

Registered number: 02219350

SDI MEDIA UK LIMITED

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**



SDI MEDIA UK LIMITED

COMPANY INFORMATION

Directors	Mr A Abisso Mr M Nakamura
Company secretary	Mr A Agnew
Registered number	02219350
Registered office	32 Galena Road London England W6 0LT
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 80 Compair Crescent Ipswich Suffolk IP2 0EH
Bankers	Barclays Bank PLC 27 Soho Square London W1D 3QR

SDI MEDIA UK LIMITED

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SDI MEDIA UK LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

The directors present their report and the financial statements for the year ended 31 December 2017.

Principal activity

The principal activity is the provision of subtitling and dubbing services to the entertainment industry.

Results and dividends

The loss for the year, after taxation, amounted to £300,612 (2016:£99,516).

During the financial year, the company paid no dividends (2016: £Nil).

Directors

The directors who served during the year were:

Mr A Abisso
Mr M Nakamura

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

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

- select suitable accounting policies for the company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

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

Qualifying third party indemnity provisions

The company has provided qualifying third party indemnity provisions in respect of the board of directors which were in force during the year and at the date of this report.

SDI MEDIA UK LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017**

Disclosure of information to auditor

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

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

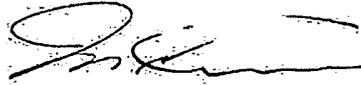
Post balance sheet events

There have been no significant events affecting the company since the year end.

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on *April 17, 2018* and signed on its behalf.



Mr M Nakamura
Director

SDI MEDIA UK LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SDI MEDIA UK LIMITED

Opinion

We have audited the financial statements of SDI Media UK Limited for the year ended 31 December 2017, which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Who we are reporting to

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.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

SDI MEDIA UK LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SDI MEDIA UK LIMITED (CONTINUED)

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report has been prepared in accordance with applicable legal requirements.

Matter on which we are required to report by the Companies Act 2006

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

SDI MEDIA UK LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SDI MEDIA UK LIMITED (CONTINUED)

Responsibilities of directors for the financial statements

As explained more fully in the Directors' responsibilities statement on page 1, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the 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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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 an Auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. The description forms part of our Auditor's report.



Paul Dearsley ACA FCCA Senior Statutory Auditor
for and on behalf of

Grant Thornton UK LLP

Statutory Auditor, Chartered Accountants

Statutory Auditor

Ipswich

Date: 24 / 4 / 2018

SDI MEDIA UK LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 £	2016 £
Turnover	4	4,293,523	4,366,896
Cost of sales		(3,560,650)	(3,486,980)
Gross profit		732,873	879,916
Administrative expenses		(375,841)	(1,189,369)
Exceptional administrative expenses		69,532	271,706
Operating profit/(loss)	5	426,564	(37,747)
Interest receivable and similar income	9	21,877	102,159
Interest payable and expenses	10	(76,908)	(56,614)
Profit before tax		371,533	7,798
Tax on profit	11	(70,921)	91,718
Profit for the financial year		300,612	99,516

There were no recognised gains and losses for 2017 or 2016 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2017 (2016:£NIL).

The notes on pages 9 to 23 form part of these financial statements.

SDI MEDIA UK LIMITED
REGISTERED NUMBER: 02219350

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	Note	2017 £	2016 £
Fixed assets			
Intangible assets	12	2,185,305	2,234,815
Tangible assets	13	150,124	169,589
		2,335,429	2,404,404
Current assets			
Debtors: amounts falling due within one year	14	6,838,352	6,580,099
Cash at bank and in hand	15	24,497	82,401
		6,862,849	6,662,500
Creditors: amounts falling due within one year	16	(7,527,217)	(7,737,581)
Net current liabilities		(664,368)	(1,075,081)
Total assets less current liabilities		1,671,061	1,329,323
Creditors: amounts falling due after more than one year	17	(41,126)	-
Net assets		1,629,935	1,329,323
Capital and reserves			
Called up share capital	19	10,000	10,000
Profit and loss account	20	1,619,935	1,319,323
		1,629,935	1,329,323

The company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

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

April 17, 2018



Mr M Nakamura
 Director

SDI MEDIA UK LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2017	10,000	1,319,323	1,329,323
Comprehensive income for the year			
Profit for the year	-	300,612	300,612
Total comprehensive income for the year	-	300,612	300,612
At 31 December 2017	10,000	1,619,935	1,629,935

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2016	10,000	1,219,807	1,229,807
Comprehensive income for the year			
Profit for the year	-	99,516	99,516
Total comprehensive income for the year	-	99,516	99,516
At 31 December 2016	10,000	1,319,323	1,329,323

The notes on pages 9 to 23 form part of these financial statements.

SDI MEDIA UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

1. General information

SDI Media UK Limited is a private limited liability company incorporated in Great Britain and registered in England and Wales.

