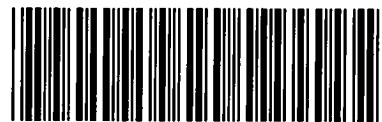


Alphaville Limited

FINANCIAL STATEMENTS

for the year ended
31 December 2016

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COMPANIES HOUSE

Registered number 4109183

Alphaville Limited

COMPANY INFORMATION

DIRECTORS

C Bavasso
C O'Reilly

REGISTERED OFFICE

c/o Withers
16 Old Bailey
London
EC4M 7EG

AUDITOR

Grant Thornton UK LLP
30 Finsbury Square
London EC2P 2YU

BANKERS

Barclays Bank Plc
Soho Square
27 Soho Square
London
W1D 3QR

LEGAL FORM

Limited Company (by shares)

COUNTRY OF INCORPORATION

United Kingdom

REGISTERED NUMBER

4109183

Alphaville Limited

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Alphaville Limited

STRATEGIC REPORT

The directors present their report with the financial statements for the year ended 31 December 2016.

Principal activities and business review

Alphaville Limited (“the Company”) is a content company producing commercials, music videos, title and other film/TV sequences, short films and other digital content.

The results for the Company are shown on pages 5 to 27 and the Directors are satisfied with the Group’s overall results and positioning for the future.

Review of the business

2016 has seen a continuation of the previous years’ strategic developments within the Group which has allowed it to continue to increase the type and breadth of work it is able to produce.

The Group also continues its research and development activities in order to not only keep abreast of the extremely fast-paced developments within its field but also to enhance or even create those developments where possible.

Interest rate risk

The Group has a fixed-rate bank loan secured against its property which is due for review in 2020. Since the loan is at a fixed interest rate the Group is not subject, at this time, to the risk of interest rate changes.

Liquidity risk

The Group is very mindful of the need to maintain a healthy cash reserve.

The Group does not, at the present time and for the foreseeable future, have plans to sell its freehold property however it regularly reviews conditions within the property sales marketplace.

Foreign currency risk

The Group continues to have a wide geographical client base which means it must mitigate risks involved in transactions in foreign currencies. As in previous years the Group regularly reviews its non-Sterling currency balances as well as putting hedging structures in place when contracting in non-Sterling currencies. Both actions are designed to reduce exposure to fluctuations in foreign exchange rates.

Borrowing facilities

The Group has borrowing facilities in place with its bank. The continued borrowing facilities are subject to adhering to covenants, which are reviewed annually, as well as the submission of quarterly management results.

Alphaville Limited

STRATEGIC REPORT

Future developments

The risks to UK economic growth remain significant and future prospects may be influenced by developments in relation to negotiations between the United Kingdom and the EU. The economic environment will continue to evolve at a potentially rapid pace over the next few years, making a return to relative stability unlikely, at least in the short term.

The Group will continue to closely monitor the socio-economic environment to ensure that it is as up to date as possible with developments. Overall the Group continues to develop its relationships with clients, developing new business where possible as well as maintaining existing relationships.

The Group will also continue to monitor the technological environment in order to ensure that it is at the forefront of any advancements or innovations.

The Group's corporation tax charge will benefit from the reduction in the rate of tax over the coming years.

Risks and uncertainties

The marketplace continues to be extremely competitive, particularly in these times of economic uncertainty. The Group continues to see an increase in content being designed for interactive media and therefore its ongoing investment in this area is enabling it to increase both the amount of services it can provide and its client base.

Key performance indicators

The Group continuously monitors project performance against budget to ensure that the financial performance of its productions is in line with projections.

The Company also monitors its headcount to ensure that this is reflective of overall income and volume of work carried out.

On behalf of the board

C Bavasso
Director

Date : 5/9/2017



Alphaville Limited

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

Directors

The directors who served during the year were:

Charlotte Bavasso
Christopher O'Reilly

Directors' Responsibilities Statement

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

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

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

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

Environment, Health and Safety

The company is firmly committed to managing its activities so as to provide the highest level of protection to the environment and to safeguard the health and safety of its employees, customers and the community.

