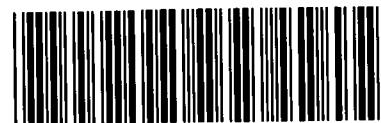


COMPANY REGISTRATION NUMBER: 04399568

Acamar Films Limited
Filleted Financial Statements
30 September 2017

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Acamar Films Limited
Filleted Financial Statements
Year ended 30 September 2017

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Acamar Films Limited
Statement of Financial Position
Year ended 30 September 2017

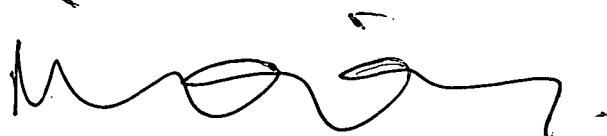
	Note	2017 £	2016 £
Fixed assets			
Intangible assets	5	444,286	–
Tangible assets	6	89,467	127,576
Investments	7	3	2
		<u>533,756</u>	<u>127,578</u>
Current assets			
Debtors	8	307,215	424,040
Cash at bank and in hand		1,251,438	103,565
		<u>1,558,653</u>	<u>527,605</u>
Creditors: amounts falling due within one year	10	(2,649,500)	(1,241,974)
Net current liabilities		<u>(1,090,847)</u>	<u>(714,369)</u>
Total assets less current liabilities		<u>(557,091)</u>	<u>(586,791)</u>
Creditors: amounts falling due after more than one year	11	(4,106,909)	(1,114,206)
Net liabilities		<u>(4,664,000)</u>	<u>(1,700,997)</u>
Capital and reserves			
Called up share capital	12	3,502,588	3,502,588
Share premium account	14	2,997,137	2,997,137
Retain earnings	14	(11,163,725)	(8,200,722)
Total Shareholders' deficit		<u>(4,664,000)</u>	<u>(1,700,997)</u>

The Company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with the provisions of FRS102 Section 1A – small entities.

In accordance with section 444 of the Companies Act 2006, the statement of comprehensive income has not been delivered.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

These financial statements on pages 1 to 13 were approved by the board of directors and authorised for issue on 27 June 2018, and are signed on behalf of the board by:



Mikael Shields
Director

Company registration number: 04399568

The notes on pages 3 to 13 form part of these financial statements.

Acamar Films Limited
Statement of Changes in Equity
Year ended 30 September 2017

	Called up share capital	Share premium account	Retained earnings	Total Shareholders' deficit
	£	£	£	£
At 1 October 2015	3,431,868	2,905,201	(7,036,393)	(699,324)
Other comprehensive income				
Loss and total comprehensive expense for the financial year	—	—	(1,164,329)	(1,164,329)
Total comprehensive expense for the year	—	—	(1,164,329)	(1,164,329)
Contributions by and distributions to owners				
Shares issued during the year	70,720	91,936	—	162,656
As at 30 September 2016	<u>3,502,588</u>	<u>2,997,137</u>	<u>(8,200,722)</u>	<u>(1,700,997)</u>
Other comprehensive income				
Loss and total comprehensive expense for the financial year	—	—	(2,963,003)	(2,963,003)
Total comprehensive expense for the year	—	—	(2,963,003)	(2,963,003)
As at 30 September 2017	<u>3,502,588</u>	<u>2,997,137</u>	<u>(11,163,725)</u>	<u>(4,664,000)</u>

The notes on pages 3 to 13 form part of these financial statements

Acamar Films Limited
Notes to the Financial Statements
Year ended 30 September 2017

1. General information

Acamar Films Limited is a private company limited by shares, registered in England and Wales. The address of the registered office and principal place of business is Hanover House, 14 Hanover Square, London, W1S 1HP.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland' and the Companies Act 2006.

3. Accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost basis, and in compliance with FRS 102 section 1A, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

The financial statements are prepared in sterling, which is the functional currency of the entity.

The financial statements contain information about Acamar Films Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company has taken the option under Section 398 of the Companies Act 2006 not to prepare consolidated financial statements.

Going concern

The directors have considered forecast financial performance, recoverability of assets and financial viability for a period extending at least 12 months from the date of approval of these financial statements.

The company raised funds by way of debt and equity totalling £4.9m during the period after the financial year-end up to signature of the financial statements. This financing came from a mixture of a secured bank facility with Arbuthnot & Latham (£3m in November 2017 – total drawn down £5m), as well as equity investment of £0.5m from new and existing shareholders at £3.50 and £4 per B share. In addition, the Company issued further Loan Notes under its existing Loan Note Programme to the value of £1.4m. During the current financial year, further investment is being sought to cover the company's ongoing working capital needs, as well as investment in Bing Series 4, hence producing valuable new assets for the business.

