

DLG Acquisitions Limited
Registered Company Number: 09023753

Report and financial statements

For the year ended 31 December 2022

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D&G Acquisitions Limited
Report and financial statements for the year to 31 December 2022

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DLG Acquisitions Limited
Report and financial statements for the year to 31 December 2022

Company information

Directors

R Leighton

B Mann

B Campbell

A Jackson

K Kiel

A Salvato

A Jhingan (Appointed 20 December 2022)

E Lionaki (Appointed 1 February 2023)

S Freer (Resigned 29 July 2022)

M Graboff (Resigned 19 December 2022)

Company secretary

A McMullen

Independent auditors

PricewaterhouseCoopers LLP

1 Embankment Place

London

WC2N 6RH

Registered office

Berkshire House

168-173 High Holborn

London

WC1V 7AA

Registered number 09023753

Strategic report

The Directors present their strategic report and the audited consolidated financial statements for DLG Acquisitions Limited and its subsidiaries ("the Group", "we" or "our") for the year ended 31 December 2022.

DLG Acquisitions Limited ("the Company") is a joint venture equally and ultimately owned by Warner Bros. Discovery, Inc. and Liberty Global plc. The Company acquired All3Media Holdings Limited which operates the All3Media production and distribution business ("All3Media") in September 2014.

All3Media companies have an unrivalled track record of producing popular and critically acclaimed IP, ranging from contemporary thrillers, detective series, soap operas, comedy, costume drama, documentary, true crime, natural history, formatted entertainment, factual entertainment, features, Children's, and reality programming. More than 40 production companies are based in the UK, US, Germany, Belgium, the Netherlands, and New Zealand producing 4,000 hours annually for linear broadcasters, VOD, social media, and other digital platforms. All3Media's distribution business, All3Media International, exploits programme rights around the world from its offices in London, New York, and Singapore. The Group is focused on innovation, creative excellence and entertaining all audiences with brilliant programming, from long-running returning series through to the launch of new formats, new talent, and new business models.

All3Media produces a well balanced genre mix of programmes with returning shows and internationally renowned brands such as Midsomer Murders, Call the Midwife, Gogglebox, Great British Menu, Sort Your Life Out, The Cube, Gold Rush, Berlin Day & Night, Shortland Street, Brokenwood, Lingo and The Circle. This was supported in 2022 with a rich list of new titles such as The Tourist, The Thief, His Wife and the Canoe, Ridley, Witness Number 3, The Tinder Swindler, My Donor Body, Polar Bear, and the hit format, The Traitors, that has already sold into 20 territories.

All3Media International distributes television programmes and formats to more than 200+ territories and has over 30,000 hours of content in its catalogue and represents third party producers together with All3Media's own production companies.

Introduction

In 2022, All3Media produced more shows than ever and delivered its highest revenue and EBITDA. The Group has concentrated on organic growth and delivering its key strategic goals – namely – building the format catalogue, accelerating the push into premium factual, developing a strong scripted slate, strengthening the distribution business and investing in the digital business.

Financial Summary of the Group

	Year ended 31 December 2022 £m	Year ended 31 December 2021 £m
Revenue	1,020.8	866.6
EBITDA*	100.2	83.7
EBITDA excluding the effect of IFRS 16	90.3	71.7
Cash generated from operations	64.3	68.5

* EBITDA is calculated by adjusting operating profit for interest, tax, depreciation, amortisation, exceptional items (one off items that impact the Group's EBITDA for the year which do not recur and do not present a fair reflection of the performance of the Group), transitional costs (one off costs of redundancy, property restructuring and other restructuring), transactional costs (costs relating to corporate development activity), costs related to deferred consideration and put and call options, but including results of joint ventures and associates (see note 5).

Strategic report (continued)

Financial and business highlights

- The Group delivered revenue of £1,020.8m and EBITDA of £100.2m in the year to 31 December 2022.
- The Group comprises over 40 production companies and produced over 4,000 hours of programming, including over 100+ returning shows, and distributed in over 200 territories.
- The Group maintained its position as a leading production company and once again topped the Broadcast Indie Survey. Raw topped the survey's 'Peer Poll' for the third consecutive year having "built an unrivalled reputation for producing premium documentaries".
- The Group delivered a number of key programmes including Hollyoaks, Midsomer Murders, The Traitors (UK and US), Sort Your Life Out, The Cube, Lingo, The Larkins, The Gold, Life on Our Planet, Gold Rush, Call the Midwife, Berlin Day & Night and Shortland Street.
- The Group continues to develop its relationships with the VOD platforms and is now a key provider of programming to the main global VOD players.
- The Group invested in two production Companies in the year; Build Your Own (BYO) Films, a production company launched by co-CEOs Vicky McClure and Jonny Owen, that specialises in both scripted and non-scripted production, and in sports production specialist, 3Rock.
- The Group acquired Pos Video & Television B.V. as part of the Group's strategy to grow its television production business.

Principal activities and review of the business

The principal activity of the Group is the production and distribution of television programmes. The principal activity of the Company is the holding Company of various All3Media production and distribution companies. The Directors do not anticipate any changes in those activities over the coming year.

The Group's EBITDA is £100.2m for the year to 31 December 2022 (2021: £83.7m).

The Group's net debt was £759.4m as at 31 December 2022 (£625.1m at 31 December 2021), see note 27. The currency denominations of the debt (refer to note 19) reflect the Group's net cash in-flows, a significant proportion of which are non-sterling denominated, which is mitigated in part by a natural currency hedge. Gross bank debt and debt external to the Group, excluding deferred financing fees, was £844.8m as at 31 December 2022 (£713.2m as at 31 December 2021).

Strategy and acquisitions

The strategy of the Group is to achieve sustainable growth, delivered through a combination of organic growth, acquisition and geographical expansion. The Group comprises a broad range of production companies that develop, produce and exploit strong programme brands that cover multiple genres and geographies, thereby diversifying risk across the Group.

Key performance indicators ("KPIs")

The Group regularly monitors its KPIs and the following are considered to be the key KPIs for the year to 31 December 2022:

Financial profile measures

- Revenue was £1,020.8m (2021: £866.6m), a 17.8% increase on 2021.
- EBITDA was £100.2m (2021: £83.7m), a 19.7% increase on 2021.
- EBITDA excluding the effect of IFRS 16 was £90.3m (2021: £71.7m), a 25.9% increase on 2021.
- Gross profit margin was 25.8% (2021 restated: 26.1%). See page 18 for restatement details.
- Cash and cash equivalents (net of overdrafts) as at 31 December 2022 were £81.6m (2021: £82.8m).
- Net cash generated from operating activities, before payments related to deferred consideration and put and call options, was £61.0m (2021: £60.7m).
- Non-UK revenue by destination was 68.9% of total revenue (2021: 65.0%).
- The top 30 shows for the year represent 45.5% of total turnover (2021: 47%).
- 32.5% (2021: 22.9%) of the Group's continuing revenue comes from secondary revenue sources, including distribution and digital revenue (i.e. revenue sources other than those derived from primary production licence fees).

Financial risk management

The Group's operations expose it to a variety of financial risks that include the effects of changes in price risk, credit risk, liquidity risk, interest rate cash flow risk and foreign currency risk. The Group monitors these risks and seeks to limit the adverse effects on the financial performance of the Group by monitoring levels of finance and related costs and taking appropriate action where necessary.

Strategic report (continued)

Price risk

The Group is exposed to price risk given the nature of the business, but this is monitored to ensure that this risk does not increase to an unacceptable level. This is achieved by comparing price across the Group and our use of exclusive IP and strong talent relationships to leverage our portfolio and negotiate competitive rates for programmes.

Credit risk

The Group has implemented policies that require appropriate credit checks on potential customers before sales are made, and given the Group's customer base the risk that the Group is exposed to is considered to be relatively low.

Liquidity risk

The Group actively monitors its liquidity position through cash flow forecasting to ensure that it has sufficient available funds for operations and planned expansions.

Interest rate cash flow risk

The Group has interest bearing assets and liabilities, including cash and debt commitments. Hedging arrangements, such as interest rate swaps are in place in order to reduce the exposure to this risk.

Foreign Currency risk

The Group is exposed to foreign currency risk through its overseas operations, borrowing and through overseas trading. A cross currency swap is in place in order to swap sterling debt into US dollar debt, to be serviced by the Group's earnings in this currency. Overseas operations are not hedged as cash flows arising create a natural hedge against the converted debt above.

See note 30 for further details and disclosures around the Group's financial risk management.

Principal risks and uncertainties

There are a number of risks and uncertainties facing the Group. The key operational business risks and uncertainties that affect the Group are considered to be:

- The current macro economic climate including the continued impact of COVID 19 presents a risk and challenge for the Group. The impact of inflation throughout the Group means that the cost of production has increased since 2019. We continue to manage this impact by reviewing production protocols and analysing opportunities to produce content more efficiently, with management monitoring and reviewing gross margin KPI's. The economic environment impacts television advertising spend which has an impact on the Group. The Group mitigates these risks through geographic diversification, and a focus on the programming needs of those broadcasters and media platforms that are less reliant upon advertising as their main source of revenue, in particular the BBC, the pay television networks and SVOD providers such as Netflix and Amazon.
- Competition from other television producers for both programming commissions and key talent. The Group attempts to mitigate this risk by having a spread of entrepreneurial, creatively led companies in the Group which have strong relationships with broadcasting commissioners and key talent, encourage an exceptional level of creativity and have a strong pipeline of new programme formats.
- Success in audience ratings of the Group's programming which may influence future commissioning decisions. The Group mitigates this risk by attempting to ensure that the programming offered meets the needs of broadcasters, media platforms and their respective audiences.
- Pressure on cash flow due to the general economic environment. The Group has sufficient working capital and adequate undrawn committed facilities to mitigate this risk, including £17.5m undrawn on the £50m revolving credit facility.

Future developments

While there continues to be an uncertain economic environment, as well as pressure on margins in the production sector, the Group's ability to produce and sell programmes internationally, together with its continued ability to attract and retain creative talent, helps to mitigate the impact of this.

Strategic report (continued)

Section 172 statement

The Directors are fully aware of their duty under section 172(1) of the Companies Act 2006 to act in the way which they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole. The Directors consider that, during the year to 31 December 2022, they have acted fairly between members having regard to the long term and the interests of the Group's employees and other stakeholders, including the impact of its activities on the community, the environment and the Group's reputation, when taking decisions.

The Long Term

The importance, relevance and demand for high-quality television content remains strong in an ever-evolving media landscape. The Directors are well aware of the dynamic media landscape, in terms of the evolving consumer consumption behaviours, growth of new global platforms, and changing tastes in demand for genres and formats. The Directors' long term strategy continues to seek to position the Group to be able to take advantage of these changes by striving to bring together top creative talent, to develop, produce and deliver world class television, film and digital content and to maintain and develop strong relationships both with the traditional customers and newer global platforms. Where conflicts arise between the short term and long term consequences of a decision these consequences are weighed carefully. Whilst precedence is given to long term benefits, the Directors will consider whether these are outweighed by short term impacts in reaching their conclusions.

Employees

The welfare and development of the Group's employees is of highest importance to the Directors. See pages 9 to 13 of the Directors' report for a detailed oversight of the Group's Equal Opportunities Policy, Anti-Harassment and Bullying Policy, employee involvement practices, and talent and training initiatives.

Business Relationships

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

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

Community and Environment

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

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

The Group is committed to minimising its environmental impact. Details of actions taken by the Group can be found on pages 11 to 12 of the Directors' report.

High standards of business conduct

The Directors strive to operate the business to the highest level of conduct. All staff are required to adhere to the Group's Diversity and Inclusion Policy and its Anti-Harassment and Bullying Policy and adherence is driven by the Group's management teams. Operating companies are required to adhere to the Group's Accounting Policies Manual. The Group has an Internal Audit function which performs routine audits which will review the overall control framework and compliance with these policies and procedures.

The Directors treat all external stakeholders collaboratively and fairly, and duly expect a level of conduct from them which aligns to the Group's values. Business practices are reviewed by the Group's Finance and Controls Committee which meets quarterly and includes representatives from both shareholders.

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Strategic report (continued)


Section 172 statement (continued)

Fair dealing between members

The Group has two ultimate corporate shareholders, Liberty Global plc and Warner Bros. Discovery, Inc., who hold equal representation on the Board. The relevance of each such shareholder may increase or decrease depending on the matter or issue at question, so the Directors seek to consider the needs and priorities of each shareholder during their discussions and as part of their decision making.

Approval

Approved by the Board and signed by on its behalf:


Anil Jhingran (May 12, 2023 10:22 GMT+1)
Anil Jhingran
Director
12 May 2023

Directors' report

The Directors present their annual report on the affairs of the Group, together with the audited consolidated financial statements and independent auditors' report, for the year to 31 December 2022.

Capital structure

In May 2019 the Group completed a refinancing of its corporate bank loan facilities, entering into a new €405m first lien facility (EURIBOR+3.75%), a £74m second lien facility (SONIA+8.00%), and a £50m revolving credit facility (EURIBOR+3.75%). In November 2019 there was a repricing of the debt which resulted in a reduction of 0.25% on both the first lien and revolving credit facility. There have been no changes in FY22.

The Group's bank loans at 31 December 2022 totalled £551.8m (31 December 2021: £491.4m) as disclosed in note 19 of the financial statements. The Group's loan facilities expire between 2025 and 2027.

Business environment and future outlook

- The market for content is strong with a growing customer base and increased investment.
- Proliferation of content buyers and new commercial business models.
- Scale is important and the Group is well positioned for further acquisitions (bolt-on and transformational).
- Scripted is a key area for growth with growing global demand, high margin, secondary upside and synergies.
- Format success is key given high margins and global secondary exploitation.
- US growth and geographical expansion is central to A3M strategy.
- Integrated distribution model drives exploitation of IP giving control and creating long term value in A3M.
- Digital platforms driving fast growth opportunities given AVOD spend forecast to double by 2025. Fast growing direct to consumer content distribution is an opportunity (e.g. fast channels, AVOD & SVOD).

Charitable contributions

During the period the Group made various charitable donations totalling £305,875 (2021: £266,278). The Group sponsors and supports a variety of industry bodies and initiatives, including sponsoring student bursaries through the National Film and Television School, the Royal Television Society and the Grierson Trust and sponsoring Edinburgh International Television Festival's training programme.

Equal opportunities

The Group strongly believes in and actively supports the principle of providing equal opportunities, both to applicants for employment and to existing colleagues. The Group opposes all forms of discrimination on the grounds of race, colour, nationality, ethnic or national origin, age, religion or philosophical belief, gender, gender reassignment, marital or civil partner status, sexual orientation, political view, pregnancy, maternity or disability. No differentials are operated in salary or contractual terms based on any of these factors.

The Group's Equal Opportunities Policy is in line with current legislation, and is reviewed and updated frequently. The policy clearly identifies acts of associative discrimination and perceptive discrimination making it clear to colleagues what these types of discrimination are and how they can be avoided.

The policy applies to every Group colleague (including each employee, worker and individual who is engaged under a contract for service) who is involved in any aspect of the management of employment and to all colleagues who make decisions or recommendations concerning recruitment, remuneration, promotion, training, demotion, transfer, and other terms, conditions, or privileges of employment. It also applies to all colleagues in their relations with other colleagues. This includes giving full and fair consideration (having regard to the person's particular aptitudes and abilities) to applications for employment that disabled persons (as defined in the Equality Act 2010) make to the Group. Furthermore, the Group is committed to continuing the employment of any employee of the Group who has become disabled during the period in which the Group employed them, wherever possible. The Group is committed to providing reasonable adjustments, training, and development and to continuing to support their career development.

The Group fully supports the rights and opportunities of all people to seek, obtain and hold employment without discrimination or harassment and has adapted all employment policies in line with changes in legislation.

The Group has a separate Diversity and Inclusion Policy, setting out best practice and the Group's commitment to supporting diversity and creating an inclusive culture. The policy promotes a diverse workforce and an inclusive culture and environment in which all people are accepted and treated with respect, and in which colleagues are able to reach their full potential and deliver their best work.

Directors' report (continued)

Equal opportunities (continued)

In 2022, the Group appointed its first Head of Diversity, Inclusion and Equity to support and promote inclusive initiatives. Reporting directly to Group COO the role works across all areas of the business, collaborating with senior management across the Group, and working closely with the Talent, HR and Resourcing teams.

Anti-harassment and bullying

All3Media is committed to upholding the principle of equal opportunities and we oppose all forms of discrimination. The Group's anti harassment and bullying policy dovetails with the Group's equal opportunities policy, diversity and inclusion policy and disciplinary policy. The Group is committed to providing a working environment that is free from bullying and harassment and ensuring everybody who works for the Group in whatever capacity is treated with dignity and respect.

Everybody working in any capacity for the All3Media Group has a specific responsibility to operate within the boundaries of the Group's anti-harassment and bullying policy. Everybody has a personal responsibility to ensure that their own behaviour and treatment of others is dignified and respectful at all times. Individuals are encouraged to speak out in the event that they experience any form of inappropriate behaviour or witness unacceptable behaviour in others in order to support efforts in tackling and preventing bullying and harassment in whatever form it may take. Managers must ensure that all staff understand the standards of behaviour expected of them and to take action when behaviour falls below its requirements.