Results

The surplus for the year, after taxation, amounted to £202,701.

A dividend of £200,000 was approved and paid during the year. A dividend of £100,000 was approved and paid in January 2017.

Disclosure of information to the auditor

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

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

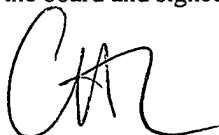
Auditors

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

Charlotte Bavasso
Director

Date: 5/9/2017



Alphaville Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALPHAVILLE LIMITED

We have audited the financial statements of Nexus Productions Limited for the year ended 31 December 2016 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

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

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

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

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

Alphaville Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALPHAVILLE LIMITED

Matters on which we are required to report by exception

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

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



Steven Leith (Senior statutory auditor)

for and on behalf of

Grant Thornton UK LLP

Chartered Accountants

Statutory Auditor

London

Date: 5/9/17

Alphaville Limited
CONSOLIDATED INCOME STATEMENT
for the year ended 31 December 2016

	Notes	£	2016 £	£	2015 £
Turnover (including share of joint ventures)		12,391,411		11,476,864	
Less: share of joint ventures' turnover	4	(647,969)		(953,095)	
Group turnover	4		11,743,442		10,523,769
Cost of sales			(10,032,083)		(8,847,195)
Gross profit			1,711,359		1,676,574
Administrative expenses			(1,713,916)		(1,501,929)
Other operating income	5		428,224		185,513
Group operating profit			425,667		360,158
Share of operating (loss)/profit of joint venture			(163,239)		106,283
Gain on financial assets at fair value			-		1,193,363
Interest receivable and similar income	6		291		1,720
Interest payable and similar charges	7		(68,181)		(58,802)
Profit on ordinary activities before taxation			194,538		1,602,722
Tax on profit on ordinary activities	11		8,163		(79,031)
Profit for the financial year			202,701		1,523,691
Profit for the financial year attributable to:					
Owners of the parent			125,671		1,239,333
Non-controlling interests			77,030		284,358

The operating profit for the year arises from the company's continuing operations.

Alphaville Limited

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME for the year ended 31 December 2016

	2016 £	2015 £
Profit for the financial year	202,701	1,523,691
Currency translation gains and losses on retranslation of overseas subsidiaries	68,242	(58,556)
Total comprehensive income for the financial year	<u>270,943</u>	<u>1,465,135</u>
Total comprehensive income for the financial year attributable to:		
Owners of the parent	193,913	1,180,777
Non-controlling interests	77,030	284,358

Alphaville Limited

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2016

Company number: 4109183

	Notes	2016 £	£	2015 £	£
Fixed assets					
Tangible assets	13		1,043,488		1,202,660
Investments in joint ventures:					
Share of gross assets		313,898		426,307	
Share of gross liabilities		(14,504)		(32,074)	
			299,394		394,233
Investment property	15		3,750,000		3,750,000
			5,092,882		5,346,893
Current assets					
Debtors	16	1,911,567		1,628,032	
Cash at bank and in hand	17	1,735,049		1,407,762	
		3,646,616		3,035,794	
Creditors: amounts falling due within one year	18	(2,986,997)		(2,444,695)	
Net current assets			659,619		591,099
Total assets less current liabilities			5,752,501		5,937,992
Creditors: amounts falling after more than one year	19		(2,130,707)		(2,309,656)
Provisions for liabilities	20		(121,808)		(149,293)
Net assets			3,499,986		3,479,043
Capital and reserves					
Called up share capital	21		2		2
Profit and loss account			2,857,284		2,863,371
			2,857,286		2,863,373
Non-controlling interests			642,700		615,670
			3,499,986		3,479,043

