

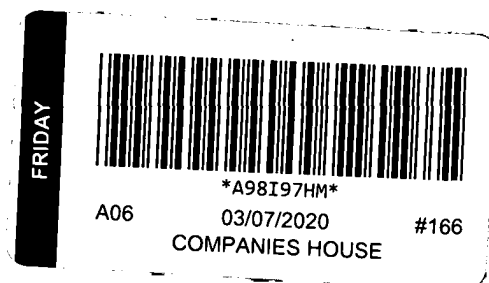
ES Broadcast Ltd.

Annual Report and Financial Statements

Year Ended

30 June 2019

Company Number 04614845



ES Broadcast Ltd.

Company Information

Directors	E P L Saunders B D Murphy S Savjani
Company secretary	Pitsec Limited
Registered number	04614845
Registered office	4th Floor The Anchorage 34 Bridge Street Reading RG1 2LU
Trading Address	Unit 34 25 Orbital Business Park Dwight Road Watford WD18 9DA
Independent auditor	BDO LLP 55 Baker Street London W1U 7EU

ES Broadcast Ltd.

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ES Broadcast Ltd.

Group Strategic Report For the Year Ended 30 June 2019

The directors present their strategic report together with the audited consolidated financial statements for the year ended 30 June 2019.

Business review and Key Performance Indicators

The directors are pleased with the results and progress of the group for the year ended 30 June 2019. The group monitors a number of key performance indicators to ensure it maintains the standards it expects and continues to maintain acceptable returns on its investments including into its rental fleet and new businesses. This includes turnover, net and gross margins, and indebtedness. These key operational highlights for the year ended 30 June 2019 are discussed in the business review set out below.

- The group has achieved a gross profit of £10,752,845 (2018 - £9,346,174), 15% increase with an operating profit of £3,241,912 (2018 - £4,144,312), 20% decrease. Gross margins have decreased from 50.8% to 33.5%. The group has launched a separate Systems Integration division adding to the existing broadcast equipment sales hire businesses, diversifying its business and reducing its risks. The business was operational from January 2018 and was profitable in its first 6 months of operation.
- Stock within the group is only held by ES Broadcast Ltd with stock turnover for the group/company having decreased from 4.7 to 4.5 as the business takes advantage of opportunities presented to it and with the strength of its statement of financial position, it is able to purchase new and used inventory and package an attractive offer for our customers.
- Investment into new equipment has increased the amount of indebtedness (defined as the total of finance lease obligations, bank overdrafts and other finance facilities) in the group from £12,176,886 to £17,048,493, with EBITDA decreasing from £5,908,329 to £5,645,760, which the group considers manageable.

Principal risks and uncertainties

The risks that face the group are those that face similar businesses and include maintaining the strong relationships with our customers as well as increased competition. Foreign exchange movements can impact margins as can a general downturn in the economy where some customers will delay spending impacting the sales and Systems Integration divisions. Liquidity is closely managed given the level of debt within the business as we continue to invest in new equipment and inventory within the sales and System Integration divisions.

The group also face potential risk around the uncertainty surrounding the Brexit negotiations as it is hard for us to quantify what effect it may have on the business, however we anticipate there will be some effect.

Going concern

The global and UK outbreak of Corona Virus, and its impact on the group and parent company, has been and continues to be closely reviewed by the board of directors who acknowledge that as a result of the impact of the Corona Virus, a material uncertainty exists which may cast significant doubt over the group and parent company's ability to continue as a going concern. Further information in this regard is provided in note 2.3 to these financial statements, including the basis on which the board have concluded that it remains appropriate to adopt the going concern basis of preparation.

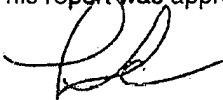
Key strategies and future developments

The group reviews its strategies on a regular basis to ensure its objectives are being achieved. The directors have set targets for the year to 30 June 2020 in the context of the group's broader 5 year plan and are confident that they will be achieved with the Systems Integration division performing strongly and the sales and rental business exceeding targets despite the year not having any large sporting events.

ES Broadcast Ltd.

Group Strategic Report (continued) For the Year Ended 30 June 2019

This report was approved by the board on *30th June 2020* and signed on its behalf.



S Savjani
Director

ES Broadcast Ltd.

Directors' Report For the Year Ended 30 June 2019

The directors present their report together with the audited consolidated financial statements for the year ended 30 June 2019.

Principal activity

The principal activity of the group continued to be that of the sale and hire of broadcast video equipment.

Results and dividends

The profit for the year, after taxation and non-controlling interests, amounted to £1,867,553 (2018 - £2,221,053).

Ordinary dividends of £850,000 (2018 - £940,000) were paid during the year. The directors do not recommend the payment of a final dividend.

Directors

The directors who served during the year were:

E P L Saunders
B D Murphy
S Savjani

Financial Instruments

Treasury operations and financial instruments

The group's principal financial instruments comprise bank balances, trade creditors, trade debtors, work in progress and loans to companies under common control. The main purpose of these instruments is to raise funds for the company's operations and to finance the company's operations.

Liquidity risk

The group manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense, whilst ensuring the company has sufficient liquid resources to meet the operating needs of the business.

Interest rate risk

The group is exposed to fair value interest rate risk on its fixed rate borrowings and cash flow interest rate risk on bank overdrafts and loans.

Foreign currency risk

The group's principal foreign currency exposures arise from trading with overseas companies. Company policy permits but does not demand that these exposures may be hedged in order to fix the cost in sterling.

