

All3Media International Limited

Annual report and financial statements

31 December 2017

Registered number 03203247

MONDAY



A11 *A7ASWWUY* #140
23/07/2018
COMPANIES HOUSE

Contents

Company Information	2
Strategic report	3
Directors' report	4
Independent auditors' report	6
Profit and loss account	9
Statement of comprehensive income	10
Balance sheet	11
Statement of changes in equity	12
Notes to the financial statements	13

Company Information

Directors	A McMullen
	S Geater
	V Turton
Registered office	Berkshire House
	168-173 High Holborn
	London
	WC1V 7AA
Independent Auditors	PricewaterhouseCoopers LLP
	Chartered Accountants and Statutory Auditors
	London

Strategic report

The Directors present their Strategic Report for the year ended 31 December 2017.

Principal activity and review of the business

The principal activity of the company is the distribution of television programmes. The directors do not anticipate any changes in those activities over the coming year.

The profit for the financial year amounted to £18,811,429 (year ended 31 December 2016: £5,918,044). Strong results were driven by investment in new drama and underpinned by successful continuing series.

As at 31 December 2017, total shareholders' funds total £41,747,222 (31 December 2016: £33,185,793). The increase year on year is due to a strong profit in the year.

Principal risks and uncertainties

The key business risks and uncertainties affecting the company relate to the general economic environment, competition from other distributors of television programmes and the success of the company's programming available for worldwide distribution. Further discussion of these risks and uncertainties, in the context of the DLG Acquisitions Limited group (the "group") as a whole, is provided in the group's financial statements which do not form part of this report.

Key performance indicators ("KPIs")

The directors of DLG Acquisitions Limited manage the group's operations on a divisional basis. For this reason, the company's directors believe that analysis using key performance indicators for the company is not necessary or appropriate for an understanding of the development, performance or position of the business of All3Media International Limited. The development, performance and position of DLG Acquisitions Limited group, which includes the company, are discussed in the group's financial statements which do not form part of this report.

Approved by the board on 30 May 2018 and signed on its behalf by:



A McMullen
Director

Berkshire House
168-173 High Holborn
London
WC1V 7AA

Directors' report

The directors present their Directors' Report and the financial statements for the year ended 31 December 2017.

Future outlook

The commercial environment in which the company operates remains competitive, but the directors believe that the company's position as one of the leading distributors of television programmes will enable it to maintain its current position in the future.

Dividends

An interim dividend of £1,333,333 (year ended 31 December 2016: £500,000) per £1 ordinary share amounting to £4,000,000 (year ended 31 December 2016: £1,500,000) was paid during the year. An additional dividend of £2,083,333 (year ended 31 December 2016: £nil) per £1 ordinary share amounting to £6,250,000 (year ended 31 December 2016: £nil) was declared but not paid during the year.

Financial risk Management

Through its trading activities the company is exposed to certain levels of credit, interest rate, currency and liquidity risk. Main credit risk arises from customers not meeting payment terms, however this is monitored closely by management. Interest risk arises on cash balances subject to interest based on floating rates. Currency risk arises as certain debtors are denominated in foreign currencies. The company funds its operations from trading activities.

Directors

The directors who held office during the year were as follows:

A McMullen
S Geater
V Turton

The company maintains liability insurance for its directors and officers.

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- 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 enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' report (*continued*)

The directors 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.

Disclosure of information to auditors

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006

Independent Auditors

The independent auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and are deemed reappointed in accordance with s487(2) of the Companies Act.

Approved by the board on 3rd May 2018 and signed on its behalf by:



A McMullen
Director

Berkshire House
168-173 High Holborn
London
WC1V 7AA

Independent auditors' report to the members of All3Media International Limited

Opinion

In our opinion, All3Media International Limited's financial statements (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 (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and financial statements (the "Annual Report"), which comprise: the Balance Sheet as at 31 December 2017; the Profit and Loss account for the year ended 31 December 2017, the Statement of Comprehensive Income for the year ended 31 December 2017, the Statement of Changes in Equity for the year ended 31 December 2017; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

- 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.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

Independent auditors' report to the members of All3Media International Limited (*continued*)

Reporting on other information (*continued*)

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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities set out on pages 4 and 5, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also 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.