The financial statements were approved by the board of directors and authorised for issue on 5/9 2017 and are signed on its behalf by

C Bavasso Director

Alphaville Limited

COMPANY STATEMENT OF FINANCIAL POSITION

31 December 2016

Company number: 4109183

	Notes	2016 £	£	2015 £	£
FIXED ASSETS					
Investments	14		3,969		3,969
CURRENT ASSETS					
Debtors	16	2		2	
CREDITORS: Amounts falling due within one year	18	(3,969)		(3,969)	
NET CURRENT LIABILITIES			(3,967)		(3,967)
NET ASSETS			2		2
CAPITAL AND RESERVES					
Called up share capital	21		2		2
Profit and loss account			-		-
SHAREHOLDERS' FUNDS			2		2

The financial statements were approved by the board of directors and authorised for issue on 5/9 2017 and are signed on its behalf by

C Bavasso

Director

C O'Reilly

Director

Alphaville Limited

CONSOLIDATED STATEMENT OF CASH FLOWS

31 December 2016

	2016 £	2015 £
Cash flows from operating activities		
Profit for the financial year	425,667	360,158
Adjustments for:		
Depreciation of tangible assets	218,338	167,297
Interest paid	-	-
Interest received	291	1,720
Taxation	(130,824)	(103,209)
Decrease/(increase) in trade and other debtors	(497,008)	406,583
Increase/(decrease) in trade creditors	760,344	20,960
Income from investment property asset	(417,510)	(180,157)
Cash from operations	359,298	673,352
Net cash generated from operating activities	359,298	673,352
Cash flows from investing activities		
Proceeds from sale of tangible assets	1,753	(7,953)
Purchases of tangible assets	(60,919)	(1,123,780)
Income from investment property asset	417,510	180,157
Interest received	-	-
Net cash from investing activities	358,344	(951,576)
Cash flows from financing activities		
Issue of ordinary share capital	-	-
Repayment of bank loans	(111,536)	(81,026)
New loan	-	300,000
Repayment of finance lease obligations	(56,702)	(51,021)
Interest paid	(68,181)	(58,802)
Dividends paid	(250,000)	(300,000)
Net cash used in financing activities	(486,419)	(190,849)
Net increase in cash and cash equivalents	231,223	(469,073)
Foreign exchange translation adjustment	96,064	306,730
Cash and cash equivalents at the beginning of the year	1,407,762	1,570,105
Cash and cash equivalents at end of year	1,735,049	1,407,762

Alphaville Limited

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For year ended 31 December 2016

	Called-up share capital	Share premium account	Profit and loss account	Amount attributable to owners of the parent	Non- controlling interests	Total
	£	£	£	£	£	£
At 1 January 2015	2	-	2,484,572	2,062,594	421,978	2,484,574
Profit and total comprehensive income for the year	-	-	1,523,691	1,239,333	284,358	1,523,691
Exchange adjustment on consolidation	-	-	(59,222)	(58,556)	(666)	(59,222)
Dividends paid	-	-	(375,000)	(300,000)	(75,000)	(375,000)
Dividends declared	-	-	(95,000)	(80,000)	(15,000)	(95,000)
At 31 January 2015	2	-	3,479,041	2,863,371	615,670	3,479,043
Profit and total comprehensive income for the year	-	-	202,701	125,671	77,030	202,701
Exchange adjustment on consolidation	-	-	68,242	68,242	-	68,242
Dividends paid	-	-	(250,000)	(200,000)	(50,000)	(250,000)
At 31 December 2016	2	-	3,494,984	2,857,284	642,700	3,499,986

Alphaville Limited

COMPANY STATEMENT OF CHANGES IN EQUITY

For year ended 31 December 2016

	Called-up share capital £	Share premium account £	Profit and loss account £	Total £
At 1 January 2015	2	-	-	2
Profit and total comprehensive income for the year	-	-	380,000	380,000
Dividends paid	-	-	(380,000)	(380,000)
At 31 December 2015	2	-	-	2
Profit and total comprehensive income for the year	-	-	200,000	200,000
Dividends paid	-	-	(200,000)	(200,000)
At 31 December 2016	2	-	-	2

Alphaville Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016

1. Company information

Alphaville Limited is incorporated in United Kingdom and its principal place of business is 25 Chart Street London N1 6FA.