Staff are encouraged to disclose any instances of harassment or inappropriate behaviour of which they become aware to their Manager, their Company HR representative or to All3Media Group HR. Where individuals feel unable to raise their concerns with anybody within their Company or at All3Media, the Group has a free bullying and harassment complaints helpline, which is run independently by an organisation called Tell Jane. This is a separate service and external to the All3Media Group. Tell Jane can also provide Group companies with bespoke anti harassment and bullying training for both staff and freelancers.

Where an individual has concerns that they believe may amount to whistleblowing, there is signposting to the Whistleblowing policy. The All3Media Group has a separate whistleblowing support line, run by Protect, an independent whistleblowing charity.

The Group provides an Assistance Programme with LifeWorks which is available to everybody working for the All3Media Group regardless of the type of contract they are employed or engaged under. The Assistance Programme provides immediate and confidential help for any work, health or life concern and offers access to up to six counselling or CBT sessions. The Assistance Programme can be accessed 365 days of the year, 24 hours a day and is available by telephone, web, or mobile app. The Assistance Programme remains available to those who leave the Group, for a further 18 months after an end date.

Contact details for the Assistance Programme, Tell Jane and Protect helplines are included in the People Handbook and are also accessible in the Knowledge Library (intranet) on the Group's communications platform; Workplace Now.

The anti-harassment and bullying policy is regularly reviewed by the Group and the Group takes steps to monitor its effectiveness.

Employee involvement

The Group has a comprehensive People Handbook, which is updated in line with changes in statute and reissued twice a year. The Group also issues management guidance documents which provides step by step instruction on handling compliance and employment matters, such as right to work and sponsorship procedures.

There are a number of initiatives across the Group which encourage employee involvement, for example, a Group level health and safety forum and a head of production working Group. These initiatives provide an opportunity for the operating companies in the Group to share and discuss current practices and industry changes.

The Group is connected via Workplace Now, a global platform to support connectivity

Talent and Training Initiatives

During 2022, The Group's productions paid into the relevant industry funds; Unscripted UK productions contribute 0.25% of the commission budget into a fund, with the contributions equally split between the broadcaster and production company; and the Group drama companies were active contributors to the High-End TV (HETV) Training Fund for scripted production.

In addition to the industry funds contributions; the Group participates in various industry placement programmes, working with many stakeholders and diversity initiatives.

Directors' report (continued)

Talent and Training Initiatives (continued)

In 2022, the Group supported:

- The Scottish PACT Trainee Scheme (in collaboration with Creative Scotland).
- A Grierson Trust trainee, with a four week placement at Wise Owl in Leeds.
- Royal Television Society's Bursary Scheme for undergraduates from socio-economic disadvantaged backgrounds.
- Development of the Royal Television Society's Training Academy and new mini MBA programme.
- Edinburgh International Television Festival's (EITF) online training programme, The Network, which supported 30 new entrants into the industry.
- New Voices Awards (Drama Scripted and Comedy), a further Edinburgh initiative, which is a celebration of merging writers, presenters, and Directors from underrepresented backgrounds.

Other 2022 initiatives included:

- Partnering with the National Film and Television School for its Writing TV Pilot and TV Drama.
- Supporting Iconic Steps, a local south London enterprise scheme, which supports young people from disadvantaged backgrounds.
- Contributing to the British Forces Broadcasting Services Academy's inaugural Production Management training course for veterans wanting to transition into the industry.
- Delivering six management courses across the Group in Creative Leadership, Effective Management and Leading High Performance.
- 32 people qualified as Mental Health First Aiders across the Group with a refresher course and Managers Mental Health Awareness courses also available.

Carbon and Environmental Reporting

The Group is committed to contributing to environmental sustainability, conducting its business in a responsible way, and minimising any negative impact on the environment. The Group has an Environmental Sustainability Policy identifying Group aims and operating company objectives. The Group has participated in the sector wide Albert consortium since its inception in 2011, with an aim to creating positive change to protect the environment.

Through Albert, the Group uses the online carbon calculator tool to assess the environmental impact of individual productions. This data is combined with both production and non-production financial data points, to build an accurate picture of our environmental impact as defined by against the Green House Gas Protocol.

The Group's Net Zero Strategy is identifying what it would take for the A13Media Group to achieve a science-based target of Net Zero carbon omissions globally by 2030. Accurate, science-based data underpins our strategy, working with environmental data experts to ensure that the Group has the correct systems and measures in place to check our progress. Running in tandem with a better understanding of our impact, is a development of strategies and policies, both internal and spanning our value chains, to drive deep strategic decarbonisation.

The Group is committed to implementing an energy management system (EnMS) in our offices which is compliant with industry standards and regulations and are switching to green energy suppliers, reducing our water use, recycling our waste, and promoting smarter business travel solutions at all properties.

The Group has followed the 2022 UK Government Environmental Reporting Guidelines and has used the 2022 UK Government's conversion factors for company reporting.

Directors' report (continued)

Carbon and Environmental Reporting (continued)

The Group has used the control approach, whereby the Company accounts for 100 percent of the GHG emissions (and energy) over which it has control. The report is at Group level and includes information of subsidiaries who are required to report.

Type of emission	Activity	kWh	litres	tCO2e	% of total
Scope 1	Natural gas	1,067,374	-	195	35.6%
	Propane Gas	-	14,284	22	4.0%
	Sub-total	1,067,374	14,284	217	
Scope 2	Electricity	1,706,609	-	330	60.4%
Total gross emissions		2,773,983	14,284	547	100.0%
Intensity metric					
Number of employees				918	
Tonnes of CO2e per employee				0.60	

Note:

1 The table above includes all subsidiaries deemed to be 'large' under the terms defined in the Companies Act.

2 We have chosen the metric gross global scope 1 and 2 emissions in tonnes of CO2e per tonne per employee as this best represents the energy consumption for our business and in our industry sector.

Going concern

The Group has net liabilities of £180.8m at 31 December 2022. The Group's liabilities include £735.8m of loans from banks and shareholders that are not repayable before 2027. Management has undertaken a reforecast of 2023 and 2024 under a range of potential scenarios. The resulting impacts have been compared to the Group's funding sources, comprising a revolving credit facility of £50.0m (which was £32.5m drawn as at 31 December 2022), and show that the Group can continue as a going concern and meet its liabilities as and when they fall due for a period of not less than 12 months following the date on which the Report and financial statements of the Group are signed.

Through the analysis, which included the simulation of a plausible downside scenario, the Directors have verified that the Company and the Group have sufficient cash flow resources to maintain operations for the foreseeable future. The Directors therefore continue to adopt the going concern basis in preparing the Report and financial statements.

Dividends

Total dividends of £nil (2021: £12.7m) were paid by the Company during the year to 31 December 2022. Total dividends of £9.5m (2021: £9.4m) were paid by subsidiaries to their minority shareholders during the year to 31 December 2022.

Note that the financial risk management and future developments are currently disclosed in the strategic report.

Directors

A list of Directors who served during the year and up to the date of signing of the financial statements is shown on page 3 of the financial statements.

The Group maintains liability insurance for its Directors and Officers, which is a third party indemnity provision for the purposes of the Companies Act 2006. The policy was in force during the year and up to the date of approval of the Report and financial statements.

Directors' report (continued)

Statement of directors' responsibilities in respect of the financial statements

The Directors are responsible for preparing the Report and 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 Group and the Company financial statements in accordance with UK-adopted international accounting standards

Under company law, 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 Company and of the profit or loss of the group 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 UK-adopted international accounting standards 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 group and company will continue in business

The Directors are responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the Companies Act 2006

Directors' confirmations

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 Group's and 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 Group's and Company's auditors are aware of that information.


Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to be reappointed for another term and appropriate arrangements are being made for them to be deemed reappointed as auditors in the absence of an Annual General Meeting

The Directors confirm that to the best of our knowledge:

1. the financial statements, prepared in accordance with UK-adopted International Accounting Standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole;
2. the strategic report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
3. the report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the company's performance, business model and strategy.

Approved by the Board and signed on its behalf:


Anil Jhingan (May 12, 2023 10:22 GMT+1)

Anil Jhingan
Director
12 May 2023

Independent auditors' report to the members of DLG Acquisitions Limited

Report on the audit of the financial statements

Opinion

In our opinion, DLG Acquisitions 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 2022 and of the Group's loss and the Group's and Company's cash flows for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Report and financial statements (the "Annual Report"), which comprise: Group and Company balance sheets as at 31 December 2022; the Group income statement, Group statement of comprehensive income, Group and Company cash flow statements and Group and Company statements of changes in equity for the year then ended; 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 group 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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

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.

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.

Independent auditors' report to the members of DLG Acquisitions Limited (continued)

Reporting on other information (continued)

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 our work undertaken in the course of the audit, the Companies Act 2006 requires 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 2022 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 group and company and their 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 in respect of the financial statements, 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 Group's and 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 group or 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Group and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Companies Act 2006 and tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to revenue and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation,
- Identifying and testing journals, in particular journal entries posted with unusual account combinations,
- Challenging assumptions and judgements made by management in their significant accounting estimates,
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

Independent auditors' report to the members of DLG Acquisitions Limited (continued)

Auditors' responsibilities for the audit of the financial statements (continued)

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

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

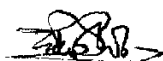
Other required reporting

Companies Act 2006 exception reporting

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

- we have not obtained 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 company 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
12 May 2023

DLG Acquisitions Limited
Report and financial statements for the year to 31 December 2022

Group income statement

		Year ended 31 December 2022 £'000	Restated * Year ended 31 December 2021 £'000
	Note		
Continuing operations			
Revenue	4	1,020,793	866,570
Cost of Sales		(757,330)	(640,120)
Gross profit		263,463	226,450
Administrative expenses		(216,805)	(191,010)
Other operating income		207	58
Amortisation of intangible assets	12	(6,394)	(9,944)
Group operating profit	5	40,471	25,554
Share of operating (loss) / profit of joint ventures	15	(220)	802
Share of operating loss of associates	15	(88)	(219)
Total operating profit: Group and share of joint ventures and associates		40,163	26,137
Finance income	8	15,088	21,933
Finance costs	9	(84,978)	(65,015)
Loss before tax		(29,727)	(16,945)
Tax charge on loss	10	(9,425)	(1,299)
Loss for the year from continuing operations		(39,152)	(18,244)
Loss for the year		(39,152)	(18,244)
Less: Non-controlling interests		(20)	(175)
Loss for the year attributable to owners of the Company		(39,172)	(18,419)

* The comparatives have been restated to correctly present Staff costs amounting to £13,277,000 within Cost of Sales, rather than Administrative costs. The restatements have no impact on the balance sheet nor the cash flow statement

DLG Acquisitions Limited
Report and financial statements for the year to 31 December 2022

Group statement of comprehensive income


	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Loss for the financial year		
- Group	(38,844)	(18,827)
- Joint ventures	(220)	802
- Associates	(88)	(219)
Total loss for the financial year	(39,152)	(18,244)
Other comprehensive (loss)/income that will not be reclassified subsequently to profit or loss:		
- Exchange difference on retranslation of net assets of subsidiary undertakings	(1,030)	2,280
- Other reserves movement	-	-
Total other comprehensive (loss)/income	(1,030)	2,280
Total comprehensive loss	(40,182)	(15,964)
Total comprehensive loss attributable to:		
- Owners of the parent	(40,288)	(15,982)
- Non controlling interests	106	18
Total comprehensive loss	(40,182)	(15,964)

Group balance sheet

Registration number: 09023753
as at 31 December 2022

	Note	2022 £'000	2021 £'000
Non-current assets			
Goodwill and intangible assets	12	535,605	532,036
Property, plant and equipment	13	15,297	15,884
Right of use assets	14	37,459	39,995
Investments in associates	15	2,944	1,862
Investments in joint ventures	15	742	962
Trade and other receivables	18	2,107	1,949
Deferred tax assets	20	16,682	16,445
		<u>610,836</u>	<u>609,133</u>
Current assets			
Inventories	16	267,402	175,774
Trade and other receivables	17	361,476	290,090
Corporation tax asset		2,006	1,239
Cash and cash equivalents		<u>81,641</u>	<u>82,793</u>
		<u>712,525</u>	<u>549,896</u>
Current liabilities			
Trade and other payables: due within one year	22	(536,712)	(484,745)
Lease liabilities	14	(10,043)	(10,335)
Corporation tax liabilities		(1,869)	(2,076)
Borrowings	19	<u>(93,590)</u>	<u>(71,962)</u>
		<u>(642,214)</u>	<u>(569,118)</u>
Net current assets / (liabilities)		<u>70,311</u>	<u>(19,222)</u>
Total assets less current liabilities		<u>681,147</u>	<u>589,911</u>
Non-current liabilities			
Trade and other payables: due after more than one year	21	(62,699)	(36,506)
Lease liabilities	14	(39,871)	(42,771)
Provisions for liabilities	24	(12,356)	(5,861)
Borrowings	19	<u>(747,048)</u>	<u>(635,959)</u>
		<u>(861,974)</u>	<u>(721,097)</u>
Net liabilities		<u>(180,827)</u>	<u>(131,186)</u>
Non-controlling interests		<u>(2,340)</u>	<u>(2,234)</u>
Net liabilities attributable to owners of the Company		<u>(183,167)</u>	<u>(133,420)</u>
Capital and reserves			
Called-up share capital	25	3	3
Share premium account	26	1	1
Accumulated losses	26	<u>(183,171)</u>	<u>(133,424)</u>
Total equity attributable to owners of the Company		<u>(183,167)</u>	<u>(133,420)</u>
Non-controlling interests		<u>2,340</u>	<u>2,234</u>
Total equity	26	<u>(180,827)</u>	<u>(131,186)</u>

The financial statements on pages 17 to 78 were approved by the Board of Directors on 12 May 2023 and signed on its behalf by:


Anil Jhingan, May 12, 2023 10:22 GMT+1
Anil Jhingan
Director


DLG Acquisitions Limited
Report and financial statements for the year to 31 December 2022

Company balance sheet

Registration number: 09023753
as at 31 December 2022

	Note	2022 £'000	2021 £'000
Non-current assets			
Investments	15	697,921	605,802
Trade and other receivables	18	26,594	37,110
Deferred tax assets	20	-	2,035
		<u>724,515</u>	<u>644,947</u>
Current assets			
Trade and other receivables	17	69,799	395,545
Corporation tax asset		-	-
Cash and cash equivalents		<u>184,638</u>	<u>140,804</u>
		<u>254,437</u>	<u>536,349</u>
Current liabilities			
Trade and other payables: due within one year	22	(141,600)	(458,731)
Borrowings	19	<u>(31,293)</u>	<u>(31,293)</u>
		<u>(172,893)</u>	<u>(490,024)</u>
Net current assets		81,544	46,325
Total assets less current liabilities		806,059	691,272
Non-current liabilities			
Trade and other payables: due after more than one year	21	(17,946)	(6,231)
Deferred tax liabilities	20	(2,830)	-
Borrowings	19	<u>(722,626)</u>	<u>(631,889)</u>
		<u>(743,402)</u>	<u>(638,120)</u>
Net assets		<u>62,657</u>	<u>53,152</u>
Capital and reserves			
Called-up share capital	25	3	3
Share premium account	26	1	1
Retained earnings	26	<u>62,653</u>	<u>53,148</u>
Total equity		<u>62,657</u>	<u>53,152</u>

The financial statements on pages 17 to 78 were approved by the Board of Directors on 12 May 2023 and signed on its behalf by:


Anil Jhingan
Director

Group statement of changes in equity

	Called-up share capital £'000	Share premium account £'000	Accumulated losses £'000	Total equity attributable to owners of the Company £'000	Non- controlling interest £'000	Total equity £'000
At 1 January 2021	3	218,478	(313,811)	(95,330)	2,216	(93,114)
<i>Comprehensive (loss)/income:</i>						
(Loss)/profit for the financial year	-	-	(18,419)	(18,419)	175	(18,244)
<i>Other comprehensive income/(loss):</i>						
Other reserve movements	-	-	2,437	2,437	(157)	2,280
Total comprehensive (loss)/income	-	-	(15,982)	(15,982)	18	(15,964)
Share premium reduction	-	(218,477)	218,477	-	-	-
<i>Transactions with owners:</i>						
- Dividends to shareholders	-	-	(12,719)	(12,719)	-	(12,719)
- Dividends to subsidiaries' non controlling interests	-	-	(9,389)	(9,389)	-	(9,389)
Total transactions with owners	-	-	(22,108)	(22,108)	-	(22,108)
At 31 December 2021	3	1	(133,424)	(133,420)	2,234	(131,186)
At 1 January 2022	3	1	(133,424)	(133,420)	2,234	(131,186)
<i>Comprehensive (loss)/income:</i>						
(Loss)/profit for the financial year	-	-	(39,172)	(39,172)	20	(39,152)
<i>Other comprehensive income/(loss):</i>						
Currency translation differences	-	-	(1,116)	(1,116)	86	(1,030)
Total comprehensive (loss)/income	-	-	(40,288)	(40,288)	106	(40,182)
Share premium reduction	-	-	-	-	-	-
<i>Transactions with owners:</i>						
- Dividends to shareholders	-	-	-	-	-	-
- Dividends to subsidiaries' non controlling interests	-	-	(9,459)	(9,459)	-	(9,459)
Total transactions with owners	-	-	(9,459)	(9,459)	-	(9,459)
At 31 December 2022	3	1	(183,171)	(183,167)	2,340	(180,827)