However, as funding being sought is not guaranteed, in order to recognise the possible shortfall a major shareholder has provided a letter of support for £750k to cover the funding gap in the cash flow forecasts covering the 12 months from the date of approval of these financial statements.

The directors therefore have reasonable expectation that there will be adequate resources for the company to continue in operational existence for the foreseeable future and have adopted the going concern basis in preparing these financial statements.

Acamar Films Limited

Notes to the Financial Statements *(continued)*

Year ended 30 September 2017

3. Accounting policies *(continued)*

Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business, net of discounts and sales-related taxes.

Television sales

Revenue derived from the sale of the television series is stated gross of withholding tax but excluding the value added tax. The revenue and associated costs are recognised in the Income Statement when all of the following criteria are met:

- a) A licence agreement has been executed by both parties
- b) The episode has met all necessary technical quality requirement with the commissioning broadcaster
- c) The episode is available for delivery to the broadcaster
- d) The licence term has commenced
- e) The arrangement is fixed or determinable
- f) Collection of the revenue is reasonably assured

Other licensing revenue & DVD income

Minimum guarantees in respect of other Licensing, Publishing, TV Agency and DVD revenues are recognised in the income statement when the following criteria are met:

- a) A license agreement has been executed by both parties
- b) The programme or other materials have met all the necessary technical quality requirements with the Licensee
- c) The license term has commenced
- d) The arrangement is fixed or determinable
- e) Collection of the revenue is reasonably assured
- f) All conditions of the contract have been met

Additional licensing revenue is recognised when it has been notified to the company.

Interest income

Interest income and expenses are reported on an accrual basis, using the effective interest method.

Foreign currency translation

- (a) Functional and presentational currency

The Company's presentation and functional currency is £ (Sterling).

- (b) Transactions and balances

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the reporting date. Non-monetary items that are measured at historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Acamar Films Limited

Notes to the Financial Statements *(continued)*

Year ended 30 September 2017

3. Accounting policies *(continued)*

Foreign currency translation *(continued)*

Any exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were initially recorded are recognised in the Income Statement in the period in which they arise.

Operating leases

Rentals payable under operating leases are charged to the income statement on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

Tangible assets

Tangible assets are stated at historical cost less accumulated depreciation. Depreciation is calculated to write down the cost less estimated residual value of all property, plant and equipment by equal annual instalments over their expected useful lives less estimated residual values, using the methods stated below. The rates generally applicable are:

Land and buildings	- Straight line depreciation over the life of the leasehold
Plant and machinery	- 25% reducing balance basis

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in Income Statement.

The assets' residual value and useful lives are reviewed, and adjusted if required, at each reporting date. The carrying amount of an asset is written down immediately to its recoverable amount if the carrying amount is greater than its estimated recoverable amount.

Intangible assets

Programme development costs:

Costs incurred in the production of television programmes are capitalised as intangible fixed assets and amortised from the point of delivery against expected future income. Intangible fixed assets are subject to review and provision is made against costs that are not supported by forecast future net cash flows. Development costs incurred on specific projects are capitalised when all of the following conditions are satisfied:

- Completion of the asset is technically feasible so that it will be available for use or sale
- The company intends to complete the asset and use or sell it;
- The company has the ability to use or sell the asset, and the asset will generate probable future economic benefits (over and above cost);
- There are adequate technical, financial and other resources to complete the development and to use or sell the asset; and
- The expenditure attributable to the asset during its development can be measured reliably.

During the period management recognised an amortisation charge on Series 1 to 3 of £275,227 (2016: £868,174). The carrying value of programme development costs as at the reporting date relates solely to the capitalisation of Series 4, of which no amortisation has been recognised in the period. See note 5.

Acamar Films Limited

Notes to the Financial Statements *(continued)*

Year ended 30 September 2017

3. Accounting policies *(continued)*

Investments

Investments in subsidiaries are measured at cost less accumulated provisions. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

Investments in unlisted Group shares, whose market value can be reliably determined, are remeasured to market value at each reporting date. Gains and losses on remeasurement are recognised in the statement of comprehensive income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less accumulated provisions.

