DMWSL 660 Limited

Annual report and consolidated financial statements

30 September 2018

Registered number: 07479191

Contents

Strategic report

The Company is the ultimate UK parent company of the Tinopolis Group ("the Group") of Companies and is incorporated in England and Wales which includes the subsidiaries listed in note 24 of the Company financial statements.

Principal activities

The principal activity of the Group is the production of television, film, online, education and training, and other audio-visual content.

Review of business and outlook

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

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

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

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

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

Founded by group Chairman Ron Jones in Wales in 1990, Tinopolis is also one of the UK's largest producers in the nations and regions, with substantial production bases in Cardiff, Llanelli and Glasgow and creating nearly 1000 hours of original programming for multiple broadcasters over the past year alone.

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

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

Creatively and operationally we are well placed as we enter 2018/19. Our revenue visibility remains strong with a high percentage of our budgeted sales already contracted. We have a wide range of customers and lack of dependence on any one contract. The group is consistently cash generative.

Group Restructure

On 23rd October 2017, the Group's senior banking facilities were refinanced where its existing debt was repaid and new loans drawn. The new bank debt is repayable in instalments and matures in 2024. As part of the refinancing, Vitruvian Investor Loan Notes were purchased by the Group. The repayment date on the remaining Investor Loan Notes was re-scheduled to be repaid on 31 December 2025 and the coupon rate reduced to 2% per annum. As a result of the restructure the outstanding Loan Notes were revalued resulting in a fair value adjustment of £20.4m in accordance with IFRS 9.

Strategic report *(continued)*

Review of operations

The Group generated turnover of £228m *(2017: £216m)* in the year.

In 2018 46% of the Group's EBITDA was generated in the US

The Group generated operating profit of £10.2m *(2017: £15.7m)* after charging restructuring costs of £1.1m *(2017: £1m)*, £5.4m of transaction costs *(2017: £4.5m)* and £3.3m of depreciation and amortisation *(2017: £3.8m)*.

The Group generated adjusted EBITDA* of £20.8m *(2017: £25m)*.

Net cash generated from Operating activities, before restructuring costs, was £22.1m *(2017: £26.5m)*.

*Earnings Before Interest, Tax, Depreciation, Amortisation and restructuring costs.

Risks

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

- The Group operates in a very competitive market with many companies, small and large, competing for broadcasters' commissions. We have a reputation for consistently delivering high quality programmes enabling us to secure long running commissions and also operate across a wide range of genres and with a large number of broadcasters.
- Management operates strong financial disciplines around controlling the costs of productions and have insurances in place to cover unforeseen events that may impact a production schedule (for example, key cast sickness or equipment failure).
- Management regularly review the financial risks of the Group considering its key performance indicators such as turnover, profitability, cash flow and percentage of planned sales that have been commissioned. Management also review the financial requirements of the Group and financial instruments are used to reduce the exposure to interest or exchange risk.
- The UK Government is currently negotiating how the UK is expected to leave the EU in March 2019. Until the terms of this exit are determined it is too early for the Directors to assess the impact on the Group's 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

OGR Jones
Director

Park Street
Llanelli
Carmarthenshire
SA15 3YE

14 December 2018

Directors' report

The directors present their annual report and the audited financial statements for the year ended 30 September 2018.

Directors

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

OGR Jones
W A Rees
J Foulser
A Mair
J Roberts
J Willis
A Smith
J Lipsitz

Political Donations

The Company made no political donations during the period under review *(2017:£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.

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

OGR Jones
Director

Park Street
Llanelli
Carmarthenshire
SA15 3YE

14 December 2018

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

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

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

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

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

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

15 Canada Square
London
E14 5GL
United Kingdom

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

Opinion

We have audited the financial statements of DMWSL 660 Limited ("the company") for the year ended 30 September 2018 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 2018 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

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.

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

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

Directors' responsibilities

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

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.

P Barron

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

18 December 2018

Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the year ended 30 September 2018

	Note	2018 £000	2017 £000
Revenue	2	**227,500**	216,012
Cost of sales		**(174,257)**	(161,007)
Gross profit		**53,243**	55,005
Administrative expenses		**(43,003)**	(39,351)
Operating profit	3,4,5	**10,240**	15,654
Presented as:			
Earnings before interest, tax, depreciation, amortisation and restructuring costs		20,771	24,994
Restructuring costs	3	(6,536)	(5,482)
Loss on disposal of fixed assets		(11)	(24)
Depreciation and amortisation	3	(3,984)	(3,834)
		10,240	15,654
Finance income		**20,652**	1,147
Finance expense		**(12,050)**	(14,255)
Net finance income / (expense)	6	**8,602**	(13,108)
Profit before income tax		**18,842**	2,546
Taxation	7	**(2,764)**	(1,454)
Profit for the year		**16,078**	1,092
Profit attributable to:			
Equity holders of the parent		**15,939**	1,074
Non-controlling interest		**139**	18
Profit for the year		**16,078**	1,092
Other comprehensive income			
Foreign exchange translation differences – foreign operations		**2,236**	(2,270)
Net investment hedging		**(1,206)**	580
Other comprehensive income / (loss) for the year		**1,030**	(1,690)
Total comprehensive income / (loss) for the year		**17,108**	(598)
Attributable to:			
Equity holders of the parent		**16,969**	(616)
Non-controlling interest		**139**	18
		17,108	(598)

All the results arise from continuing operations. The notes on pages 11 to 29 form part of these financial statements.

