risk of inflation, the Group is focussing on creating flexibility in its operations.

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

12 January 2023

Directors' report

The directors present their annual report and the audited financial statements for the year ended 30 September 2022.

Directors

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

OGR Jones

W A Rees

J Roberts

Dividends

No dividends were declared during either year.

Political Donations

The Company made no political donations during the period under review (*2021: £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 directors have undertaken detailed forecasts to verify the ability of the Group to continue in operational existence for the foreseeable future.

In making this assessment, management has undertaken a forecast for twelve months taking account of reasonably possible downsides and the anticipated impact of economic uncertainty on the operations and its financial resources to ensure it can continue as a going concern and meet its liabilities as and when they fall due for a period of not less than 12 months following the date on which the statutory accounts of the Group are signed. See note 1 for further detail.

Through the analysis performed, the directors have verified that the Company and the Group have sufficient cash flow resources to maintain operations for the foreseeable future. The directors therefore continue to adopt the going concern basis in preparing the annual accounts 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
12 January 2023

Park Street,
Llanelli
Carmarthenshire
SA15 3YE

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

The directors are responsible for preparing the Annual 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 both the group and the parent company financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and applicable law.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of the group's 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 and reliable;
- state whether they have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- 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

Independent auditor's report to the members of Red Dragon Acquisitions Limited

Opinion

We have audited the financial statements of Red Dragon Acquisitions Limited ("the company") for the period ended 30 September 2022 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 2022 and of the group's profit for the period then ended;
- the group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- the parent company financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of, 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.

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.

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").

In our evaluation of the directors' conclusions, we considered the inherent risks to the group's business model and analysed how those risks might affect the group and company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the group or the company's ability to continue as a going concern for the going concern period.

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 above conclusions are not a guarantee that the group or the company will continue in operation.

KPMG

Independent Auditor's report to the members of Red Dragon Acquisitions Limited *(continued)*

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors as to the Group's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Considering remuneration incentive schemes and performance targets for management.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible pressures to meet profit targets, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that revenue is recorded in the wrong period for contracts which span the year end and the risk that Group management may be in a position to make inappropriate accounting entries, and the risk of bias in accounting estimates and judgements such as impairment.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual accounts.
- Evaluated the business purpose of significant unusual transactions
- Assessing significant accounting estimates for bias
- Substantively tested a sample of contracts spanning the year end.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors and other management (as required by auditing standards) inspection of the Group's legal correspondence and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, taxation legislation, and employment legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Independent Auditor's report to the members of Red Dragon Acquisitions Limited *(continued)*

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery, employment law, and GDPR recognising the nature of the Group's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

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.

KPMG

Independent Auditor's report to the members of Red Dragon Acquisitions Limited *(continued)*

Directors' responsibilities

As explained more fully in their statement set out on page 6, 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.

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.

PBarron

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

12th January 2023

Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the year ended 30 September 2022

	Note	2022 £000	2021 £000
Revenue	2	235,949	211,747
Cost of sales		(176,252)	(165,582)
Gross profit		59,697	46,165
Administrative expenses	3	(43,683)	(17,092)
Operating profit	3,4,5	16,014	29,073
Finance income		16	22
Finance expense		(12,787)	(14,862)
Net finance expense	6	(12,771)	(14,840)
Profit before income tax		3,243	14,233
Taxation	7	(683)	585
Profit for the year		2,560	14,818
Profit attributable to:			
Equity holders of the parent		2,619	14,709
Non-controlling interest		(59)	109
Profit for the year		2,560	14,818
Other comprehensive income			
Foreign exchange translation profit / (loss)		8,145	(1,607)
Net investment hedging gain / (loss)		2,634	(365)
Other comprehensive profit / (loss) for the year		10,779	(1,972)
Total comprehensive income for the year		13,339	12,846
Attributable to:			
Equity holders of the parent		13,398	12,737
Non-controlling interest		(59)	109
		13,339	12,846

All the results arise from continuing operations. The notes on pages 15 to 35 form part of these financial statements.

Consolidated Balance Sheet
at 30 September 2022

	Notes	2022 £000	2021 £000
Non-current assets			
Property, plant and equipment	8	3,129	2,665
Intangible assets	9	153,256	134,487
Right-of-use assets	17	9,213	11,118
Deferred tax assets	14	9,321	7,989
Total non-current assets		174,919	156,259
Current assets			
Inventories		4	14
Trade and other receivables	10	42,640	32,328
Cash and cash equivalents	11	22,554	35,968
Total current assets		65,198	68,310
Total assets		240,117	224,569
Equity attributable to equity holders of the parent			
Share capital	18	2	2
Share Premium		11,070	11,070
Retained earnings		(23,649)	(26,268)
Foreign currency translation reserve		29,475	18,696
Total equity attributable to equity holders of the parent company		16,898	3,500
Non-controlling interests		523	612
Total equity		17,421	4,112
Non-current liabilities			
Loans and borrowings	13	129,515	128,715
Lease liability	17	10,585	13,022
Total non-current liabilities		140,100	141,737
Current liabilities			
Other interest-bearing loans and borrowings	13	547	3,304
Other financial liabilities - fair value of derivative financial instruments	15	79	82
Lease liability	17	4,028	3,991
Trade and other payables	12	77,942	71,343
Total current liabilities		82,596	78,720
Total liabilities		222,696	220,457
Total equity and liabilities		240,117	224,569

The notes on pages 15 to 35 form part of the financial statements.

The financial statements were approved by the Board on 12 January 2023.