Investments in listed company shares are remeasured to market value at each Statement of financial position date. Gains and losses on remeasurement are recognised in the Income Statement for the period.

Taxation

Tax expenses recognised in the Income Statement comprise the sum of the tax currently payable and deferred tax not recognised in other comprehensive income or directly in equity.

Current tax

The tax currently payable is based on taxable profit for the period. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years, and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed by the reporting date. Unrelieved tax losses and other deferred tax assets are 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. Deferred tax is measured 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. Deferred tax balances are not discounted.

Financial instruments

a) Trade receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost less provision for bad debts.

b) Trade payables

Obligations to pay for goods/services; current and non-current are initially recognised at fair value and are subsequently measured at amortised costs.

Acamar Films Limited

Notes to the Financial Statements *(continued)*

Year ended 30 September 2017

3. Accounting policies *(continued)*

Financial instruments

c) Borrowing costs

All borrowing costs are recognised in the statement of comprehensive income in the year in which they are incurred.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, together with other short-term highly liquid investments that are readily convertible into known amounts of cash having maturities of 3 months or less from inception and which are subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts are shown within borrowings, in current liabilities on the Statement of Financial Position.

Finance costs

Finance costs are charged to the Income Statement over the term of the financial instrument so that the amount charged is at a constant rate on the carrying amount. Finance costs include issue costs, which are initially recognised as a reduction in the proceeds of the associated capital instrument.

Share Capital

Share capital represents the nominal value of shares that have been issued.

Share premium includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements under FRS 102 requires the Company to make estimates and assumptions that affect the application of policies and reported amounts. 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. Actual results may differ from these estimates. The estimates and assumptions which have a risk of causing a material adjustment to the carrying amount of assets and liabilities are discussed below.

Capitalisation of programme development costs and amortisation

Distinguishing the research and development phases of new programmes and determining whether the recognition requirements for the capitalisation of development costs are met requires judgement. After capitalisation, management monitors whether the recognition requirements continue to be met and whether there are any indicators that capitalised costs may need to be provided against.

In assessing the carrying value of the company's intangible assets, management estimates the recoverable amount of each asset or cash generating units based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate. During the year management recognised an amortisation charge on Series 1 to 3 of £275,227 (2016: £868,174).

Acamar Films Limited

Notes to the Financial Statements *(continued)*

Year ended 30 September 2017

3. Accounting policies *(continued)*

Critical accounting judgements and key sources of estimation uncertainty *(continued)*

Specifically, uncertainties exist in relation to the monetisation and exploitation of the programme and IP assets the company is building. These rights are being exploited across multiple territories and through multiple channels that combine to increase the uncertainty in estimating the likely cash flows.

Furthermore, as the Bing programme and brand becomes more successful in particular territories, additional secondary income streams that might not have otherwise occurred in those territories can be exploited accordingly – this again increases the variability and estimation uncertainty in the assumptions used by management to assess realisable value. This risk is mitigated where possible by the industry expertise and experience in the management team, and also by significant review processes by the Board.

4. Average employee numbers

The average number of persons employed by the Company during the year, including the directors and key management personnel, amounted to 26 (2016: 21).

5. Intangible assets

	Programme Development costs £
Cost	
At 1 October 2016	11,838,169
Additions	719,513
At 30 September 2017	12,557,682
Amortisation	
At 1 October 2016	11,838,169
Charge for the year	275,227
At 30 September 2017	12,113,396
Carrying amount	
At 30 September 2017	444,286
At 30 September 2016	–

The above charge of £275,227 (2016: £868,174) has been recognised within cost of sales in the Income Statement and relates solely to series 1 to 3.

The carrying value as at the reporting date relates solely to the capitalisation of series 4 supported by expected future cash flows resulting from these additional programme assets. Amortisation of the asset will commence at point of delivery and licence periods commencing.

Acamar Films Limited

Notes to the Financial Statements *(continued)*

Year ended 30 September 2017

6. Tangible assets

	Land and buildings £	Plant and machinery £	Total £
Cost			
At 1 October 2016	122,067	201,468	323,535
Additions	–	14,536	14,536
At 30 September 2017	122,067	216,004	338,071
Amortisation			
At 1 October 2016	79,179	116,780	195,959
Charge for the year	32,039	20,606	52,645
At 30 September 2017	111,218	137,386	248,604
Carrying amount			
At 30 September 2017	10,849	78,618	89,467
At 30 September 2016	42,888	84,688	127,576

Depreciation expense of £52,645 is included within 'administrative expenses'.