DLG Acquisitions Limited
Report and financial statements for the year to 31 December 2022

Company statement of changes in equity

	Called-up share capital £'000	Share premium account £'000	Retained earnings / (accumulated losses) £'000	Total equity £'000
At 1 January 2021	3	218,478	(152,813)	65,668
<i>Comprehensive (loss) / income:</i>				
- Profit for the financial year	-	-	203	203
Total comprehensive income	-	-	203	203
Share premium reduction	-	(218,477)	218,477	-
<i>Transactions with owners:</i>				
- Dividends to shareholders	-	-	(12,719)	(12,719)
Total transactions with owners	-	-	(12,719)	(12,719)
At 31 December 2021	3	1	53,148	53,152
At 1 January 2022	3	1	53,148	53,152
<i>Comprehensive income:</i>				
- Profit for the financial year	-	-	7,005	7,005
- Other reserves movement	-	-	2,500	2,500
Total comprehensive income	-	-	9,505	9,505
	3	1	62,653	62,657
<i>Transactions with owners:</i>				
- Dividends to shareholders	-	-	-	-
Total transactions with owners	-	-	-	-
At 31 December 2022	3	1	62,653	62,657

Group cash flow statement

		Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
	Note		
Operating activities			
Cash generated from operations	27	64,323	68,472
Income taxes paid		(3,324)	(7,791)
Payments related to deferred consideration and put and call options		(56,975)	(21,132)
Net cash generated from operating activities		4,024	39,549
Investing activities			
Dividends received from associates		153	600
Proceeds on disposal of property, plant and equipment		168	21
Purchases of intangible assets		(4,438)	(1,343)
Purchases of property, plant and equipment		(4,552)	(4,894)
Acquisition of subsidiaries net of cash acquired		3,167	(929)
Amounts (paid) / received to joint ventures and associates		(625)	102
Interest received		3,217	679
Net cash used in investing activities		(2,910)	(5,764)
Financing activities			
Interest paid		(25,960)	(20,681)
Net settlement of swaps		(9,608)	(9,241)
Dividends paid to shareholders		-	(12,719)
Dividends paid to subsidiaries' non-controlling interests		(9,506)	(9,389)
Increase in borrowings		-	12,589
Proceeds on issue of shareholder loan notes		55,000	17,247
Payments made on lease liabilities		(14,114)	(14,696)
Net cash used in from financing activities		(4,188)	(36,890)
Net decrease in cash and cash equivalents		(3,074)	(3,105)
Cash and cash equivalents at beginning of year		82,793	86,650
Effect of foreign exchange rate changes		1,922	(752)
Cash and cash equivalents at end of year	27	81,641	82,793

DLG Acquisitions Limited
Report and financial statements for the year to 31 December 2022

Company cash flow statement

		Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
	Note		
Operating activities			
Cash (used in)/generated from operations	27	(13,375)	(5,580)
Income taxes received		-	142
Payments related to deferred consideration and put and call options		(36,556)	(17,823)
Net cash used in from operating activities		(49,931)	(23,261)
Investing activities			
Dividends received from subsidiaries		31,689	41,533
Acquisition of subsidiaries		-	(8,447)
Interest received		2,296	99
Amounts received from intercompany borrowings		11,000	-
Net cash generated from/(used in) in investing activities		44,985	33,185
Financing activities			
Interest paid		(21,585)	(18,556)
Net settlement of swaps		(9,607)	(9,241)
Equity dividends paid		-	(12,719)
Payments against intercompany borrowings		(3,006)	15,951
Increase in borrowings		-	12,500
Proceeds on issue of shareholder loan notes		55,000	17,247
Net cash generated from financing activities		20,802	5,182
Net increase in cash and cash equivalents		15,856	15,106
Cash and cash equivalents at beginning of year		72,312	56,444
Effect of foreign exchange rate changes		(2)	762
Cash and cash equivalents at end of year	27	88,166	72,312

Notes to the financial statements

1. General information

DLG Acquisitions Limited (registered number 09023753) (the "Company") is a company incorporated in the United Kingdom and domiciled in England and Wales under the Companies Act. The Company is a private company limited by shares. The address of the registered office is given on page 3. The nature of the Group's operations and principal activities are set out in the Strategic report on pages 4 to 8.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Group operates. Foreign operations are included in accordance with the policies set out in note 2.

2. Significant accounting policies

Basis of accounting

Accounting policies that relate to the financial statements as a whole are set out below, while those that relate to specific areas of the financial statements are shown in the corresponding note. All accounting policies have been consistently applied to all the years presented.

The financial statements have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

The financial statements have been prepared on the historical cost basis, modified by revaluation of financial assets and financial liabilities held at fair value through profit and loss (as applicable). Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. The principal accounting policies adopted are set out below.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

New standards and interpretations not yet adopted

A number of interpretations and revisions to existing standards have been issued which will be applicable to the Group's financial statements in future years, but will not have a material effect on reported profit or equity or on the disclosures in the financial statements.

Basis of consolidation

The Group financial statements consolidate the financial statements of DLG Acquisitions Limited and all its subsidiary undertakings drawn up to 31 December 2022. No profit and loss account is presented for DLG Acquisitions Limited as permitted by section 408 of the Companies Act 2006.

Subsidiaries are included in the Group's financial statements using the acquisition method of accounting. The results of subsidiaries acquired or disposed of during the year are consolidated from the effective date of acquisition or up to the effective date of disposal, as appropriate. Purchase consideration is allocated to the assets and liabilities on the basis of their fair value at the date of acquisition. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Notes to the financial statements (continued)

2. Significant accounting policies (continued)

Basis of consolidation(continued)

Entities in which the Group holds an interest on a long term basis and are jointly controlled by the Group and one or more ventures under a contractual arrangement are treated as joint ventures. In the Group financial statements, joint ventures are accounted for using the gross equity method.

Entities, other than subsidiary undertakings or joint ventures, in which the Group has a participating interest and over whose operating and financial policies the Group exercises a significant influence, are treated as associates. In the Group financial statements, associates are accounted for using the equity method.

Where necessary, adjustments are made to the financial statements of subsidiaries, associates and joint ventures to bring the accounting policies used into line with those used by the Group.

Revenue recognition

The Group derives its revenue from the transfer of goods and services to its customers. The Group recognises its revenue and attributable profit based on the satisfaction of performance obligations, and an assessment of when control is transferred to the customer.

Customer contracts come in a variety of forms across the Group but primarily fall into three categories: commissioned finished programmes, distribution by third parties, and distribution by the Group. For each contract, a set of performance obligations is identified, and a portion of the transaction price is assigned to each. Transaction prices will generally be fixed in the contract, but where variable consideration exists, an estimate of its value will be included. Revenue and the attributable profit are recognised on the satisfaction of the identified obligations. Transaction prices are calculated exclusive of VAT and equivalent sales taxes.

For commissioned finished programmes, the Group considers it has fulfilled its performance obligations at a point in time on delivery of each episode to the customer. Both under and overspends are accounted for once known and are recognised in accordance with the episodic delivery pattern. Provision is made for any loss making contracts as soon as identified (i.e. expected overspend is in excess of originally anticipated margin).

Revenues on programmes distributed by third parties and other ancillary revenues are recognised once the entity has been notified of sums due to it.

For finished programmes and formats distributed by the Group, revenue is recognised once contracted, provided that the product is available for exploitation by the customer and the license period has commenced.

Cost of sales

Cost of sales are recognised in line with the attributed revenue recognised in the year, for each type of revenue received in the year. Please refer to Revenue recognition accounting policy for details of recognition.

Goodwill

Purchased goodwill arising on the acquisition of subsidiary undertakings and businesses representing any excess of fair value of consideration over the fair value of net assets acquired is capitalised as an intangible asset and amortised over its useful economic life. The balance of goodwill and other intangible assets is reviewed for impairment on an annual basis and written down to its recoverable amount if events or changes in circumstances indicate that their carrying value may not be recoverable.

Other intangible assets

Programme title intangible assets are recognised at fair value on the acquisition of a business and are amortised on a straight-line basis over the expected useful economic life of the titles, typically two to seven years. These assets are tested for impairment at least annually if indicators for impairment are present, for instance the de-commissioning of a specific programme title. Intellectual property is generated on capitalisation of specific content creation costs. It is amortised on a straight-line basis over the expected useful economic life of the content, typically two to three years, once the asset is available to use.

Computer software intangibles are generated on capitalisation of internally-generated costs which occur during the application development stage. Software costs incurred during the preliminary project and post implementation stages are expensed as incurred. Any 'off the shelf' software purchased can only be capitalised as an intangible asset if it is expected to generate future economic benefits. They are amortised on a straight-line basis over the expected useful economic life of the content, typically two to three years, once the asset is available to use.

Notes to the financial statements (continued)

2. Significant accounting policies (continued)

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated 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.

Depreciation

Depreciation is calculated to write off the cost of property, plant and equipment evenly over their estimated useful lives at the following annual rates:

Freehold property	Over 50 years
Leasehold improvements	20 - 50%
Furniture, fixtures, plant and equipment	20 - 50%
Motor vehicles	20 - 25%

The carrying values of property, plant and equipment 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.

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.

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.

Inventories

Inventories should be valued at the lower of cost and net realisable value. Net realisable value should be based on estimated selling price less any further costs expected to be incurred to completion.

Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is deemed to be or contain a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used.

Operating lease rentals below the threshold for application of IFRS 16 are charged to the income statement on a straight line basis over the period of the lease.

Pensions

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge disclosed in note 7 represents contributions payable by the Group to the fund.

DLG Acquisitions Limited
Report and financial statements for the year to 31 December 2022
Notes to the financial statements (continued)

2. Significant accounting policies (continued)

Taxation

The tax expense for the year 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 realised 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.

Translation of foreign currencies

(a) 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.

(b) 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.

Going concern

The Group has net liabilities of £180.8m at 31 December 2022. The Group's liabilities include £738.5m of loans from banks and shareholders that are not repayable before 2026. Management has undertaken a reforecast of 2023 and 2024 under a range of potential scenarios. The resulting impacts have been compared to the Group's funding sources, comprising a revolving credit facility of £50.0m (which was £32.5m drawn as at 31 December 2022), and show that the Group can continue as a going concern and meet its liabilities as and when they fall due for a period of not less than 12 months following the date on which the Report and financial statements of the Group are signed.

Through the analysis, which included the simulation of a plausible downside scenario, the Directors have verified that the Company and the Group have sufficient cash flow resources to maintain operations for the foreseeable future. The Directors therefore continue to adopt the going concern basis in preparing the Report and financial statements.

DLG Acquisitions Limited
Report and financial statements for the year to 31 December 2022
Notes to the financial statements (continued)

2. Significant accounting policies (continued)

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial asset - recognition and measurement

Financial assets are recognised when the entity becomes a party to the contract and, as a consequence, has a legal right to receive cash.

All financial assets are initially measured at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Classification of financial assets depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

The Group classifies its financial assets in the following measurement categories:

- those measured at amortised cost,
- those to be measured subsequently at fair value, either through other comprehensive income (FVTOCI) or through profit or loss (FVTPL).

Financial asset at amortised cost

A financial asset is measured at the amortised cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the Group. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

Financial asset at FVTOCI

A 'financial asset' is classified as at the FVTOCI if both of the following criteria are met:

- The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- The asset's contractual cash flows represent SPPI.

However, there are no instruments which have been classified under this category.

Financial asset at FVTPL

Any financial asset, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL. FVTPL is a residual category for financial assets.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Group's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Notes to the financial statements (continued)

2. Significant accounting policies (continued)

Financial instruments (continued)

Impairment of financial assets

In accordance with IFRS 9, the Group applies the expected credit loss (ECL) model for the measurement and recognition of impairment loss on financial assets measured at amortised cost e.g., investments, loans and bank balance.

ECL is the weighted average of difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate, with the respective risks of default occurring as the weights. When estimating the cash flows, the Group is required to consider:

- All contractual terms of the financial assets (including prepayment and extension) over the expected life the assets.
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

Financial liabilities - recognition and measurement

Financial liabilities are recognised when the entity becomes a party to the contract and, as a consequence, has a legal obligation to pay cash.

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives as appropriate.

All financial liabilities are initially measured at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities comprises of loans and borrowings including bank overdrafts

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Notes to the financial statements (continued)

2. Significant accounting policies (continued)

Financial instruments (continued)

Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risk, including interest rate swaps and cross currency swaps. Further details of these instruments are disclosed in note 30.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently re-measured to their fair value at each balance sheet date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and provide returns for shareholders. The Group monitors its capital on a regular and continuous basis, ensuring sufficient capital is in place for the Group's ongoing trading requirements.

In addition to the above, we seek to enter into derivative instruments to protect against increases in the interest rates on our variable-rate debt and foreign currency movements, particularly with respect to borrowings that are denominated in a currency other than the functional currency of the borrowing entity. We have entered into derivative instruments to manage interest rate and foreign currency exposure with respect to the US Dollar and the Euro.

Further details of the capital structure of the Group can be found in the Directors' report on page 9.

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Report and financial statements for the year to 31 December 2022
Notes to the financial statements (continued)

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 2, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources.

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. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. There are no critical judgements that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

The estimates that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Critical accounting estimates and judgements

(a) Impairment of trade and other debtors, contract assets and intercompany balances

The Company makes an estimate of the recoverable value of trade debtors, contract assets and intercompany balances. 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. The expected credit loss model was applied to trade debtors, contract assets and intercompany balances and the impact was not material. See notes 17 and 18 for the net carrying amount of receivables and associated impairment provision.

(b) Recoverability of work in progress

The Company reviews the recoverability of its work in progress, derived from programmes during production which are included in the Balance Sheet, on a continuous basis. The Company believes that the anticipated revenues will enable the carrying amount of work in progress to be recovered in full that future economic benefits will be recognised by the Group.

(c) 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 utilization and the physical condition of the assets. See note 13 for the carrying amount of the tangible fixed assets.

(d) Carrying value of investments

The Directors believe that the carrying value of the investments is supported by their underlying net assets. The Directors carry out an impairment assessment on the investments held if events or changes in circumstances indicate the carrying value may not be recoverable. In performing the impairment assessment, the present value of future cash flows are calculated based on three year financial forecasts approved by a Director. Cash flows for the periods beyond the forecast period have been extrapolated using the 1.9% historic long term GDP annual regional growth rate. The discount rate applied against the anticipated future cash flows is based on a pre-tax estimated weighted average cost of capital of 10.6%. A reasonable change in the key assumptions does not have a significant impact on the difference between value in use and the carrying value.

(e) Earn-out & put and call arrangements

The fair value of the liabilities in respect of earn-outs and put and call arrangements are valued based on projected operating results of the relevant entity, applied to the calculation as determined by the relevant sale and purchase agreement. These are discounted using a discount rate of 10%. A reasonable change in the key assumptions does not have a significant impact on the difference between value in use and the carrying value.

(f) Fair value of derivatives

We perform recurring fair value measurements with respect to our derivative instruments, which are carried at fair value. We use cash flow valuation models to determine the fair values of our interest rate and foreign currency derivative instruments. Most of the inputs to these discounted cash flow models consist of, or are derived from, observable Level 2 data for substantially the full term of these derivative instruments. This observable data includes most interest rate futures and swap rates, which are retrieved or derived from available market data.

(g) Goodwill

The key accounting estimates and judgements are as detailed in note 12.

(h) Intangibles

The key accounting estimates and judgements are as detailed in note 12.

Notes to the financial statements (continued)

4. Revenue

In the opinion of the Directors, the Group operated only one class of business throughout the year, namely the creation, sale and distribution of television and film programmes and other digital content and related ancillary services

An analysis of revenue by geographical market destination is given below (excluding turnover of joint ventures and associates). This is also considered to depict how revenue and cash flows are affected by economic factors:

	Year to 31 December 2022		Year to 31 December 2021	
	Origin £'000	Destination £'000	Origin £'000	Destination £'000
United Kingdom	737,429	317,109	576,495	303,510
United States of America	140,673	418,403	152,157	321,682
Rest of the world	142,691	285,281	137,918	241,378
	1,020,793	1,020,793	866,570	866,570

An analysis of loss before taxation and net assets/(liabilities) by business location is given below:

	Year to 31 December 2022		Year to 31 December 2021	
	Profit/(loss) before tax £'000	Net assets / (liabilities) £'000	(loss) / profit before tax £'000	Net assets / (liabilities) £'000
United Kingdom	38,631	201,842	(19,964)	74,235
United States of America	(687)	(11,067)	1,532	(10,748)
Rest of the world	8,613	(64,485)	54,512	(15,695)
	46,557	126,290	36,080	47,792
Net finance cost	(69,890)	-	(43,081)	-
Intangible amortisation and Accumulated losses	(6,394)	-	(9,944)	-
Bank loans and amounts owed to parent undertakings	-	(844,759)	-	(713,248)
Intangible assets	-	535,605	-	532,036
	(29,727)	(182,864)	(16,945)	(133,420)

Contract assets held by the Group are accrued revenue of £150.5m (2021: £108.9m). Contract liabilities are deferred revenue of £275.3m (2021: £217.2m). Deferred revenue as at 31 December 2022 was released to revenue in the year and deferred revenue as at 31 December 2021 relates to new contracts entered in the year.