Consolidated Balance Sheet
at 30 September 2018

	Note	2018 £000	2017 £000
Non-current assets			
Property, plant and equipment	8	2,930	4,398
Intangible assets	9	200,690	196,489
Trade and other receivables	11	3,938	4,515
Deferred tax assets	15	1,599	2,140
Total non-current assets		209,157	207,542
Current assets			
Inventories	10	61	60
Trade and other receivables	11	41,069	41,010
Cash and cash equivalents	12	17,292	13,664
Total current assets		58,422	54,734
Total assets		267,579	262,276
Equity attributable to equity holders of the parent			
Share capital	19	1	1
Retained earnings		10,644	(5,295)
Foreign currency translation reserve		8,460	7,430
Merger reserve		978	978
Total equity attributable to equity holders of the parent company		20,083	3,114
Non-controlling interests		741	637
Total equity		20,824	3,751
Non-current liabilities			
Loans and borrowings	14	177,283	-
Deferred tax liabilities	15	1,987	-
Total non-current liabilities		179,270	-
Current liabilities			
Other interest-bearing loans and borrowings	14	1,344	193,909
Other financial liabilities – fair value of derivative financial instruments	16	527	143
Trade and other payables	13	65,614	64,473
Total current liabilities		67,485	258,525
Total liabilities		246,755	258,525
Total equity and liabilities		267,579	262,276

These financial statements were approved by the board of directors on 14 December 2018 and were signed on its behalf by:

OGR Jones
Director

The notes on pages 11 to 29 form part of these financial statements.

Consolidated Statement of Changes in Equity

for the year ended 30 September 2017

	Share capital	Share premium	Retained earnings	Merger Reserve	Translation Reserve	Total	Non-controlling interest	**Total equity**
	£000	£000	£000	£000	£'000	£000	£000	**£000**
Balance at 1 October 2016	1	-	(6,369)	978	9,120	3,730	619	4,349
Total comprehensive income for the year								
Profit for the year	-	-	1,074	-	-	1,074	18	1,092
Other comprehensive income	-	-	-	-	(1,690)	(1,690)	-	(1,690)
Total comprehensive income for the year	-	-	1,074	-	(1,690)	(616)	18	(598)
Dividends paid	-	-	-	-	-	-		
Balance at 30 September 2017	**1**	**-**	**(5,295)**	**978**	**7,430**	**3,114**	**637**	**3,751**

for the year ended 30 September 2018

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

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.

	2018	2017
	£000	£000
Foreign exchange translation differences on foreign operations	**13,014**	10,838
Net investment hedging	**(4,614)**	(3,408)
	8,460	7,430

The notes on pages 11 to 29 form part of these financial statements.

Consolidated Cash Flow Statement

for the year ended 30 September 2018

	Note	2018 £000	2017 £000
Cash flows from operating activities			
Profit for the year		**16,078**	1,092
Adjustments for:			
Depreciation and amortisation	8,9	**3,984**	3,834
Net finance (income) / expense	6	**(8,602)**	13,108
Foreign exchange loss/(gain)	3	**106**	(262)
Loss on sale of fixed assets	3	**11**	24
Income tax	7	**2,764**	1,454
		14,341	19,250
(Increase) / decrease in inventories		**(1)**	18
Decrease in accounts receivable		**973**	90
Increase in accounts payable		**291**	1,686
Cash generated from operating activities		**15,604**	21,044
Cash flow relating to restructuring costs:			
Restructuring costs		**6,536**	5,482
Net cash from operating activities before restructuring costs		**22,140**	26,526
Interest and bank charges paid		**(14,845)**	(6,419)
Income taxes paid		**(799)**	(1,053)
Income taxes received		**-**	315
Net cash from operating activities		**(40)**	13,887
Cash flows from investing activities			
Acquisition of property, plant and equipment	8	**(1,251)**	(1,592)
Capitalisation of learning content intangible asset	9	**(157)**	(122)
Acquisition of distribution rights	9	**(1,539)**	(619)
Proceeds from sale of property, plant and equipment		**5**	36
Interest received	6	**1**	2
Net cash from investing activities		**(2,941)**	(2,295)
Cash flows from financing activities			
Net proceeds from bank borrowings		**32,375**	-
Repayment of borrowings		**(26,001)**	(6,435)
Dividends paid to non-controlling interests		**(35)**	-
Net cash from financing activities		**6,339**	(6,435)
Net increase in cash and cash equivalents		**3,358**	5,157
Cash and cash equivalents at start of year		**13,664**	8,607
Effect of exchange rate movements on cash held		**270**	(100)
Cash and cash equivalents at end of year	12	**17,292**	13,664

The notes on pages 11 to 29 form part of these financial statements.

Notes to the Consolidated Financial Statements

1 Accounting policies

Basis of preparation

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

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

The Group financial statements have been prepared and approved by the Directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRS"). The Company has elected to prepare its parent company financial statements in accordance with FRS 101; these are presented on pages 30 to 38. The consolidated financial statements have been prepared on the historical cost basis except for certain items measured at fair value as noted in the accounting policies.

Going concern

Having reviewed the Group's current trading and forecasts, together with sensitivities and mitigating factors and the available facilities, the Board has reasonable expectations that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Board continues to adopt the going concern basis in preparing the Financial Statements for both the Group and the parent company.

Basis of consolidation

The Group financial statements consolidate those of DMWSL660 Limited, a company domiciled in the United Kingdom, and of its subsidiary undertakings, together referred to as "the Group" drawn up to 30 September 2018.