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 auditors' 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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

**Independent auditors' report
to the members of All3Media International Limited (*continued*)**

Responsibilities of the directors for the financial statements (*continued*)

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Reporting on other information

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility



Philip Stokes (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP,
Chartered Accountants and Statutory Auditors
London
3 May 2018

**Profit and loss account
for the year ended 31 December 2017**

	Note	Year ended 31 December 2017 £	Year ended 31 December 2016 £
Turnover	3	92,808,383	63,243,835
Cost of sales		(64,346,304)	(48,630,624)
Gross profit		28,462,079	14,613,211
Distribution costs		(9,437,062)	(8,032,544)
Other operating income		372,948	447,352
Operating profit	4	19,397,965	7,028,019
Interest receivable and similar income	5	252,787	678,857
Interest payable and similar expenses	6	-	-
Profit before taxation		19,650,752	7,706,876
Tax on profit	9	(839,323)	(1,788,832)
Profit for the financial year		18,811,429	5,918,044

The above results were derived from continuing operations.

The notes on pages 13-24 form an integral part of these financial statements.

**Statement of comprehensive income
for the year ended 31 December 2017**

	Year ended 31 December 2017 £	Year ended 31 December 2016 £
Profit for the financial year	18,811,429	5,918,044
Total comprehensive income for the year	18,811,429	5,918,044

The notes on pages 13-24 form an integral part of these financial statements.

Balance sheet as at 31 December 2017

Registered number 03203247

	Note	31 December 2017 £	31 December 2016 £
Fixed assets			
Tangible assets	10	755,361	476,102
Investments	11	19,619,214	19,619,214
		<hr/>	<hr/>
		20,374,575	20,095,316
Current assets			
Debtors	12	97,024,602	57,496,332
Cash at bank and in hand		2,562,454	8,756,124
		<hr/>	<hr/>
		99,587,056	66,252,456
Creditors: amounts falling due within one year	13	(78,214,409)	(53,161,979)
		<hr/>	<hr/>
Net current assets		21,372,647	13,090,477
		<hr/>	<hr/>
Net assets		41,747,222	33,185,793
		<hr/>	<hr/>
Capital and reserves			
Called-up share capital	14	3	3
Share premium account		21,788,135	21,788,135
Profit and loss account		19,652,276	11,090,847
Other reserves		306,808	306,808
		<hr/>	<hr/>
Total shareholders' funds		41,747,222	33,185,793
		<hr/>	<hr/>

The financial statements of All3Media International Limited (registered number: 03203247) were approved by the board of directors and authorised for issue on 30 May 2018.

They were signed on its behalf by:



A McMullen
Director

Berkshire House
168-173 High Holborn
London
WC1V 7AA

The notes on pages 13-24 form an integral part of these financial statements.

**Statement of changes in equity
for the year ended 31 December 2017**

	Called-up share capital £	Share premium account £	Profit and loss account £	Other reserves £	Total shareholders' funds £
As at 1 January 2016	3	21,788,135	6,672,803	306,808	28,767,749
Total comprehensive income	-	-	5,918,044	-	5,918,044
Dividends	-	-	(1,500,000)	-	(1,500,000)
As at 31 December 2016	3	21,788,135	11,090,847	306,808	33,185,793
Total comprehensive income	-	-	18,811,429	-	18,811,429
Dividends	-	-	(10,250,000)	-	(10,250,000)
As at 31 December 2017	3	21,788,135	19,652,276	306,808	41,747,222

The notes on pages 13-24 form an integral part of these financial statements.