WA Rees
Director

Consolidated Statement of Changes in Equity

for the year ended 30 September 2021

	Share capital	Share Premium	Retained earnings	Translation Reserve	Total	Non-controlling interest	**Total equity**
	£000	£000	£000	£'000	£000	£000	**£000**
Balance at 1 October 2020	-	10,572	(40,977)	20,668	(9,737)	544	**(9,193)**
Total comprehensive income for the year							
Profit for the year	-	-	14,709	-	14,709	109	**14,818**
Other comprehensive income	-	-	-	(1,972)	(1,972)	-	**(1,972)**
Total comprehensive loss for the year	-	-	14,709	(1,972)	12.737	109	**12,846**
Share issue	2	498	-	-	500	-	**500**
Dividends paid	-	-	-	-	-	(41)	**(41)**
Balance at 30 September 2021	**2**	**11,070**	**(26,268)**	**18,696**	**3,500**	**612**	**4,112**

for the year ended 30 September 2022

	Share capital	Share Premium	Retained earnings	Translation Reserve	Total	Non-controlling interest	**Total equity**
	£000	£000	£000	£'000	£000	£000	**£000**
Balance at 1 October 2021	2	11,070	(26,268)	18,696	3,500	612	**4,112**
Total comprehensive income for the year							
Profit for the year	-	-	2,619	-	2,619	(59)	**2,560**
Other comprehensive loss	-	-	-	10,779	10,779	-	**10,779**
Total comprehensive loss for the year	-	-	2,619	10,779	13,398	(59)	**13,339**
Dividends paid	-	-	-	-	-	(30)	**(30)**
Balance at 30 September 2022	**2**	**11,070**	**(23,649)**	**29,475**	**16,898**	**523**	**17,421**

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.

	2022	2021
	£000	£000
Foreign exchange translation differences on foreign operations	**20,479**	12,334
Net investment hedging	**8,996**	6,362
	29,475	18,696

The notes on pages 15 to 35 form part of these financial statements.

Consolidated Cash Flow Statement

for the year ended 30 September 2022

	Note	2022 £000	2021 £000
Cash flows from operating activities			
Profit for the year		**2,560**	14,818
Adjustments for:			
Depreciation, amortisation and impairment	*8,9,17*	**5,081**	8,954
Finance expense	*6*	**12,787**	14,862
Finance income		**(16)**	(22)
Foreign exchange loss	*3*	**690**	143
Provision for Intercompany debtors		**483**	(22,733)
Gain on sale of fixed assets	*3*	**(17)**	-
Closure of a company	*3*	**-**	137
Income tax	*7*	**683**	(585)
		22,251	15,574
Decrease in inventories		**10**	2
(Increase) / decrease in trade and other receivables		**(10,145)**	16,722
Increase / (decrease) in trade and other payables		**4,689**	(14,501)
Cash generated from operating activities		**16,805**	17,797
Income taxes paid		**(1,011)**	(311)
Income taxes received		**140**	424
Net cash from operating activities		**15,934**	17,910
Cash flows from investing activities			
Acquisition of property, plant and equipment	*8*	**(1,631)**	(899)
Capitalisation of learning content intangible asset	*9*	**(157)**	(261)
Acquisition of distribution rights	*9*	**(2,181)**	(400)
Proceeds from sale of property, plant and equipment		**17**	-
Interest received	*6*	**12**	4
Net cash from investing activities		**(3,940)**	(1,556)
Cash flows from financing activities			
Net proceeds from bank borrowings		**-**	9,500
Repayment of borrowings		**(13,743)**	-
Payment of lease liabilities	*17*	**(4,105)**	(3,639)
Dividends paid		**(30)**	(41)
Share issue		**-**	500
Interest paid		**(10,160)**	(10,886)
Net cash from financing activities		**(28,038)**	(4,566)
Net (decrease) / increase in cash and cash equivalents		**(16,044)**	11,788
Cash and cash equivalents at start of year		**35,968**	24,331
Exchange rate gain / (loss) on cash held		**2,630**	(151)
Cash and cash equivalents at end of year	*11*	**22,554**	35,968

The notes on pages 15 to 35 form part of these financial statements.

Notes to the Consolidated Financial Statements

1 Accounting policies

Basis of preparation

Red Dragon Acquisitions Limited (the 'Company') is a private company incorporated, domiciled and registered in Wales 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 accounting standards in conformity with the requirements of the Companies Act 2006 ("Adopted IFRS"). The Company has elected to prepare its parent company financial statements in accordance with FRS 101; these are presented on pages 36 to 45. 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

The financial statements have been prepared on a going concern basis. which the Directors consider appropriate for the following reasons:

The Directors have prepared cash flow forecasts from the date of approval of these financial statements to at least 12 months, which indicate that, taking account of reasonably possible downsides and the anticipated impact of economic uncertainty on the operations and its financial resources, the Group and Company will have sufficient funds to meet its liabilities as they fall due for that period.

The base case cash flow forecast is based on the FY23 budget. The banking facilities include financial covenants including a quarterly leverage covenant. Based on the forecasts produced the Group do not expect to be in breach of these covenants. The maturity of the facilities is disclosed in note 25.

The Directors have considered the future impact of economic uncertainty on the cash flow forecasts and considered a reasonably possible downside case, which assumes that the Group generates less revenue than forecast, which show, due to the variable nature of the majority of costs and strict cash management the Group has sufficient headroom on its covenant tests and positive cash flows over the forecast period.

Consequently, the Directors are confident that the Group and Company will now have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Basis of consolidation

The Group Financial Statements consolidate those of Red Dragon Acquisitions Limited and of its subsidiary undertakings, together referred to as "the Group" drawn up to 30 September 2022.

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.

Notes to the Consolidated Financial Statements *(continued)*

1 Accounting policies *(continued)*

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. These are considered the best method to measure the progress on delivery of each performance obligation. The transaction price and allocation of the price to performance obligations is determined based on the underlying contract. 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.

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.

Government Grants

The Group recognises government grants related to income in the period that the expense is incurred.

The Group has adopted to deduct income related government grants from the relevant expense in the statement of profit and loss and other comprehensive income.

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.

Notes to the Consolidated Financial Statements *(continued)*

1 Accounting policies *(continued)*

***Translation of foreign currencies** (continued)*

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.

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.

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

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.

Notes to the Consolidated Financial Statements *(continued)*

1 Accounting policies *(continued)*

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.

Impairment

The company recognises loss allowances for expected credit losses on financial assets measured at amortised cost, and contract assets (as defined in IFRS 15).

Loss allowances for trade receivables are always measured at an amount equal to lifetime expect credit. Lifetime expected credit losses arise from all possible default events over the expected life of a financial instrument.

