Company Registration No. 1886042

19 Entertainment Limited

Report and Consolidated Financial Statements

Year ended 31 December 2015

19 Entertainment Limited

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Officers and professional advisers

Directors

Peter Hurwitz
Scott Frosch
Kelly Pontano

Secretary

Abogado Nominees Limited

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EC4V 6JA

Bankers

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Solicitors

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Independent Auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
10 Bricket Road
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Herts
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United Kingdom

19 Entertainment Limited

Report and Consolidated Financial Statements 2015

Strategic report

The directors of 19 Entertainment Limited (the "Company") present their report and the audited financial statements for the year ended 31 December 2015 The financial statements are presented on a consolidated basis, for the company and its subsidiaries (the "Group")

Business review

The Group suffered a loss for the financial year of $24,901,214 (2014 loss $274,635,806) The Company suffered a loss for the financial year of $7,520,404 (2014 loss $169,658,599) As of 31 December 2015 the Company had a total shareholders' deficit of $193,583,722 and the Group had total shareholders' deficit of $4,316,687

The Group's strategy is to license its ownership interest in entertainment content and to seek to enhance the value of that content The Group's primary revenue sources include license fees and royalties from the sale of the *So You Think You Can Dance* ("*Dance*") and *IDOLS* television formats, live performance tours based on *American Idol* and *Dance*, branded merchandise, recorded music artists and fee income from management clients The directors believe the Group is well placed to exploit future licensing and royalty opportunities and intends to take steps to develop the business in future years

During 2015 the United States' version of the Group's biggest profit generating programs aired fewer hours and Fox Broadcasting Network ("Fox"), the Group's largest customer, announced that the 2016 airing of *American Idol* would be the last on Fox

The directors made a decision to transition to FRS 102 "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" for the year ended 31 December 2015 As a result, a number of adjustments have been made on transition which have been described in Note 22 to the financial statements FRS 102 provided the greatest amount of consistency between prior period financial statements and as such the directors believe this is the most appropriate standard for potential users of these financial statements

IDOLS

19 TV Limited, a subsidiary of the Company, owns the *IDOLS* television show format, which is exploited worldwide in conjunction with our global television production and distribution partner FremantleMedia *IDOLS* revenue is derived from licensing the *IDOLS* television show format in various countries and ancillary revenue streams from the *IDOLS* brand

Most of the *IDOLS* related revenue is generated through agreements with FremantleMedia, and our contractual global record label partners Sony Music Entertainment and Universal Music Group

A portion of the revenue from the *American Idol* series is dependent upon the number of hours of programming delivered. In the fourteenth broadcast season, which aired during 2015, the Company's US subsidiary and Fremantle Media delivered 42 0 hours of programming to Fox compared to 56 5 hours of programming during the same period of 2014 The exploitation of this format in the United States contributes a significant portion of the Group's earnings and the announcement by Fox puts additional pressure on declining profits related to this format

Dance

The Company created, and a US subsidiary co-produces, the television show *Dance*, which has been broadcast in the US on Fox since the summer of 2005 and in numerous other countries

A portion of the revenue from the *Dance* series is dependent upon the number of hours of programming delivered In the eleventh broadcast season, which aired during 2014, and the twelfth broadcast season, which aired during 2015, the Company's US subsidiary delivered 30 hours and 33 hours, respectively, of *Dance* programming to Fox

Touring

With the success of the *American Idol* and *Dance* productions, touring has become an additional source of revenue for 19 Touring LLC, a subsidiary of the Company, which it generated from ticket sales 19 Touring LLC receives from the contracted tour promoters a minimum guarantee on ticket sales, which ensures tour revenue will be sufficient to fund the costs of producing the tours Additional ticket sale revenue may be earned, contingent upon 19 Touring LLC's share of ticket sales surpassing the minimum guarantee 19 Touring LLC also earns ancillary revenue streams including tour merchandise and sponsorships In the summer and fall of 2015, the *Dance* tour played 71 dates in cities and venues across the US and Canada, the *American Idol* tour played 38 dates across the US

Key performance indicators

The key factors affecting the profitability of the Group are as follows

- The number of hours of *American Idol* and *Dance* shows broadcast on the Fox network
- Ratings of *American Idol* and *Dance* shows on the Fox network This directly affects the TV revenue we generate and is also an early indicator for touring, sponsorship and merchandising revenues

Strategic report

Post-balance sheet events Chapter 11 filings

On 28 April 2016, a majority of the subsidiaries of CORE Entertainment Inc (an intermediate parent company of the Company) filed for creditor protection under Chapter 11 of the United States Bankruptcy Code in order to permit the wider Group to reorganize its business and financial liabilities and return to profitability (the "Chapter 11 Proceedings") The directors of the Company and each of the subsidiaries in the Group also took the decision to enter Chapter 11 Proceedings The Chapter 11 Proceedings will involve the compromise of certain liabilities and claims, including certain liabilities of, and claims against, the Company and the Group, pursuant to the plan of reorganization agreed to by creditors and confirmed by the United States Bankruptcy Court for the Southern District of New York

During the Chapter 11 Proceedings, the Company and its trading subsidiaries have continued to trade, and the Chapter 11 reorganization plan (which has the support of 100% of the secured lenders) envisages that these companies will continue to trade on emergence from the Chapter 11 Proceedings, which is expected in Q4 2016 Nevertheless, the existence of the Chapter 11 Proceedings indicate the existence of a material uncertainty (including as to the outcome of the Chapter 11 Proceedings themselves) which may cast significant doubt on the Group's and the Company's ability to continue as a going concern However, after having considered the current status of the Chapter 11 Proceedings, the terms of the plan of reorganization, and the Company's ongoing access to funding and cash resources and having made appropriate enquiries, the directors have decided to adopt the going concern basis of accounting Further details regarding the adoption of going concern can be found in note 3 "Accounting Policies" in the financial statements

Although the Chapter 11 Proceedings commenced after the year end of these financial statements, the directors have determined that it would be prudent to make impairment provisions in respect of certain intercompany receivables of the Company and the Group Further details regarding these impairments can be found in note 4 "Critical accounting judgements and estimation uncertainty" in the financial statements