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Report and financial statements for the year to 31 December 2022
Notes to the financial statements (continued)

5. Group operating profit

Group operating profit has been arrived at after charging/(crediting):

		Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
	Note		
Depreciation of property, plant and equipment	13	5,295	5,187
Depreciation of Right of Use Assets (IFRS 16)	14	10,247	10,542
Profit on disposal of property, plant and equipment		(74)	(5)
Amortisation of intangible assets	12	6,394	9,944
Operating lease charges outside the scope of IFRS 16:			
- Land and buildings		135	30
- Equipment		303	248

Management deem EBITDA to be the most appropriate way of managing performance within the business, as it is closely aligned to our recurring cash profits of the Group.

EBITDA is calculated by adjusting operating profit for interest, tax, depreciation, amortisation, exceptional items (one off items that impact the Group's EBITDA for the year which do not recur and do not present a fair reflection of the performance of the Group), transitional costs (one-off costs of redundancy, property restructuring and other restructuring), transactional costs (costs relating to corporate development activity), costs related to deferred consideration and put and call options, but including results of joint ventures and associates. See reconciliation of EBITDA below:

		Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Operating profit		40,471	25,554
Amortisation of intangible assets	12	6,394	9,944
Costs related to deferred compensation, consideration and put & call options		22,544	16,761
Redundancy, restructuring and transactional costs (e.g. one-off restructuring)		12,665	11,946
Exceptional costs		-	178
Depreciation of property, plant and equipment	13	5,295	5,187
Depreciation of Right of Use Assets (IFRS 16)	14	10,247	10,542
Management fees to shareholders		3,000	3,000
Share of operating results of joint ventures and associates		(308)	582
Profit on disposal of property, plant and equipment		(74)	(5)
EBITDA		100,234	83,689

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Report and financial statements for the year to 31 December 2022
Notes to the financial statements (continued)

6. Auditors' remuneration

The analysis of the auditors' remuneration is as follows:

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
<i>Fees payable to the Company's auditors and their associates for the audit of the Group's financial statements:</i>		
- The audit of the Group consolidated financial statements	223	241
- The audit of the Group's subsidiaries	841	947
Total audit fees	1,064	1,188
<i>Fees payable to the Company's auditors for non-audit services:</i>		
- Other services	-	-
Total non-audit fees	-	-
Total	1,064	1,188

7. Staff numbers and costs

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

	Year ended 31 December 2022 Number	Year ended 31 December 2021 Number
Production	2,455	1,949
Administration	924	1,024
Sales	53	52
	3,432	3,025

The aggregate payroll costs of these persons were as follows:

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Wages and salaries	201,751	178,329
Social security costs	24,021	21,189
Other pension costs	4,845	4,030
	230,617	203,548

The Group also has a number of freelance staff, hired on a production basis, whose costs are included within cost of sales and are not reflected in the above table.

No Directors' emoluments are paid by DLG Acquisitions Limited to its statutory Directors. These Directors are remunerated by subsidiary companies of Warner Bros. Discovery, Inc. and Liberty Global plc. In lieu of this, a management fee is payable by DLG Acquisitions Limited to subsidiary companies of Warner Bros. Discovery, Inc. and Liberty Global plc, as disclosed in note 33.

DLG Acquisitions Limited
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Notes to the financial statements (continued)

7. Staff numbers and costs (continued)

For the year to 31 December 2022, total Directors' emoluments included within the management fee came to £1.1m (for the year to 31 December 2021: £1.1m)

During the same year, amounts incurred to other Non-Director key management personnel as compensation were

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Aggregate remuneration including long-term incentive schemes	4,140	5,926
Company pension contributions to personal pension schemes	6	6
	<u>4,146</u>	<u>5,932</u>

8. Finance income

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Exchange differences gain	-	21,012
Bank interest receivable	3,508	393
Net gain arising on financial liabilities classified as Fair Value through Profit or Loss	11,203	-
Other interest receivable	377	528
	<u>15,088</u>	<u>21,933</u>

9. Finance costs

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Net loss arising on financial liabilities classified as Fair Value through Profit or Loss	-	5,760
Interest on bank overdrafts and loans	35,484	28,859
Amortised fees on borrowings	1,330	1,264
Interest on loans from related parties	16,106	12,419
Exchange differences loss	13,803	-
Other interest payable	15,113	13,460
Interest payable on Lease Liabilities	3,142	3,253
	<u>84,978</u>	<u>65,015</u>

Notes to the financial statements (continued)

10. Tax charge on loss

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Current tax		
- <i>UK corporation tax</i>		
Current tax on income for the year	987	2,625
Adjustment in respect of prior year	(537)	(257)
- <i>Foreign tax</i>		
Current tax on income for the year	2,230	4,666
Adjustment in respect of prior year	(309)	151
	2,371	7,185
Share of joint ventures' tax	-	-
Total current tax	2,371	7,185
Deferred tax		
Originating and reversal of temporary differences	6,911	(6,456)
Adjustment in respect of prior year	578	124
Effect of changes in tax rates	(435)	446
Total deferred tax	7,054	(5,886)
Total tax charge on loss on ordinary activities	9,425	1,299

The main rate of corporation tax is currently 19% but this will increase to 25% from 1 April 2023. The rate increase has been substantively enacted and therefore the deferred tax balances have been recognised at the rate they are expected to reverse.

The tax charge/(credit) for the year can be reconciled to the loss in the income statement as follows:

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Loss on ordinary activities before tax	(29,727)	(16,945)
Tax at the UK corporation tax rate of 19% (31 December 2021: 19%)	(5,648)	(3,220)
<i>Tax effects of:</i>		
Expenses not deductible for tax purposes	15,961	11,096
Income not chargeable for tax purposes	(5,408)	(3,965)
Higher rates of corporation tax on overseas profits	279	1,405
Recognition of deferred tax on previously unrecognised losses	-	(6,477)
Adjustments in respect of prior period	(269)	18
Current year losses for which no deferred tax has been recognised	1,868	2,313
Overseas tax suffered (net of any creditable tax)	516	442
Tax rate difference between current tax and deferred tax	2,561	(759)
Effect of changes in tax rates on deferred tax opening balances	(435)	446
Tax charge for the year	9,425	1,299

Other than the amount charged to the income statement, no amounts relating to tax have been recognised in other comprehensive income and no amounts have been recognised directly in equity.

DLG Acquisitions Limited
Report and financial statements for the year to 31 December 2022
Notes to the financial statements (continued)

11. Results attributable to the Parent Company

The profit after tax, before external dividends, dealt with in the financial statements of the Parent Company is £7,005,181 (2021: profit of £203,481).

12. Intangible assets

<u>Group</u>	<u>Goodwill</u> £'000	<u>Content</u> £'000	<u>Computer Software</u> £'000	<u>Total</u> £'000
Cost				
At 1 January 2021	524,670	165,280	-	689,950
Transfers*	-	-	6,159	6,159
Additions	4,769	8,122	766	13,657
Exchange adjustment	(55)	-	(16)	(71)
At 31 December 2021	529,384	173,402	6,909	709,695
Accumulated amortisation and impairment				
At 1 January 2021	(17,100)	(146,635)	-	(163,735)
Transfers*	-	-	(3,994)	(3,994)
Exchange adjustment	-	-	14	14
Amortisation provided during the year	-	(8,620)	(1,324)	(9,944)
At 31 December 2021	(17,100)	(155,255)	(5,304)	(177,659)
Net Book Value				
At 31 December 2021	512,284	18,147	1,605	532,036
At 31 December 2020	507,570	18,645	-	526,215
Cost				
At 1 January 2022	529,384	173,402	6,909	709,695
Additions	2,914	2,456	1,947	7,317
Acquisition of subsidiaries	-	2,656	-	2,656
Exchange adjustment	42	-	41	83
Disposal	-	(47)	-	(47)
At 31 December 2022	532,340	178,467	8,897	719,704
Accumulated amortisation and impairment				
At 1 January 2022	(17,100)	(155,255)	(5,304)	(177,659)
Exchange adjustment	-	-	(46)	(46)
Amortisation provided during the year	-	(5,183)	(1,211)	(6,394)
At 31 December 2022	(17,100)	(160,438)	(6,561)	(184,099)
Net Book Value				
At 31 December 2022	515,240	18,029	2,336	535,605
At 31 December 2021	512,284	18,147	1,605	532,036

DLG Acquisitions Limited
Report and financial statements for the year to 31 December 2022
Notes to the financial statements (continued)

12. Intangible assets (continued)

Goodwill

Goodwill arising on acquisitions is capitalised with an indefinite useful life and tested annually for impairment. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows ('cash generating units'). Goodwill is allocated to the cash generating units that are expected to benefit from the business combination.

The largest elements of the goodwill held within the Group are £149,790,000 (2021: £149,790,000) in respect of All3Media International Limited, £69,846,000 (2021: £69,846,000) in respect of Lime Pictures Limited, £58,768,000 (2021: £58,768,000) in respect of Optomen Television Limited and £54,489,000 (2021: £54,489,000) in respect of All3Media Deutschland Limited; per IAS 36 para 134 regarding information for each CGU with goodwill and intangible assets with indefinite useful lives. An impairment review has been conducted. The recoverable amount for goodwill has been determined based on value in use, being the present value of future cash flows based on three-year financial budgets approved by management.

Cash flows for the periods beyond the approved financial budgets have been extrapolated using a 1.9% historic long-term GDP annual regional growth rate. The discount rate applied against anticipated future cash flows is based on a pre-tax estimated weighted average cost of capital of 10.6%, which is deemed applicable to each cash generating unit as they are within the same industry and exposed to similar risk. A reasonable change in the key assumptions, for example a 5% drop in EBITDA beyond the approved financial budgets, does not significantly impact the difference between value in use and carrying value.

As a result of the annual impairment assessment and a review of forecast future cashflows, an impairment of £nil has been made to goodwill for the year to 31 December 2022 (2021: £nil).

Other intangible assets

Within content intangible assets programme titles are recognised at fair value on the acquisition of a business and are amortised on a straight-line basis over the expected useful economic life of the titles, typically two to seven years. These assets are tested for impairment at least annually if indicators for impairment, for instance the de-commissioning of a specific programme title, are present.

Intellectual property is generated on capitalisation of specific content creation costs. It is amortised on a straight-line basis over the expected useful economic life of the content, typically three years, once the asset is available to use.

No intangible assets are held by the Parent Company (2021: £nil).

*During the prior year, the Group concluded that certain capitalised software held in Property, plant and equipment was appropriate to be recognised within Intangible assets

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Notes to the financial statements (continued)
13. Property, plant and equipment

	Freehold property £'000	Leasehold improvements £'000	Furniture, fixtures, plant and equipment £'000	Motor vehicles £'000	Total £'000
Group					
Cost					
At 1 January 2021	3,833	4,669	19,790	767	29,059
Additions	351	594	3,865	99	4,909
Acquired with subsidiaries	-	792	460	-	1,252
Transfers*	-	4	(6,159)	-	(6,155)
Disposals	-	-	(2,688)	(30)	(2,718)
Exchange adjustment	-	-	(412)	6	(406)
At 31 December 2021	4,184	6,059	14,856	842	25,941
Accumulated depreciation					
At 1 January 2021	(191)	(1,873)	(8,569)	(267)	(10,900)
Acquired with subsidiaries	-	(579)	(448)	-	(1,027)
Transfers*	-	3	3,994	-	3,997
Charge for the year	(71)	(590)	(4,364)	(162)	(5,187)
Disposals	-	(25)	2,726	26	2,727
Exchange adjustment	-	(16)	354	(5)	333
At 31 December 2021	(262)	(3,080)	(6,307)	(408)	(10,057)
Net Book Value					
At 31 December 2021	3,922	2,979	8,549	434	15,884
At 31 December 2020	3,642	2,796	11,221	500	18,159
Cost					
At 1 January 2022	4,184	6,059	14,856	842	25,941
Additions	117	301	4027	137	4,582
Acquired with subsidiaries	-	-	-	-	-
Disposals	-	(1,687)	(6,297)	(105)	(8,089)
Exchange adjustment	-	267	826	79	1,172
At 31 December 2022	4,301	4,940	13,412	953	23,606
Accumulated depreciation					
At 1 January 2022	(262)	(3,080)	(6,307)	(408)	(10,057)
Acquired with subsidiaries	-	-	-	-	-
Charge for the year	(104)	(714)	(4,289)	(188)	(5,295)
Disposals	-	1,662	6,151	86	7,899
Exchange adjustment	-	(146)	(666)	(44)	(856)
At 31 December 2022	(366)	(2,278)	(5,111)	(554)	(8,309)
Net Book Value					
At 31 December 2022	3,935	2,662	8,301	399	15,297
At 31 December 2021	3,922	2,979	8,549	434	15,884

Notes to the financial statements (continued)

13. Property, plant and equipment

*During the prior year, the Group concluded that certain capitalised software held in Property, plant and equipment was appropriate to be recognised within Intangible assets.

No property, plant or equipment is held by the Parent Company (2021: £nil).

14. Leases

Amounts recognised in the balance sheet (Group)

	2022 £'000	2021 £'000
Right of use asset (NBV)		
Buildings	37,155	39,519
Equipment	120	280
Vehicles	184	196
	<u>37,459</u>	<u>39,995</u>
Lease liabilities		
Current	(10,043)	(10,335)
Non-current	(39,871)	(42,771)
	<u>(49,914)</u>	<u>(53,106)</u>

Additions to right of use assets during the year were £3,374,000 (2021: £6,850,000).

Amounts recognised in the statement of profit or loss

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Depreciation charge on right of use assets		
Buildings	9,874	10,147
Equipment	241	273
Vehicles	132	122
	<u>10,247</u>	<u>10,542</u>
Other charges		
Interest expenses (included within finance cost note 10)	3,142	3,253
Expense related to non-IFRS 16 leases	414	278
	<u>3,556</u>	<u>3,531</u>

The total cash outflow for leases in the year was £14,114,000 (2021: £14,696,000)

The Group leases various offices, warehouses, retail stores, equipment and vehicles. Rental contracts are typically made for fixed periods of 6 months to 8 years, but may have extension options as described below.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

DLG Acquisitions Limited

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Notes to the financial statements (continued)

14. Leases (continued)

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in substance fixed payments), less any lease incentives receivable,
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date,
- amounts expected to be payable by the Group under residual value guarantees,
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

The Company does not hold any leases at 31 December 2022 (2021: none).

15. Investments

Company

	Subsidiaries	Joint Ventures	Total
	£'000	£'000	£'000
As at 1 January 2022	605,802		605,802
Additions	102,500		102,500
Impairment recognised during the year	(10,381)	-	(10,381)
As at 31 December 2022	697,921	-	697,921

An investment impairment has occurred due to the cessation of trade within an investment held by DLG Acquisitions Ltd. The relevant investment has been reduced to nil value due to a lack of future cashflows expected from this entity.

Group

	2022	2021
	£'000	£'000
Joint ventures	742	962
Associates	2,944	1,862
	<u>3,686</u>	<u>2,824</u>

Group – joint ventures

	2022	2021
	£'000	£'000
As at 1 January	962	-
Share of loss / (profit) retained by joint ventures	(220)	802
Other adjustments	-	160
As at 31 December	<u>742</u>	<u>962</u>

Notes to the financial statements (continued)

15. Investments (continued)

The details of the joint ventures held by the Group as at 31 December 2022 are set out below. These are all unlisted. Shares held by an intermediate holding company are indicated with an asterisk (*).

Name of Company	Country of incorporation	Voting rights %	Nature of business
A Seat At The Table Limited	England & Wales (1)	*50.0%	Television production
Company Stormdog Productions Limited	England & Wales (1)	*50.0%	Television production
Earthshot Studios Limited	England & Wales (1)	*50.0%	Television production
FLCP (Agatha Raisin 3) Limited	England & Wales (1)	*50.0%	Television production
FLCP (Agatha Raisin 4) Limited	England & Wales (1)	*50.0%	Television production
The Holiday Productions Ltd	England & Wales (1)	*50.0%	Television production
Studio Silverback Limited	England & Wales (1)	50.0%	Television production and distribution
Ocean 25 Limited	England & Wales (1)	*50.0%	Television production
Open Planet Community Interest Company	England & Wales (1)	*50.0%	Television production
Studio Silverback Productions Limited	England & Wales (1)	*50.0%	Television production

Group – associated undertakings

	2022 £'000	2021 £'000
At 1 January	1,862	2,246
Addition of associated undertakings	875	-
Profit retained for the year	314	374
Exchange adjustment	46	(57)
Dividends received	(153)	(701)
As at 31 December	<u>2,944</u>	<u>1,862</u>

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Notes to the financial statements (continued)

15. Investments (continued)

The details of the associate undertakings held by the Group as at 31 December 2022 are set out below. These are all unlisted. Shares held by an intermediate holding company are indicated with an asterisk (*).