When determining whether the credit risk of a trade receivable has increased significantly since initial recognition and when estimating expected credit loss, the company considers information that is relevant and available. This includes both quantitative and qualitative information and analysis, based on the company's historical experience and informed credit assessment and including forward-looking information.

The company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the company in full.

Measurement of Expected Credit Losses

Expected credit loss are a probability-weighted estimate of credit losses. Credit losses are measured the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the company expects to receive. ECLs are discounted at the effective interest rate of the financial asset.

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.

Leases

(i) Definition of a lease

The Group assesses whether a contract is or contain a lease based on the new definition of a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

(ii) Leases as lessee

As a lessee, the Group leases office premises, motor vehicles and office equipment.

Under IFRS 16, the Group recognises right-of-use assets and lease liabilities for all leases of office premises, motor vehicles and office equipment – i.e. these leases are on-balance sheet.

The Group recognises a right-of -use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines it's incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Notes to the Consolidated Financial Statements *(continued)*

1 Accounting policies *(continued)*

(ii) Leases as lessee (continued)

Leased payments included in the measurement of the lease liability comprise the fixed payments.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in the future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of what the amount expected to be payable under a residual value guarantee, if the Group changes it's assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of use asset has been reduced to zero.

The Group presents right-of -use assets and lease liabilities as separate lines.

The Group used a number of practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17. No right-of-use assets and liabilities were recognised for:

- leases for which the lease term is within 12 months
- leases of low value assets (less than £5,000)

Adopted IFRS not yet applied

A number of new standards are effective for annual periods beginning after 1 October 2022 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these consolidated financial statements.

The following UK-adopted IFRSs have been issued but have not been applied by the Group in these consolidated financial statements. Their adoption is not expected to have a material effect on the financial statements:

- IFRS 17 Insurance Contracts(effective date to be confirmed).
- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and Classification of Liabilities as Current or Non-current (effective date to be confirmed).
- Amendments to IAS 37: Onerous Contracts—Cost of Fulfilling a Contract (effective date to be confirmed).
- Amendments to References to the Conceptual Framework in IFRS (effective date to be confirmed).
- Amendments to IAS 16: Property, Plant and Equipment—Proceeds before Intended Use (effective date to be confirmed).
- Annual Improvements to IFRS Standards 2018-2020 (effective date to be confirmed).
- Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to introduce a new definition for accounting estimates (effective date to be confirmed).
- Amendments to IAS 1 Presentation. of Financial Statements and IFRS Practice Statements 2 Making Materiality Judgements (effective date to be confirmed).
- Amendments to IAS 12 Income Taxes – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (effective date to be confirmed).

Notes to the Consolidated Financial Statements *(continued)*

2 Revenue

	2022	2021
	£000	£000
Programme revenue	**214,871**	194,278
Distribution revenue	**18,019**	14,495
Digital revenue	**3,059**	2,974
	235,949	211,747

Timing of transfer of goods or services

	2022	2021
	£000	£000
Programmes and content transferred at a point in time	**18,801**	14,373
Programmes and content transferred over time	**217,148**	197,374
	235,949	211,747

Contract balances

The following table provides information about opening and closing receivables, contract assets and contract liabilities.

	30 September 2022	30 September 2021
	£000	£000
Receivables (note 10)	**17,080**	11,444
Contracts assets	**12,781**	12,703
Contract liabilities	**25,997**	24,353

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

	2022 £000	2021 £000
Included in results from operating activities are the following:		
Restructuring costs	**953**	1,679
Impairment of ROU asset (note 17)	**-**	3,135
Provision for intercompany balances	**483**	(22,733)
	1,436	(17,919)
Depreciation and amortisation	**5,081**	8,954
(Profit) / loss on disposal of fixed assets	**(17)**	137
Operating lease charges	**51**	60
Foreign exchange loss	**690**	143

Auditor's remuneration:

	2022 £000	2021 £000
Audit of these financial statements	**220**	200
Amounts receivable by auditor and their associates in respect of:		
Audit of subsidiaries of the company	**220**	200
Audit of related assurance services	**5**	5

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

4 Directors' remuneration

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

	2022 £000	2021 £000
Emoluments	**2,790**	1,325
Other pension costs	**34**	32
	2,824	1,357

	2022 £000	2021 £000
Highest paid director - Emoluments	**1,006**	509
	1,006	509

The number of directors to whom retirement benefits are accruing under defined contributions scheme is 1 *(2021: 1)*

Notes to the Consolidated Financial Statements *(continued)*

5 Staff costs

	2022 £000	2021 £000
Wages and salaries	**36,972**	32,750
Social security costs	**3,327**	2,629
Other pension costs	**1,004**	910
Less coronavirus job retention scheme grant	-	(138)
	41,303	36,151

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

	2022 Number	2021 Number
Production	**387**	342
Administration	**142**	132
	529	474

6 Finance income and expense

	2022 £000	2021 £000
Other interest receivable	**16**	22
Finance income	**16**	22
Interest on bank loan and overdrafts	**12,197**	13,923
Intercompany interest	-	98
Lease interest	**590**	712
Net loss on fair value of derivative financial instruments	-	109
Other interest payable	-	20
Finance expense	**12,787**	14,862
Net finance expense	**12,771**	14,840

Included within the bank interest is £1,349,000 *(2021: £3,129,000)* which amounts to additional expense relating to the change in the effective interest rate on third party borrowing.