Notes to the financial statements for the year ended 31 December 2017

1 General information

All3Media International Limited is a company incorporated in United Kingdom under the Companies Act.

The address of the registered office is:

Berkshire House
168-173 High Holborn
London
WC1V 7AA

The nature of the company's operations and principal activities are set out in the Strategic Report on page 3.

2 Accounting Policies

2.1 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

The financial statements of All3Media International Limited have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. Areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.2.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based payment' (details of the number and weighted average exercise prices of share options, and how the fair value of goods or services received was determined)
- IFRS 7, 'Financial Instruments: Disclosure'
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities)
- Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirement in respect of:
 - (i) Paragraph 79(a)(iv) of IAS 1;
 - (ii) Paragraph 73(e) of IAS 16 Property, plant and equipment;
 - (iii) Paragraph 118(e) of IAS 38 Intangible assets (reconciliations between the carrying amount at the beginning and end of the period)

Notes to the financial statements for the year ended 31 December 2017 (continued)

2 Accounting policies (continued)

- The following paragraphs of IAS 1, 'Presentation of financial statements':
 - 10(d), (statement of cash flows)
 - 10(f) (a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements),
 - 16 (statement of compliance with all IFRS),
 - 38A (requirement for minimum of two primary statements, including cash flow statements),
 - 38B-D (additional comparative information),
 - 40A-D (requirements for a third statement of financial position
 - 111 (cash flow statement information), and
 - 134-136 (capital management disclosures)
- IAS 7, 'Statement of cash flows'
- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective)
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation)
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.

Where required equivalent disclosures are given in the group accounts of DLG Acquisitions Limited. The group accounts of DLG Acquisitions Limited are available to the public and can be obtained as set out in note 19.

The financial statements contain information about all3media International as an individual company and do not contain consolidated financial information as the parent of a group. The Company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, all3media Limited.

(b) Going concern

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.

(c) Turnover

Turnover and attributable profits are recognised in accordance with the company's right to receive revenue based on the contracted position. For finished programmes and formats distributed by the company, revenue is recognised once contracted and invoiced provided that the product is available for delivery and the license period has commenced.

Notes to the financial statements for the year ended 31 December 2017 *(continued)*

2 Accounting policies *(continued)*

(d) Foreign currency translation

Functional and presentation currency

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the company operates ('the functional currency'). The financial statements are presented in 'Pounds Sterling' (£), which is also the company's functional currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in other comprehensive income as qualifying cash flow hedges. All other foreign exchange gains and losses are presented in the income statement within 'Cost of sales'.

(e) Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in shareholders' funds. In this case, the tax is also recognised in other comprehensive income or directly in shareholders' funds, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; or arise from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(f) Dividend distribution

Dividend distributions to the company's shareholders are recognised as a liability in the company's financial statements in the period in which the dividends are approved by the company's shareholders.

(g) Tangible assets

Fixed assets are stated at cost less depreciation.

Cost comprises the purchase price of the asset and directly attributable costs in bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Notes to the financial statements for the year ended 31 December 2017 (*continued*)

2 Accounting policies (*continued*)

(h) Depreciation

Depreciation is calculated to write off the cost of tangible fixed assets evenly over their estimated useful lives at the following annual rates:

Furniture and fittings	20%
Technical equipment	25%
Computer equipment	33.33%

The carrying values of tangible fixed assets are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be in line with the remaining estimated useful life.

(i) Fixed asset investments

Investments held as fixed assets are shown at cost less provision for impairment. The carrying values of fixed asset investments are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

(j) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

(k) Royalties

Royalties payable to producers or rights holders are recognised as cost of sales on an accruals basis in accordance with the turnover recognised.

(l) Leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

(m) Pensions

The company contributes to a defined contribution personal pension scheme. The contributions to this scheme are charged to the profit and loss account in the year in which the contributions are payable.

2.2 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Useful economic lives of tangible fixed assets

The annual depreciation charge for tangible fixed assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 10 for the carrying amount of the tangible fixed assets.