Principal risks and uncertainties facing the Group

- The Group is dependent upon a limited number of brands which may, over time, decline in popularity The Group continues to invest in development of new TV formats and partners with creative talent to provide a more diverse portfolio of brands
- The Group relies heavily upon the continued appeal of the *American Idol* and *Dance* brands in the US and, to a lesser extent, its foreign adaptations Our revenues and income derived from those television programs depend primarily upon the initial and continued acceptance of that programming by the public We continue to develop new creative ideas, change judging panels and adjust the format to appeal to our customer base
- Our success depends, to a significant degree, on our relationships with third parties, including our television broadcasters Although we have strong relationships in the entertainment industry, there can be no guarantee that these relationships will endure or that our production and distribution partners will honour their obligations to us As noted we continue to create new formats and actively pursue new relationships with new content and talent to provide new offerings to our customer base
- Certain affiliates and third parties have the right to exploit our intellectual property for commercial purposes and may exercise those rights in a manner that negatively affects our business
- The Company and each Group company is entered Chapter 11 Proceedings on 28 April 2016 and on 22 September 2016 received Court approval of a reorganization plan (the "Reorganization") If the Reorganization does not become effective, it is unlikely the Company and the Group would be able to meet their obligations as guarantors of the debt incurred by CORE Entertainment Inc and continue as going concerns There is therefore a risk that other restructuring alternatives would need to be pursued

Approved by the Board of directors and signed on behalf of the Board

Scott Frosch
Director
27 September 2016

19 Entertainment Limited

Directors' report

The directors present their report and the audited consolidated financial statements of the Group for the year ended 31 December 2015

Financial risk management objectives and policies

The Group's activities expose it to a number of financial risks including cash flow risk and credit risk The Group does not currently use derivative financial instruments for hedging or speculative purposes

Currency risk

Although the Group's presentational currency is the US Dollar, the Group derives a portion of its revenue from foreign currencies and incurs certain costs in Pounds Sterling If currency exchange rates were to change unfavourably, our financial results could be negatively impacted

Credit risk

The Group's principal financial assets are cash, trade and other receivables

The Group's credit risk is primarily attributable to its trade receivables The amounts presented in the balance sheet are net of allowances for doubtful receivables An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows

The Group has no significant concentration of credit risk other than from other related companies subject to guaranties on debt agreements which would supersede debts due to the Group and make collection unlikely, as such the amounts of these receivables have been fully reserved

Future Developments

A review of the activity and future developments of the Group and Company is contained in the strategic report on page 2

Dividends

The directors do not recommend a dividend payment in the current year (2014 $nil)

Going concern

As identified in note 3 "Accounting Policies" in the financial statements the Chapter 11 Proceedings indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern However, after making enquiries, including considering the overall financial resources of the Group companies, and the future costs of the Group, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future Accordingly, they continue to adopt the going concern basis in preparing the financial statements Further details regarding the adoption of the going concern can be found in note 3

Directors

The directors of the Company who were in office during the year and up to the date of signing financial statements were as follows

Peter Hurwitz
Scott Frosch
Kelly Pontano

Director's indemnities

As permitted by the Articles of Association, the directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006 The indemnity was in force throughout the last financial year and is currently in force The Company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its directors

Disclosure of relevant information to the auditors

Each of the persons who is a director at the date of approval of this report confirms that

- so far as the director is aware, there is no relevant audit information of which the Group's auditors are unaware, and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Group's Independent Auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

Independent Auditors

PricewaterhouseCoopers LLP were appointed as the Group's independent auditors for the year ended 31 December 2015 They have expressed their willingness to continue in office as independent auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting

19 Entertainment Limited

Directors' report

Approved by the Board of directors and signed on behalf of the Board

Scott Frosch
Director
27 September 2016

19 Entertainment Limited

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, Directors' Report and the Group and the Company's financial statements (the "financial statements") in accordance with applicable law and regulations

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

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements,
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 102 used in the preparation of financial statements, 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 the group and enable them to ensure that the financial statements comply with the Companies Act 2006 They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

19 Entertainment Limited

Independent auditors' report to the members of 19 Entertainment Limited

Report on the financial statements

Our opinion

In our opinion, 19 Entertainment Limited's group financial statements and company financial statements (the "financial statements")

- give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2015 and of the group's and the company's loss and the group's cash flows for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Emphasis of matter - Going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 3 to the financial statements concerning the group's and company's ability to continue as a going concern The company and its subsidiaries are subject to petitions for relief filed by an intermediate parent under Chapter 11 of the United States Bankruptcy Code in order to implement a related restructuring Seeking relief under the Bankruptcy Code could have a material adverse effect on the group and company's relationships with their existing and potential stakeholders and could subject the group and company to other direct or indirect consequences These conditions, along with the other matters explained in note 3 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the group and company's ability to continue as a going concern The financial statements do not include the adjustments that would result if the group and company were unable to continue as a going concern

What we have audited

The financial statements, included within the Report and Consolidated Financial Statements (the "Annual Report"), comprise

- the Consolidated and Company statements of financial position as at 31 December 2015,
- the Consolidated and Company statements of comprehensive income for the year then ended,
- the Consolidated cash flow statement for the year then ended,
- the Consolidated and Company statements of changes in equity for the year then ended, and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice), and applicable law

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates In making such estimates, they have made assumptions and considered future events

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, the information given in the Strategic Report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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
- the company financial statements are not in agreement with the accounting records and returns

We have no exceptions to report arising from this responsibility

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made We have no exceptions to report arising from this responsibility

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)") Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

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

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland) An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of

- whether the accounting policies are appropriate to the group's and the company's circumstances and have been consistently applied and adequately disclosed,
- the reasonableness of significant accounting estimates made by the directors, and
- the overall presentation of the financial statements

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Andrew Latham

Andrew Latham (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
St Albans
29 September 2016

19 Entertainment Limited

Consolidated and Company statements of comprehensive income
For the year ended 31 December 2015