Notes to the Consolidated Financial Statements *(continued)*

7 Income tax

	2022 £000	2021 £000
Current tax		
Current period	**701**	398
Adjustment for prior periods	**(173)**	(260)
Total current tax charge	**528**	138
Deferred tax		
Origination and reversal of temporary differences	**155**	(529)
Adjustment for prior periods	**-**	(194)
Total deferred tax charge / (credit) (note 14)	**155**	(723)
Total income tax charge / (credit) in income statement	**683**	(585)

The tax assessed for the year is higher *(2021: lower)* than the standard rate of corporation tax in the UK of 19% *(2021:* 19%). The differences are explained below:

	2022 £000	2021 £000
Profit for the period	**2,560**	14,818
Total income tax expense / (credit)	**683**	(585)
Profit excluding income tax	**3,243**	14,233
Tax on profit at the UK tax rate of 19% *(2020:* 19%).	**616**	2,704
Effects of		
Expenses not deductible for tax purposes	**237**	(3,525)
Tax on gains taken to foreign exchange reserve	**500**	-
Depreciation less capital allowances	**(14)**	120
Tax losses brought forward	**(6)**	(14)
Withholding tax	**8**	5
Tax losses surrendered	**(51)**	150
Adjustment for prior periods	**(173)**	(454)
Foreign tax adjustment	**(434)**	429
	683	(585)

A reduction in the UK corporation tax rate from 19% to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016.The March 2020 Budget announced that a rate of 19% would continue to apply with effect from 1 April 2020, and this change was substantively enacted on 17 March 2020.

An increase in the UK corporation rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. This will increase the company's future current tax charge accordingly. The deferred tax asset at 30 September 2022 has been calculated based on these rates, reflecting the expected timing of reversal of the related temporary differences *(2021: 19%)*

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
Cost					
At 1 October 2020	2,965	176	4,165	12,671	19,977
Additions	-	24	54	821	899
Disposals	-	(11)	(21)	(38)	(70)
Foreign currency movement	-	-	(16)	(225)	(241)
At 30 September 2021	**2,965**	**189**	**4,182**	**13,229**	**20,565**
At 1 October 2021	2,965	189	4,182	13,229	20,565
Additions	4	72	343	1,212	1,631
Disposals	(197)	(80)	(335)	(2,338)	(2,950)
Foreign currency movement	-	-	39	1,223	1,262
At 30 September 2022	**2,772**	**181**	**4,229**	**13,326**	**20,508**
Depreciation					
At 1 October 2020	2,609	138	3,582	10,610	16,939
Charge for the year	82	22	183	946	1,233
On disposals	-	(11)	(21)	(37)	(69)
Foreign currency movement	-	-	(16)	(187)	(203)
At 30 September 2021	**2,691**	**149**	**3,728**	**11,332**	**17,900**
At 1 October 2021	2,691	149	3,728	11,332	17,900
Charge for the year	58	31	182	1,013	1,284
On disposals	(197)	(80)	(335)	(2,338)	(2,950)
Foreign currency movement	-	-	39	1,106	1,145
At 30 September 2022	**2,552**	**100**	**3,614**	**11,113**	**17,379**
Net book value					
At 1 October 2020	356	38	583	2,061	3,038
At 30 September 2021	**274**	**40**	**454**	**1,897**	**2,665**
At 30 September 2022	**220**	**81**	**615**	**2,213**	**3,129**

The profit on disposal of fixed assets during the year was £17,000 (*2021: £nil*).
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**
Cost					
At 1 October 2020	217,857	6,218	2,633	12,387	239,095
Additions	-	-	261	400	661
Disposals	-	(6,218)	-	-	(6,218)
Foreign currency movement	(5,926)	-	-	(32)	(5,958)
At 30 September 2021	**211,931**	-	**2,894**	**12,755**	**227,580**
At 1 October 2021	211,931	-	2,894	12,755	227,580
Additions	-	-	157	2,181	2,338
Disposals	-	-	-	-	-
Foreign currency movement	29,043	-	-	-	29,043
At 30 September 2022	**240,974**	-	**3,051**	**14,936**	**258,961**
Amortisation					
At 1 October 2020	81,527	6,218	2,376	10,318	100,439
Amortisation for the year	-	-	156	1,001	1,157
Impairment	-	-	-	-	-
Disposal	-	(6,218)	-	-	(6,218)
Foreign currency movement	(2,260)	-	-	(25)	(2,285)
At 30 September 2021	**79,267**	-	**2,532**	**11,294**	**93,093**
At 1 October 2021	79,267	-	2,532	11,294	93,093
Amortisation for the year	-	-	162	923	1,085
Impairment	-	-	-	-	-
Disposal	-	-	-	-	-
Foreign currency movement	11,527	-	-	-	11,527
At 30 September 2022	**90,794**	-	**2,694**	**12,217**	**105,705**
Net book value					
At 30 September 2021	132,664	-	362	1,461	134,487
At 30 September 2022	**150,180**	-	**357**	**2,719**	**153,256**

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 forecast to the period ending 30 September 2024, followed by an extrapolation of expected cash flows using growth rates based on management's estimate of likely growth of 3% *(2021: 3%)*, terminal growth rate of 2% *(2021: 2%)* and pre-tax discount rate of 10.74% and 10.88% *(2021: 9.06% and 9.08%)* 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. A change in the key assumptions, for example a 1% change in the growth rates or discount rates do not result in a significant impairment charge.

Notes to the Consolidated Financial Statements *(continued)*

9 Intangible assets *(continued)*

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.

Cash generating units	**2022**	2021
	£000	£000
UK Operations	**47,654**	47,654
US Operations	**102,526**	85,010
	150,180	132,664

10 Trade and other receivables

	2022	2021
	£000	£000
Current		
Trade receivables	**17,080**	11,444
Other receivables	**378**	207
Amounts due from group undertakings	**307**	483
Prepayments and accrued income	**24,242**	20,036
Current income tax receivable	**633**	158
Current trade and other receivables	**42,640**	32,328

Amounts due from group undertakings are interest-free and repayable on demand.