Notes to the financial statements for the year ended 31 December 2017 *(continued)*

2 Accounting policies *(continued)*

(b) Impairment of trade and other debtors

The company makes an estimate of the recoverable value of trade and other debtors. When assessing the impairment of trade and other debtors, management considers factors including the credit rating of the receivable, the ageing profile of receivables and historical experience. See note 12 for the net carrying amount of the receivables and associated impairment provision.

3 Turnover

	Year ended 31 December 2017 £	Year ended 31 December 2016 £
United Kingdom	18,262,064	6,539,786
Rest of Europe	22,509,578	33,213,832
Americas	20,053,551	10,607,393
Rest of the World	31,983,190	12,882,823
Turnover	92,808,383	63,243,835

All turnover has derived from the principal activity of the company.

4 Operating profit

	Year ended 31 December 2017 £	Year ended 31 December 2016 £
Auditors' remuneration: Audit services	23,047	22,376
Depreciation expense	277,362	134,840

5 Interest receivable and similar income

	Year ended 31 December 2017 £	Year ended 31 December 2016 £
Interest income on bank deposits	19,344	10,193
Intragroup loan interest received	93,047	88,206
FX on intragroup loan	140,396	580,458
Interest receivable and similar income	252,787	678,857

Notes to the financial statements for the year ended 31 December 2017 *(continued)*

6 Interest payable and similar expenses

	Year ended 31 December 2017 £	Year ended 31 December 2016 £
FX on intragroup loan	-	-

7 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	Year ended 31 December 2017 £	Year ended 31 December 2016 £
Wages and salaries	5,035,382	4,357,092
Social security costs	440,969	419,967
Other pension costs	156,711	135,387
Total	5,633,062	4,912,446

The average monthly number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	Year ended 31 December 2017 Number	Year ended 31 December 2016 Number
By activity:		
Sales and distribution	30	28
Administration	32	28
Total	62	56

8 Directors' remuneration

Directors' remuneration in 2017 was £nil (2016: £nil) for services to this company.

The directors are remunerated by All3Media Limited, and details of their emoluments and pension payments are available in the financial statements of that company.

Notes to the financial statements for the year ended 31 December 2017 *(continued)*

9 Tax on profit

(a) Tax on profit

The tax expense included in profit is made up as follows:

	Year ended 31 December 2017 £	Year ended 31 December 2016 £
Current taxation		
UK corporation tax on profits for the year	-	1,145,336
Adjustment in respect of prior periods	-	46,823
Foreign tax	868,163	566,482
	<hr/>	<hr/>
Total current income tax		1,758,641
Deferred taxation		
Origination and reversal of temporary differences	(53,392)	27,587
Impact of changes in tax rates and laws	693	2,604
Adjustments in respect of prior periods	23,859	-
	<hr/>	<hr/>
Total deferred taxation	(28,840)	30,191
	<hr/>	<hr/>
Tax on profit on ordinary activities	839,323	1,788,832
	<hr/>	<hr/>

(b) Factors affecting the tax charge for the current year

The tax charge for the year is lower (2016: higher) than the standard rate of corporation tax in the UK of 19.25% (2016: 20%). The differences are explained below:

	Year ended 31 December 2017 £	Year ended 31 December 2016 £
Profit on ordinary activities before taxation	19,650,752	7,706,876
Corporation tax at standard rate 19.25% (2016: 20%)	3,782,770	1,541,375
Effects of:		
Expenses not deductible for tax purposes	20,439	23,540
Adjustments in respect of prior period	23,859	46,823
Overseas tax suffered	304,365	174,490
Utilisation of Group losses for no payment	(3,292,803)	-
Re-measurement of deferred tax – change in UK tax rate	693	2,604
	<hr/>	<hr/>
Total tax charge for the year	839,323	1,788,832
	<hr/>	<hr/>

Notes to the financial statements for the year ended 31 December 2017 (continued)

9 Tax on profit on ordinary activities (continued)

(a) Factors affecting the tax charge for future years

The Finance Act 2015 reduced the rate of UK corporation tax from 20% to 19% (effective from 1 April 2017) and 18% (effective from 1 April 2020).