7. Investments

	Investment in subsidiary companies £
Cost	
At 1 October 2016	2
Additions	1
At 30 September 2017	3
Carrying amount	
At 30 September 2017	3
At 30 September 2016	2

The Company subscribed for 100% of the ordinary share capital of Bing Bunny Productions 2 Limited on incorporation on the 18 July 2017 for a nominal value.

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Country of incorporation	Class of shares	Principal activity	Holding
Bing Bunny Productions Limited	England	Ordinary	Television production activities	100%
Bing Bunny Productions 2 Limited	England	Ordinary	Television production activities	100%
Bing Bunny Collections Limited	England	Ordinary	Collection and royalty paying agent	100%

Acamar Films Limited

Notes to the Financial Statements *(continued)*

Year ended 30 September 2017

8. Debtors

	2017	2016
	£	£
Trade debtors	2,400	37,513
Amounts owed by group undertakings	155,142	285,155
Taxation and social security	40,313	–
Other debtors	38,325	41,407
Prepayments and accrued income	71,035	59,965
	<u>307,215</u>	<u>424,040</u>

All trade receivable amounts are short term. All of the Company's trade and other receivables have been reviewed for indicators of bad debts and, where necessary, a provision for any write-offs provided. The carrying value is considered a fair approximation of their fair value. The Company's management considers that all the above financial assets that are not provided for or past due, are of good credit quality, as such no provision has been made against the trade receivable balance.

Amounts owed by group undertakings are interest free, due on demand and unsecured.

9. Cash and cash equivalents

	2017	2016
	£	£
Cash at bank and in hand	1,251,438	103,565
Less: Bank overdrafts	(87)	(237)
	<u>1,251,351</u>	<u>103,328</u>

10. Creditors: amounts falling due within one year

	2017	2016
	£	£
Bank overdrafts	87	237
Bank loans	2,000,000	–
Loan notes	–	328,444
Trade creditors	123,825	253,346
Amounts owed to group undertakings	10,408	–
Corporation tax	–	2,126
Other taxation and social security	200,643	90,754
Other creditors	18,954	2,335
Accruals and deferred income	295,583	564,732
	<u>2,649,500</u>	<u>1,241,974</u>

All amounts are short term. The Directors consider that the carrying value of trade and other payables to be a reasonable approximation of fair value.

Amounts owed to group undertakings are interest free, repayable on demand and unsecured.

In August 2017 a £5,000,000 loan facility was agreed with Arbutnot's bank with a repayment term of 12 months from the first drawdown date. The bank interest on this facility is an annual margin of 2.5% plus the Base Rate. There is also a non-refundable arrangement fee of £37,500 due on the first advance. This loan facility has been guaranteed by a related party, with an annual availability fee of 8.5% of the full loan amount. £2,000,000 of the loan facility was drawn down on 6 September 2017. The remaining £3,000,000 of the loan facility was drawn down on 17 November 2017.

Acamar Films Limited

Notes to the Financial Statements *(continued)*

Year ended 30 September 2017

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

	2017	2016
	£	£
Loan notes	3,798,756	672,332
Other loans	308,153	441,874
	<u>4,106,909</u>	<u>1,114,206</u>

The Company issued £3,798,756 (2016: £672,393) of loan notes during the year. Of these loan notes £2,077,786 have a fixed term of 3 years and accrue interest annually of 8.50% GBP. £1,000,000 have a fixed term of 4 years and accrue interest annually at 9.00% GBP and £600,000 have a fixed term of 3 years and accrue interest annually at 9.00% GBP. USD loan notes of \$162,079 converted to £120,970 as at the year-end were issued with a fixed term of 3 years and accrue interest annually at 8.5% USD.

Other loans comprise a loan from CAA Global brands relating to commissions owed of £205,874 (2016: £205,874). Other loans also include a balance of £102,279 (2016: £236,000) relating to S4C deficit finance investment for Series 1 to 3 which is repayable only if the Company earns sufficient revenues, which is not expected to be within at least a year from the reporting date.

12. Called up share capital

Issued, called up and fully paid

	2017		2016	
	No.	£	No.	£
Ordinary A shares of £0.0001 each	4,250,000	425	4,250,000	425
Ordinary B shares of £1 each	3,502,163	3,502,163	3,502,163	3,502,163
	<u>7,752,163</u>	<u>3,502,588</u>	<u>7,752,163</u>	<u>3,502,588</u>

In the event of a sale of the company involving a change of control, the B ordinary shares rank above the A and C ordinary shares in being paid out in relation to the B Share Premium. Prior to any amounts paid out to the A or C ordinary shareholders, the B ordinary shareholders are entitled to be paid a sum equal to 160% of the B capital invested. After payment of the B Share Premium, A, B and C shares will be paid out in proportion to the number of shares held.