11 Cash and cash equivalents

	2022	2021
	£000	£000
Cash and cash equivalents	**22,554**	35,968

Notes to the Consolidated Financial Statements *(continued)*

12 Trade and other payables

	2022 £000	2021 £000
Current liabilities		
Trade payables	3,998	2,163
Other taxation and social security	358	1,018
Accruals and deferred income	73,419	68,142
Current income tax payable	167	20
	77,942	71,343

13 Other interest-bearing loans and borrowings

	2022 £000	2021 £000
Current liabilities		
Bank loans	547	3,304
	547	3,304
Non-current liabilities		
Bank loans	129,515	128,715
	130,062	132,019

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:

	Interest rate	Carrying amount £000	2022 1 year or less £000	1 to <2years £000	2 to < 5years £000	>5years £000
Non-derivative financial liabilities						
Secured bank loans	Variable	130,062	13,560	25,487	116,309	-
Trade and other payables	Variable	77,942	77,942	-	-	-
			91,502	25,487	116,309	-

Notes to the Consolidated Financial Statements *(continued)*

13 Other interest-bearing loans and borrowings *(continued)*

	Interest rate	Carrying amount £000	2021 1 year or less £000	1 to < 2years £000	2 to < 5years £000	>5years £000
Non-derivative financial liabilities						
Secured bank loans	Variable	132,019	12,702	9,748	142,426	-
Trade and other payables	Variable	71,343	71,343	-	-	-
			84,045	**9,748**	**142,426**	-

The bank loans carry a rate of interest of between 3% and 7% above base, interest is repayable quarterly in arrears or on the date of maturity. The bank debt is repayable in instalments. The bank loans mature in 2024 and 2025.

14 Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets 2022 £000	**Liabilities 2022 £000**	**Net 2022 £000**	Assets 2021 £000	Liabilities 2021 £000	Net 2021 £000
Property, plant and equipment	**238**	**(319)**	**(81)**	334	(183)	151
Trading losses	**14,795**	-	**14,795**	11,654	-	11,654
Other timing differences	**1,671**	**(7,064)**	**(5,393)**	342	(4,158)	(3,816)
Net tax assets/(liabilities)	**16,704**	**(7,383)**	**9,321**	12,330	(4,341)	7,989

Movement in deferred tax during the year

	At 1 October 2021 £000	**Recognised in income statement £000**	**Foreign currency movement £000**	**At 30 September 2022 £000**
Property, plant and equipment	**151**	**(191)**	**(41)**	**(81)**
Trading losses	**11,654**	**716**	**2,425**	**14,795**
Other timing differences	**(3,816)**	**(680)**	**(897)**	**(5,393)**
Net tax assets/(liabilities)	**7,989**	**(155)**	**1,487**	**9,321**

The amount of unused tax losses for which no deferred tax asset has been recognised in the statement of financial position is £1,044,000 *(2021: £1,115,000)*.

Notes to the Consolidated Financial Statements *(continued)*

14 Deferred tax assets and liabilities *(continued)*

The deferred tax asset/(liability) at 30th September 2022 has been calculated on rates ranging from 19% to 28%, based on the jurisdiction the deferred tax asset/(liability) arises in. An increase in the UK corporation tax rate from 19% to 25% (effective from 1 April 2024) was substantially enacted on 24 May 2022. The deferred tax asset has been calculated at 25% for UK operations as this is considered prudent.

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.

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 foreign exchange contracts are based on bank valuations. The fair value and carrying value of the instruments at 30 September 2022 was a liability of £79,000 *(2021: £82,000)*.

(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 2022 £000	**Impairment 2022 £000**	Gross 2021 £000	Impairment 2021 £000
Current	**15,650**	**-**	9,431	-
Past due	**1,139**	**-**	948	-
More than 120 days	**1,072**	**781**	1,852	787
	17,861	**781**	12,231	787

Notes to the Consolidated Financial Statements *(continued)*

15 Financial instruments *(continued)*

The group provides in full for any debts it believes have become non recoverable.

(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.

(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.

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 2022	Sterling £000	Euro £000	US Dollar £000	Other £000	Total £000
Cash and cash equivalents	7,219	7,179	7,975	181	22,554
Trade receivables	6,878	808	5,490	3,904	17,080
Trade payables	(2,150)	(513)	(1,307	(28)	(3,998)
Total	11,947	7,474	12,158	4,057	35,636

As at 30 September 2021	Sterling £000	Euro £000	US Dollar £000	Other £000	Total £000
Cash and cash equivalents	20,429	2,773	12,747	19	35,968
Trade receivables	2,931	578	5,446	2,489	11,444
Trade payables	(1,130)	(64)	(965)	(4)	(2,163)
Total	22,230	3,287	17,228	2,504	45,249

Notes to the Consolidated Financial Statements *(continued)*

15 Financial instruments *(continued)*

The financial instruments carried at fair value through the income statement amount to a liability of £79,000 *(2021: £82,000)*, comprising 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 £1,004,000 *(2021: £910,000)* were made in the year. Included in other creditors are unpaid contributions of £136,000 *(2021: £127,000)*.

17 Leases

When measuring lease liabilities, the Group discounts lease payments using its incremental borrowing rate. The IBR is calculated based on a quoted margin from an external lender, LIBOR at the contract date, and a term adjustment based on government bond yields for a tenor in line with the underlying lease, and risk profile similar to that of the company.

As a lessee, the Group leases office premises, motor vehicles and office equipment. The leases run for periods between 3 and 10 years. The lease arrangements do not contain variable lease payments, however, are subject to rent review in line with market conditions and consumer price indices. Previously, these leases were classified as operating leases under IAS 17. Information about leases for which the Group is a lessee is presented below:

(a) Right-of-use assets

Right-of-use assets are presented as a separate line:

	Office Premises	Motor Vehicles	Office Equipment	Total
	£000	£000	£000	£000
Balance as at 1 October 2021	10,905	36	177	**11,118**
Additions	-	121	10	**131**
Depreciation charge for the year	(2,609)	(21)	(82)	**(2,712)**
Impairment	(22)	(26)	-	**(48)**
Foreign currency movement	722	-	2	**724**
Balance at 30 September 2022	8,996	110	107	**9,213**

(b) Amounts recognised in profit and loss

	2022	2021
	£000	£'000
Depreciation of right-of-use assets	**2,712**	3,429
Impairment of asset	**-**	3,135
Profit on disposal	**(2)**	-
Finance cost	**590**	712
Income tax	**57**	47
Balance at 30 September 2022	**3,357**	7,323

Costs relating to exempt leases (low value assets and contracts of less than 12 months) have been charged directly to operating profit. This amounts to £51,000 (*2021: £60,000*) as disclosed in note 3.