Subsidiaries

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

Significant Accounting Policies

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

Revenue recognition

Revenue (which excludes VAT) primarily represents amounts receivable for work carried out in producing television programmes, films and other audio-visual media productions and is recognised over the period of the production in line with the terms of the underlying contract. Stage of completion is determined with reference to costs incurred as a proportion of total expected costs. Overspends are recognised as soon as they arise. 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.

Revenue earned on sale of goods is recognised when the risks and rewards of ownership have passed to the customer. This is usually on receipt of goods by the customer. Where revenue is earned on a continuous basis it is recognised evenly over the contract term.

Notes to the Consolidated Financial Statements *(continued)*

1 Accounting policies *(continued)*

***Revenue recognition** (continued)*

Distribution revenues are recognised at the later of:

(a) upon commencement of the licence period;

(b) signature of the contract;

(c) delivery of programme to the customer.

Development costs

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

Translation of foreign currencies

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

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

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

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

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

Taxation

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

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

Notes to the Consolidated Financial Statements *(continued)*

1 Accounting policies *(continued)*

***Taxation** (continued)*

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

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

Leasing and hire purchase commitments

Where the Group enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a "finance lease". The asset is recorded in the Statement of Financial Position as Property, Plant and Equipment and is depreciated over its estimated useful life or the term of the lease, whichever is shorter. Future instalments under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the income statement so as to produce a constant periodic rate of interest on the remaining balance of the liability, and the capital element which reduces the outstanding obligation for future instalments.

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

Goodwill

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

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

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

Impairment excluding inventories and deferred tax assets

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

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

If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash generating unit is reduced to its recoverable amount. Impairment losses are recognised immediately in the income statement.

Notes to the Consolidated Financial Statements *(continued)*

1 Accounting policies *(continued)*

***Impairment excluding inventories and deferred tax assets** (continued)*

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

The Group estimates the recoverable amounts based on historical experience of margin, volume 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.

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.

Intangible assets are amortised in a straight line over their useful economic lives which is between 1 and 5 years. Amortisation is charged to administrative expenses in the income statement.

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

Inventories - Learning materials

Inventories are measured at FIFO and carried at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Notes to the Consolidated Financial Statements *(continued)*

1 Accounting policies *(continued)*

Equity

Equity comprises the following:

Share capital represents the nominal value of equity shares.

Share premium represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue.

Merger reserve represents the shares issued in the previous parent company (DMWSL584 Limited) prior to the reorganisation.

Retained earnings represent retained profits

Derivative financial instruments

The Group has derivative financial instruments in respect of interest rate swaps and foreign exchange contracts. The Group does not hold derivative financial instruments for trading purposes. The existing derivative financial instruments used by the Group do not meet the criteria for hedge accounting set out by IAS 39 and have thus been treated as financial assets and liabilities which are carried at their fair value in the Consolidated Statement of Financial Position. Fair value is deemed to be market value, which is determined based on market valuations at the year-end date.

Changes in the market value of derivative financial instruments have been recognised through the Consolidated Statement of Comprehensive Income as financial income or expense.

Non-derivative financial instruments

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

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

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

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

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

Defined contribution plans

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

Finance income and expense

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

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

Notes to the Consolidated Financial Statements *(continued)*

1 Accounting policies *(continued)*

***Non-derivative financial instruments** (continued)*

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, less any impairment losses. 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.

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 estimates the recoverable amounts of assets 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 and profit recognition involves the assessment of stage of completion and estimation of costs to complete on contracts that are fulfilled over more than one accounting period.

Newly issued standards adopted in these financial statements

In these financial statements no newly issued standards have been adopted by the Group as none of the standards required to be adopted in the period are relevant to the group.

Adopted IFRS not yet applied

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

IFRS 15 'Revenue from contracts with customers' will become effective for the accounting period to ending on 30 September 2019. The full impact has not yet been wholly quantified. Management are still assessing the impact.

IFRS 16 'Leases' will become effective for the accounting period ending on 30 September 2019. The full impact has not yet been wholly quantified.

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

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

IFRS 9 – 'Financial Instruments' will become effective for the accounting period ending on 30 September 2019. The full impact has not yet been wholly quantified.

Notes to the Consolidated Financial Statements *(continued)*

2 Revenue

	2018 £000	2017 £000
Sale of goods	**176**	189
Programme sales	**227,324**	215,823
	227,500	216,012

3 Operating activities and auditor's remuneration

	2018 £000	2017 £000
Included in results from operating activities are the following:		
Restructuring costs	**6,536**	5,482
	6,536	5,482
Depreciation and amortisation	**3,984**	3,834
Loss on disposal of fixed assets	**11**	24
Operating lease charges - land and buildings	**3,304**	2,228
- other	**101**	105
Foreign exchange loss / (gain)	**106**	(262)

The restructuring costs principally relate to the costs incurred as a result of Group Restructure in October 2017.