Name of Company	Country of incorporation	Voting rights %	Nature of business
Bullion Productions Limited	England & Wales (1)	*24.99%	Television production
Bullion Productions Netherlands B.V.	Netherlands (11)	*24.99%	Television production
Caravan Media Limited	England & Wales (9)	*19.99%	Television production
Great Scott Media Limited	England & Wales (1)	*20.0%	Television production
Kura Productions Limited	New Zealand (12)	*51.0%	Television production
Moon Stories Limited	England & Wales (1)	*13.5%	Television production
Moon Stories (Australia) Pty Ltd	Australia (15)	*13.5%	Television production
S7ories2 Limited	England & Wales (1)	*27.02%	Television production
Satellite Media Limited	New Zealand (12)	*50.0%	Television production
Seven Selections Limited	England & Wales (1)	*27.02%	Television production
Seven Stories Limited	England & Wales (1)	*27.02%	Television production
Silvervan Productions Limited	England & Wales (14)	*10.0%	Television production
Story Films (Lizzie) Limited	England & Wales (1)	*32.43%	Television production
Story Films Ltd	England & Wales (1)	*32.43%	Television production
Story Films (Canoe Man) Limited	England & Wales (1)	*32.43%	Television production
Story Films (Black Cab) Limited	England & Wales (1)	*32.43%	Television production
Story Films (Otto) Limited	England & Wales (1)	*32.43%	Television production
Story Films (The Hunted) Limited	England & Wales (1)	*32.43%	Television production
3 Rock Productions Limited	England & Wales (1)	*12.5%	Television production
Build Your Own Films Limited	England & Wales (1)	*49.0%	Television production
Formation Games Studio Ltd	England & Wales (18)	*2.69%	Game and Entertainment Studio

Notes to the financial statements (continued)

15. Investments (continued)

Subsidiary undertakings

The details of the subsidiaries held by the Group as at 31 December 2022 are set out below. All companies are included in the consolidated financial statements and the full information will be annexed to the company's next annual return. The Directors believe that the carrying value of the investments is supported by their underlying net assets.

Shares held by an intermediate holding company are indicated with an asterisk (*).

Name of Company	Country of incorporation	Voting rights %	Nature of business
141 Productions (Ouch) Limited	England & Wales (1)	*100%	Television production
3DRG Limited	England & Wales (1)	*100%	Television distribution
Adamaarku Productions Limited	England & Wales (1)	*80.01%	Television production
Alchemy TV Distribution Limited	England & Wales (1)	*100%	Television production
Alexander Tailfeather Limited	England & Wales (1)	*50.0%	Television production
All3Media Director 2 Limited	England & Wales (1)	*100%	Sub-holding company
All3Media Director Limited	England & Wales (1)	100%	Sub-holding company
All3Media Finance Limited	England & Wales (1)	*100%	Sub-holding company
All3Media Holdings Limited	England & Wales (1)	100%	Sub-holding company
All3Media International Limited	England & Wales (1)	100%	Television distribution
All3Media Limited	England & Wales (1)	*100%	Sub-holding company
All3Media Clip Sales Limited	England & Wales (1)	*100%	Television production and distribution
All3Media Rights Limited (Formerly Newco Productions Limited)	England & Wales (1)	*100%	Television production and distribution
All3Media USA Limited	England & Wales (1)	*100%	Sub-holding company
American Animal Pictures Limited	England & Wales (1)	*100%	Television production
An Awfully Big Production Company Limited	England & Wales (1)	*100%	Television production
Angela Black Productions Ltd	England & Wales (1)	*80.01%	Television production
First Floor Films Limited (prev. Angelica Films Limited)	England & Wales (1)	*100%	Television production and distribution
Annika Stranded Finance Limited	England & Wales (1)	*100%	Financing vehicle
Apprentice Witch Productions Limited	England & Wales (1)	*100%	Television production
Assembly Film & Television Limited	England & Wales (1)	100%	Television production
Atrium TV Limited	England & Wales (1)	*100%	Television production
Arctic Productions Limited	England & Wales (1)	*100%	Television production
Aurora Media Worldwide UK Limited	England & Wales (1)	*90.0%	Television production and distribution

Notes to the financial statements (continued)**15. Investments (continued)****Subsidiary undertakings (continued)**

Shares held by an intermediate holding company are indicated with an asterisk (*)

Name of Company	Country of incorporation	Voting rights %	Nature of business
Awakening Production Limited	England & Wales (1)	*80.01%	Television production
Back to Life 2 Productions Limited	England & Wales (1)	*80.01%	Television production
Bentley Productions Limited	England & Wales (1)	100%	Television production
Betty TV Limited	England & Wales (1)	*100%	Television production and distribution
BLU Production Ltd	England & Wales (1)	*100%	Television production
Born Free Productions Limited	England & Wales (1)	*100%	Television production
Brookside Productions Limited	England & Wales (1)	*100%	Television production
Bunch Productions Limited	England & Wales (1)	*100%	Television production
C4i Distribution Limited	England & Wales (1)	*100%	Television distribution
CA2 Productions Limited	England & Wales (1)	*100%	Television production
CA3 Productions Limited	England & Wales (1)	*100%	Television production
CHA Productions Ltd	England & Wales (1)	*100%	Television production
Champion TV Finance Ltd	England & Wales (1)	*100%	Television production
Company Films Limited	England & Wales (1)	100%	Television production
Company Pictures Limited	England & Wales (1)	100%	Television production
Company Productions (Douglas) Limited	England & Wales (1)	100%	Television production
Company Productions (North) Limited	England & Wales (1)	100%	Television production
Company Productions Limited	England & Wales (1)	100%	Television production
Company Television (Northern Ireland) Limited	England & Wales (1)	100%	Television production
Company Television Limited	England & Wales (1)	100%	Television production
CTM 3 Productions Limited	England & Wales (1)	*100%	Television production and distribution
CTM 4 Productions Limited	England & Wales (1)	*100%	Television production and distribution
CTM 5 Productions Limited	England & Wales (1)	*100%	Television production and distribution
CTM 6 Productions Limited	England & Wales (1)	*100%	Television production and distribution
CTM 7 Productions Limited	England & Wales (1)	*100%	Television production and distribution
CTM 8 Productions Limited	England & Wales (1)	*100%	Television production and distribution
CTM 9 Productions Limited	England & Wales (1)	*100%	Television production and distribution

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Notes to the financial statements (continued)

15. Investments (continued)

Subsidiary undertakings (continued)

Shares held by an intermediate holding company are indicated with an asterisk (*).

Name of Company	Country of incorporation	Voting rights %	Nature of business
CTM 10 Productions Limited	England & Wales (1)	*100%	Television production and distribution
CTM 11 Productions Limited	England & Wales (1)	*100%	Television production and distribution
CTM 12 Productions Limited	England & Wales (1)	*100%	Television production and distribution
CTM Productions Limited	England & Wales (1)	*100%	Television production and distribution
DALG Productions Limited	England & Wales (1)	*100%	Television production
Dalg 2 Productions Limited	England & Wales (1)	*100%	Television production
Delta Productions Limited	England & Wales (1)	*100%	Television production
Digital Rights Group Limited	England & Wales (1)	100%	Television distribution
DirtQuake Limited	England & Wales (1)	*100%	Television production
DLG Financing 1 Limited	England & Wales (1)	100%	Sub-holding company
DLG Financing 2 Limited	England & Wales (1)	100%	Sub-holding company
Dream Horse Films Limited	England & Wales (1)	*60%	Television production
DRG America Limited	England & Wales (1)	*100%	Television distribution
Drive Through Productions Ltd	England & Wales (1)	*100%	Television production
Eight Bridges Productions Limited	England & Wales (1)	*80.01%	Television production
Electric Talent Limited	England & Wales (1)	100%	Television production
Fear Falls Production Limited	England & Wales (1)	*100%	Television production
First Loop Productions Limited	England & Wales (1)	*100%	Television production
Gently Productions Limited	England & Wales (1)	*100%	Television production
Grange Hill Productions Limited	England & Wales (1)	*50.0%	Television production
Hit Networks Ltd	England & Wales (1)	*73.0%	SVOD and podcast distribution
ID Distribution Limited	England & Wales (1)	*100%	Television distribution
Imposter Pictures Limited	England & Wales (1)	*100%	Television production
Informer Productions Limited	England & Wales (1)	*100%	Television production and distribution
Invasion Pictures Ltd	England & Wales (1)	*60%	Television production
IR2 Ltd	England & Wales (1)	*100%	Television production
La Plante Productions Limited	England & Wales (1)	*100%	Television production
Liar Two Productions Limited	England & Wales (1)	*80.01%	Television production

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Notes to the financial statements (continued)

15. Investments (continued)

Subsidiary undertakings (continued)

Shares held by an intermediate holding company are indicated with an asterisk (*).

Name of Company	Country of Incorporation	Voting rights %	Nature of business
Lime Entertainment Limited	England & Wales (1)	*100%	Television production
Lime Pictures (Drama ASC) Limited	England & Wales (1)	*100%	Television production
Lime Pictures (HH) Limited	England & Wales (1)	*100%	Television production
Lime Pictures (Nursery) Limited	England & Wales (1)	*100%	Television production
Lime Pictures Group Limited	England & Wales (1)	*100%	Television production
Lime Pictures Limited	England & Wales (1)	100%	Television production
Lion Cubs Limited	England & Wales (1)	*100%	Television production
Lion Cubs 2 Limited	England & Wales (1)	*100%	Television production
Lion Drama Limited	England & Wales (1)	*100%	Television production
Lion Films Limited	England & Wales (1)	*100%	Television production
Lion Media Limited	England & Wales (1)	*100%	Television production
Lion Television Limited	England & Wales (1)	100%	Television production
Lion Television North Limited	England & Wales (1)	*100%	Television production
Little Dot Studios Limited	England & Wales (1)	100%	Multi-platform content provider
Living Planet Productions Limited	England & Wales (1)	*100%	Television production
Manor Production Services Limited	England & Wales (1)	100.0%	Television production
Marlais Productions Limited	England & Wales (1)	*80.01%	Television production
Maverick Operation Ouch Limited	England & Wales (1)	*100%	Television production
Maverick Television Limited	England & Wales (1)	100%	Television production
Mears Studios (Holdings) Limited	England & Wales (1)	*100%	Television production and distribution
Mersey Acquisitions Limited	England & Wales (1)	100%	Television production
Mersey P L Limited	England & Wales (1)	100.0%	Television production
Merton Books Limited	England & Wales (1)	*100.0%	Television production
Midsomer Murders S21 Limited	England & Wales (1)	*100%	Television production
Midsomer Murders S22 Limited	England & Wales (1)	*100%	Television production
Midsomer Murders S23 Limited	England & Wales (1)	*100%	Television production
Midsomer Murders S24 Limited	England & Wales (1)	*100%	Television production
Moneda Productions Limited	England & Wales (1)	100%	Television production

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Notes to the financial statements (continued)

15. Investments (continued)

Subsidiary undertakings (continued)

Shares held by an intermediate holding company are indicated with an asterisk (*).

Name of Company	Country of incorporation	Voting rights %	Nature of business
MUD Productions Limited	England & Wales (1)	*100%	Television production
Neal Street Media Limited	England & Wales (1)	*50.1%	Television production and distribution
Neal Street Productions (Broadway) Limited	England & Wales (1)	*100%	Television production and distribution
Neal Street Productions Limited	England & Wales (1)	*100%	Television production and distribution
New Pictures Limited	England & Wales (1)	100%	Television production and distribution
Nine Streets Productions Limited	England & Wales (1)	*80.01%	Television production
North One Television Limited	England & Wales (1)	100%	Television production
NPX Productions Limited	England & Wales (1)	*100%	Television production
NSM Empire Ltd	England & Wales (1)	*50.1%	Television production
NSM The Red Zone Ltd	England & Wales (1)	*50.1%	Television production and distribution
Objective Media Group Limited	England & Wales (1)	100%	Television Production
OF Productions (Buds) Limited	England & Wales (1)	*100%	Television Production
OF Productions (Gold) Limited	England & Wales (1)	*100%	Television Production
OF Productions (Toast) Limited	England & Wales (1)	*100%	Television production
OF Productions (Us) Limited	England & Wales (1)	*100%	Television Production
One Potato Two Potato Limited	England & Wales (1)	*100%	Television production and distribution
Optomen Television Limited	England & Wales (1)	100.0%	Television production
Penguin Films Limited	England & Wales (1)	*100%	Television production
Penny Dreadful Television Limited	England & Wales (1)	*100%	Television production and distribution
Perfect Planet Productions Limited	England & Wales (1)	*100%	Television production
Pet Moon Productions Limited	England & Wales (1)	*100%	Television production
Pet Moon Television Limited	England & Wales (1)	100%	Television production
Polar Bear Films Limited	England & Wales (1)	*100%	Television production
Portman Acquisitions Limited	England & Wales (1)	*100%	Television distribution
Portman Entertainment Limited	England & Wales (1)	*100%	Television distribution
Portman Film and Television Limited	England & Wales (1)	*100%	Television distribution
Portman Media Assets Limited	England & Wales (1)	*100%	Television distribution

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Notes to the financial statements (continued)

15. Investments (continued)

Subsidiary undertakings (continued)

Shares held by an intermediate holding company are indicated with an asterisk (*).

Name of Company	Country of incorporation	Voting rights %	Nature of business
Portman Media Assets (No. 2) Limited	England & Wales (1)	*100%	Television distribution
Portman Productions Limited	England & Wales (1)	*100%	Television production
Rainforest Finance Limited	England & Wales (1)	*100%	Financing vehicle
Ravenscourt Services Limited	England & Wales (1)	*100%	Television production
Raw Factual Limited	England & Wales (1)	*52%	Television production
Raw Scripted Limited	England & Wales (1)	*60%	Television production
Raw TV Limited	England & Wales (1)	*100%	Television production and distribution
Raw 1990 Limited	England & Wales (1)	*100%	Television production and distribution
Raw California Limited	England & Wales (1)	*100%	Television production and distribution
Red Rooster Television Limited	England & Wales (1)	100%	Television production
Requiem Productions Limited	England & Wales (1)	*100%	Television production
Residual3 Limited	England & Wales (1)	*100%	Administrative vehicle
Ridley Productions Limited	England & Wales (1)	*100%	Television production
Rock Ridge Productions Limited	England & Wales (1)	*100%	Television production
Saigon Productions Limited	England & Wales (1)	*100%	Television production
Serengeti Productions Limited	England & Wales (1)	*89.993	Television production
Shakespeare Productions Limited	England & Wales (1)	*100%	Television production and distribution
Silverback Films Limited	England & Wales (1)	100%	Television production and distribution
SBF Features Limited	England & Wales (1)	*100%	Television production and distribution
SBF Nat Productions Limited	England & Wales (1)	*100%	Television production and distribution
Sealion Productions Limited	England & Wales (1)	*100%	Television production and distribution
Stateside Productions Limited	England & Wales (1)	*100%	Television production and distribution
Studio Lambert Associates Limited	England & Wales (1)	100%	Television production and distribution
Studio Lambert Finance Limited	England & Wales (1)	*100%	Television production and distribution
Studio Lambert Limited	England & Wales (1)	*100%	Television production and distribution
Studio Lambert Media Limited	England & Wales (1)	*50.1%	Television production and distribution

Notes to the financial statements (continued)

15. Investments (continued)

Subsidiary undertakings (continued)

Shares held by an intermediate holding company are indicated with an asterisk (*).

Name of Company	Country of incorporation	Voting rights %	Nature of business
Boarders Production Limited (previously Gallus Finance Limited)	England & Wales (1)	*50.1%	Television production and distribution
The Feed Production Limited	England & Wales (1)	*100%	Television production
The Lime Pictures Holding Company Limited	England & Wales (1)	*100%	Television production
The Mersey Music Company Limited	England & Wales (1)	*100%	Television production
The Mersey Television Company Limited	England & Wales (1)	*50.0%	Television production
The Mersey Television Group Limited	England & Wales (1)	*50.0%	Television production
The Mersey Television Training Company Limited	England & Wales (1)	*50.0%	Television production
The Nest Productions Limited	England & Wales (1)	*100%	Television production
The Tourist Productions Limited	England & Wales (1)	*80.01%	Television production
This is Your Life Experience Limited	England & Wales (1)	*100%	Television production
TLS1 productions Limited	England & Wales (1)	*100%	Television production
TSP2 Productions Limited	England & Wales (1)	*100%	Television production
Two Brothers Pictures Limited	England & Wales (1)	*80.01%	Television production and distribution
Bancroft Gold Productions Limited	England & Wales (1)	*80.01%	Television production and distribution
Boat Story Productions Limited	England & Wales (1)	*80.01%	Television production and distribution
Unstoppable Film and Television Limited	England & Wales (1)	*91%	Television production
Van der Valk S1 Limited	England & Wales (1)	*100%	Television production
Van der Valk S2 Limited	England & Wales (1)	*100%	Television production
Van Der Valk S3 Limited	England & Wales (1)	*100%	Television production
Wereworld Productions Limited	England & Wales (1)	*100%	Television production
West Road Pictures Limited	England & Wales (1)	100%	Television production and distribution
Westbridge Productions Limited	England & Wales (1)	*100%	Television production
Wild Britain Productions Limited	England & Wales (1)	*100%	Television production
Wild Chase Productions Limited	England & Wales (1)	*100%	Television production
Wild West Finance Limited	England & Wales (1)	*100%	Television distribution
Wing Limited	England & Wales (1)	*51%	Digital production services

Notes to the financial statements (continued)

15. Investments (continued) Subsidiary undertakings (continued)

Shares held by an intermediate holding company are indicated with an asterisk (*).