Notes to the Consolidated Financial Statements *(continued)*

17 Leases *(continued)*

c) Amounts recognised in statement of cashflows

	2022 £000	**2021 £000**
Interest paid on lease liabilities	**590**	712
Repayment of lease liabilities	**4,105**	3,639
Total cash outflow for leases	**4,695**	4,351

(d) Reconciliation of movement in lease liabilities

	2022 £000	**2021 £000**
At 1 October	**17,013**	21,033
Lease additions	**131**	173
Lease Disposals	**(50)**	-
Interest expense	**590**	712
Interest paid	**(590)**	(712)
Repayment of lease liabilities	**(4,105)**	(3,639)
Foreign currency movement	**1,624**	(554)
At 30 September	**14,613**	17,013
Due within one year	**4,028**	3,991
Due after more than one year	**10,585**	13,022

18 Called up share capital

	2022 £	2021 £
Authorised, allotted, called up & fully paid		
2,020,008,000 (*2021: 2,020,008,000*) ordinary shares of £0.000001 each	**2,020**	2,020
	2,020	2,020

Share Premium

	2022 £000	2021 £000
At beginning and end of period	**11,070**	10,572
Issue of shares	-	498
At end of period	**11,070**	11,070

19 Dividends

No dividends were declared during either year.

Dividends of £30,000 (*2021: £41,000*) were paid to shareholders of non-fully controlled companies

20 Related party transactions

During the year, Group companies purchased from Owens Industrial Fuels Limited (a business whose proprietor is the brother of Mr OGR Jones) materials and services to the value of £242,000 (*2021: £192,000)*. The transaction was conducted on an arm's length basis and there is £10,000 (*2021: £8,000*) outstanding at year end.

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

Company Balance Sheet
at 30 September 2022

	Note	2022		2021	
		£000	£000	£000	£000
Tangible assets					
Investments	22		88,964		88,964
Current assets					
Debtors (including £65,969,000 (*2021: £57,575,000*) due after more than one year)	23	66,058		58,786	
Cash at bank and in hand		50		369	
		66,108		59,155	
Creditors: amounts falling due within one year	24	(37,539)		(23,936)	
Net current assets			28,569		35,219
Total assets less current liabilities			117,533		124,183
Creditors: amounts falling due after more than one year	25		(129,515)		(128,715)
Net liabilities			(11,982)		(4,532)
Capital and reserves					
Called up share capital	27		2		2
Share premium account	27		11,070		11,070
Profit and loss account			(23,054)		(15,604)
Shareholders' funds			(11,982)		(4,532)

The notes on pages 38 to 45 form part of these financial statements.

These financial statements were approved by the board of directors on 12 January 2023 and were signed on its behalf by:

WA Rees
Director

Company Statement of Changes in Equity

	Called up Share capital £000	Share Premium account £000	Profit and loss account £000	**Total equity £000**
Balance at 1 October 2020	-	10,572	(27,834)	(17,262)
Total comprehensive income for the year				
Loss for the year	-	-	(14,230)	(14,230)
Transactions directly recorded in equity				
Capital contribution	-	-	26,460	26,460
Issue of shares	2	498	-	500
Balance at 30 September 2021	**2**	**11,070**	**(15,604)**	**(4,532)**

	Called up Share capital £000	Share Premium account £000	Profit and loss account £000	**Total equity £000**
Balance at 1 October 2021	2	11,070	(15,604)	(4,532)
Total comprehensive income for the year				
Loss for the year	-	-	(7,450)	(7,450)
Balance at 30 September 2022	**2**	**11070**	**(23,054)**	**(11,982)**

The notes on pages 38 to 45 form part of these financial statements.

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 accounting standards in conformity with the requirements of the Companies Act 2006 ("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 loss of £7,450k *(2021: loss of £14,230k)* for the year ended 30 September 2022.

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.

Foreign currency

Transactions in foreign currencies are recorded at the appropriate rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or at the rate of exchange ruling at the balance sheet date, the gains and losses on the translation are included in the profit and loss account.

Notes to the Company Financial Statements *(continued)*

21 Accounting policies – Company *(continued)*

Dividends

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

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.

Financial Instruments

Interest-bearing borrowings

Interest - bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest borrowings are stated at amortised cost using the effective interest method, less any impairment losses

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 Statement of Comprehensive Income as financial income or expense.

Notes to the Company Financial Statements *(continued)*

21 Accounting policies – Company *(continued)*

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.

22 Fixed asset investments

	2022	2021
	£000	£000
Opening cost and net book value	**88,964**	88,964
Impairment	**-**	-
Closing net book value	**88,964**	88,964

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**
Red Dragon Acquisitions II Limited	England and Wales[1 7]	Direct Holding	100%	Holding
Tinopolis Limited	England and Wales[1 7]	Indirect Holding	100%	Holding
DWMSL 678 Limited	England and Wales[1 7]	Indirect Holding	100%	Holding
Tina US Holdings LLC	USA[4]	Indirect Holding	100%	Holding
A. Smith & Co Productions, LP	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%	Dormant
PVJ Productions, Inc	USA[2]	Indirect Holding	100%	Dormant
JVCT Productions, Inc	USA[2]	Indirect Holding	100%	Trading
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%	Trading
XY Productions, Inc	USA[2]	Indirect Holding	100%	Dormant
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%	Trading
W Wars Productions, Inc	USA[2]	Indirect Holding	100%	Dormant