Auditor's remuneration:

	2018 £000	2017 £000
Audit of these financial statements	**120**	120
Amounts receivable by auditor and their associates in respect of:		
Audit of subs	**148**	124
Audit of banking covenants	**3**	-

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

4 Directors' remuneration

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

	2018 £000	2017 £000
Emoluments	**6,551**	3,182
Other pension costs	**53**	23
	6,604	3,205

Notes to the Consolidated Financial Statements *(continued)*

4 Directors' remuneration *(continued)*

	2018 £000	2017 £000
Highest paid director - Emoluments	**2,192**	1,043
	2,192	1,043

5 Staff costs

	2018 £000	2017 £000
Wages and salaries	**34,484**	31,998
Social security costs	**3,287**	2,685
Other pension costs	**743**	675
	38,514	35,358

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

	2018 Number	2017 Number
Production	**382**	386
Administration	**140**	153
	522	539

6 Finance income and expense

	2018 £000	2017 £000
Change in fair value of investor loan notes (Note 14)	**20,443**	-
Change in fair value of derivative financial instruments (Note 16)	**-**	967
Other interest receivable	**209**	180
Finance income	**20,652**	1,147
Interest on bank loan and overdrafts	**10,153**	7,374
Interest on investor loan notes	**1,490**	6,860
Change in fair value of derivative financial instruments (Note 16)	**385**	-
Other interest	**22**	21
Finance expense	**12,050**	14,255
Net finance income / (expense)	**8,602**	(13,108)

Notes to the Consolidated Financial Statements *(continued)*

7 Income tax

	2018	2017
	£000	£000
Current tax		
Current period	**491**	1,254
Adjustment for prior periods	**(203)**	190
Total current tax charge	**288**	1,444
Deferred tax		
Origination and reversal of temporary differences	**2,476**	10
Adjustment for prior periods	**-**	-
Total deferred tax charge (Note 15)	**2,476**	10
Total income tax charge in income statement	**2,764**	1,454

The tax assessed for the year is lower *(2017: higher)* than the standard rate of corporation tax in the UK of 19% *(2017:* 19.50%). The differences are explained below:

	2018	2017
	£000	£000
Profit for the period	**16,078**	1,092
Total income tax expense	**2,764**	1,454
Profit excluding income tax	**18,842**	2,546
Tax on profit at the UK tax rate of 19% *(2017:* 19.50%).	**3,580**	496
Effects of		
Expenses not deductible for tax purposes	**1,217**	2,347
Fair value adjustment not taxable	**(3,884)**	-
Depreciation less than capital allowances	**(89)**	(392)
Tax losses carried forward	**336**	97
Tax losses brought forward	**-**	(160)
Withholding tax	**11**	(45)
Adjustment for prior periods	**(203)**	190
Foreign tax adjustment	**1,796**	(1,079)
	2,764	1,454

A reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. Further reduction to 19% (effective 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly.

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 2016	2,729	195	4,503	9,727	17,154
Additions	-	19	146	1,427	1,592
Disposals	(36)	(30)	(60)	(43)	(169)
Foreign currency movement	-	-	(14)	(133)	(147)
At 30 September 2017	**2,693**	**184**	**4,575**	**10,978**	**18,430**
At 1 October 2017	2,693	184	4,575	10,978	18,430
Additions	272	48	31	900	1,251
Disposals *	-	(57)	(974)	(1,420)	(2,451)
Foreign currency movement	-	-	10	112	122
At 30 September 2018	**2,965**	**175**	**3,642**	**10,570**	**17,352**
Depreciation					
At 1 October 2016	2,052	95	3,259	6,372	11,778
Charge for the year	245	40	409	1,799	2,493
On disposals	(14)	(30)	(34)	(31)	(109)
Foreign currency movement	-	-	(10)	(120)	(130)
At 30 September 2017	**2,283**	**105**	**3,624**	**8,020**	**14,032**
At 1 October 2017	2,283	105	3,624	8,020	14,032
Charge for the year	162	35	541	1,981	2,719
On disposals	-	(49)	(988)	(1,401)	(2,438)
Foreign currency movement	-	-	9	100	109
At 30 September 2018	**2,445**	**91**	**3,186**	**8,700**	**14,422**
Net book value					
At 1 October 2016	677	100	1,244	3,355	5,376
At 30 September 2017	**410**	**79**	**951**	**2,958**	**4,398**
At 1 October 2017	410	79	951	2,958	4,398
At 30 September 2018	**520**	**84**	**456**	**1,870**	**2,930**

The loss on disposal of fixed assets during the year was £11,000 (*2017: £24,000*).
*During the year the group have disposed of all assets held with a nil net book value.

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 2016	217,349	6,218	2,268	8,238	234,073
Additions	-	-	122	619	741
Foreign currency movement	(4,554)	-	-	-	(4,554)
At 30 September 2017	**212,795**	**6,218**	**2,390**	**8,857**	**230,260**
At 1 October 2017	212,795	6,218	2,390	8,857	230,260
Additions	-	-	157	1,539	1,696
Foreign currency movement	3,753	-	-	18	3,771
At 30 September 2018	**216,548**	**6,218**	**2,547**	**10,414**	**235,727**
Amortisation					
At 1 October 2016	19,170	6,218	2,030	5,012	32,430
Amortisation for the year	-	-	125	1,216	1,341
At 30 September 2017	**19,170**	**6,218**	**2,155**	**6,228**	**33,771**
At 1 October 2017	19,170	6,218	2,155	6,228	33,771
Amortisation for the year	-	-	122	1,143	1,265
Foreign currency movement	-	-	-	1	1
At 30 September 2018	**19,170**	**6,218**	**2,277**	**7,372**	**35,037**
Net book value					
At 30 September 2017	193,625	-	235	2,629	196,489
At 30 September 2018	**197,378**	-	**270**	**3,042**	**200,690**

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

The Group prepares cash flow forecasts derived from the most recent financial results and the budget to the period ending 30 September 2018 approved by management followed by an extrapolation of expected cash flows using growth rates based on management's estimate of likely growth of 3% terminal growth rate of 3% and pre-tax discount rate of 6.4% for 5 years. Growth rates are based on past results and expectations of future changes in the sector. In each case the valuation of each cash generating unit indicated sufficient headroom such that a reasonably possible change to key assumptions is currently unlikely to result in an impairment to the related goodwill.