Name of Company	Country of incorporation	Voting rights %	Nature of business
Wings Acquisition Company Limited	England & Wales (1)	100.0%	Sub-holding company
Witchery Pictures Limited	England & Wales (1)	*100%	Television production and distribution
Zeal Entertainment Limited	England & Wales (1)	*100%	Television production
Zero Chill Productions Limited	England & Wales (1)	*100%	Television production
The Tourist Australia Productions Pty Ltd	Australia (7)	*80.01%	Television production
All3Media Deutschland GmbH	Germany (3)	*100%	Television production
filmpool entertainment GmbH	Germany (5)	*93.5%	Television production
filmpool fiction GmbH	Germany (19)	*93.5%	Television production
filmpool media entertainment GmbH	Austria (6)	*93.5%	Television production
I Care Producties BV	Netherlands (11)	*52.0%	Television production
All3Media Belgium B.V. (formerly IDTV Belgium BV)	Belgium (17)	*100%	Television production
IDTV Cumulus BV	Netherlands (11)	*100%	Television production
IDTV Film and Video Productions BV	Netherlands (11)	*100%	Television production
IDTV Fusion BV	Netherlands (11)	*100%	Television production
IDTV Live 360 BV	Netherlands (11)	*100%	Television production
IDTV Media Group BV	Netherlands (11)	*100%	Television production
MME Me, Myself & Eye Entertainment GmbH	Germany (4)	*93.5%	Television production
MME Movement AG	Germany (3)	*93.57%	Television production
Red Forest TV BV	Netherlands (11)	*100%	Television production
South & Browse GmbH	Germany (20)	*100%	Television production and distribution
Tower Productions GmbH	Germany (4)	*100.0%	Television production
TFS - The Fiction Syndicate GmbH	Germany (21)	*50.1%	Television production
Magic Connection GmbH	Germany (5)	*50.1%	Television production
Tulip Holdings BV	Netherlands (11)	*100%	Sub-holding company
All3Media Deutschland Fiction GmbH	Germany (22)	*100%	Television production
POS Video & Television B.V.	Netherlands (11)	*100%	Television production and distribution

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Notes to the financial statements (continued)

15. Investments (continued)

Subsidiary undertakings (continued)

Shares held by an intermediate holding company are indicated with an asterisk (*).

Name of Company	Country of incorporation	Voting rights %	Nature of business
All3Media America, LLC	USA (2)	*100%	Television production and distribution
All3Media International America, LLC	USA (2)	*100%	Television production and distribution
All3Media USA, Inc.	USA (2)	*100%	Sub-holding company
Beach Life Studios, LLC	USA (2)	*100%	Television production and distribution
Beak Street Studio Rentals Inc.	USA (2)	*100%	Television production and distribution
Bright Road Productions, Inc.	USA (2)	*100%	Television production and distribution
Bright Spot Content, LLC	USA (2)	*100%	Television production and distribution
Carnaby Services, Inc.	USA (2)	*100%	Television production and distribution
Clock Productions, LLC	USA (2)	*100%	Television production and distribution
DLG USA Financing, LLC	USA (2)	100%	Sub-holding company
Dusty Rose Pictures, LLC	USA (2)	*100%	Television production and distribution
DRG America LLC	USA (8)	*100%	Television distribution
Island TV, LLC	USA (2)	*100%	Television production and distribution
Lion Television, LLC	USA (2)	*100%	Television production and distribution
Little Dot Studios, LLC	USA (2)	*100%	Multi-platform content provider
Maverick Television Inc.	USA (2)	*100%	Television production and distribution
Music to Air, Inc.	USA (2)	*100%	Television production and distribution
Neal Street Productions USA, Inc.	USA (16)	*100%	Television production and distribution
Neon Productions LLC	USA (2)	*100%	Television production and distribution
North One Television USA, Inc.	USA (2)	*100%	Television production and distribution
Objective Productions US, Inc.	USA (2)	*100%	Television production and distribution
Optomen Productions, LLC	USA (2)	*100%	Television production and distribution
One Potato, Two Potato LLC	USA (2)	*100%	Television production and distribution
Weddell Sea Pictures LLC	USA (2)	*100%	Television production and distribution

Notes to the financial statements (continued)

15. Investments (continued)

Subsidiary undertakings (continued)

Shares held by an intermediate holding company are indicated with an asterisk (*).

Name of Company	Country of incorporation	Voting rights %	Nature of business
Palm Tree Pictures, LLC	USA (2)	*100%	Television production and distribution
Raw, Inc.	USA (2)	*100%	Television production and distribution
Striped Zebra Productions, Inc.	USA (2)	*100%	Television production and distribution
Studio Lambert Media, Inc	USA (2)	*50.1%	Television production and distribution
Studio Lambert Associates USA, Inc.	USA (2)	*100%	Television production and distribution
The Heist, LLC	USA (2)	*100%	Television production
The Write Types, Inc.	USA (2)	*100%	Television production and distribution
Vector Productions LLC	USA (2)	*100%	Multi-platform content provider
Woodman Park Productions, LLC	USA (2)	*100%	Television production and distribution
All3Media International Asia Pacific Pte. Limited	Singapore (10)	*100%	Television distribution
Little Dot Studios (Asia) Pte. Ltd	Singapore (10)	*100%	Multi-platform content provider
Burberry Entertainment Pty Limited	Australia (13)	*100%	Television production
Brokenwood Productions Limited	New Zealand (12)	*100%	Television production
Maggie Limited	New Zealand (12)	*100%	Television production
Pam's Petting Zoo Limited	New Zealand (12)	*100%	Television production
South Pacific Pictures Investments Limited	New Zealand (12)	*100%	Sub-holding company
South Pacific Pictures Limited	New Zealand (12)	*100%	Television production
South Pacific Pictures Productions Limited	New Zealand (12)	*100%	Television production
South Pacific Pictures Serials Limited	New Zealand (12)	*100%	Television production
Tatau Productions Limited	New Zealand (12)	*100%	Television production
Weld Productions Limited	New Zealand (12)	*100%	Television production
Golden Retriever Family Limited	New Zealand (12)	*100%	Television production

Notes to the financial statements (continued)

15. Investments (continued)

Subsidiary undertakings (continued)

Registered Address Key

(1)	Berkshire House, 168 - 173 High Holborn, London, WC1V 7AA, United Kingdom
(2)	6060 Center Drive, 4th Floor, Los Angeles CA 90045, United States
(3)	Ateierstrasse 12, 81671, Munich, Germany
(4)	Gotzkowskystr. 20-21, 10555, Berlin, Germany
(5)	Kalscheurener Str. 91, 50354 Hürth, Germany
(6)	Untere Donaustr. 13-15, A - 1020, Wien, Austria
(7)	77 79 Argyle Street, Fitzroy, VIC 3065, Melbourne, Australia
(8)	C/O GILDEA, 122 E. 42ND ST STE 4300, New York, USA
(9)	Poynders End, Preston, Hitchin, England, SG4 7RX
(10)	80 Robinson Road, #02-00, Singapore 068898
(11)	Overschiestraat 176, 1062XK, Amsterdam, Netherlands
(12)	8 Tolich Place, Henderson, Auckland, New Zealand
(13)	Kew, Victoria 3101, Australia
(14)	78 Mill Lane, London, United Kingdom, NW6 1JZ
(15)	Suite 275, 10 Albert Avenue, Broadbeach QLD 4218, Australia
(16)	50 Rockefeller Plaza, 4th Floor, New York, USA
(17)	Reedijk 10, 1785 Merxtem, Belgium
(18)	63-66, Fifth Floor, Suite 23 Hatton Garden, London, England, EC1N 8L
(19)	Hohenzollernring 22-24, 50672 Köln, Germany
(20)	Floßergasse 2, 81369 München, Germany
(21)	Hildeboldplatz 15 17, 50672 Köln, Germany
(22)	Alt Moabit 62, 10555 Berlin, Germany

16. Inventories

Group	2022 £'000	2021 £'000
Work in progress	267,402	175,774
	267,402	175,774

No inventories are held by the Parent Company (2021: £nil)

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Notes to the financial statements (continued)

17. Trade and other receivables: due within one year

	Group		Company	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Trade receivables	92,347	66,127	-	-
Other receivables	108,562	89,503	4,397	-
Prepayments and accrued income	158,742	134,460	-	21
Amounts owed by Group undertakings	-	-	65,276	395,498
Social security and other taxes	1,825	-	126	26
	361,476	290,090	69,799	395,545

Amounts owed by Group undertakings included in the Company above comprise a number of intercompany loans of £65,276,000 (2021: £35,443,000) and an intercompany loan was repaid in June 2022 of £nil (2021: £360,055,000), all of which are unsecured, interest-free and repayable on demand.

Within other receivables in Group above is £1,069,000 (2021: £nil) relating to derivative financial instruments. Within other receivables in the Company above is £4,339,000 (2021: £nil) relating to derivative financial instruments.

18. Trade and other receivables: due after more than one year

	Group		Company	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Trade receivables	-	-	-	-
Prepayments and accrued income	1,873	784	-	-
Amounts owed by Group undertakings	-	-	26,360	35,945
Other receivables	234	1,165	234	1,165
	2,107	1,949	26,594	37,110

Amounts owed by Group undertakings included in the Company above comprise an intercompany loan of £26,360,000 (2021: £35,945,000) repayable between May 2025 and May 2026 following the settlement of all outstanding loan amounts due under the Senior Facilities Agreement and the Second Lien Facilities Agreement with National Westminster Bank Plc and Liberty Global Incorporated Limited dated 24 May 2019 and 31 May 2019 respectively. Interest is payable on these loans at a rate of between EURIBOR + 3.5% and SONIA + 8.00% per annum.

Other receivables in Group and Company above is £234,000 (2021: £1,165,000) relating to derivative financial instruments.

Notes to the financial statements (continued)

19. Borrowings

	Group		Company	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Unsecured borrowing at amortised cost				
Amounts owed to parent undertakings	292,980	221,874	292,980	221,874
	292,980	221,874	292,980	221,874
Secured borrowing at amortised cost				
Bank loans	551,779	491,374	465,060	446,636
Deferred financing fees	(4,121)	(5,328)	(4,121)	(5,328)
	547,658	486,046	460,939	441,308
Total Borrowings	840,638	707,920	753,919	663,182
Amounts due for settlement:				
Within 12 months or on demand	93,590	71,962	31,293	31,293
Current borrowings total	93,590	71,962	31,293	31,293
In more than one year but not more than two years	11,252	2,863	(1,206)	(1,206)
In more than two years but not more than five years	368,816	337,221	356,852	337,221
In more than five years	366,980	295,874	366,980	295,874
Non-current borrowings total	747,048	635,958	722,626	631,889
Total Borrowings	840,638	707,920	753,919	663,182

Company

Analysis of borrowings by currency:

	Sterling £'000	Euros £'000	Total £'000
31 December 2022			
Amounts owed to parent undertakings	292,980	-	292,980
Bank loans	106,499	358,561	465,060
Deferred financing fees	(4,121)	-	(4,121)
	395,358	358,561	753,919
31 December 2021			
Amounts owed to parent undertakings	221,874	-	221,874
Bank loans	106,500	340,136	446,636
Deferred financing fees	(5,328)	-	(5,328)
	323,046	340,136	663,182

Notes to the financial statements (continued)

19. Borrowings (continued)

Group

Analysis of borrowings by currency:

	Sterling £'000	US Dollars £'000	Euros £'000	NZ Dollars £'000	AUS Dollars £'000	Total £'000
31 December 2022						
Amounts owed to parent undertakings	292,980	-	-	-	-	292,980
Bank loans	190,740	-	358,561	2,478	-	551,779
Deferred financing fees	(4,121)	-	-	-	-	(4,121)
	<u>479,599</u>	<u>-</u>	<u>358,561</u>	<u>2,478</u>	<u>-</u>	<u>840,638</u>
31 December 2021						
Amounts owed to parent undertakings	221,874	-	-	-	-	221,874
Bank loans	139,546	2,166	340,136	-	9,526	491,374
Deferred financing fees	(5,328)	-	-	-	-	(5,328)
	<u>356,092</u>	<u>2,166</u>	<u>340,136</u>	<u>-</u>	<u>9,526</u>	<u>707,920</u>

The principal features of the Group and Company's borrowings are as follows:

- (i) Bank overdrafts are repayable on demand. The average effective interest rate on bank overdrafts approximates 3.50% above the Bank of England base rate per annum, minimum 0%.
- (ii) The Group has four principal bank loans:
 - (a) a first lien loan of £405m. The loan was taken out on 4 June 2019. The loan is secured by pledge over the company's shares and intercompany receivables, the carrying amount of which is shown in note 19. The loan carries an interest rate at 3.5% above 6 month EURIBOR, minimum 0%.
 - (b) a loan of £74m. The loan was taken out on 4 June 2019. The loan is secured by pledge over the Company's shares and intercompany receivables, the carrying amount of which is shown in note 19. The loan carries an interest rate at 8.00% above 6 month SONIA, minimum 0%.
 - (c) production loans totalling £51.8m (2021: £31.1m).
 - (d) a loan for £11.5m is repayable no later than 31 December 2023 at an interest rate of 3.35% above the Bank of England Base Rate. The production loan is secured against the assets of the specific production.
- (iii) Amounts repayable to parent undertakings carry interest of 5.99% per annum charged on the outstanding loan balances. Shareholder loans at 31 December 2022 totalled £292,980,000 comprised of £276,874,000 principal and £16,106,000 accrued interest (2021: £209,454,000 principal and £12,420,000 interest). Interest is compounded annually.

The weighted average interest rates paid during the year were as follows.

	Year ended 31 December 2022 %	Year ended 31 December 2021 %
Bank overdrafts	6.93	3.75
Amounts owed to parent undertakings	5.99	5.99
Bank loans	6.99	4.23

Notes to the financial statements (continued)

20. Deferred tax

The following are the major deferred tax liabilities and assets recognised by the Group and movements thereon during the current and prior reporting year

	At 1 January 2022 £'000	Acquisitions / disposals £'000	Credit / (charge) to profit or loss £'000	Exchange differences £'000	At 31 December 2022 £'000
Intangible assets	(3,582)	(148)	610	49	(3,071)
Accelerated tax depreciation	4,421	186	(873)	73	3,807
IFRS 16 leases	535	(13)	27	33	582
Tax losses	8,152	-	705	57	8,914
Revaluation of financial instruments	2,035	-	(4,865)	-	(2,830)
Short term temporary differences	453	(25)	(2,658)	198	(2,032)
Deferred tax asset	12,014	-	(7,054)	410	5,370

Deferred tax asset in the Company relates to the following

	At 1 January 2022 £'000	Acquisitions / disposals £'000	Charge to profit or loss £'000	Exchange differences £'000	At 31 December 2022 £'000
Revaluation of financial instruments	2,035	-	(4,865)	-	(2,830)
	2,035	-	(4,865)	-	(2,830)

Deferred tax assets and liabilities are offset where the Group has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	2022 £'000	2021 £'000
Deferred tax liabilities (note 24)	(11,311)	(4,431)
Deferred tax assets	16,682	16,445
	5,370	12,014

Deductible temporary differences and unused tax losses for which no deferred tax assets have been recognised are attributable to the following:

	2022 £'000	2021 £'000
Unutilised tax losses	23,267	20,720
	23,267	20,720

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Notes to the financial statements (continued)

21. Trade and other payables: due after more than one year

	Group		Company	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Accruals and deferred income	3,462	2,691	-	-
Other payables	59,237	33,815	17,946	6,231
	62,699	36,506	17,946	6,231

Included within other payables in Group above is £42,409,000 (2021: £27,702,000) related to put and call options and £16,829,000 (2021: £6,111,000) related to deferred consideration.

Included within other payables in the Company above is £1,117,000 (2021: £120,000) related to put and call option liabilities and £16,829,000 (2021: £6,111,000) related to deferred consideration.