Notes to the Company Financial Statements *(continued)*

22 Fixed asset investments *(continued)*

ASCPD Productions, Inc	USA[2]	Indirect Holding	100%	Dormant
Got Seoul Inc	USA[2]	Indirect Holding	100%	Dormant
Get Social Inc	USA[2]	Indirect Holding	100%	Dormant
Tee Travel Solutions, Inc	USA[2]	Indirect Holding	100%	Trading
ASC Magic Inc	USA[2]	Indirect Holding	100%	Dormant
Mentorn USA, Inc	USA[3]	Indirect Holding	100%	Trading
Mentorn Abroad Inc	USA[5]	Indirect Holding	100%	Dormant
Mentorn Fleek Inc	USA[5]	Indirect Holding	100%	Dormant
Scargill Post LLC	USA[2]	Indirect Holding	100%	Trading
Moving Interiors LLC	USA[3]	Indirect Holding	50%	Dormant
Monkey and Bear Productions LP	USA[3]	Indirect Holding	50%	Dormant
IDAS Productions, Inc	USA[2]	Indirect Holding	100%	Dormant
DN Productions, Inc	USA[2]	Indirect Holding	100%	Dormant
Fancy Table Productions, Inc	USA[2]	Indirect Holding	100%	Dormant
9911 Productions, Inc	USA[2]	Indirect Holding	100%	Dormant
BBM Productions, Inc	USA[2]	Indirect Holding	100%	Dormant
WYWS Productions, Inc	USA[2]	Indirect Holding	100%	Trading
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 LP	USA[2]	Indirect Holding	100%	Holding
Base Productions, LP	USA[2]	Indirect Holding	100%	Dormant
Saber FX, LP	USA[2]	Indirect Holding	100%	Dormant
L.O.M Design, LP	USA[2]	Indirect Holding	100%	Dormant
Telesonic Music, LP	USA[2]	Indirect Holding	100%	Dormant
JBMS Holdings, LP	USA[2]	Indirect Holding	100%	Dormant
V Street Productions, LP	USA[2]	Indirect Holding	100%	Dormant
Thunder Road Productions, LP	USA[2]	Indirect Holding	100%	Dormant
Sport Science Productions, LP	USA[2]	Indirect Holding	100%	Dormant
BioMech Productions, LP	USA[2]	Indirect Holding	100%	Dormant
Multifit Productions, LP	USA[2]	Indirect Holding	100%	Dormant
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%	Dormant
Magical Elves, LP	USA[3]	Indirect Holding	100%	Trading
The Mission Productions, LP	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 Stylish, LP	USA[3]	Indirect Holding	100%	Dormant
Burbank Payroll and Facilities LLC	USA[3]	Indirect Holding	100%	Trading
Audio Distortion, LP	USA[3]	Indirect Holding	100%	Trading
MEI Productions Inc	USA[3]	Direct Holding	100%	Dormant
Digital Elves LP	USA[3]	Indirect Holding	100%	Trading
Pupster Productions LP	USA[3]	Indirect Holding	100%	Dormant
Sierra and Alpha Productions, LP	USA[3]	Indirect Holding	100%	Dormant
Restaurant Supply Co. LP	USA[3]	Indirect Holding	100%	Dormant
Magical Journey Productions LP	USA[3]	Indirect Holding	100%	Trading
Staying Alive Productions Inc	USA[2]	Indirect Holding	100%	Dormant
ASC Unearthed, Inc	USA[2]	Indirect Holding	100%	Dormant
Hollywood Equipment Rentals LP	USA[3]	Indirect Holding	100%	Dormant
Elves and Company LP	USA[3]	Indirect Holding	100%	Dormant
Passion Distribution Limited	England and Wales[1 7]	Indirect Holding	100%	Trading
Firecracker Films Limited	England and Wales[1 7]	Indirect Holding	100%	Trading
Pioneer Productions Media Group Limited	England and Wales[1]	Indirect Holding	100%	Dormant
Pioneer Film and Television Productions Limited	England and Wales[1 7]	Indirect Holding	100%	Trading
Pioneer Productions International Limited	England and Wales[1]	Indirect Holding	100%	Dormant
In the Womb Limited	England and Wales[1]	Indirect Holding	100%	Trading
Science Channel Limited	England and Wales[1]	Indirect Holding	100%	Dormant