Notes to the Consolidated Financial Statements *(continued)*

9 Intangible assets *(continued)*

Cash generating units	**2018**	2017
	£000	£000
The Television Corporation Group	**22,870**	22,870
Video Arts	**2,390**	2,390
Tinopolis Wales Group	**10,182**	10,182
Pioneer	**2,469**	2,469
A Smith & Co Group	**61,156**	59,209
Firecracker	**20,298**	20,298
Passion	**8,638**	8,638
Magical Elves Group	**69,375**	67,569
	197,378	193,625

10 Inventories

	2018	2017
	£000	£000
Finished goods	**61**	60

	2018	2017
	£000	£000
Inventories held at cost	**94**	110
Less provision	**(33)**	(50)
Carrying value	**61**	60

In 2018, inventories of £19,000 (*2017: £17,000*) were recognised as an expense during the year and included in costs of sales.

Notes to the Consolidated Financial Statements *(continued)*

11 Trade and other receivables

	2018 £000	2017 £000
Current		
Trade receivables	**14,573**	13,660
Other receivables	**67**	73
Prepayments and accrued income	**24,477**	25,969
Current income tax	**1,952**	1,308
Current trade and other receivables	**41,069**	41,010
Non-current assets		
Other Receivables	**3,938**	4,515
Total Debtors	**45,007**	45,525

Credit quality of financial assets and impairment losses

The Group was not exposed to any significant concentrations of credit risk by geographic region or counterparty type. The group provides in full for any debts it believes have become non recoverable. A provision for bad and doubtful debts of £586,000 (*2017: £542,000*) is included in the amounts above.

Exposure to credit risk

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 2018 £000	Impairment 2018 £000	Gross 2017 £000	Impairment 2017 £000
Current	**11,545**	-	9,403	-
Past due	**1,679**	-	2,357	3
More than 120 days	**1,935**	**586**	2,442	539
	15,159	**586**	14,202	542

Notes to the Consolidated Financial Statements *(continued)*

12 Cash and cash equivalents

	2018 £000	2017 £000
Cash and cash equivalents	**17,292**	13,644

13 Trade and other payables

	2018 £000	2017 £000
Current liabilities		
Trade payables	**8,361**	13,487
Other taxation and social security	**1,464**	1,318
Accruals and deferred income	**55,568**	49,582
Current income tax	**221**	86
	65,614	64,473

14 Other interest-bearing loans and borrowings

	2018 £000	2017 £000
Current liabilities		
Bank loans	**1,344**	93,306
Investor loan notes	-	100,603
	1,344	193,909
Non-current liabilities		
Bank loans	**119,848**	-
Investor loan notes	**57,435**	-
	177,283	-

On 23 October 2017, the group senior banking facilities were refinanced where its existing debt was repaid and new funds drawn. The new bank loans carry a rate of interest of between 3% and 7% above base, interest is repayable quarterly in arrears and are repayable in instalments and mature in 2024.

The investor loan notes were also rescheduled and are redeemable in December 2025. All the investor loan notes carry a rate of interest of 2% which is accumulated and payable on redemption of the loans.

As a result of the Group restructure in October 2017 the outstanding loan notes were revalued resulting in a reduction in their carrying value of £20.4m.

Notes to the Consolidated Financial Statements *(continued)*

14 Loans and borrowings *(continued)*

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

	Interest rate	Carrying amount £000	2017 1 year or less £000	2017 1 to < 2years £000	2017 2 to < 5years £000
Non-derivative financial liabilities					
Secured bank loans*	Variable	93,306	93,306	-	-
Loan notes*	Fixed	100,603	101,877	-	-
Trade and other payables	Variable	64,473	64,473		
			259,656	-	-

*On 23rd October 2017, new bank debt was put into place which matures in 2024 and the remaining loan notes were rescheduled and are not redeemable until 2025.

Notes to the Consolidated Financial Statements *(continued)*

15 Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets 2018 £000	Liabilities 2018 £000	Net 2018 £000	Assets 2017 £000	Liabilities 2017 £000	Net 2017 £000
Property, plant and equipment	513	(100)	413	667	(239)	428
Trading losses	5,730	-	5,730	9,954	-	9,954
Other timing differences	803	(7,361)	(6,531)	538	(8,780)	(8,242)
Net tax assets/(liabilities)	7,073	(7,461)	(388)	11,159	(9,019)	2,140

Movement in deferred tax during the year

	At 1 October 2017 £000	Recognised in income statement £000	Foreign currency movement £'000	At 30 September 2018 £000
Property, plant and equipment	428	(13)	(2)	413
Trading losses	9,954	(4,363)	139	5,730
Other timing differences	(8,242)	1,900	(189)	(6,531)
	2,140	(2,476)	(52)	(388)

The amount of unused tax losses for which no deferred tax asset has been recognised in the statement of financial position is £4,498,000 *(2017: £5,226,000)*.

A reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. Further reduction to 19% (effective 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly.

The deferred tax asset/liability at 30th September 2018 has been calculated based on the rate of 19% substantively enacted at the balance sheet date in so far as it relates to UK trading operations. Deferred tax assets/liabilities in other jurisdictions have been calculated at the appropriate local corporation tax rate.