	Note	Group $ 2015	Group $ 2014	Company $ 2015	Company $ 2014
Turnover	5	93,467,735	114,471,344	3,630,224	6,152,980
Cost of sales		(60,761,258)	(60,116,762)	(3,176,460)	(5,632,919)
Gross profit		32,706,477	54,354,582	453,764	520,061
Administrative expenses		(57,731,500)	(323,496,933)	(8,448,583)	(169,591,979)
Operating loss	6	(25,025,023)	(269,142,351)	(7,994,819)	(169,071,918)
Loss on the sale of fixed assets		(9,646)	-	-	-
Interest receivable and similar income	8	471,906	486,456	474,415	473,617
Loss on ordinary activities before taxation		(24,562,763)	(268,655,895)	(7,520,404)	(168,598,301)
Tax on loss on ordinary activities	9	(338,451)	(5,979,911)	-	(1,060,298)
Loss for the financial year		(24,901,214)	(274,635,806)	(7,520,404)	(169,658,599)
Total comprehensive expense for the financial year		(24,901,214)	(274,635,806)	(7,520,404)	(169,658,599)

The above results are derived from continuing activities and are wholly attributable to the owners of the Company

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Consolidated and Company statements of financial position
As at 31 December 2015

	Note	Group $ 2015	Group $ 2014	Company $ 2015	Company $ 2014
Fixed assets					
Tangible assets	11	29,973	95,822	-	-
Investments	12	50,688	50,688	51,669	7,398,369
		80,661	146,510	51,669	7,398,369
Current assets					
Debtors - due within one year	13	19,723,327	18,446,295	3,742,869	4,110,443
- due after more than one year	13	-	25,032,500	-	-
Cash at bank and in hand		6,746,313	4,813,034	68,316	86,543
Total current assets		26,469,640	48,291,829	3,811,185	4,196,986
Creditors amounts falling due within one year	14	(28,950,908)	(25,787,636)	(197,446,576)	(197,658,673)
Net current assets/(liabilities)		(2,481,268)	22,504,193	(193,635,391)	(193,461,687)
Total assets less current liabilities		(2,400,607)	22,650,703	(193,583,722)	(186,063,318)
Creditors . amounts falling due after more than one year	15	(1,916,080)	(2,066,176)	-	-
Net assets/(liabilities)		(4,316,687)	20,584,527	(193,583,722)	(186,063,318)
Capital and reserves					
Called up share capital	16	288	288	288	288
Share premium account		7,879,704	7,879,704	7,879,704	7,879,704
Profit and loss account		(12,196,679)	12,704,535	(201,463,714)	(193,943,310)
Total shareholders' funds/(deficit)		(4,316,687)	20,584,527	(193,583,722)	(186,063,318)

The notes on pages 13 to 26 form an integral part of the financial statements

The financial statements on pages 9 to 26 of 19 Entertainment Limited, registered number 1886042, were approved by the Board of Directors on 27 September 2016

Signed on behalf of the Board of Directors

Scott Frosch
Director

19 Entertainment Limited

Consolidated and Company statements of changes in equity
Year ended 31 December 2015

Group

	Called up share capital	Share premium account	Profit and loss account	Total shareholders' funds/(deficit)
	$	$	$	$
Balance as at 1 January 2014	288	7,879,704	287,340,341	295,220,333
Loss for the financial year	-	-	(274,635,806)	(274,635,806)
Other comprehensive expense for the financial year	-	-	-	-
Total comprehensive expense for the financial year	-	-	(274,635,806)	(274,635,806)
Balance as at 31 December 2014	288	7,879,704	12,704,535	20,584,527
Balance as at 1 January 2015	288	7,879,704	12,704,535	20,584,527
Loss for the financial year	-	-	(24,901,214)	(24,901,214)
Other comprehensive expense for the financial year	-	-	-	-
Total comprehensive expense for the financial year	-	-	(24,901,214)	(24,901,214)
Balance as at 31 December 2015	288	7,879,704	(12,196,679)	(4,316,687)

Company

	Called up share capital	Share premium account	Profit and loss account	Total shareholders' deficit
	$	$	$	$
Balance as at 1 January 2014	288	7,879,704	(24,284,711)	(16,404,719)
Loss for the financial year	-	-	(169,658,599)	(169,658,599)
Other comprehensive expense for the financial year	-	-	-	-
Total comprehensive expense for the financial year	-	-	(169,658,599)	(169,658,599)
Balance as at 31 December 2014	288	7,879,704	(193,943,310)	(186,063,318)
Balance as at 1 January 2015	288	7,879,704	(193,943,310)	(186,063,318)
Loss for the financial year	-	-	(7,520,404)	(7,520,404)
Other comprehensive expense for the financial year	-	-	-	-
Total comprehensive expense for the financial year	-	-	(7,520,404)	(7,520,404)
Balance as at 31 December 2015	288	7,879,704	(201,463,714)	(193,583,722)

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Consolidated cash flow statement
Year ended 31 December 2015

	Note	Group $ 2015	Group $ 2014
Net cash from operating activities	20	1,461,373	2,145,281
Taxation paid		-	(302,158)
Net cash generated from operating activities		1,461,373	1,843,123
Cash flow from investing activities			
Interest received		471,906	486,455
Net cash generated from investing activities		471,906	486,455
Cash flow from financing activities			
Dividends paid to owners of the parent		-	-
Net cash used in financing activities		-	-
Net increase in cash and cash equivalents		1,933,279	2,329,578
Cash and cash equivalents at the beginning of the year		4,813,034	2,483,456
Exchange gains/(losses) on cash and cash equivalents		-	-
Cash and cash equivalents at the end of the year		6,746,313	4,813,034

19 Entertainment Limited

Notes to the financial statements
Year ended 31 December 2015

1 General information

19 Entertainment Limited (the "Company") and its subsidiaries (together the "Group") license its ownership interest in entertainment content and to seek to enhance the value of that content.