The company have issued options over C ordinary shares which rank *pari passu* with the A ordinary shares.

13. Share Options

The company has issued share options over 450,000 ordinary C shares. There is no charge recognised within these financial statements as the directors consider the share option charge to be immaterial to the results of the company.

14. Reserves

Share premium – Included only premiums received on issue of share capital. Any transaction costs associated with issuing of shares are deducted from share premium.

Retained earnings - This reserve records all current and prior period retained profit and losses.

Acamar Films Limited

Notes to the Financial Statements *(continued)*

Year ended 30 September 2017

15. Financial commitments

The Company leases an office building under an operating lease. The present value of future minimum rentals payable under this non-cancellable operating lease is as follows:

	Land and buildings 2017 £	Land and buildings 2016 £
Operating leases which expire:		
Within one year	26,040	78,120
In two to five years	–	26,040
More than five years	–	–
	<u>26,040</u>	<u>104,160</u>

16. Commitments

As at 30 September 2017 the company had no capital commitments or contracts for capital expenditure in place in the year (2016: £Nil).

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £14,196 (2016: £Nil). Contributions totalling £6,004 (2016: £Nil) were payable to the fund at the reporting date.

17. Transactions with directors

During the year £50,000 (2016: £50,000) of loan notes were purchased by a director of the Company.

In addition, Nil (2016: 25,000) share options each were issued to two of the directors of the Company. The options that were issued in 2016 were cancelled in the year.

During the year a director's fee was charged to the company by a director amounting to £15,000 (2016: £15,000). No amount was outstanding as at 30 September 2017 or 30 September 2016.

During the period a director's fee was charged to the company by an LLP in which one of the directors is also a member of £15,000 (2016: £15,400). No amount was outstanding as at 30 September 2017 or 30 September 2016.

Acamar Films Limited

Notes to the Financial Statements *(continued)*

Year ended 30 September 2017

18. Related party transactions

The following related party transactions took place in the year;

During the period the company was charged £1,000 (2016: £625) by the daughter of a director of the Company, for research services provided. As at the year-end date, no amount was outstanding, (2016: £Nil).

During the period the company spent £1,950 (2016: £Nil) on new computer equipment. This equipment was sold to the Company at a discount by the husband of a director of the Company, and as such the company benefitted from a saving on this transaction. As at the year-end date, no amount was outstanding, (2016: £Nil).

During the period, contractual payment obligations to Development Financiers were accrued, one of whom is the step-father of a director and is a person with significant influence over the Company. The costs relating to this related party amount to £19,645 and are included in accruals as at the reporting date. These amounts are paid in accordance with the recoupment schedule agreement governing recoupment of investment in the Bing production alongside equity and deficit finance investors.

In addition to the above, during the year £1,000,000 (2016: £Nil) of loan notes were purchased by the above related party. In addition to this, they also provided a guarantee of £5,000,000 over the Arbuthnot's bank loan (see note 14). Professional legal fees incurred by the Company for this loan guarantor facility amounted to £34,029 (2016: £Nil) in the year. These fees were recharged in full, to, and paid for by, the Company after the year-end. In addition £29,514 was also incurred in respect of an availability fee for acting as guarantor on this bank loan. Availability fees were accrued but unpaid at the year-end.

The Company has taken advantage of the exemptions available in accordance with FRS 102 not to disclose transactions entered into between two or more members of a group, as the company is a wholly owned subsidiary undertaking of the group to which it is party to the transactions within the group.

No further transactions require disclosure under FRS102.

19. Controlling party

The company is controlled by Mikael Shields, by virtue of his direct and his step-father's indirect holding in the shares of Acamar Films Limited.

20. Summary audit opinion

The company has elected not to file the statement of comprehensive income under the exemption in Section 444 of the Companies Act 2006. As such the following disclosures have been made:

- The auditor's report for the year ended 30 September 2017, dated 27 June 2018 was unqualified, with no reference to any matters to which the auditor draws attention to by way of emphasis.

The senior statutory auditor was Steven Leith, for and on behalf of Grant Thornton UK LLP.