16 Financial instruments

Fair values of financial instruments

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

Trade and other receivables, trade and other payables and cash

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

Notes to the Consolidated Financial Statements *(continued)*

16 Financial instruments *(continued)*

Interest-bearing borrowings

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

Derivative financial instruments

The fair values of interest rate swaps and foreign exchange contracts are based on bank valuations. The fair value and carrying value of the instruments at 30 September 2018 was £527,000 liability *(2017: £143,000 liability).*

Financial risk management

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 and nature of trade receivable balances. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the Statement of Financial Position.

Interest rate risk

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

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

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 has continued to monitor its liquidity position through budgetary procedures and cash flow analysis (see note 14 for further analysis).

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.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices 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 in the table below. This is based on the carrying amount for monetary financial instruments. All other receivables and payables and borrowings not included in the table are denominated in sterling.

Notes to the Consolidated Financial Statements *(continued)*

16 Financial instruments *(continued)*

As at 30 September 2018	Sterling £000	Euro £000	US Dollar £000	Other £000	Total £000
Cash and cash equivalents	453	1,024	15,580	235	17,292
Trade receivables	5,725	2,108	5,383	1,357	14,573
Trade payables	(3,072)	(69)	(5,193)	(27)	(8,361)
Total	3,106	3,063	15,770	1,565	23,504

As at 30 September 2017	Sterling £000	Euro £000	US Dollar £000	Other £000	Total £000
Cash and cash equivalents	5,861	445	7,293	65	13,664
Trade receivables	5,634	966	5,778	1,282	13,660
Trade payables	(5,853)	(229)	(7,356)	(49)	(13,487)
Total	5,642	1,182	5,715	1,298	13,837

The financial instruments carried at fair value through the income statement amount to £527,000 liability *(2017: £143,000 liability)*, comprising interest rate swaps and foreign exchange contracts. The valuation method for calculating the fair value uses inputs other than quoted prices from active markets for identical assets that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices).

17 Pension Costs

Contributions to defined contribution pension schemes of £743,000 *(2017: £675,000)* were made in the year. Included in other creditors are unpaid contributions of £98,000 *(2017: £104,000)*.

18 Operating leases

At 30 September 2018 the Group had the following commitments under non-cancellable operating leases:

	2018 £000	2017 £000
Less than one year	**2,779**	2,681
Between one and five years	**11,127**	3,959
More than five years	**7,822**	3,689
	21,728	10,329

Notes to the Consolidated Financial Statements *(continued)*

19 Called up share capital

	2018	2017
	£	£
Allotted, called up and fully paid		
141,413 (*2017: 140,088*) ordinary shares of £0.01	**1,414**	1,401

20 Dividends

Dividends paid of £35,000 (*2017: £nil*) reflect payments made by the group to shareholders of non-fully controlled companies.

21 Related party transactions

At the balance sheet date, loan notes of £29,153,000 (*2017: £28,722,000*) are payable by the Group to Directors.

Details of loan note interest and maturity can be seen in note 14. Interest is accumulated and payable on redemption of the loan notes. Accrued interest in relation to the year ended 30 September 2018 was £1,490,000 (2017: £6,311,000)

During the year, Group companies purchased from Owens Industrial Fuels Limited (a business whose proprietor is the brother of Mr OGR Jones) materials to the value of £205,000 (*2017: £147,000)*. The transaction was conducted on an arm's length basis and there is £17,000 (*2017: £16,000*) outstanding at year end.

During the year, Group companies paid Tafena Ltd (a company owned by a relation to Angharad Mair) services to the value of £nil (*2017: £5,000*). The transaction was conducted on an arm's length basis and there is no amount outstanding at either year end.

During the year, Group companies paid Rachel Smith (a relation to A Smith) services to the value of £40,000 (*2017: £6,000*). The transaction was conducted on an arm's length basis and there is no amount outstanding at either year end.

During the year, Group companies paid Leah Smith (a relation to A Smith) services to the value of £nil (*2017: £4,000*). The transaction was conducted on an arm's length basis and there is no amount outstanding at either year end.

During the year, Group companies paid Alex Lipsitz (a relation to J Lipsitz) services to the value of £65,000 (*2017: £86,000*). The transaction was conducted on an arm's length basis and there is no amount outstanding at either year end.

A company connected to a director of the Group has a loan of £3,938,000. The loan has an interest rate of 1% pa and is repayable in December 2025.

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

Company Balance Sheet
at 30 September 2018

	Note	2018 £000	2017 £000
Tangible assets			
Investments	23	**2,110**	2,110
Current assets			
Debtors	24	**21,092**	2,152
Creditors: amounts falling due within one year	25	**(2,717)**	(1,705)
Net current assets		**18,375**	447
Net assets		**20,485**	2,557
Capital and reserves			
Called up share capital	26	**1**	1
Share premium account		**978**	978
Profit and loss account		**19,506**	1,578
Shareholders' funds		**20,485**	2,557

The notes on pages 32-38 form part of these financial statements.

These financial statements were approved by the board of directors on 14 December 2018 and were signed on its behalf by:

OGR Jones
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 2016	1	978	5,727	6,706
Total comprehensive income for the year				
Loss for the year	-	-	(4,149)	(4,149)
Total comprehensive income for the year	-	-	(4,149)	(4,149)
Balance at 30 September 2017	**1**	**978**	**1,578**	**2,557**

	Called up Share capital £000	Share Premium account £000	Profit and loss account £000	**Total equity £000**
Balance at 1 October 2017	1	978	1,578	2,557
Total comprehensive income for the year				
Profit for the year	-	-	17,928	17,928
Total comprehensive income for the year	-	-	17,928	17,928
Balance at 30 September 2018	**1**	**978**	**19,506**	**20,485**

The notes on pages 32 to 38 form part of these financial statements.