Notes to the Company Financial Statements *(continued)*

22 Fixed asset investments *(continued)*

The Television Corporation Ltd	England and Wales[1,7]	Indirect Holding	100%	Trading
Mech TV Limited	England and Wales[1,7]	Indirect Holding	100%	Trading
Tinopolis Facilities Ltd	England and Wales[1,7]	Indirect Holding	100%	Trading
Teledu Tinopolis Cyf	England and Wales[1]	Indirect Holding	100%	Trading
Agenda Films Ltd	England and Wales[1,7]	Indirect Holding	100%	Trading
Tinopolis Interactive Ltd	England and Wales[1]	Indirect Holding	100%	Trading
Video Arts Group Ltd	England and Wales[1]	Indirect Holding	100%	Dormant
Video Arts Ltd	England and Wales[1]	Indirect Holding	100%	Trading
Learning Pack Ltd	England and Wales[1]	Indirect Holding	100%	Dormant
Melrose Film Productions Ltd	England and Wales[1]	Indirect Holding	100%	Dormant
Tree on the Hill Limited	England and Wales[1]	Indirect Holding	51%	Dormant
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]	Indirect Holding	75%	Dormant
Daybreak Pictures Ltd	England and Wales[1,7]	Indirect Holding	100%	Trading
Salem Films Ltd	England and Wales[1]	Indirect Holding	100%	Dormant
Endgame Films Limited	England and Wales[1]	Indirect Holding	100%	Dormant
Homeland Films Limited	England and Wales[1]	Indirect Holding	100%	Dormant
Daybreak Pictures (Churchill) Limited	England and Wales[1]	Indirect Holding	100%	Dormant
Daybreak SPV Limited	England and Wales[1]	Indirect Holding	100%	Dormant
Rain Media Entertainment Limited	England and Wales[1]	Indirect Holding	100%	Dormant
Global Television Services Ltd	England and Wales[1]	Indirect Holding	100%	Dormant
Mentorn Group Ltd	England and Wales[1]	Indirect Holding	100%	Dormant
Mobile Sport Ltd	England and Wales[1]	Indirect Holding	100%	Dormant
Music Box Ltd	England and Wales[1]	Indirect Holding	100%	Dormant
Redback Films Ltd	England and Wales[1]	Indirect Holding	100%	Dormant
Sunset & Vine Mobiles Ltd	England and Wales[1]	Indirect Holding	100%	Dormant
Sunset & Vine Productions Ltd	England and Wales[1]	Indirect Holding	100%	Trading
Television Corporation Productions Ltd	England and Wales[1]	Indirect Holding	100%	Dormant
Venner TV Ltd	England and Wales[1]	Indirect Holding	100%	Dormant
Venner Television North Ltd	England and Wales[1]	Indirect Holding	100%	Dormant
World Sport Broadcasting Ltd	England and Wales[1]	Indirect Holding	100%	Dormant
World Sport Television Ltd	England and Wales[1]	Indirect Holding	100%	Dormant
Barraclough Carey Productions Ltd	England and Wales[1]	Indirect Holding	100%	Dormant
Golden Break Music Ltd	England and Wales[1,7]	Indirect Holding	100%	Trading
Mentorn Media Limited	England and Wales[1,7]	Indirect Holding	100%	Trading
Mentorn Broadcasting Ltd	England and Wales[1]	Indirect Holding	100%	Dormant
Mentorn Films Ltd	England and Wales[1]	Indirect Holding	100%	Dormant
Mentorn Ltd	England and Wales[1]	Indirect Holding	100%	Dormant
Mentorn UFO's Limited	England and Wales[1]	Indirect Holding	100%	Dormant
Mentorn International Ltd	England and Wales[1,7]	Indirect Holding	100%	Trading
Television Corporation Consumer Brands Ltd	England and Wales[1]	Indirect Holding	100%	Dormant
TV 21 Ltd	England and Wales[1]	Indirect Holding	100%	Dormant
TVC Media Ltd	England and Wales[1,7]	Indirect Holding	100%	Trading
Visions Transmission Services Ltd	England and Wales[1]	Indirect Holding	100%	Dormant
VMTV Ltd	England and Wales[1]	Indirect Holding	100%	Dormant
Worldwide Entertainment News Ltd	England and Wales[1]	Indirect Holding	100%	Dormant
Sunset + Vine Scotland Ltd	Scotland[6]	Indirect Holding	100%	Dormant
V TV Scotland Ltd	Scotland[6]	Indirect Holding	100%	Dormant
Sunset + Vine Midland Ltd	England and Wales[1]	Indirect Holding	100%	Trading
Sunset & Vine North Ltd	England and Wales[1]	Indirect Holding	100%	Dormant
Sunset + Vine (Oxford) Ltd	England and Wales[1]	Indirect Holding	100%	Dormant
Sunset + Vine Ltd	England and Wales[1]	Indirect Holding	100%	Dormant
Sunset + Vine (London 2017) Limited	England and Wales[1]	Indirect Holding	100%	Dormant
Sunset + Vine Global Television Host Broadcaster Ltd	England and Wales[1]	Indirect Holding	100%	Dormant
Space Productions Ltd	England and Wales[1]	Indirect Holding	50%	Dormant
Space Productions (Distribution) Ltd	England and Wales[1]	Indirect Holding	50%	Dormant

Notes to the Company Financial Statements *(continued)*

22 Fixed asset investments *(continued)*

[1] registered at Tinopolis Centre, Park Street, Llanelli, Carmarthenshire, SA15 3YE.
[2] registered at 4130 Cahuenga 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] 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 Red Dragon Acquisitions Limited has guaranteed the subsidiary company under Section 479C of the Act.

23 Debtors

	2022 £000	2021 £000
Amounts owed by group undertakings	**66,058**	58,269
Other taxation and social security	-	2
Deferred tax asset (note 26)	-	515
	66,058	58,786
Due within one year	**89**	1,211
Due after more than one year (amounts owed by group undertakings)	**65,969**	57,575

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

24 Creditors: amounts falling due within one year

	2022 £000	2021 £000
Bank Loans	**547**	3,304
Amounts owed to group undertakings	**36,863**	20,594
Accruals	**129**	38
	37,539	23,936

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

25 Creditors: amounts falling due after one year

	2022 £000	2021 £'000
Bank loan	**129,515**	128,715
	129,515	128,715

Notes to the Company Financial Statements *(continued)*

25 Creditors: amounts falling due after one year *(continued)*

The bank loan is repayable as follows:

	2022	2021
	£000	£'000
In one year or less	**547**	3,304
Between one and two years	**13,203**	-
Between two and five years	**116,312**	128,715
	130,062	132,019

The bank loans carry a rate of interest of between 3% and 12% above base, interest is repayable quarterly in arrears or on the date of maturity. The bank debt is repayable in instalments. The bank loans mature in 2024 and 2025.

26 Deferred Taxation Asset

	£'000
Balance at 1st October 2021	**(515)**
Credit to the profit and loss account	**515**
Balance at 30th September 2022	-

The deferred tax asset is made up as follows:

	2022	2021
	£000	£'000
Losses carried forward	-	(515)

27 Called up share capital

	2022	2021
	£	£
Authorised, allotted, called up & fully paid		
2,020,008,000 (*2021: 2,020,008,000* ordinary shares of £0.000001 each	**2,020**	2,020
	2,020	2,020

Share Premium

	2022	2022
	£000	£000
At beginning and end of period	**11,070**	10,572
Issue of shares	-	498
At end of period	**11,070**	11,070

Notes to the Company Financial Statements *(continued)*

28 Related Party Disclosures

The following transactions are outstanding with group entities:

	2022 £000	2021 £000
Receivables outstanding		
Tina US Holdings LLC	**65,969**	57,697
DMWSL 678 Ltd	**89**	89
Tinopolis Group Limited	**-**	483
	66,058	58,269

	2022 £000	2022 £000
Payables outstanding		
Tinopolis Ltd	**24,963**	9,546
Firecracker Films Limited	**3,463**	3,463
Passion Distribution Limited	**2082**	2,082
Mentorn International Ltd	**76**	76
Sunset & Vine Productions Ltd	**1,541**	1,541
A. Smith & Co Productions, LP	**4,738**	3,886
	36,863	20,594

29 Ultimate controlling party

The Company's parent and ultimate parent company is Tinopolis Group Limited.

Tinopolis Group Limited is a company incorporated in England and Wales.