The Company is a private company limited by shares and is incorporated in England The address of its registered office is 100 New Bridge Street, London, EC4V 6JA

2 Statement of compliance

The consolidated financial statements of the Group and the individual financial statements of the Company have been prepared in compliance with United Kingdom Accounting Standards, comprising Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006

3 Accounting policies

The principal accounting policies applied in the preparation of these consolidated and separate financial statements are set out below These policies have been consistently applied to all the years presented, unless otherwise stated Details of the transition to FRS 102 are disclosed in note 22

(a) Basis of preparation

These consolidated and separate financial statements are prepared on a going concern basis, under the historical cost convention

The preparation of financial statements requires the use of certain critical accounting estimates It also requires management to exercise its judgement in the process of applying the Group and Company accounting policies The 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 4

(b) Going concern

The directors have considered the use of the going concern basis in the preparation of the financial statements and concluded that it is appropriate

The Company and various subsidiaries in the Group have provided secured guarantees in respect of two debt instruments held by an intermediate parent company, CORE Entertainment Inc ("CORE Inc ") The outstanding loans under the two debt instruments had principal repayments of $200,000,000 (the "First Lien Term Loan") and $160,000,000 (the "Second Lien Term Loan") due in June 2017 and June 2018, respectively During the year ended 31 December 2015 CORE Inc elected to discontinue making the quarterly interest payments required on its Second Lien Term Loan, which represented an event of default under the related loan agreement On 11 March 2016, CORE Inc also elected to discontinue making the quarterly interest payment required on its First Lien Term Loan, which after 30 days represented an event of default under the related loan agreement

From 26 July 2015 CORE Inc entered into a series of forbearance agreements with the lenders holding the majority of the amounts outstanding under each of the First Lien Term Loan and the Second Lien Term Loan Under the terms of the agreements CORE Inc was required to negotiate with the respective lender groups on the terms of a long-term restructuring plan

On 28 April 2016, a majority of CORE Inc 's subsidiaries, including the Company and its subsidiaries, filed petitions for relief under Chapter 11 of the United States Bankruptcy Code (the "Bankruptcy Code") in order to implement a related restructuring Seeking relief under the Bankruptcy Code could have a material adverse effect on the Group and Company's relationships with their existing and potential customers, suppliers, employees and other stakeholders and could subject the Group and Company to other direct or indirect consequences including court driven compromise of certain payable balances due from the Company and Group to their creditors, as well as claims against the Company and the Group

The Chapter 11 Proceedings indicate the existence of a material uncertainty which may cast significant doubt about the Group and Company's ability to continue as a going concern

During the Chapter 11 Proceedings, the Company and its trading subsidiaries have continued to trade The related reorganization plan, which has 100% support of secured lenders, envisages that these companies will continue trading on emergence from relief under the Bankruptcy Code, which is expected in Q4 2016 Although the Group and Company are in a net current liability position, this is largely due to intercompany liabilities repayable on demand which the directors do not expect to be called in the foreseeable future

The current status of the Chapter 11 Proceedings, along with the reorganization plan and access to funding and cash resources were considered by the directors when determining whether to adopt the going concern basis of accounting After making enquiries and taking account of the factors noted above, the directors concluded that the going concern basis remains appropriate The financial statements do not include the adjustments that would result if the Company was unable to continue as a going concern

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Notes to the financial statements
Year ended 31 December 2015

3 **Accounting policies (continued)**

(c) **Exemptions for qualifying entities under FRS 102**

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of, and no objection to, the use of exemptions by the Company's shareholders

The Company has taken advantage of the following exemptions

(i) from preparing a statement of cash flow, on the basis that it is a qualifying entity and the consolidated statement of cash flows, included in these financial statements, includes the Company's cash flows

(d) **Basis of consolidation**

The Group consolidated financial statements include the financial statements of the Company and all of its subsidiary undertakings together with the Group's share of the results of jointly controlled entities made up to 31 December

A subsidiary is an entity controlled by the Group Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities Uniform group accounting policies have been used in preparing the consolidated financial statements

Entities in which the Group holds an interest on a long-term basis and over whose activities the Group has joint control, established by contractual agreement, are classified as jointly controlled entities The consolidated financial statements include the Group's share, based on its ownership interest, of the profits less losses of jointly controlled entities in the consolidated statement of comprehensive income and its interest in their assets and liabilities in the consolidated statement of financial position using the equity method accounting The jointly controlled entities held by the Group do not trade Consequently, no balances are included in the consolidated statement of comprehensive income or consolidated statement of financial position

Any subsidiary undertakings or jointly controlled entities sold or acquired during the year are included up to, or from, the dates of change of control

All intra-Group transactions, balances, income and expenses are eliminated on consolidation

These financial statements have been prepared on a consolidated basis as the Group has elected not to take advantage of the exemptions available to it under s400 of the Companies Act 2006 not to produce consolidated financial statements In producing consolidated financial statements at this level, the subsidiaries of the Company are eligible to take advantage of the audit exemption available to them under s479A of the Companies Act 2006 relating to subsidiary companies

(e) **Foreign currency**

The functional currency of the Company and each of its subsidiaries is the US Dollar The presentational currency is also the US Dollar

Transactions and balances

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date

Gains and losses on foreign exchange resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income in administrative expenses, except for foreign exchange differences on taxation balances which are classified in tax expense

The average rates used during the period were 1 480 (2014 1 553) for GBP to USD conversion

(f) **Turnover**

Turnover represents the fair value of consideration received or receivable for goods and services provided, net of value added taxation.

Income from royalties and licenses – television programs

The following conditions must be met in order for the Company to recognize revenue from television productions (i) persuasive evidence of a sale or licensing arrangement exists, (ii) the program is complete and has been delivered or is available for immediate and unconditional delivery, (iii) the license period of the arrangement has begun and the customer can begin its exploitation, exhibition or sales, (iv) the arrangement fee is fixed or determinable, and (v) collection of the arrangement fee is reasonable assured Advance payments received from buyers or licensees are included in the financial statements as a component of deferred revenue

Income from royalties and licenses – sponsorship

The Company derives revenue from sponsorships associated with certain of its television productions and tours Sponsorship fees relate to either (a) a one-time event, or (b) a period of time Revenue from a one-time event is recognized when (i) persuasive

(f) Turnover (continued)

evidence of an arrangement exists, (ii) the event has occurred, (iii) the price is fixed or determinable, and (iv) collectability is reasonably assured Non-refundable advance payments associated with sponsorships over a period of time are recognized on a straight line basis over the term of the contract Sponsorship advances are deferred until earned pursuant to the sponsorship agreement

Income from royalties and licenses – merchandising

A portion of the Company's revenue is derived from licensing rights to third parties to sell merchandise based on intellectual property, including name, image and likeness rights and related marks Revenue from these activities is recognized when all of the following conditions are met (i) persuasive evidence of an arrangement exists, (ii) delivery has occurred or services have been rendered, (iii) the price to the licensee or buyer is fixed or determinable, and (iv) collectability is reasonably assured Licensing advances are deferred until earned under the licensing agreement Licensing contracts normally provide for quarterly reporting from the licensee of sales made and royalties due Guaranteed minimum royalties are recognized rateably over the term of the license or are based on sales of the related products, if greater