Notes to the Company Financial Statements *(continued)*

22 Accounting policies – Company

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

Basis of preparation

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

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

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

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

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

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

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

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

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

Measurement convention

The financial statements are prepared on the historical cost basis.

Under sections 408(3) and (4) of the Companies Act 2006 the company is exempt from the requirement to present its own profit and loss account. The company generated a profit of £17,928,000 *(2017: loss of £4,149,000)* for the year ended 30 September 2018.

Going concern

The directors have considered the factors that impact the Company's future development, performance, cash flows and financial position along with the Company's current liquidity in forming their opinion on the going concern basis. The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Dividends

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

Notes to the Company Financial Statements *(continued)*

22 Accounting policies – Company *(continued)*

Impairment

Financial assets

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

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

Non-financial assets

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

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

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

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

Non-derivative financial instruments

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

Taxation

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

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

Investments in subsidiary undertakings

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

Notes to the Company Financial Statements *(continued)*

23 Fixed asset investments

	2017 £000
Cost and net book value	
At 1 October 2017 and 30 September 2018	2,110

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

Subsidiary undertaking	Country of incorporation	Share capital ownership	Proportion held	Company status
DMWSL 584 Limited	England and Wales[1,8]	Direct Holding	100%	Holding
DMWSL 575 Limited	England and Wales[1,8]	Indirect Holding	100%	Holding
Red Dragon Acquisitions Ltd	England and Wales[1,8]	Indirect Holding	100%	Holding
RD Nominees Ltd	England and Wales[1,8]	Indirect Holding	100%	Holding
Tinopolis Limited	England and Wales[1,8]	Indirect Holding	100%	Holding
DWMSL 678 Limited	England and Wales[1,8]	Indirect Holding	100%	Holding
Tina US Holding LLC	USA[4]	Indirect Holding	100%	Holding
A. Smith & Co Productions, 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%	Trading
PVJ Productions, Inc	USA[2]	Indirect Holding	100%	Dormant
JVCT Productions, Inc	USA[2]	Indirect Holding	100%	Dormant
Canam Productions, Inc	USA[2]	Indirect Holding	100%	Trading
Attack Productions, Inc	USA[2]	Indirect Holding	100%	Trading
Bizdis Productions, LLC	USA[2]	Indirect Holding	100%	Dormant
DMS Productions, Inc	USA[2]	Indirect Holding	100%	Dormant
CCCD Productions, Inc	USA[2]	Indirect Holding	100%	Dormant
XY Productions, Inc	USA[2]	Indirect Holding	100%	Trading
TIO Productions, Inc	USA[2]	Indirect Holding	100%	Dormant
Chainsaw Productions, Inc	USA[2]	Indirect Holding	100%	Dormant
D-Hotel Productions, Inc	USA[2]	Indirect Holding	100%	Dormant
QE Productions, Inc	USA[2]	Indirect Holding	100%	Dormant
MSG Productions, Inc	USA[2]	Indirect Holding	100%	Dormant
BBBQ Productions, Inc	USA[2]	Indirect Holding	100%	Dormant
Unsung Productions, Inc	USA[2]	Indirect Holding	100%	Trading
OTG Productions, Inc	USA[2]	Indirect Holding	100%	Dormant
W Wars Productions, Inc	USA[2]	Indirect Holding	100%	Trading
ASCPD Productions, Inc	USA[2]	Indirect Holding	100%	Trading
Tee Travel Solutions, Inc	USA[2]	Indirect Holding	100%	Trading
ASC Magic Inc	USA[2]	Indirect Holding	100%	Trading
Got Seoul Inc	USA[2]	Indirect Holding	100%	Trading
Get Social Inc	USA[2]	Indirect Holding	100%	Trading
Mentorn USA, Inc	USA[5]	Indirect Holding	100%	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%	Trading
IDAS Productions, Inc	USA[2]	Indirect Holding	100%	Trading
DN Productions, Inc	USA[2]	Indirect Holding	100%	Dormant
Fancy Table Productions, Inc	USA[2]	Indirect Holding	100%	Trading
9911 Productions, Inc	USA[2]	Indirect Holding	100%	Trading
BBM Productions, Inc	USA[2]	Indirect Holding	100%	Trading
WYWS Productions, Inc	USA[2]	Indirect Holding	100%	Trading
Open Productions, Inc	USA[2]	Indirect Holding	50%	Dormant