22. Trade and other payables: due within one year

	Group		Company	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Trade payables	107,976	85,933	-	-
Amounts owed to Group undertakings	-	-	35,934	337,615
Other payables	35,945	78,875	7,146	49,922
Social security and other taxes	5,229	5,541	-	-
Accruals and deferred income	387,562	314,396	2,048	2,702
Bank overdrafts	-	-	96,472	68,492
	536,712	484,745	141,600	458,731

Included within other payables in Group and Company above is £nil (2021: £8,112,000) relating to derivative financial instruments. Included within other payables in Group above is £8,115,000 (2021: £41,970,000) relating to put and call option liabilities and £1,666,000 (2021: £13,832,000) related to deferred consideration. Included in other payables in the Company is £3,000,000 (2021: £21,570,000) relating to put and call option liabilities and £780,000 (2021: £13,409,000) related to deferred consideration.

Amounts owed to Group undertakings of £35,934,000 (2021: £337,615,000) are repayable within a year.

23. Obligations under leases and hire purchase contract

Total future commitments under non-cancellable operating leases, for the Group, are as follows:

	Land and buildings		Other	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Operating leases payable:				
Within one year	135	30	303	248
In two to five years	-	-	-	-
In over five years	-	-	-	-
	135	30	303	248

There are no obligations under operating leases in the Company as at 31 December 2022 or 31 December 2021.

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Notes to the financial statements (continued)

24. Provisions for liabilities

	2022	2021
	£'000	£'000
Deferred taxation (note 20)	11,312	4,431
Dilapidation provisions	1,044	842
Other provisions	-	588
	12,356	5,861

There are no provisions for liabilities in the Company as at 31 December 2022 or 31 December 2021.

25. Called-up share capital

Group and Company	2022	2021
	£	£
<i>Issued and fully paid:</i>		
119,240 (31 December 2021: 119,240) ordinary A shares of £0.01 each	1,192	1,192
119,240 (31 December 2021: 119,240) ordinary B shares of £0.01 each	1,192	1,192
16,802 (31 December 2021: 16,802) ordinary shares of £0.01 each	168	168
	2,552	2,552

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Notes to the financial statements (continued)

26. Reconciliation of movements in reserves

Company

	Called-up share capital £'000	Share premium account £'000	(Accumulated losses) / retained earnings £'000	Total equity £'000
At 1 January 2021	3	718,478	(152,813)	65,668
<i>Comprehensive (loss)/income:</i>				
- Profit for the financial year	-	-	203	203
Total comprehensive loss	-	-	203	203
Share premium reduction *	-	(218,477)	218,477	-
<i>Transactions with owners:</i>				
- Dividends to shareholders	-	-	(12,719)	(12,719)
Total transactions with owners	-	-	(12,719)	(12,719)
At 31 December 2021	3	1	53,148	53,152
At 1 January 2022	3	1	53,148	53,152
<i>Comprehensive income:</i>				
- Profit for the financial year	-	-	7,005	7,005
- Other reserves movement	-	-	2,500	2,500
Total comprehensive income	-	-	9,505	9,505
	3	1	62,653	62,657
<i>Transactions with owners:</i>				
- Dividends to shareholders	-	-	-	-
Total transactions with owners	-	-	-	-
At 31 December 2022	3	1	62,653	62,657

Notes to the financial statements (continued)

26. Reconciliation of movements in reserves (continued)

Group

	Called-up share capital £'000	Share premium account £'000	Accumulated losses £'000	Total equity attributable to owners of the Company £'000	Non- controlling interest £'000	Total equity £'000
At 1 January 2021	3	218,478	(313,811)	(95,330)	2,216	(93,114)
<i>Comprehensive (loss)/income</i>						
- (Loss)/Profit for the financial year	-	-	(18,419)	(18,419)	175	(18,244)
<i>Other comprehensive income/(loss):</i>						
- Currency translation differences	-	-	2,437	2,437	(157)	2,280
Total comprehensive (loss)/income	-	-	(15,982)	(15,982)	18	(15,964)
Share premium reduction*	-	(218,477)	218,477	-	-	-
<i>Transactions with owners:</i>						
- Dividends to shareholders	-	-	(12,719)	(12,719)	-	(12,719)
- Dividends to subsidiaries' non-controlling interests	-	-	(9,389)	(9,389)	-	(9,389)
Total transactions with owners	-	-	(22,108)	(22,108)	-	(22,108)
At 31 December 2021	3	1	(133,424)	(133,420)	2,234	(131,186)
At 1 January 2022	3	1	(133,424)	(133,420)	2,234	(131,186)
<i>Comprehensive (loss)/income:</i>						
- (Loss)/profit for the financial year	-	-	(39,172)	(39,172)	20	(39,152)
<i>Other comprehensive income/(loss):</i>						
- Currency translation differences	-	-	(1,116)	(1,116)	86	(1,030)
Total comprehensive (loss)/income	-	-	(40,288)	(40,288)	106	(40,182)
Share premium reduction	-	-	-	-	-	-
<i>Transactions with owners:</i>						
- Dividends to shareholders	-	-	-	-	-	-
- Dividends to subsidiaries' non-controlling interests	-	-	(9,459)	(9,459)	-	(9,459)
Total transactions with owners	-	-	(9,459)	(9,459)	-	(9,459)
At 31 December 2022	3	1	(183,171)	(183,167)	2,340	(180,827)

DIG Acquisitions Limited
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Notes to the financial statements (continued)

27. Notes to the cash flow statement

Group

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Loss for the year	(39,152)	(18,244)
<i>Adjustments for:</i>		
Share of loss of associates	88	219
Share of loss of joint ventures	220	(802)
Finance income	(15,088)	(21,933)
Finance costs	84,978	65,015
Income tax charge/ (credit)	9,425	1,299
Depreciation of property, plant and equipment	5,295	5,187
Depreciation of right of use assets	10,247	10,542
Amortisation of intangible assets	6,394	9,944
Loss on disposal of property, plant and equipment	(74)	(5)
Operating cash flows before movements in working capital	62,333	51,222
(Increase)/decrease in inventories	(50,889)	13,964
(Increase)/decrease in receivables	(64,248)	(40,008)
Increase in payables	117,127	43,294
Cash generated from operations	64,323	68,472

Company

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Profit for the year	7,005	203
<i>Adjustments for:</i>		
Finance costs	25,605	19,399
Income tax charge	4,866	2,243
Dividends received	(61,689)	(41,533)
Impairment of non-current assets	10,381	3,104
Operating cash flows before movements in working capital	(13,832)	(16,584)
(Increase)/Decrease in receivables	(138)	76
Increase in payables	595	10,928
Cash used in operations	(13,375)	(5,580)

Notes to the financial statements (continued)

27. Notes to the cash flow statement (continued)

Cash and cash equivalents

	Group		Company	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Cash and cash equivalents	81,641	82,793	184,638	140,804
Bank overdrafts (included within payables)	-	-	(96,472)	(68,492)
Net cash and cash equivalents	81,641	82,793	88,166	72,312

Cash and cash equivalents comprise cash and short-term bank deposits with an original maturity of three months or less, net of outstanding bank overdrafts. The carrying amount of these assets is approximately equal to their fair value. Cash and cash equivalents at the end of the reporting year as shown in the statement of cash flows can be reconciled to the related items in the balance sheet position as shown above.

Included in cash and cash equivalents is £35,955,336 (2021: £34,869,946) held in designated segregated production bank accounts for television companies that have commissioned programmes on their behalf. These funds are under the effective management and control of the Group under the terms of the contracts with the television companies.

Analysis of changes in net debt

	At 1 January 2022 £'000	Cash flow £'000	Exchange movements £'000	Other non-cash movements £'000	At 31 December 2022 £'000
Group					
Cash and cash equivalents	82,793	(3,075)	1,923	-	81,641
Loans from related parties	(221,874)	(55,000)	-	(16,106)	(292,980)
Bank loans due within 1 year	(73,168)	(20,785)	(976)	-	(94,929)
Bank loans due in more than 1 year	(418,206)	(20,581)	(18,425)	-	(457,212)
Deferred financing fees within 1 year	1,206	-	-	-	1,206
Deferred financing fees in more than 1 year	4,121	-	-	(1,206)	2,915
Net debt	(625,128)	(99,441)	(17,478)	(17,312)	(759,359)
Company					
Cash and cash equivalents	72,312	15,856	(2)	-	88,166
Loans from related parties	(221,874)	(55,000)	-	(16,106)	(292,980)
Bank loans due within 1 year	(32,500)	-	-	-	(32,500)
Bank loans due in more than 1 year	(414,136)	-	(18,425)	-	(432,561)
Deferred financing fees within 1 year	1,206	-	-	-	1,206
Deferred financing fees in more than 1 year	4,121	-	-	(1,206)	2,915
Net debt	(590,871)	(39,144)	(18,427)	(17,312)	(665,754)

Notes to the financial statements (continued)

28. Contingent liabilities

Loss absorption agreement

DLG Acquisitions and All3Media Deutschland GmbH, a 100% subsidiary of DLG Acquisitions Limited, have a voluntary loss absorption agreement in place such that any losses that arise in All3Media Deutschland GmbH are assumed by DLG Acquisitions Limited. This agreement was in place for the years to 31 December 2015, 31 December 2016, 31 December 2017, 31 December 2018, 31 December 2019, 31 December 2020, 31 December 2021 and 31 December 2022.

29. Financial instruments

Financial instruments by category - Group

Assets as per balance sheet

	Loans and receivables £'000	Assets at fair value through profit and loss £'000	Derivatives used for hedging £'000	Total £'000
<i>As at 31 December 2022</i>				
Trade and other receivables (excluding prepayments)	351,933	-	-	351,933
Derivative financial instruments	-	1,302	-	1,302
Cash and cash equivalents	81,641	-	-	81,641
Total	433,574	1,302	-	434,876
<i>As at 31 December 2021</i>				
Trade and other receivables (excluding prepayments)	263,929	-	-	263,929
Cash and cash equivalents	82,793	-	-	82,793
Total	346,722	-	-	346,722

Liabilities as per balance sheet

	Liabilities at fair value through profit and loss £'000	Derivatives used for hedging £'000	Financial liabilities at amortised cost £'000	Total £'000
<i>As at 31 December 2022</i>				
Borrowings (excluding finance lease liabilities)	-	-	(840,638)	(840,638)
Lease liabilities	-	-	(49,914)	(49,914)
Derivative financial instruments	-	-	-	-
Trade and other payables (excluding non financial liabilities)	-	-	(599,328)	(599,328)
Total	-	-	(1,489,880)	(1,489,880)
<i>As at 31 December 2021</i>				
Borrowings (excluding finance lease liabilities)	-	-	(707,920)	(707,920)
Lease liabilities	-	-	(53,106)	(53,106)
Derivative financial instruments	(6,947)	-	-	(6,947)
Trade and other payables (excluding non financial liabilities)	-	-	(513,139)	(513,139)
Total	(6,947)	-	(1,274,165)	(1,281,112)

Notes to the financial statements (continued)

29. Financial instruments (continued)

Financial instruments by category – Company

Assets as per balance sheet

	Loans and receivables £'000	Assets at fair value through profit and loss £'000	Derivatives used for hedging £'000	Total £'000
<i>As at 31 December 2022</i>				
Trade and other receivables (excluding prepayments)	91,821	-	-	91,821
Derivative financial instruments		4,572		4,572
Cash and cash equivalents	184,638			184,638
Total	276,459	4,572	-	281,031
<i>As at 31 December 2021</i>				
Trade and other receivables (excluding prepayments)	431,469			431,469
Cash and cash equivalents	140,804			140,804
Total	572,273	-	-	572,273

Liabilities as per balance sheet

	Liabilities at fair value through profit and loss £'000	Derivatives used for hedging £'000	Financial liabilities at amortised cost £'000	Total £'000
<i>As at 31 December 2022</i>				
Borrowings (excluding finance lease liabilities)	-	-	(850,391)	(850,391)
Derivative financial instruments	-	-	-	-
Trade and other payables (excluding non-financial liabilities)			(63,073)	(63,073)
Total	-	-	(913,464)	(913,464)
<i>As at 31 December 2021</i>				
Borrowings (excluding finance lease liabilities)	-	-	(731,674)	(731,674)
Derivative financial instruments	(6,947)			(6,947)
Trade and other payables (excluding non-financial liabilities)	-	-	(388,356)	(388,356)
Total	(6,947)	-	(1,120,030)	(1,126,977)

Notes to the financial statements (continued)

29. Financial instruments (continued)

Financial instruments by maturity

The maturity of contracted cashflows associated with the Group's financial instruments are shown in the tables below. The tables have been drawn up based on discounted contractual cashflows, showing the Group's assets and liabilities as stated in the balance sheet.

	Not later than one year £'000	Later than one year and not later than five years £'000	Later than five years £'000	Total £'000
Group				
<i>As at 31 December 2022</i>				
Trade and other receivables (excluding prepayments)	338,510	13,423	-	351,933
Borrowings (excluding finance leases)	(90,675)	(382,983)	(366,980)	(840,638)
Lease Liabilities (IFRS 16)	(10,043)	(29,636)	(10,235)	(49,914)
Derivative financial instruments	234	1,068	-	1,302
Trade and other payables (excluding non-financial liabilities)	(514,609)	(82,189)	(2,529)	(599,327)
Total	(276,583)	(480,317)	(379,744)	(1,136,644)
<i>As at 31 December 2021</i>				
Trade and other receivables (excluding prepayments)	235,753	27,676	499	263,928
Borrowings (excluding finance leases)	(71,962)	(340,085)	(295,874)	(707,921)
Lease Liabilities (IFRS 16)	(10,335)	(31,862)	(10,909)	(53,106)
Derivative financial instruments	-	(6,947)	-	(6,947)
Trade and other payables (excluding non-financial liabilities)	(436,355)	(76,329)	(454)	(513,138)
Total	(282,899)	(427,547)	(306,738)	(1,017,184)
Company				
<i>As at 31 December 2022</i>				
Trade and other receivables (excluding prepayments)	65,462	26,359	-	91,821
Borrowings (excluding finance leases)	(31,294)	(355,646)	(463,451)	(850,391)
Derivative financial instruments	-	4,572	-	4,572
Trade and other payables excluding non financial liabilities	(45,127)	(16,529)	(1,417)	(63,073)
Total	(10,959)	(341,244)	(464,868)	(817,071)
<i>As at 31 December 2021</i>				
Trade and other receivables (excluding prepayments)	90,779	340,690	-	431,469
Borrowings (excluding finance leases)	(31,293)	(336,015)	(364,366)	(731,674)
Derivative financial instruments	-	(6,947)	-	(6,947)
Trade and other payables excluding non financial liabilities	(179,935)	(208,422)	-	(388,357)
Total	(120,449)	(210,694)	(364,366)	(695,509)

The gain recognised in the year on derivative financial instruments is disclosed in note 8 (2021: loss in note 9). Interest paid on borrowings is disclosed in note 9 with further details disclosed in note 19.

As at 31 December 2022 the Group held a provision against recoverability of trade receivables of £6,685,000 (2021: £2,425,000). A review performed on the Group's financial assets concluded that no adjustment in respect of recoverability was required. As a result, the expected loss adjustment at 31 December 2022 and 31 December 2021 is nil, with no charge recognised in the years then ended.

Notes to the financial statements (continued)

30 Financial Risk Management

Foreign Currency Risk

The Group is exposed to foreign currency risk through its overseas operations, borrowing and through overseas trading. A cross currency swap has been entered into in order to swap sterling debt into US dollar debt, to be serviced by the Group's earnings in this currency, as detailed in note 31.

Exposure

The Group's exposure to foreign currency risk at the balance sheet date, excluding derivative financial instruments, is as follows:

Group	USD £'000	EUR £'000	NZD £'000
As at 31 December 2022			
Trade receivables	22,319	14,193	778
Cash and cash equivalents	49,642	(21,506)	3,679
Trade payables	(12,380)	(3,356)	(52)
Bank loans	(3,560)	(358,561)	-
	<u> </u>	<u> </u>	<u> </u>
As at 31 December 2021			
Trade receivables	23,809	8,639	-
Cash and cash equivalents	9,963	14,389	5,673
Trade payables	(7,050)	(2,249)	(79)
Bank loans	(2,166)	(340,136)	-
	<u> </u>	<u> </u>	<u> </u>

Sensitivity

The sensitivity of the Group's profit and loss and equity, excluding translational risks and effects on derivative financial instruments, are disclosed in the table below. Derivative financial instruments are excluded as the Group does not apply hedge accounting. Details regarding the Group's derivative financial instruments are given in note 31.

Increase/(decrease) in Profit & Loss and increase/(decrease) in equity

	31 December 2022 £'000	31 December 2021 £'000
USD/GBP exchange rate: increase 5%	(2,285)	(299)
USD/GBP exchange rate: decrease 5%	2,339	314
EUR/GBP exchange rate: increase 5%	18,404	16,136
EUR/GBP exchange rate: decrease 5%	(19,324)	(16,942)
NZD/GBP exchange rate: decrease 5%	(175)	-
NZD/GBP exchange rate: decrease 5%	184	-
	<u> </u>	<u> </u>

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30. Financial risk management (continued)

Interest Rate Risk

The Group has interest bearing assets and liabilities, including cash and debt commitments. The Group holds interest rate swaps, the details of which are disclosed in note 31.