Rendering of services – music and artist management

The Company recognizes revenue from management and production services at the time the services are provided Revenue earned based on artists' performances is earned when documentation that the client has performed the service is received, thus revenue is typically based on a contractual percentage of the clients' earnings Revenue from the clients' participation and residuals are recognized at the time such amounts can be reasonably determined, which is generally upon receipt of a statement from a third party

Recoupable recording costs and artist advances are charged to expense in the period in which the sale of the record takes place Recoupable recording costs and artist advances are only capitalized if the past performance and current popularity of the artist for whom the recording costs are incurred or to whom the advance is made provide a sound basis for estimating that the amount capitalized will be recoverable from future royalties to be earned by the artist. Any portion of recoupable recording costs or artists advances that subsequently appear not to be fully recoverable from future royalties to be earned by the artist are charged to expense based upon a net realizable analysis

The directors do not consider any one part of the worldwide market to be significantly different from any other Full geographical information has not been disclosed as permitted by SI 2008/410 as in the opinion of the directors such disclosure would be seriously prejudicial

(g) Exceptional items

The Group classifies certain one-off charges or credits that have a material impact on the Group's financial results as 'exceptional items' These are disclosed separately to provide further understanding of the financial performance of the Group

(h) Employee benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is rendered

(i) Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the period-end date

Deferred taxation arises on timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements Deferred tax is recognised on all timing differences at the reporting date Deferred tax assets are recognised to the extent that it is regarded as more likely than not they will be recovered Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the period-end date

Current or deferred tax assets and liabilities are not discounted

(j) Business combinations

When applicable, business combinations are accounted for by applying the purchase method.

3 Accounting policies (continued)

(k) Tangible assets

Tangible fixed assets are stated at cost, net of any depreciation and any provision for impairment Cost includes the original purchase price and costs directly attributable to bringing the asset to its working condition for its intended use Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of the asset as follows

Furniture and equipment	-	25% per annum on cost
Leasehold improvements	-	over the period of the lease
Plant and machinery	-	25% per annum on cost

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period The effect of any change is accounted for prospectively

(l) Leased assets

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases Rentals under operating leases are charged to the statement of comprehensive income on a straight line basis over the period of the lease

(m) Investments - Company

Investments in subsidiary companies and jointly controlled entities are held at cost less provision for impairment. Other investments are basic financial assets

(n) Cash and cash equivalents

Cash and cash equivalents includes cash in hand and deposits held at call with banks When applicable, it also includes other short-term highly liquid investments with original maturities of three months or less and bank overdrafts Bank overdrafts, when applicable, are shown within creditors falling due within one year Interest received is classified as a cash flow from investing activities

(o) Provisions and contingencies

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settlement the obligation, and the amount of the obligation can be reliably estimated

Contingencies

Contingent liabilities arise as a result of past events when it is not probable that there will be an outflow of resources or that the amount cannot be measured reliably at the reporting date Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote

(p) Financial instruments

Financial assets

Basic financial assets, including trade and other debtors and cash at bank and in hand, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest Such assets are then subsequently carried at amortised cost using the effective interest method

At the end of each reporting period financial assets measured at amortised cost are assessed for evidence of impairment If an asset is impaired the impairment loss is the difference between the carrying value and the present value of the estimated cash flows discounted at the asset's original effective interest rate Impairment losses are recognised in administrative expenses in the statement of comprehensive income Impairment is reversed where there is a decrease in the impairment loss arising from events occurring after the impairment was recognised

Financial assets are derecognised when the contractual rights to the cash flows from the asset expire or are settled or substantially all the risks and rewards of ownership of the asset are transferred to another party

Financial liabilities

Basic financial liabilities, including trade and other creditors and loans from fellow Group companies, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present

(p) **Financial instruments (continued)**

value of the future payments discounted at a market rate of interest Such liabilities are subsequently carried at amortised cost using the effective interest method

Trade creditors are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires

(q) **Share capital**

Ordinary shares are classified as equity

(r) **Related party transactions**

The Group discloses transactions with related parties which are not wholly owned within the group headed by the ultimate parent company When appropriate, transactions of a similar nature are aggregated unless, in the opinion of the directors, separate disclosure is necessary to understand the effect of the transactions on the Group financial statements

4. Critical accounting judgements and estimation uncertainty

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

Critical judgements in applying the Group's accounting policies

Given the nature of Chapter 11 Proceedings and the planned reorganization of the Company and the Group, including the compromise of certain of the companies, the directors took the position of fully reserving the intercompany receivable balances of the Group This resulted in a $52,202,337 impairment charge for the year ended 31 December 2015

Key accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future The resulting accounting estimates will, by definition, seldom equal the related actual results The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below

As a result of the Company's and Group's current strategy and reorganization plan, the directors made the assumption that the Company and the Group will continue as a going concern and did not make any adjustments, other than the write-down of investments discussed above, that would have a significant impact on the financial statements for the year ended 31 December 2015

5. Turnover

The turnover and loss before taxation are attributable to the principal activities of the Company

An analysis of turnover is given below

	Group $ 2015	Group $ 2014	Company $ 2015	Company $ 2014
Royalties and licenses	88,069,140	104,278,852	3,630,224	6,152,980
Music and artist management	5,359,917	10,184,377	-	-
Digital	6,829	4,742	-	-
Exited businesses	31,849	3,373	-	-
	93,467,735	114,471,344	3,630,224	6,152,980

19 Entertainment Limited

Notes to the financial statements
Year ended 31 December 2015

6 Operating loss

Operating loss is stated after charging / (crediting)

	Group $ 2015	Group $ 2014	Company $ 2015	Company $ 2014
Depreciation of owned tangible fixed assets	117,701	275,323	-	-
Operating lease rentals	902,300	988,486	-	-
Impairment of investment	-	-	7,346,700	-
Impairment of receivables	52,202,337	316,735,802	989,362	169,363,154
Foreign exchange (gains)/losses	438,287	487,598	107,231	(59,127)

Intercompany receivable balances have been fully reserved

Fees payable to the Company's auditors and their associates for the audit of the Company and consolidated financial statements have been borne in full in the current year by CORE Inc The portion of fees paid by CORE Inc that were directly attributable to the Company and the Group are detailed below