2. Basis of preparation

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – ‘The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland’ (‘FRS 102’), and with the Companies Act 2006. The financial statements have been prepared on the historical cost basis except for the modification to a fair value basis for certain financial instruments as specified in the accounting policies below.

The financial statements are presented in Sterling (£).

The group financial statements consolidate the financial statements of Alphaville Limited and all its subsidiary undertakings drawn up to 31 December each year.

The parent company has taken advantage of section 408 of the Companies Act 2006 and has not included its own Profit and Loss Account in these financial statements. The parent company’s profit for the year was £200,000 (2015: £380,000).

The individual accounts of Alphaville Limited have also adopted the following disclosure exemptions:

-
- the requirement to present a statement of cash flows and related notes
 - financial instrument disclosures, including:
 - categories of financial instruments,
 - items of income, expenses, gains or losses relating to financial instruments, and
 - exposure to and management of financial risks.
-

Going concern

After reviewing the group’s forecasts and projections, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. The group therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

3. Principal accounting policies

3.1 Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the purchase method. The cost of the business combination is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquire plus costs directly attributable to the business combination.

Any excess of the cost of the business combination over the acquirer’s interest in the net fair value of the identifiable assets and liabilities is recognised as goodwill. If the net fair value of the identifiable assets and liabilities exceeds the cost of the business combination the excess is recognised separately on the face of the consolidated statement of financial position immediately below goodwill.

Alphaville Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016

3.2 Investments in subsidiaries

The consolidated financial statements incorporate the financial statements of the company and entities (including special purpose entities) controlled by the group (its subsidiaries). Control is achieved where the group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in total comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate using accounting policies consistent with those of the parent. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Investments in subsidiaries are accounted for at cost less impairment in the individual financial statements.

3.3 Investments in joint ventures

Undertakings in which the group has a long term interest and shares control under a contractual arrangement are defined as joint ventures. Joint ventures are accounted for using the gross equity method.

3.4 Intangible assets

Intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses.

Software development costs are recognised as an intangible asset when all of the following criteria are demonstrated:

- The technical feasibility of completing the software so that it will be available for use or sale.
- The intention to complete the software and use or sell it.
- The ability to use the software or to sell it.
- How the software will generate probable future economic benefits.
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the software.
- The ability to measure reliably the expenditure attributable to the software during its development.

Amortisation is charged so as to allocate the cost of intangibles less their residual values over their estimated useful lives, using the straight-line method. The intangible assets are amortised over the following useful economic lives:

- Software development costs	5 years
- Goodwill	10 years

If there is an indication that there has been a significant change in amortisation rate or residual value of an asset, the amortisation of that asset is revised prospectively to reflect the new expectations.

If the net fair value of the identifiable assets and liabilities acquired exceeds the cost of a business combination, the excess up to the fair value of non-monetary assets acquired is recognised in profit or loss in the periods in which the non-monetary assets are recovered. Any excess exceeding the fair value of non-monetary assets acquired is recognised in profit or loss in the periods expected to be benefitted.

Alphaville Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016

3.5 Tangible assets

Tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets, other than freehold land, over their expected useful lives, using the straight-line method. The rates applicable are:

- Computer equipment	33% straight line
- Fixtures, fittings and office equipment	25% straight line
- Leasehold buildings	over the life of the lease
- Trademarks and patents	33% straight line

3.6 Investment property

Investment property is carried at fair value and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Statement of Comprehensive Income.