The previously enacted rate of 18% was reduced further to 17% in the Finance Bill 2016 which received royal assent on 15 September 2016.

To the extent these rate changes will affect the amount of future cash tax payments to be made by the company, this will reduce the amount of its deferred tax liabilities and assets.

(b) Deferred tax

The deferred taxation included in the balance sheet is as follows:

	Year ended 31 December 2017 £	Year ended 31 December 2016 £
Included in debtors (note 12)	108,848	80,008
Analysed as below:		
Depreciation in advance of capital allowances	108,848	56,149
Other short term timing differences	-	23,859
Deferred taxation assets	108,848	80,008

Deferred tax movement during the year:

	At 1 January 2017 £	Recognised as income £	At 31 December 2017 £
Accelerated tax depreciation	56,149	52,699	108,848
Other short term timing differences	23,859	(23,859)	-
	80,008	28,840	108,848

Notes to the financial statements for the year ended 31 December 2017 *(continued)*

10 Tangible assets

	£
Furniture and fittings, computer and technical equipment	
Cost	
Opening balance as at 1 January 2017	716,570
Additions	556,620
Reclassifications	(23,685)
	<hr/>
Closing balance as at 31 December 2017	1,249,505
	<hr/>
Accumulated depreciation	
Opening balance as at 1 January 2017	240,468
Charge for the year	277,361
Reclassifications	(23,685)
	<hr/>
Closing balance as at 31 December 2017	494,144
	<hr/>
Net book value	
Closing balance as at 31 December 2017	755,361
	<hr/>
Closing balance as at 31 December 2016	476,102
	<hr/>

11 Investments

	31 December 2017 £	31 December 2016 £
Shares in subsidiary companies		
Opening balance	19,619,214	18,019,978
Additions	-	1,599,236
	<hr/>	<hr/>
Closing balance	19,619,214	19,619,214
	<hr/>	<hr/>

Notes to the financial statements for the year ended 31 December 2017 *(continued)*

11 Investments *(continued)*

The details of the principal subsidiary companies in which the company holds 20% or more of the nominal value of any class of share capital are as follows. Shares held by an intermediate holding company are indicated with an asterisk (*). All investments are unlisted.

Name and registered address of company	Country	Equity holding	Nature of business
All3Media International Asia Pacific Pte. Ltd	Singapore ¹	100%	Television distribution
La Plante Productions Ltd	United Kingdom ²	100%	Television production
La Plante International Ltd	United Kingdom ²	100%	Television distribution
La Plante Music Ltd	United Kingdom ²	100%	Music distribution
Tulip Holdings BV	Netherlands ³	100%	Sub-holding company
IDTV Media Group BV	Netherlands ³	*100%	Television production/distribution
South Pacific Pictures Investments Ltd	New Zealand ⁴	100%	Sub-holding company
South Pacific Pictures Ltd	New Zealand ⁴	*100%	Television production/distribution
Tower Hamlets Finance Ltd	United Kingdom ²	100%	Financing vehicle
All3Media International Finance Ltd	United Kingdom ²	100%	Sub-holding company
Jerusalem Finance Ltd	United Kingdom ²	*100%	Financing vehicle
Foreign Skies Finance Ltd	United Kingdom ²	*100%	Financing vehicle
The Feed Finance Ltd	United Kingdom ²	100%	Financing vehicle

Address Key

- 1 80 Robinson Road, #02-00, Singapore 068898
- 2 168-173 High Holborn, London, WC1V 7AA, United Kingdom
- 3 Overschiestraat 176, 1062XK, Amsterdam, Netherlands
- 4 8 Tolich Place, Henderson, Auckland, New Zealand