	Group $ 2015	Group $ 2014	Company $ 2015	Company $ 2014
Fees payable to the Company's auditors for the audit of annual Company and consolidated financial statements	45,000	45,000	-	-
Fees payable to the Company's auditors and their associates for audit of the Company's subsidiaries pursuant to legislation	234,062	318,542	-	-
Fees payable to the Company's auditors and their associates for tax advisory services	280,938	196,458	-	-
Total fees	560,000	560,000	-	-

There are no other fees payable to the Company's auditors

19 Entertainment Limited

Notes to the financial statements
Year ended 31 December 2015

7 Directors and employees

(a) Employee numbers

The monthly average number of employees during the year including directors was

	Group	Group	Company	Company
	$	$	$	$
	2015	2014	2015	2014
Distribution	40	40	-	-
Administration	15	15	-	-
	55	55	-	-

(b) Staff costs

	Group	Group	Company	Company
	$	$	$	$
	2015	2014	2015	2014
The aggregate remuneration comprised				
Wages and salaries	4,024,440	4,259,945	-	-
Social security costs	240,895	261,101	-	-
	4,265,335	4,521,046	-	-

(c) Directors' remuneration

	Group	Group	Company	Company
	$	$	$	$
	2015	2014	2015	2014
Emoluments	521,256	521,256	-	-

The highest paid director received $521,256 during 2015 and 2014

8 Interest receivable and similar income

	Group	Group	Company	Company
	$	$	$	$
	2015	2014	2015	2014
Bank interest (paid)/received	(48)	12,514	-	-
Interest on amounts owed from group undertakings	477,086	474,725	474,415	474,400
Interest received/(paid) on corporate tax	(5,132)	(783)	-	(783)
	471,906	486,456	474,415	473,617

19 Entertainment Limited

Notes to the financial statements
Year ended 31 December 2015

9 Tax on loss on ordinary activities

	Group $ 2015	Group $ 2014	Company $ 2015	Company $ 2014
Current taxation				
Adjustments in respect of prior years	-	914,368	-	727,941
Foreign tax suffered	321,132	81,379	-	-
Foreign exchange losses / (gains)	17,319	43,679	-	20,977
Current tax charge for the year	338,451	1,039,426	-	748,918
Deferred taxation				
Origination and reversal of timing differences	-	4,965,471	-	334,627
Effect of changes in tax rates	-	(23,916)	-	(23,247)
Adjustments in respect of prior years	-	(1,070)	-	-
Tax charge for the year	338,451	5,979,911	-	1,060,298

Factors affecting the tax charge for the current year

The tax charge for the year differs (2014 differs) from the standard rate of corporation tax in the UK of 20 25% (2014 21 49%)

The differences are explained below

	Group $ 2015	Group $ 2014	Company $ 2015	Company $ 2014
Loss on ordinary activities before taxation	(24,562,763)	(268,655,895)	(7,520,404)	(168,598,301)
Tax charge at 20 25% (2014 21 49%)	(4,973,117)	(57,734,152)	(1,522,624)	(36,231,775)
Effects of				
Foreign exchange	17,319	43,679	-	20,977
Utilisation of tax losses	-	(2,713)	-	-
Movement in short term timing differences	-	4,623,247	-	334,627
Expenses not deductible for tax purposes	10,500,382	68,104,834	1,687,767	36,446,906
Group relief surrendered (claimed)	(1,951,765)	(2,912,256)	(108,403)	(215,131)
Adjustments in respect of prior years	-	913,298	-	727,941
US tax losses	(6,747,985)	(13,393,241)	-	-
Deferred tax not recognised	(58,042)	-	(56,740)	-
Effects of other tax rates/credits	3,551,659	6,337,215	-	(23,247)
Total tax charge/(credit) for the year	338,451	5,979,911	-	1,060,298

Factors affecting current and future tax charges

The rate of Corporation Tax in the UK changed from 21% to 20% with effect from 1 April 2015 and from 23% to 21% from 1 April 2014 Accordingly, the Company's profits for this accounting year are taxed at an effective rate of 20 25% (2014 21 49%)

As enacted on 18 November 2015, the standard rate of Corporation Tax in the UK will reduce to 19% with effect from 1 April 2017 and to 18% with effect from 1 April 2020 A further reduction to the standard rate to 17% from 1 April 2020 was announced during the Chancellor's Budget on 16 March 2016 however has not yet been enacted

Notes to the financial statements
Year ended 31 December 2015

10 Deferred taxation

	Group $ 2015	Group $ 2014	Company $ 2015	Company $ 2014
Accelerated capital allowances	-	-	-	-

The movement during the year in the deferred taxation asset

	Group $ 2015	Group $ 2014
Balance at 1 January	-	4,968,906
Current year charge	-	(4,941,555)
Adjustment in respect of prior years	-	1,070
Other	-	(28,421)
Balance at 31 December	-	-

As at 31 December 2015, total tax losses carried forward by the Group amount to nil (2014 nil) Tax losses carried forward by the Company amount to nil (2014 nil) Unrecognised accelerated capital allowances for the Company amount to $229,798 (2014 $311,380)

11 Tangible assets

Group

	Leasehold Improvements $	Furniture and Equipment $	Plant and machinery $	Total $
Cost				
At 1 January 2015	521,534	302,457	391,189	1,215,180
Additions	51,852	-	-	51,852
Disposals	-	(34,677)	(61,886)	(96,563)
At 31 December 2015	573,386	267,780	329,303	1,170,469
Accumulated Depreciation				
At 1 January 2015	(520,944)	(234,978)	(363,436)	(1,119,358)
Charge for the year	(26,527)	(50,176)	(40,998)	(117,701)
Disposals	-	34,677	61,886	96,563
At 31 December 2015	(547,471)	(250,477)	(342,548)	(1,140,496)
Net book value at 31 December 2015	25,915	17,303	(13,245)	29,973
Net book value at 31 December 2014	590	67,479	27,753	95,822

19 Entertainment Limited

Notes to the financial statements
Year ended 31 December 2015

12 Investments

	Group	Group	Group	Company	Company
	Jointly controlled entities	Other investments	Total	Shares in subsidiary undertakings	Total
	$	$	$	$	$
Cost					
At 1 January 2015	-	50,688	50,688	7,398 369	7 398,369
Additions	-	-	-		-
At 31 December 2015	-	50,688	50,688	7 398 369	7,398,369
Provisions for impairment					
At 1 January 2015	-	-	-	-	-
Disposals	-	-	-	(7,346 700)	(7 346 700)
At 31 December 2015	-	-	-	(7,346,700)	(7,346 700)
Net book value at 1 January 2015	-	50 688	50,688	7 398 369	7 398,369
Net book value at 31 December 2015	-	50 688	50 688	51 669	51 669