3.7 Impairment of assets

At each reporting date fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

3.8 Investments

Investments comprise investments in unquoted equity instruments which are measured at fair value. Changes in fair value are recognised in profit or loss. Fair value is estimated by using a valuation technique.

3.9 Debtors

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

Alphaville Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016

3.10 Creditors

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

3.11 Leases

Leases are classified as finance leases wherever the terms of the lease transfer substantially all the risks and rewards of ownership to the leased asset to the group. All other leases are classified as operating leases.

Assets held under finance leases are recognised initially at the fair value of the leased asset (or, if lower, the present value of the minimum lease payments) at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation using the effective interest method so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are deducted in measuring profit or loss. Assets held under finance leases are included in tangible fixed assets and depreciated and assessed for impairment losses in the same way as owned assets.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the lease term, unless the rental payments are structured to increase in line with expected general inflation, in which case the group recognises annual rent expense equal to amounts owed to the lessor.

The aggregate benefit of lease incentives are recognised as a reduction to the expense recognised over the lease term on a straight line basis.

3.12 Derivative financial instruments

Derivative financial instruments are recognised at fair value using a valuation technique with any gains or losses being reported in profit or loss. Outstanding derivatives at reporting date are included under the appropriate format heading depending on the nature of the derivative.

3.13 Provisions for liabilities

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 the 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 end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

Alphaville Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016

3.14 Taxation

Current tax is recognised for the amount of income tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated.

Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

If and when all conditions for retaining tax allowances for the cost of a fixed asset have been met, the deferred tax is reversed.

Deferred tax is recognised when income or expenses from a subsidiary or associate have been recognised, and will be assessed for tax in a future period, except where:

- the group is able to control the reversal of the timing difference
- it is probable that the timing difference will not reverse in the foreseeable future.

A deferred tax liability or asset is recognised for the additional tax that will be paid or avoided in respect of assets or liabilities that are recognised in a business combination. The amount attributed to goodwill is adjusted by the amount of deferred tax recognised.

Deferred tax is calculated using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

~~With the exception of changes arising on the initial recognition of a business combination, the tax expense (income) is presented either in profit or loss, other comprehensive income or equity depending on the transaction that resulted in the tax expense (income).~~

~~Deferred tax liabilities are presented within provisions for liabilities and deferred tax assets within debtors. Deferred tax assets and deferred tax liabilities are offset only if:~~

- the group has a legally enforceable right to set off current tax assets against current tax liabilities, and
- the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously.

3.15 Turnover

Turnover is measured at the fair value of the consideration received or receivable, net of discounts and value added taxes. Turnover includes revenue earned from the rendering of services.

Rendering of services

Turnover from the rendering of services is derived from the Group's principal activity and is recognised net of VAT. Production turnover is recognised over the period of the production. Gross profit on production activity is recognised based upon the stage of completion of the production and in accordance with the underlying contract. Overspends are recognised as they arise and underspends are recognised upon completion and delivery of the production.

3.16 Employee benefits

Short-term employee benefits and contributions to defined contribution plans are recognised as an expense in the period in which they are incurred.

Alphaville Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016

3.17 Foreign currency translation

Functional currency and presentation currency

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position are presented in Sterling (£).

Transactions and balances

In preparing the financial statements of the individual entities, transactions in currencies other than the functional currency of the individual entities (foreign currencies) are recognised at the spot rate at the dates of the transactions, or at an average rate where this rate approximates the actual rate at the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise. However, in the consolidated financial statements exchange differences arising on monetary items that form part of the net investment in a foreign operation are recognised in other comprehensive income and are not reclassified to profit or loss.

In preparing the financial statements of the individual entities, transactions in currencies other than the functional currency of the individual entities (foreign currencies) are recognised at the spot rate at the dates of the transactions, or at an average rate where this rate approximates the actual rate at the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise. However, in the consolidated financial statements exchange differences arising on monetary items that form part of the net investment in a foreign operation are recognised in other comprehensive income and are not reclassified to profit or loss.