Exposure

The Group's exposure to interest rate risk at the balance sheet date, excluding derivative financial instruments, is as follows:

Group	Balance £'000	Interest Rate %
As at 31 December 2022		
Bank overdrafts	-	6.93
Amounts owed to parent undertakings	292,980	5.99
Bank loans	551,140	6.99
	<hr/>	<hr/>
As at 31 December 2021		
Bank overdrafts	-	3.75
Amounts owed to parent undertakings	221,874	5.99
Bank loans	491,374	4.33
	<hr/>	<hr/>

Sensitivity

The sensitivity of the Group's profit and loss and equity to movements in interest rate arises mainly as a result of its borrowings.

The effect of a 1% movement in the underlying exchange rates on the Group's loss before tax are given in the table below. All figures exclude the effects on derivative financial instruments as the Group does not apply hedge accounting. Details regarding the Group's derivative financial instruments are given in note 31.

Increase/(decrease) in Profit & Loss and increase/(decrease) in equity

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Bank of England base interest rate: increase by 1 percentage point	(155)	-
Bank of England base interest rate: decrease by 1 percentage point	155	-
GBP SONIA: increase by 1 percentage point	(1,303)	(1,065)
GBP SONIA: decrease by 1 percentage point	1,303	505
6 month EURIBOR: increase by 1 percentage point	(3,586)	(1,510)
6-month EURIBOR: decrease by 1 percentage point	3,586	-
Shareholder loan interest rate: increase by 1 percentage point	(2,930)	(3,996)
Shareholder loan interest rate: decrease by 1 percentage point	2,930	442
	<hr/>	<hr/>

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Notes to the financial statements (continued)

31. Derivative financial instruments

<u>Group</u>	Current portion £'000	Non-current portion £'000	Total £'000
As at 31 December 2022			
<i>Liabilities classified as held for trading (*)</i>			
Interest rate swaps	4,648	2,544	7,192
Cross currency swaps	(309)	(2,310)	(2,619)
Basis Rate swaps			
FX derivatives	(3,270)	-	(3,270)
Total	1,069	234	1,303
As at 31 December 2021			
<i>Liabilities classified as held for trading (*)</i>			
Interest rate swaps	(2,208)	(2,072)	(4,280)
Cross currency swaps	(5,904)	3,237	(2,667)
Basis Rate swaps			
Total	(8,112)	1,165	(6,947)

(*) These derivative financial instruments are not designated as hedges and so are required to be classified as held-for-trading.

The full fair value of a derivative financial instrument is classified as a non-current asset or liability if the remaining maturity of the item is more than 12 months and, as a current asset or liability, if the maturity of the hedged item is less than 12 months. The derivative financial instruments are not traded in an active market, but the fair values are based on quoted market prices, broker/dealer quotations, or alternative pricing sources with reasonable levels of price transparency. Therefore, these are measured at fair value in accordance with the IFRS 13 classification hierarchy level 2.

Interest rate swaps

The notional principal amounts of the outstanding interest rate swap contracts at 31 December 2022 were £193,681,120 (2021: £204,175,527), made up of £74,000,000 and €155,000,000 (2021: of £74,000,000 and €155,000,000) and have maturity dates in 2024 (2021: 2024).

At 31 December 2022, the fixed interest rates vary from 0.46% to 2.94% (2021: 0.46% to 2.94%), and the main floating rates are EURIBOR and SONIA. Gains and losses are recognised as fair value through profit or loss.

Cross currency rate swap

The Group holds four cross currency rate swap contracts at 31 December 2022, all of which mature in 2024 (2021: 2024). All four contracts have original currency USD, with total value of \$278,519,000 (2021: \$278,519,000) and swapped currency EUR. The total notional fixed rate principal amount at 31 December 2022 was \$278,519,000 (2021: \$278,519,000) and the total notional floating rate principal amount at 31 December 2022 was €250,000,000 (2021: €250,000,000). This is a floating for fixed swap, with a fixed interest rate of 6.71% (2021: 6.71%) and floating rates based on 3.5% (2021: 3.5%) above the 6 month EURIBOR (minimum 0%).

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Notes to the financial statements (continued)

31. Derivative financial instruments (continued)

<u>Company</u>	Current portion £'000	Non-current portion £'000	Total £'000
As at 31 December 2022			
<i>Liabilities classified as held for trading (*)</i>			
Interest rate swaps	4,648	2,544	7,192
Cross currency swaps	(309)	(2,310)	(2,619)
Basis Rate swaps	-	-	-
Total	4,339	234	4,573
As at 31 December 2021			
<i>Liabilities classified as held for trading (*)</i>			
Interest rate swaps	(2,208)	(2,072)	(4,280)
Cross currency swaps	(5,904)	3,237	(2,667)
Basis Rate swaps	-	-	-
Total	(8,112)	1,165	(6,947)

(*) These derivative financial instruments are not designated as hedges and so are required to be classified as held for trading

The full fair value of a derivative financial instrument is classified as a non-current asset or liability if the remaining maturity of the item is more than 12 months and, as a current asset or liability, if the maturity of the hedged item is less than 12 months. The derivative financial instruments are not traded in an active market, but the fair values are based on quoted market prices, broker/dealer quotations, or alternative pricing sources with reasonable levels of price transparency. Therefore, these are measured at fair value in accordance with the IFRS 13 classification hierarchy level 2

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At 31 December 2022, the fixed interest rates vary from 0.46% to 2.94% (2021: 0.46% to 2.94%), and the main floating rates are EURIBOR and SONIA. Gains and losses are recognised as fair value through profit or loss.

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32. Dividends

	2022 £'000	2021 £'000
Dividends paid: £n/l (2021: £49.84) per £0.01 share	-	12,719
	-	12,719

Notes to the financial statements (continued)

33. Related party transactions

Balances and transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions between the Group and its associates are disclosed below.

Trading transactions

During the year, Group companies entered into the following transactions with related parties who are not members of the Group:

<u>Group</u>	<u>Sale of goods</u>		<u>Purchase of goods and services</u>	
	<u>Year ended</u>	<u>Year ended</u>	<u>Year ended</u>	<u>Year ended</u>
	<u>31 December</u>	<u>31 December</u>	<u>31 December</u>	<u>31 December</u>
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Warner Bros. Discovery, Inc. and subsidiaries	118,490	97,903	1,500	1,500
Liberty Global plc and subsidiaries	275	316	1,500	1,500
Seven Stories Limited	377	344	22	-
Caravan Media Limited	5	-	-	-
Story Films Ltd and subsidiaries	10	230	-	-
Great Scott Media Limited	1,070	624	-	-
Studio Lambert Media Limited	-	1,198	-	42
Studio Silverback Limited and subsidiaries	448	607	32	78
3 Rock Productions Limited	83	-	-	-
Build Your Own Films Ltd	-	-	-	-
	<u>120,758</u>	<u>101,222</u>	<u>3,054</u>	<u>3,120</u>

<u>Company</u>	<u>Sale of goods</u>		<u>Purchase of goods and services</u>	
	<u>Year ended</u>	<u>Year ended</u>	<u>Year ended</u>	<u>Year ended</u>
	<u>31 December</u>	<u>31 December</u>	<u>31 December</u>	<u>31 December</u>
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Warner Bros. Discovery, Inc. and subsidiaries	-	-	1,500	1,500
Liberty Global plc. and subsidiaries	-	-	1,500	1,500
	<u>-</u>	<u>-</u>	<u>3,000</u>	<u>3,000</u>

Notes to the financial statements (continued)

33. Related party transactions (continued)

The following amounts were outstanding at the balance sheet date

Group	Amounts owed by related parties		Amounts owed to related parties	
	31 December	31 December	31 December	31 December
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Warner Bros. Discovery, Inc. and subsidiaries	5,916	6,557	148,198	114,125
Liberty Global plc and subsidiaries	71	151	222,290	188,537
Seven Stories Limited	1,325	2,781	-	-
Caravan Media Limited	365	476	-	-
Story Films Ltd and subsidiaries	615	1,265	140	243
Great Scott Media Limited	1,067	819	-	-
Studio Lambert Media Limited and subsidiaries	-	1,125	-	-
Studio Silverback Limited and subsidiaries	56	252	-	-
Bullion Productions Limited	25	3	-	96
3 Rock Productions Limited	336	-	-	-
Build Your Own Films Ltd	-	-	-	-
	<u>9,776</u>	<u>13,429</u>	<u>370,628</u>	<u>303,001</u>

Company	Amounts owed by related parties		Amounts owed to related parties	
	31 December	31 December	31 December	31 December
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Warner Bros. Discovery, Inc. and subsidiaries	-	-	147,990	114,112
Liberty Global plc and subsidiaries	-	-	222,290	188,537
	<u>-</u>	<u>-</u>	<u>370,280</u>	<u>302,649</u>

Discovery Inc. and Liberty Global plc

Since the acquisition on 23 September 2014 of All3Media Holdings Limited by DLG Acquisitions Limited there have been sales of television programmes and payments of royalties to subsidiaries of Liberty Global plc and Warner Bros. Discovery, Inc. In addition, subsidiaries of Liberty Global plc and Warner Bros. Discovery, Inc. charge a total management fee of £3m per annum to DLG Acquisitions Limited.

Amounts repayable to Discovery Inc. and Liberty Global plc carry interest of 5.99% (2021: 5.99%) per annum charged on the outstanding loan balances.

Other Related Parties

DLG Acquisitions Limited owns 19.99% of Caravan Media Limited, 27.02% of Seven Stories Limited, 32.5% of Story Films Ltd, 24.99% of Bullion Productions Limited, 20% of Great Scott Media Limited, 49.0% of Build Your Own Films Ltd and 12.5% of 3 Rock Productions Limited.

Entities that are part of the Group have taken advantage of the exemption from FRS101 and do not need to disclose transactions within the Group where 100% of the subsidiary's voting rights are controlled within the Group. The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No provisions have been made for doubtful debts in respect of the amounts owed by related parties.

Amounts owed by Caravan Media Limited carry interest at a rate of 5% + 3 month SONIA. Amounts owed by Seven Stories Limited carry interest fixed at 1.76%. Amounts owed by Story Films Ltd and Bullion Productions Limited carry interest at rates of 1.5% + BOE base rate. Amounts owed by Great Scott Media Limited carry interest at rates of 2.0% + BOE base rate.

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Notes to the financial statements (continued)

34. Corporate acquisitions

(i) On 2 December 2022, the Group acquired 100% of Pos Video & Television B.V. The following table sets out the book values of the identifiable net assets acquired together with the provisional fair value to the Group

	Book value £'000	Fair value adjustment £'000		Fair value £'000
Intangible fixed assets	-	2,656	(a)	2,656
Deferred Tax liability on intangible	-	-		-
Property, plant and equipment	-	-		-
Right of use assets	-	-		-
Current assets	45	-		45
Cash	45	-		45
Current liabilities	(90)	-		(90)
Non-current liabilities	-	-		-
Net liabilities acquired	-	2,656		2,656
Goodwill recognised	-	-		-
				2,656
Discharged by:				
Consideration paid - cash				1,770
Deferred consideration – payable within 1 year				886

Adjustments:

(a) Identified intangible assets representing forecast income on the distribution of the POSV catalogue acquired.

The Group acquired Pos Video & Television B.V. as part of the Group's strategy to grow its television production business. The intangible asset recognised represents synergies and future cashflows expected to be generated from the production of the acquired formats.

NB: Since January 2021, the acquired company has been inactive due to the production by IDTV of the formats and associated royalty agreement. The sole source of income since 2021 was the royalty income derived from the productions of POSV formats by IDTV.

As a component of the acquisition, all royalty entitlements for 2022 productions have been reversed and included in the determination of the purchase price of the company.

Pos Video & Television B.V.'s revenue for the full financial year 2022 was £nil. Revenue for the one month of ownership in the period was also £nil. Pos Video & Television B.V. made no profit or loss for the full financial year 2022. If Pos video & television B.V. had been acquired on 1 January 2022, the Group's profit or loss would not change for the financial year 2022.

Gross contractual amounts of current assets receivables as at acquisition date are £39,260 which are expected to be collected.

DLG Acquisitions Limited

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Notes to the financial statements (continued)

34. Corporate acquisitions (continued)

(a) On 1 September 2022, the Group executed the convertible loan note at Studio Lambert Media Limited. The conversion of the loan notes resulted in the issue of 50,000 ordinary C shares of £0.001 each and 2,428 ordinary D shares of £0.001 each to the Group. The Group now owns 50.1% of voting rights and 24.99% of economic rights of Studio Lambert Media Limited and its subsidiaries.

	Book value £'000	Fair value adjustment £'000	Fair value £'000
Inventories	37,074	-	37,074
Current assets	304	-	304
Cash	4,803	-	4,803
Net current liabilities excl. cash	(44,913)	-	(44,913)
Net liabilities acquired	(2,732)	-	(2,732)
Goodwill recognised			2,839
			107
Discharged by:			
Conversion of loan note to equity			107

Adjustments:

Between 1 January 2022 to 31 August 2022 Studio Lambert Media Limited, and its subsidiaries, were accounted for as an Associate. The group assessed the fair value of Studio Lambert Media at the acquisition date and identified no further adjustments.

The Group stepped up its investment in Studio Lambert Media Limited as part of the Group's strategy to grow its television production business.

Studio Lambert Media Limited, and its subsidiaries, revenue for the full financial year 2022 was £47,122,000. Revenue for the three months of ownership in the period was £37,199,000.

Studio Lambert Media Limited, and its subsidiaries, made a profit of £2,470,000 for the full financial year 2022. However, profit for the three months of ownership was £4,090,000.

If Studio Lambert Media Limited, and its subsidiaries, had been acquired on 1 January 2022, the Group's revenue would have been £1,030,815,000 and net loss would have been £40,772,000.

Gross contractual amounts of current assets receivables as at acquisition date are £304,000 which are expected to be collected.

There were no other corporate acquisitions in 2022.

35. Parent and ultimate parent undertaking

The ultimate controlling parties at the balance sheet date were Liberty Global plc and Warner Bros. Discovery, Inc., which owned LGCI HoldCo I BV and Discovery International UK Holdings Limited, respectively, which are joint owners of DLG Acquisitions Limited.

DIG Acquisitions Limited
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Notes to the financial statements (continued)

36. Parent audit exemption

The following subsidiaries are exempt from the requirements of this Act relating to the audit of accounts under section 479A of the Companies Act 2006:

Name of Company	Company Number
CA2 Productions Limited	12749934
Zero Chill Productions Limited	12021001
Champion TV Finance Ltd	13776816
Aurora Media Worldwide UK Limited	5094691
Bentley Productions Limited	1823410
Company Television Limited	3522155
Company Pictures Limited	3733209
Atrium TV Limited	10633584
Red Rooster Television Limited	2534147
Mersey Acquisitions Limited	5470620
Manor Production Services Limited	8874907
DLG Financing 2 Limited	9168112
DLG Financing 1 Limited	9168099
Assembly Film & Television Limited	2918727
All3Media USA Limited	8304115
Wings Acquisition Company Limited	10676690
Moneda Productions Limited	2952809
All3Media Holdings Limited	5860302
All3Media Finance Limited	5860159
All3Media Limited	4782820
DIGITAL RIGHTS GROUP LIMITED	5978061
Annika Stranded Finance Limited	12962200
Wild West Finance Limited	12769755
Rainforest Finance Limited	11683190
All3Media International Limited	3203247
The Lime Pictures Holding Company Limited	1588828
Mersey P L Limited	1475995
Lion Television Limited	3336416
Lime Pictures (Nursery) Limited	10045606

DLG Acquisitions Limited
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Notes to the financial statements (continued)

35. Parent audit exemption (continued)

Lime Pictures (HH) Limited	10211220
Lime Entertainment Limited	12462712
Ravenscourt Services Limited	3534197
Lion Television North Limited	3645028
Lion Cubs Limited	3927900
Lion Media Limited	3927869
Little Dot Studios Limited	8419628
Hit Networks Ltd	10559854
Maverick Television Limited	2866002
Merton Books Limited	8898639
New Pictures Limited	8241917
Witchery Pictures Limited	11111295
North One Television Limited	2315596
DirtQuake Limited	10741836
Electric Talent Limited	6389398
Betty TV Limited	4311471
OF Productions (Us) Limited	11372899
Objective Media Group Limited	2705218
OF Productions (Toast) Limited	12908807
One Potato Two Potato Limited	6572441
Raw Factual Limited	11256249
Raw Scripted Limited	11256227
Raw 1990 Limited (previously Raw Vogue Limited)	14167110
Raw California Limited (previously Raw Wild West Limited)	13947748
Westbridge Productions Limited	9483090
Studio Lambert Limited	6461004
Studio Lambert Associates Limited	9227451
Studio Lambert Media Limited	12115640
Two Brothers Pictures Limited	7822665
Unstoppable Film and Television Limited	9790290
West Road Pictures Limited	11780008
DALG Productions Limited	12879938
Daig 2 Productions Limited	13977037
CA2 Productions Limited	12749934
TSP2 Productions Limited	11483582
Mud Productions Limited	12209883
Requiem Productions Limited	10475471