12 Debtors

	31 December 2017 £	31 December 2016 £
Trade debtors	15,871,422	13,430,872
Amounts owed by the parent company	22,026	157
Amounts owed by group undertakings	5,087,352	4,732,716
Other debtors	25,079	12,732
Prepayments and accrued income	47,163,157	28,641,311
Value added tax	2,807,431	-
Deferred tax	108,848	80,008
External distribution advances	14,164,537	6,669,423
Inter-group distribution advances	11,774,750	3,929,113
Total	97,024,602	57,496,332

Amounts owed by subsidiaries and fellow subsidiary group undertakings are interest-free, unsecured and repayable on demand.

Notes to the financial statements for the year ended 31 December 2017 *(continued)*

13 Creditors: amounts falling due within one year

	31 December 2017 £	31 December 2016 £
Trade creditors	40,349,418	37,071,172
Amounts owed to the parent company	1,239,277	2,410,751
Amounts owed to group undertakings	19,600,665	6,171,420
Bank overdrafts	3,206,566	-
Amounts payable to group undertakings for group relief	813,911	813,911
Value added tax	-	365,390
Other taxation and social security creditors	(730)	112,219
Other creditors	6,620	719
Accruals and deferred income	12,998,682	6,216,397
Total	78,214,409	53,161,979

Amounts owed to subsidiaries and fellow subsidiary group undertakings are interest-free, unsecured and repayable on demand.

14 Called up share capital

(a) Authorised

	31 December 2017 Number	£	31 December 2016 Number	£
Ordinary shares of £1 each	1,000	1,000	1,000	1,000

(b) Allotted, called-up and fully paid shares

	31 December 2017 Number	£	31 December 2016 Number	£
Ordinary shares of £1 each	3	3	3	3

15 Pension and other schemes

(a) Defined contribution pension scheme

The company operates a defined contribution 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 in the year amounted to £156,711 (year ended 31 December 2016: £135,387). No contributions were payable to the fund at the balance sheet date.

16 Contingent liabilities

The company is a participant in a group banking arrangement under which all surplus cash balances are held as collateral for bank facilities advanced to group members. In addition, the company has issued an unlimited guarantee to the bank to support these bank facilities. Details of these facilities are disclosed in the DLG Acquisitions Limited financial statements which are publicly available.

17 Related party transactions

As permitted by FRS 101, the company has taken advantage of the exemption available under that standard in relation to "related party transactions" from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the ultimate parent company.

Included within turnover is £4,999,100 of sales made to entities in the Discovery Group (2016: £2,443,453) and £421,903 of sales made to entities in the Liberty Global Group (2016: £246,180). Included within cost of sales is £nil incurred from Liberty Global Group (2016: £2,375). Included within trade debtors is £1,761,391 owed from Discovery Group companies (2016: £930,488) and £245,271 owed from Liberty Group companies (2016: £75,216).

18 Dividends

	31 December 2017 £	31 December 2016 £
Ordinary		
Interim paid: £1,333,333 (2016: £500,000) per £1 share	4,000,000	1,500,000
Additional dividend	6,250,000	-
	<hr/>	<hr/>
Total	10,250,000	1,500,000
	<hr/>	<hr/>

19 Parent and ultimate parent undertaking

The company's immediate and ultimate parent undertaking is DLG Acquisitions Limited. DLG Acquisitions Limited is the parent undertaking of the smallest and the largest group to consolidate these financial statements at 31 December 2017. Copies of its group financial statements, which include the company, are available from Berkshire House, 168-173 High Holborn, London, WC1V 7AA. The ultimate controlling parties at the balance sheet date are Liberty Global plc and Discovery Communications Inc., which own LGCI HoldCo I B.V. and Discovery Luxembourg Holdings 1 S.a.r.l. respectively, who are equal joint venture owners of DLG Acquisitions Limited.