Translation of group companies

For the purpose of presenting consolidated financial statements, the assets and liabilities of the group's foreign operations are translated from their functional currency to Sterling (£) using the closing exchange rate. Income and expenses are translated using the average rate for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising on the translation of group companies are recognised in other comprehensive income and are not reclassified to profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

3.18 Key judgements

Judgements in applying accounting policies and key sources of estimation uncertainty

Management consider the only key judgement to be in relation to the market value of property.

3.19 Research and Development

Research and development expenditure is written off in the statement of comprehensive income in the period in which it is incurred.

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NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2016

4. Turnover

Turnover, analysed geographically between markets, was as follows:

	2016 £	2015 £
Europe	3,787,323	2,255,989
Rest of the world	8,272,900	8,267,780
Group turnover	<u>12,060,223</u>	<u>10,523,769</u>
Share of joint ventures' turnover - Australia	<u>647,969</u>	<u>953,095</u>

5. Other operating income

	2016 £	2015 £
Rental income	417,510	180,157
Lease incentive	10,714	5,356
	<u>428,224</u>	<u>185,513</u>

6. Interest receivable and similar income

	2016 £	2015 £
Bank deposit interest	291	1,720
	<u>291</u>	<u>1,720</u>

7. Interest payable and similar charges

	2016 £	2015 £
Interest on loan repayable	68,181	58,802
	<u>68,181</u>	<u>58,802</u>

Alphaville Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016

8. Employees

Staff costs during the year were as follows:

	2016 £	2015 £
Wages and salaries	2,998,250	2,812,295
Social security costs	367,176	341,175
Cost of defined contribution scheme	13,667	3,205
	<u>3,379,093</u>	<u>3,156,675</u>

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

	2016	2015
Production	38	36
Administration	4	4
	<u>42</u>	<u>40</u>

9. Directors' remuneration

	2016 £	2015 £
Directors' emoluments	277,563	277,632
Company contributions to defined contribution schemes	740	182
	<u>278,303</u>	<u>277,814</u>

During the year retirement benefits were accruing to two directors (2015 – 2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £153,977 (2015 - £153,695)

Alphaville Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2016

10. Profit on ordinary activities before taxation

The profit on ordinary activities before taxation is stated after:

	2016 £	2015 £
Directors' remuneration	278,303	277,814
Depreciation of tangible fixed assets	218,338	167,297
Impairment of tangible fixed assets	-	7,953
Operating leases:		
Plant and machinery	1,946	1,946
Audit remuneration - audit	16,000	14,500
Audit remuneration – non audit	4,000	21,650
Taxation compliance services	5,650	6,150
Foreign exchange (gains)/losses	(97,981)	53,043

11. Taxation

The tax charge is based on the profit for the year and represents:

	2016 £	2015 £
Corporation tax:		
Current tax on surplus for the year	85,382	1,115
Adjustments in respect of previous periods	(66,121)	(25,157)
Overseas taxation	61	2,276
	19,322	(21,766)
Deferred taxation: origination and reversal of timing differences	(19,191)	91,019
Deferred taxation: changes in tax rates	(8,294)	(6,475)
	(8,163)	62,778
Tax on results on ordinary activities		
Share of joint venture's tax	-	16,253
Total taxation charge	(8,163)	79,031

The tax assessed for the year is lower than the standard rate of corporation tax in the UK of 20% (2015 – 20.25%). The differences are explained as follows:

Alphaville Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2016

	2016 £	2015 £
Profit on ordinary activities before tax	259,992	1,602,668
Profit on ordinary activities multiplied by effective rate of corporation tax in the UK 20% (2015: 20.25%)	51,999	320,827
Effects of:		
Fixed asset differences	1,801	27,456
Other timing differences	(9)	-
Expenses not deductible for tax purposes	11,673	28,006
Depreciation in excess of capital allowances	-	-
Income not taxable for tax purposes	-	(249,117)
Foreign tax credits	-	2,222
Profits charged at higher/(lower) rate of tax	-	-
Adjust closing deferred tax to average rate of 20%	(10,091)	(16,588)
Television production tax profit adjustment	(25,152)	-
Adjustments to tax charge in respect of previous periods	(66,121)	(25,157)
Other movements	27,737	(8,618)
Tax charge for period	(8,163)	79,031

12. Dividends

A dividend of £200,000 was approved and paid during the year. A dividend of £100,000 was approved and paid in January 2017.