The directors believe that the carrying value of the investments is supported by their underlying net assets

The Company owns, directly or indirectly, the issued share capital of the following companies

Name of Subsidiaries	Country of Incorporation	Nature of Business	Class of Shares Held	% of Shares Held - Direct or Indirect
Native Management Limited	UK	Management of Artists	Ordinary	100%
Native Songs Limited	UK	Record Production	Ordinary	100%
19 Entertainment Inc	US	TV Production & Music Artist Management	Ordinary	100%
19 Recording Services, Inc	US	Record Production	Ordinary	100%
All Girl Productions	US	TV Production	Ordinary	100%
19 Touring LLC	US	Artists Touring	Ordinary	100%
Dance Nation Productions, Inc	US	TV Production	Ordinary	100%
Southside Productions, Inc	US	TV Production	Ordinary	100%
On The Road Productions	US	TV Production	Ordinary	100%
HCD, LLC	US	TV Production	Ordinary	100%
19 Recordings, Inc	US	Record Production	Ordinary	100%
J2K Productions, Inc	US	TV Production	Ordinary	100%
This Land Productions, Inc	US	TV Production	Ordinary	100%
CTA Productions Inc	US	TV Production	Ordinary	100%
Masters of Dance Productions Inc	US	TV Production	Ordinary	100%
SYTYCD DVD Productions, Inc	US	TV Production	Ordinary	100%
19 Publishing Inc	US	Record Production	Ordinary	100%
19 TV Limited	UK	TV Production	Ordinary	100%
19 Merchandising Limited	UK	Merchandising and Sponsorship	Ordinary	100%
19 Management Limited	UK	Music Artist Management	Ordinary	100%
Brilliant 19 Limited	UK	Music Artist Management	Ordinary	100%
19 Productions Limited	UK	Film Development	Ordinary	100%
19 Touring Limited	UK	Artists Touring	Ordinary	100%
19 Recordings Limited	UK	Record Production	Ordinary	100%
Double Vision Film Limited	UK	Film Development	Ordinary	100%
Jointly controlled entities				
TLS Management Limited	UK	Music Artist Management	Ordinary	50%
19 Fashionair Limited	UK	Fashion Website	Ordinary	50%

19 Entertainment Limited

Notes to the financial statements
Year ended 31 December 2015

12 Investments (continued)

As detailed in the 'Basis of Consolidation' section of Note 3, by producing consolidated financial statements the UK subsidiaries of the Company are eligible to take advantage of the audit exemption available to them under s479A of the Companies Act 2006 relating to subsidiary companies

13 Debtors

	Group $ 2015	Group $ 2014	Company $ 2015	Company $ 2014
Amounts falling due within one year				
Trade Debtors	1,503,909	1,097,370	56,474	75,562
Amounts owed by group undertakings	343,332,570	316,735,802	170,352,516	169,363,154
Less Provision for impairment of receivables	(343,332,570)	(316,735,802)	(170,352,516)	(169,363,154)
	-	-	-	-
Other Debtors	4,521,644	4,278,344	3,445,337	3,470,741
Prepayments and accrued income	13,697,774	13,070,581	241,058	564,140
	19,723,327	18,446,295	3,742,869	4,110,443
Amounts falling due after more than one year				
Amounts owed by group undertakings	25,238,581	24,894,300	-	-
Less Provision for impairment of receivables	(25,238,581)	-	-	-
Other debtors	-	138,200	-	-
	-	25,032,500	-	-

Amounts owed by group undertakings are unsecured, interest free, and are repayable on demand Group amounts owed by group undertakings relate to intercompany receivable balances with CORE group entities outside the 19 Entertainment Limited group

14 Creditors: amounts falling due within one year

	Group $ 2015	Group $ 2014	Company $ 2015	Company $ 2014
Trade Creditors	3,593,081	44,975	7,043	19,139
Amounts owed to group undertakings	9,035,680	9,180,556	192,672,089	194,861,138
Other creditors (including taxation and social security)	626,269	861,223	507,262	347,820
Deferred Tax	-	(156)	-	-
Accruals and deferred income	15,695,878	15,701,038	4,260,182	2,430,576
	28,950,908	25,787,636	197,446,576	197,658,673

Amounts owed to group undertakings are unsecured, interest free, and are repayable on demand Group amounts owed to group undertakings relate to intercompany payable balances with CORE group entities outside the 19 Entertainment Limited group

15 Creditors amounts falling due after more than one year

	Group	Group	Company	Company
	$	$	$	$
	2015	2014	2015	2014
Amounts owed to group undertakings	1,442,261	1,114,544	-	-
Other creditors	473,819	951,632	-	-
	1,916,080	2,066,176	-	-

Amounts owed to group undertakings are unsecured, interest free, and are repayable on demand. Group amounts owed to group undertakings relate to intercompany payable balances with CORE group entities outside the 19 Entertainment Limited group

16. Called up share capital

	Group	Group	Company	Company
	$	$	$	$
	2015	2014	2015	2014
Authorised ordinary share capital				
97,500 (2014 97,500) voting shares of £0 01 each	1,553	1,553	1,553	1,553
2,500 (2014 2,500) non-voting share of £0 01 each	40	40	40	40
	1,593	1,593	1,593	1,593
Allotted and fully paid up				
15,619 (2014 15,619) voting shares of £0 01 each	248	248	248	248
2,500 (2014 2,500) non-voting share of £0 01 each	40	40	40	40
	288	288	288	288

There are no restrictions on the distribution of dividends and the repayment of capital

17 Related party transactions

The Company is a wholly owned subsidiary of Core Entertainment Holdings Inc and, as such, has taken advantage of the exemption allowed by FRS 102 to not disclose details of transactions and balances with other wholly owned members of the Core Entertainment Holdings Inc group