Notes to the Company Financial Statements *(continued)*

23 Fixed asset investments *(continued)*

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

Notes to the Company Financial Statements *(continued)*

23 Fixed asset investments *(continued)*

Endgame Films Limited	England and Wales[1 8]	Indirect Holding	51%	Dormant
Homeland Films Limited	England and Wales[1 8]	Indirect Holding	51%	Dormant
Daybreak Pictures (Churchill) Limited	England and Wales[1 8]	Indirect Holding	51%	Dormant
Daybreak SPV Limited	England and Wales[1 8]	Indirect Holding	51%	Dormant
Rain Media Entertainment Limited	England and Wales[1 8]	Indirect Holding	100%	Trading
Global Television Services Ltd	England and Wales[1 8]	Indirect Holding	100%	Dormant
Mentorn Group Ltd	England and Wales[1 8]	Indirect Holding	100%	Dormant
Mobile Sport Ltd	England and Wales[1 8]	Indirect Holding	100%	Dormant
Music Box Ltd	England and Wales[1 8]	Indirect Holding	100%	Dormant
Redback Films Ltd	England and Wales[1 8]	Indirect Holding	100%	Dormant
Sunset & Vine Mobiles Ltd	England and Wales[1 8]	Indirect Holding	100%	Dormant
Sunset & Vine Productions Ltd	England and Wales[1]	Indirect Holding	100%	Trading
Television Corporation Productions Ltd	England and Wales[1 8]	Indirect Holding	100%	Dormant
Venner TV Ltd	England and Wales[1 8]	Indirect Holding	100%	Dormant
Venner Television North Ltd	England and Wales[1 8]	Indirect Holding	100%	Dormant
World Sport Broadcasting Ltd	England and Wales[1 8]	Indirect Holding	100%	Dormant
World Sport Television Ltd	England and Wales[1 8]	Indirect Holding	100%	Dormant
Barraclough Carey Productions Ltd	England and Wales[1 8]	Indirect Holding	100%	Dormant
Golden Break Music Ltd	England and Wales[1 8]	Indirect Holding	100%	Trading
Mentorn Media Limited	England and Wales[1 8]	Indirect Holding	100%	Trading
Mentorn Broadcasting Ltd	England and Wales[1 8]	Indirect Holding	100%	Dormant
Mentorn Films Ltd	England and Wales[1 8]	Indirect Holding	100%	Dormant
Mentorn Ltd	England and Wales[1 8]	Indirect Holding	100%	Dormant
Mentorn UFO's Limited	England and Wales[1 8]	Indirect Holding	100%	Dormant
Mentorn International Ltd	England and Wales[1 8]	Indirect Holding	100%	Trading
Television Corporation Consumer Brands Ltd	England and Wales[1 8]	Indirect Holding	100%	Dormant
TV 21 Ltd	England and Wales[1 8]	Indirect Holding	100%	Dormant
TVC Media Ltd	England and Wales[1 8]	Indirect Holding	100%	Trading
Visions Transmission Services Ltd	England and Wales[1 8]	Indirect Holding	100%	Dormant
VMTV Ltd	England and Wales[1 8]	Indirect Holding	100%	Dormant
Worldwide Entertainment News Ltd	England and Wales[1 8]	Indirect Holding	100%	Dormant
Sunset + Vine Scotland Ltd	Scotland[6 8]	Indirect Holding	100%	Dormant
V TV Scotland Ltd	Scotland[6 8]	Indirect Holding	100%	Dormant
Sunset & Vine North Ltd	England and Wales[1 8]	Indirect Holding	100%	Dormant
Sunset + Vine (Oxford) Ltd	England and Wales[1 8]	Indirect Holding	100%	Trading
Sunset & Vine (South America) Ltd	England and Wales[1 8]	Indirect Holding	100%	Dormant
Sunset & Vine (London 2017) Ltd	England and Wales[1 8]	Indirect Holding	100%	Trading
Sunset + Vine Global Television Host Broadcast Ltd	England and Wales[1 8]	Indirect Holding	100%	Dormant
Sunset + Vine Asia (Pte) Limited	Singapore[7]	Indirect Holding	100%	Trading
Sunset + Vine Asia (Digital) Pte. Limited	Singapore[7]	Indirect Holding	100%	Trading
Space Productions Ltd	England and Wales[1 8]	Indirect Holding	50%	Dormant
Space Productions (Distribution) Ltd	England and Wales[1 8]	Indirect Holding	50%	Dormant
Thunderclap Media Limited	England and Wales[1]	Indirect Holding	50%	Trading

[1] registered at Tinopolis Centre, Park Street, Llanelli, Carmarthenshire, SA15 3YE.
[2] registered at 4130 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] registered at 15 Hoe Chiang Road, #26-02, Tower Fifteen, Singapore 089316
[8] These subsidiary undertakings are exempt from the Companies Act 2006 requirements relating to the audit of their individual accounts by virtue of Section 479A of the Act as DMWSL 660 Limited has guaranteed the subsidiary company under Section 479C of the Act.

Notes to the Company Financial Statements *(continued)*

24 Debtors

	2018	2017
	£000	£000
Corporation tax	1,183	1,183
Amounts owed by group undertakings	19,909	89
Amounts owed by related parties (note 28)	-	880
	21,092	2,152

25 Creditors: amounts falling due within one year

	2018	2017
	£000	£000
Amounts owed to group undertakings	2,695	1,672
Accruals	22	33
	2,717	1,705

26 Called up share capital

	2018	2017
	£	£
Allotted, called up and fully paid		
141,413 (*2017: 140,088*) ordinary shares of £0.01 *each*	1,414	1,401

Notes to the Company Financial Statements *(continued)*

27 Related Party Disclosures

The following transactions are outstanding with group entities:

	2018 £000	2017 £000
Receivables outstanding		
DMWSL 584 Ltd	**19,862**	42
Tinopolis Facilities Ltd	**47**	30
Sunset & Vine Productions Ltd	-	17
Other related parties	-	880
	19,909	969

	2018 £000	2017 £000
Payables outstanding		
Tinopolis Ltd	**2,563**	1,562
Red Dragon Acquisition Ltd	**131**	110
Television Corporation Productions Ltd	**1**	-
	2,695	1,672

28 Ultimate controlling party

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

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