Alphaville Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2016

13. Tangible fixed assets

	<i>Leasehold property £</i>	<i>Computer equipment £</i>	<i>Fixtures, fittings & office equipment £</i>	<i>Total £</i>
Cost				
1 January 2016	898,834	888,908	84,906	1,872,648
Additions	13,214	40,660	7,045	60,919
Disposals	-	(16,541)	-	(16,541)
31 December 2016	912,048	913,027	91,951	1,917,026
Depreciation				
1 January 2016	32,522	607,636	29,830	669,988
Charged in the year	55,423	144,825	18,090	218,338
Disposals	-	(14,788)	-	(14,788)
31 December 2016	87,945	737,673	47,920	873,538
Net book value				
31 December 2016	824,103	175,354	44,031	1,043,488
31 December 2015	866,312	281,272	55,076	1,202,660

Plant and machinery with a carrying value of £88,362 (2015: £138,867) are held under finance leases.

14. Investment property

	<i>Long-term freehold investment property £</i>
Valuation	
At 1 January 2016	3,750,000
At 31 December 2016	3,750,000

The 2015 valuation was made by Jorden Salata, a firm of chartered surveyors, on an open market value for existing use basis.

Management reassessed this at 31 December 2016 and believe that the open market value remains materially unchanged at that date.

The historical cost of the property is £2,320,000.

Alphaville Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016

15. Investments in subsidiaries

At 2016 the group and the company had interests in the following subsidiaries:

	Type of shares held	Proportion held (%)	Country of incorporation	Nature of business
Subsidiaries				
Nexus Productions Limited	Ordinary	80%	United Kingdom	Production
Nexus (Paris) SARL	Ordinary	100%	France	Production
Pluck & Play Limited	Ordinary	80%	United Kingdom	Production

Interests in joint ventures

At 2016 the group and the company had interests in the following joint ventures:

	Type of shares held	Proportion held (%)	Country of incorporation	Nature of business
Joint venture				
Mighty Nice Pty Limited	Ordinary	50%	Australia	Production

The group

	Share of net assets £	Loans £	Total £
At 1 January 2016	398,224	-	398,224
Share of profit for the year after taxation	(163,239)	-	(163,239)
Effects of foreign exchange	75,281		75,281
At 31 December 2016	<u>310,266</u>	<u>-</u>	<u>310,266</u>

16. Debtors

	The group 2016 £	2015 £	The company 2016 £	2015 £
Trade debtors	1,103,173	1,100,875	-	-
Other debtors	343,125	251,563	-	-
Prepayments and accrued income	465,267	275,592	-	-
Unpaid share capital	2	2	2	2
	<u>1,911,567</u>	<u>1,628,032</u>	<u>2</u>	<u>2</u>

Alphaville Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2016

17. Cash and cash equivalents

	2016 £	2015 £
Cash in bank and at hand	1,735,049	1,407,762
	<u>1,735,049</u>	<u>1,407,762</u>

18. Creditors: amounts falling due within one year

	The group 2016 £	2015 £	The company 2016 £	2015 £
Bank loans	180,597	180,597	-	-
Finance lease obligations	50,429	50,429	-	-
Trade creditors	772,772	666,312	-	-
Amounts owed to subsidiary undertakings	-	-	3,948	3,948
Amounts owed to associated undertakings	21	21	21	21
Taxation and social security	194,475	141,635	-	-
Corporation tax	121,546	1,115	-	-
Other creditors	107,232	200,821	-	-
Accruals and deferred income	1,559,925	1,203,765	-	-
	<u>2,986,997</u>	<u>2,444,695</u>	<u>3,969</u>	<u>3,969</u>