In connection with the *IDOLS* and *Dance* properties the Group has entered into various contracts with Fox The Group has recorded television and sponsorship revenue from Fox of $62,349,174 (2014 $67,819,492) and profit share expense to Fox of $1,116,703 (2014 $1,463,005), for the year ended December 31, 2015 As of December 31, 2015 the amount due from and owed to Fox is $6,121,118 (2014 $3,745,387) and $2,650,695 (2014· $2,848,946), respectively These amounts are related to deferred license fees and tape sale profits payable on *Dance*

Related party transactions with jointly controlled entities are as follows

	As at 31 December 2015	As at 31 December 2014
	$	$
19 Fashionair Limited	8,644	9,056

The directors consider that there are no other related party relationships, transactions or balances which require disclosure

18 Contingent liabilities

The Company and certain of its subsidiaries have provided secured guarantees to the administrative agents (for the benefit of the respective lenders) in respect of the following credit facilities the First Lien Term Loan provided pursuant to the First Lien Term Loan Agreement dated as of 9 December 2011, among CORE Entertainment Inc as Borrower, CORE Media Group Inc , the lenders party thereto and U S Bank National Association (as successor to Goldman Sachs Bank USA) as administrative agent, and the Second Lien Term Loan pursuant to the Second Lien Term Loan Agreement dated as of 9 December 2011, among CORE Entertainment Inc as Borrower, CORE Media Group Inc , the lenders party thereto and U S Bank National Association (as successor to Goldman Sachs Bank USA) as administrative agent At 31 December 2015, guarantees outstanding amounted to $360,000,000 (2014 $360,000,000)

During the year ended 31 December 2015 CORE Inc elected to discontinue making the quarterly interest payments required on its Second Lien Term Loan, which represented an event of default under the related loan agreement On 11 March 2016, CORE Inc also elected to discontinue making the quarterly interest payment required on its First Lien Term Loan, which after 30 days represented an event of default under the related loan agreement

From 26 July 2015 CORE Inc entered into a series of forbearance agreements with the lenders holding the majority of the amounts outstanding under each of the First Lien Term Loan and the Second Lien Term Loan Under the terms of the agreements CORE Inc was required to negotiate with the respective lender groups on the terms of a long-term restructuring plan.

On 28 April 2016, a majority of CORE Inc 's subsidiaries, including 19 Entertainment Limited and its subsidiaries, filed petitions for relief under Chapter 11 of the United States Bankruptcy Code in order to implement a related restructuring Seeking relief under the Bankruptcy Code could have a material adverse effect on the group and company's relationships with its existing and potential customers, suppliers, employees and other stakeholders and could subject the group and company to other direct or indirect consequences including court driven compromise of certain payable balances due from the company

Core Entertainment UK Limited ("CORE UK") is under audit by HMRC which has resulted in an audit enquiry related to the interest expense generated by CORE UK intercompany loans and the resulting group tax relief taken by CORE UK group companies, including the Company and its subsidiaries, from 2011 through 2015 CORE UK believes its tax treatment to be appropriate and continues to provide all company documents to the HMRC, however, the HMRC has pursued further information regarding the group's 2011 acquisition and the resulting debt which it has requested be provided by taxing authorities in the United States CORE UK has not yet seen the HMRC enquiry to the United States, however we understand the information was requested by the HMRC in December 2015 Although the HMRC enquiry is ongoing and has reached no conclusion on the appropriateness of interest deductions, on 1 June 2016 the HMRC has issued "Jeopardy Assessments" against CORE UK relating to the interest deduction stand in response to their concern about the effect that Core Entertainment Holdings, Inc's reorganization under Chapter 11 of the United States Bankruptcy code would have the HMRC's ability to collect any amounts which they determine are due The Jeopardy Assessments were made assuming that all group relief taken by CORE UK group companies, including the Company and its subsidiaries, would be disallowed and resulted in assessments of approximately £10M across CORE UK group companies for the tax years ending 31 December 2011 to 2014 Further, this position could result in an additional £4M across CORE UK group companies relating to the two years ending 31 December 2015 and 2016 On 24 June 2016, CORE UK appealed the assessments and the HMRC has "stood over" any collection efforts until it receives a response from the US taxing authorities related to its information requests that it believes will help it to determine the appropriateness of CORE UK's tax position

The Company and group believes its tax treatment to be appropriate and therefore has not recognized any liabilities in relation to the Jeopardy Assessments in the financial statements

19 Lease Commitments

The Group had the following future minimum lease payments under non-cancellable operating leases for each of the following periods

	Group $ 2015	Group $ 2014	Company $ 2015	Company $ 2014
Payments due				
Not later than one year	569,000	1,277,000	-	-
Later than one year and not later than five years	190,000	-	-	-
Later than five years	-	-	-	-
	759,000	1,277 000	-	-

20 Notes to the consolidated cash flow statement

	Group	Group
	$	$
	2015	2014
Loss for the financial year	(24,901,214)	(274,635,806)
Adjustments for		
Tax on loss on ordinary activities	338,451	5,979,911
Loss on sale of fixed assets	9,646	-
Interest receivable and similar income	(471,906)	(486,456)
Operating loss	(25,025,023)	(269,142,351)
Depreciation charge (net of profit on disposals)	117,701	275,323
Increase in debtors	(28,218,081)	(37,987,084)
Increase/(decrease) in creditors	3,013,176	(7,752,081)
Other non-cash changes	51,573,600	316,751,474
Cash flow from operating activities	1,461,373	2,145,281

21 Ultimate parent company and controlling party

The directors regard AP NMT JV Newco B V , a company incorporated in the Netherlands, as the ultimate parent company and the ultimate controlling party The immediate parent company is CORE MG UK Holdings Limited (formerly CKX UK Holdings Limited), a company incorporated in the United Kingdom and registered in England and Wales CORE Entertainment Holdings Inc (an intermediate parent) is the largest and 19 Entertainment Limited is the smallest group for which consolidated financial statements are prepared.

AP NMT JV Newco B V is a joint venture between an affiliate of Apollo Global Management LLC and an affiliate of Twenty First Century Fox, Inc

22. Transition to FRS 102

This is the first year that the Group and Company has presented its results under FRS 102 The last financial statements prepared under previous UK GAAP were for the year ended 31 December 2014 The date of transition to FRS 102 was 1 January 2014 There were no changes in accounting policies which require adjustments to reconcile profit for the financial year ended 31 December 2014 and the total equity as at 1 January 2014 and 31 December 2014 between UK GAAP as previously reported and FRS 102