The financial statements present information about the company on an individual, rather than a consolidated basis, as group accounts are prepared at a higher level within the group.

The company's principal activity is the provision of subtitling and dubbing services to the entertainment industry.

The financial statements are prepared in GBP.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The company has taken advantage of exemptions provided under FRS 102 in respect of certain financial instrument disclosures, key management personnel disclosures and in preparing a statement of cash-flows.

The following principal accounting policies have been applied:

2.2 Going concern

Cash requirements are routinely managed at group level, ensuring that cash is made available to group entities where it may be needed. Detailed cash forecasts are prepared regularly at entity level as part of that process. Longer term profit forecasts are used to assess the ability of the entity to generate cash in the foreseeable future.

The group parent has undertaken to continue to provide financial support as required for a period of at least 12 months from the date of approval of these financial statements.

The directors have concluded, based on the forecasts and parental support, that it is appropriate to prepare the financial statements on a going concern basis.

SDI MEDIA UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

2. Accounting policies (continued)

2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the company will receive the consideration due under the contract;
- the Company has completed its obligations to provide these services.

2.4 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

All software is considered to have an estimated useful life of five years and is amortised over this period.

SDI MEDIA UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

2. Accounting policies (continued)

2.5 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Leasehold improvements - straight line over the life of the lease
Fixtures, fittings and equipment - straight line over 3-5 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of comprehensive income.

2.6 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.7 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

SDI MEDIA UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

2. Accounting policies (continued)

2.8 Financial instruments

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

SDI MEDIA UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

2. Accounting policies (continued)

2.9 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.10 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of comprehensive income within 'other operating income'.

2.11 Finance costs

Finance costs are charged to the Statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.12 Operating leases: the company as lessee

Rentals paid under operating leases are charged to the Statement of comprehensive income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

SDI MEDIA UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

2. Accounting policies (continued)

2.13 Pensions

Defined contribution pension plan

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in the Statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the company in independently administered funds.

2.14 Interest income

Interest income is recognised in the Statement of comprehensive income using the effective interest method.

2.15 Provisions for liabilities

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of comprehensive income in the year that the company becomes aware of the obligation, and are measured at the best estimate at the Statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

SDI MEDIA UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

2. Accounting policies (continued)

2.16 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

Areas of judgement and key sources of estimation uncertainty relate to assumptions used in impairment reviews, the useful lives assets and the recoverability of certain debtor balances.

SDI MEDIA UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

4. Turnover

An analysis of turnover by class of business is as follows:

	2017 £	2016 £
Subtitling and dubbing services	4,293,523	4,366,896

Analysis of turnover by country of destination:

	2017 £	2016 £
United Kingdom	2,413,901	3,214,990
Rest of Europe	1,099,035	649,609
Rest of the world	780,587	502,297
	<u>4,293,523</u>	<u>4,366,896</u>

5. Operating profit/(loss)

The operating profit/(loss) is stated after charging:

	2017 £	2016 £
Depreciation of tangible fixed assets	36,503	42,530
Amortisation of intangible assets, including goodwill	812,127	675,064
Impairment of intangible assets	(69,532)	(271,706)
Exchange differences	229,076	722,853
Operating lease rentals	166,500	171,559
Defined contribution pension cost	20,651	22,821

6. Auditor's remuneration

	2017 £	2016 £
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	<u>21,750</u>	<u>21,500</u>

SDI MEDIA UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

7. Employees

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

	2017 No.	2016 No.
Administration and management	29	27

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

	2017 £	2016 £
Wages and salaries	2,305,656	1,920,010
Social security costs	280,697	234,450
Cost of defined contribution scheme	20,651	22,821
	<u>2,607,004</u>	<u>2,177,281</u>

8. Directors' remuneration

During the year, no director received any emoluments (2016: £Nil).

9. Interest receivable

	2017 £	2016 £
Interest receivable from group companies	21,759	37,676
Gain on foreign currency revaluation	118	64,483
	<u>21,877</u>	<u>102,159</u>

10. Interest payable and similar charges

	2017 £	2016 £
Other loan interest payable	96	479
Loans from group undertakings	76,812	56,135
	<u>76,908</u>	<u>56,614</u>

SDI MEDIA UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

11. Taxation

	2017 £	2016 £
Corporation tax		
Current tax on profits for the year	60,674	-
Adjustments in respect of previous periods	-	(29,722)
	60,674	(29,722)
Deferred tax		
Origination and reversal of timing differences	17,929	11,599
Changes to tax rates	(2,093)	1,301
Adjustments in respect of previous periods	(5,589)	(74,896)
Total deferred tax	10,247	(61,996)
Taxation on profit/(loss) on ordinary activities	70,921	(91,718)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2016: lower than) the standard rate of corporation tax in the UK of 19.25% (2016: 20.00%). The differences are explained below:

	2017 £	2016 £
Profit on ordinary activities before tax	371,533	7,798
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25% (2016 - 20.00%)	71,508	1,560
Effects of:		
Expenses not deductible for tax purposes	24,573	19,242
Adjustments to tax charge in respect of prior periods	(5,589)	(104,618)
Tax rates changes	(2,093)	1,302
Group relief	-	27,057
Transfer pricing adjustments	(17,478)	(36,261)
Total tax charge for the year	70,921	(91,718)

SDI MEDIA UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

12. Intangible assets

	Assets under development £	Software £	Total £
Cost			
At 1 January 2017	357,313	3,738,275	4,095,588
Additions	693,085	-	693,085
Transfers	(624,911)	624,911	-
At 31 December 2017	<u>425,487</u>	<u>4,363,186</u>	<u>4,788,673</u>
Amortisation			
At 1 January 2017	-	1,860,773	1,860,773
Charge for the year	-	812,127	812,127
Impairment losses written back	-	(69,532)	(69,532)
At 31 December 2017	<u>-</u>	<u>2,603,368</u>	<u>2,603,368</u>
Net book value			
At 31 December 2017	<u>425,487</u>	<u>1,759,818</u>	<u>2,185,305</u>
At 31 December 2016	<u>357,313</u>	<u>1,877,502</u>	<u>2,234,815</u>

SDI MEDIA UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

13. Tangible fixed assets

	Leasehold improve- ments £	Fixtures, fittings and equipment £	Total £
Cost or valuation			
At 1 January 2017	194,984	477,412	672,396
Additions	4,000	13,710	17,710
Disposals	-	(3,601)	(3,601)
At 31 December 2017	<u>198,984</u>	<u>487,521</u>	<u>686,505</u>
Depreciation			
At 1 January 2017	61,510	441,297	502,807
Charge for the year on owned assets	15,798	20,705	36,503
Disposals	-	(2,929)	(2,929)
At 31 December 2017	<u>77,308</u>	<u>459,073</u>	<u>536,381</u>
Net book value			
At 31 December 2017	<u>121,676</u>	<u>28,448</u>	<u>150,124</u>
At 31 December 2016	<u>133,474</u>	<u>36,115</u>	<u>169,589</u>

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14. Debtors

	2017 £	2016 £
Trade debtors	779,415	847,953
Amounts owed by group undertakings	5,549,449	4,516,225
Other debtors	108,000	108,000
Prepayments and accrued income	369,882	1,066,068
Deferred taxation	31,606	41,853
	6,838,352	6,580,099

There were £Nil bad debt expenses recognised during the year (2016: £Nil).

15. Cash and cash equivalents

	2017 £	2016 £
Cash at bank and in hand	24,497	82,401

16. Creditors: Amounts falling due within one year

	2017 £	2016 £
Trade creditors	568,187	347,476
Amounts owed to group undertakings	5,983,001	6,230,068
Corporation tax	60,674	-
Other taxation and social security	106,533	168,793
Accruals and deferred income	808,822	991,245
	7,527,217	7,737,582

17. Creditors: Amounts falling due after more than one year

	2017 £	2016 £
Other creditors	41,126	-
	41,126	-

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18. Deferred taxation

	2017 £	2016 £
At beginning of year	41,853	(20,143)
Charged to profit or loss	(10,247)	61,996
At end of year	31,606	41,853

The deferred tax asset is made up as follows:

	2017 £	2016 £
Accelerated capital allowances	24,615	40,476
Short term timing differences	6,991	1,377
	31,606	41,853

19. Share capital

	2017 £	2016 £
Shares classified as equity		
Allotted, called up and fully paid		
10,000 Ordinary shares shares of £1 each	10,000	10,000

Share capital represents the nominal value of shares that have been issued.

20. Reserves

Profit and loss account

The profit and loss account includes all current and prior period retained profits and losses.

21. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £20,651 (2016: £22,821). Contributions totalling £3,781 (2016: £3,588) were payable to the fund at the balance sheet date.

SDI MEDIA UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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22. Commitments under operating leases

At 31 December 2017 the company had future minimum lease payments under non-cancellable operating leases as follows:

	2017 £	2016 £
Not later than 1 year	180,000	180,000
Later than 1 year and not later than 5 years	360,000	540,000
	<u>540,000</u>	<u>720,000</u>

23. Related party transactions

The company has taken advantage of the exemptions allowed by FRS 102 paragraph 33.1A in the disclosures concerning related parties transactions with its parent and other group companies as the result of the companies being consolidated in the financial statements of Imagica Robot Holdings Inc.

24. Controlling party

The immediate parent undertaking is SDI Media Group Limited, a company incorporated in Great Britain and registered in England and Wales, which holds 100% of the share capital.

The ultimate controlling party is Imagica Robot Holdings Inc, a company incorporated in Japan. A copy of this company's financial statements can be obtained from its website.

The smallest group in which the results of the group are consolidated is SDI Media Group Inc and the largest group is Imagica Robot Holdings Inc.