19. Creditors: amounts falling due after more than one year

	The group 2016 £	2015 £	The company 2016 £	2015 £
Finance lease obligations	24,307	81,009	-	-
Bank loans	1,762,047	1,873,583	-	-
Other creditors	344,353	355,064	-	-
	<u>2,130,707</u>	<u>2,309,656</u>	<u>-</u>	<u>-</u>

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NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016

Bank loans are repayable as follows:

	The group 2016 £	2015 £	The company 2016 £	2015 £
Within one year	180,597	180,597	-	-
Between one to two years	180,597	180,597	-	-
Between two to five years	1,581,450	1,692,986	-	-
More than five years	-	-	-	-
	<u>1,942,644</u>	<u>2,054,180</u>	<u>-</u>	<u>-</u>

The bank loan is secured by a mortgage over the Company's freehold buildings.

The bank loan is repayable over a period of 5 years however the repayment profile is calculated on the basis of a 15-year amortization profile with the first repayment having been made in July 2009. Interest accrues on the loan at an interest rate equal to the Base Rate plus 3%.

20. Provisions for liabilities

	Deferred taxation £
At 1 January 2016	149,293
Origination and reversal of timing differences	(27,485)
Changes in tax rates	-
At 31 December 2016	<u>121,808</u>

21. Called up share capital

	2016 £	2015 £
Authorised, allotted and unpaid:		
2 ordinary shares of £1 each	2	2
	<u>2</u>	<u>2</u>

22. Pension commitments

The Group operates a defined contribution pension scheme to provide retirement benefits for staff. The total pension charge for the year was £13,385 (2015: £3,205).

Alphaville Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016

23. Leasing commitments

The group's future minimum operating lease payments are as follows:

Land & buildings	2016 £	2015 £
Within one year	391,819	391,829
Between two and five years	1,567,276	1,567,276
More than five years	4,012,397	4,398,848
	<u>5,971,492</u>	<u>6,357,943</u>

Initial rent of £391,819 per annum will be reviewed on the fifth anniversary of the lease, being February 2020.

Plant & machinery	2016 £	2015 £
Within one year	1,946	1,946
Between two and five years	-	1,946
	<u>1,946</u>	<u>3,892</u>

The group's future minimum finance lease payments are as follows:

Plant & machinery	2016 £	2015 £
Within one year	50,429	50,429
Between two and five years	24,307	81,009
	<u>74,736</u>	<u>131,438</u>

Certain plant and machinery are held under finance lease arrangements. Finance lease liabilities are secured by the related assets held under finance leases. The lease agreements generally include fixed lease payments and a purchase option at the end of the term.

The company's future minimum operating lease receipts are as follows:

Land & buildings	2016 £	2015 £
Within one year	409,308	410,141
Between two and five years	1,486,533	1,852,510
More than five years	2,475,716	2,664,562
	<u>4,371,557</u>	<u>4,927,213</u>

Alphaville Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016

The company has entered into operating lease contracts with two separate third parties for the rental of land and buildings. One lease has a current expiry date in July 2020 and the other has a current expiry date in August 2030.

24. Transactions with related parties

	2016 £	2015 £
Purchases from joint venture - Mighty Nice Pty Ltd	266,760	93,242
Trade creditors amounts due to joint venture	213,473	43,842

25. Ultimate controlling party

The company is jointly owned by C Bavasso and C O'Reilly, directors of the company.

26. Capital commitments

The directors have confirmed that there were no capital commitments at 31 December 2016.

27. Reserves

Profit & loss account

Includes all current and prior period retained profit and losses