Future developments

The group expects to continue to grow our business geographically and expand its footprint but also look at opportunities at segments adjacent to its existing businesses so that we can leverage our supply chain as well as the international nature of our customer relationships.

ES Broadcast Ltd.

Directors' Report (continued) For the Year Ended 30 June 2019

Disclosure of information to auditor

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

- so far as the director is aware, there is no relevant audit information of which the company and the group's auditor is unaware; and
- the director has 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 and the group's auditor is aware of that information.

Post statement of financial position events

Please refer to note 33 for details around the impacts of COVID-19 which was announced as a global health emergency by the World Health Organisation on 31 January 2020 and its expected post statement of financial position effects.

Auditor

The auditor, BDO LLP, who was appointed in the year, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on *30th June 2020* and signed on its behalf.



S Savjani
Director

ES Broadcast Ltd.

Directors' Responsibilities Statement For the Year Ended 30 June 2019

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 the directors have elected to prepare the group and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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.

ES Broadcast Ltd.

Independent Auditor's Report to the Members of ES Broadcast Ltd.

Opinion

We have audited the financial statements of ES Broadcast Ltd ("the parent company") and its subsidiaries ("the group") for the year ended 30 June 2019 which comprise the consolidated statement of comprehensive income, the consolidated and company statement of financial position, the consolidated and company statement of changes in equity, the consolidated statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 30 June 2019 and of the group's 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to the going concern

We draw attention to note 2.3 to the financial statements which describes the potential impacts of the COVID-19 pandemic on the going concern of the group and parent company and parent company and that in the absence of further deferrals or part deferrals of its asset backed finance repayments, the group and parent company may be required to source additional funding. As stated on note 2.3, these events or conditions indicate that a material uncertainty exists that may cast significant doubt over the group and parent company's and parent company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

ES Broadcast Ltd.

Independent Auditor's Report to the Members of ES Broadcast Ltd. (continued)

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion 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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in this regard.

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

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

ES Broadcast Ltd.

Independent Auditor's Report to the Members of ES Broadcast Ltd. (continued)

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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 parent 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 parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the parent 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 parent 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 parent company and the parent company's members as a body, for our audit work, for this report, or for the opinions we have formed.

BDO LLP

Ian Clayden (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London
United Kingdom

30 June 2020

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

ES Broadcast Ltd.

Consolidated Statement of Comprehensive Income For the Year Ended 30 June 2019

	Note	2019 £	2018 £
Turnover	4	32,105,516	18,404,071
Cost of sales		(21,352,671)	(9,057,897)
Gross profit		10,752,845	9,346,174
Administrative expenses		(7,520,155)	(5,230,241)
Other operating income	5	9,222	28,379
Operating profit	6	3,241,912	4,144,312
Interest receivable and similar income	10	24,865	604
Interest payable and similar charges	11	(542,060)	(485,735)
Profit before taxation		2,724,717	3,659,181
Tax on profit	12	(427,964)	(706,551)
Profit for the financial year		2,296,753	2,952,630
Currency translation differences		(4,347)	-
Total comprehensive income for the year		2,292,406	2,952,630
Profit and total comprehensive income for the year attributable to:			
Non-controlling interest		429,200	731,577
Owners of the parent company		1,863,206	2,221,053
		2,292,406	2,952,630

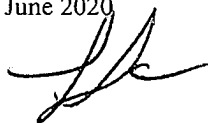
The notes on pages 17 to 40 form part of these financial statements.

ES Broadcast Ltd.
Registered number:04614845

Consolidated Statement of Financial Position
As at 30 June 2019

	Note	2019 £	2019 £	2018 £	2018 £
Fixed assets					
Intangible assets	14		64,976	-	
Tangible assets	15		18,160,363	17,647,614	
			<u>18,225,339</u>	<u>17,647,614</u>	
Current assets					
Stocks	17	4,975,488		5,183,236	
Debtors: amounts falling due within one year	18	8,275,145		7,644,209	
Cash at bank and in hand	19	813,134		202,458	
		<u>14,063,767</u>		<u>13,029,903</u>	
Creditors: amounts falling due within one year	20	(13,801,442)		(15,196,558)	
Net current assets/(liabilities)			<u>262,325</u>	<u>(2,166,655)</u>	
Total assets less current liabilities			<u>18,487,664</u>	<u>15,480,959</u>	
Creditors: amounts falling due after more than one year	21		(10,402,156)	(8,739,508)	
Provisions for liabilities					
Deferred taxation	24		(868,022)	(826,371)	
Net assets			<u><u>7,217,486</u></u>	<u><u>5,915,080</u></u>	
Capital and reserves					
Called up share capital	25		4	4	
Revaluation reserve	26		233,900	298,365	
Foreign exchange reserve	26		(4,347)	-	
Profit and loss account	26		5,302,437	4,220,419	
Non-controlling interests			1,685,492	1,396,292	
Total equity			<u><u>7,217,486</u></u>	<u><u>5,915,080</u></u>	

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 30 June 2020



S Savjani
Director

The notes on pages 17 to 40 form part of these financial statements.

ES Broadcast Ltd.
Registered number:04614845

Company Statement of Financial Position
As at 30 June 2019

	Note	2019 £	2019 £	2018 £	2018 £
Fixed assets					
Intangible assets	14		60,010	-	
Tangible assets	15		254,561	413,162	
Investments	16		65	65	
			<u>314,636</u>	<u>413,227</u>	
Current assets					
Stocks	17	4,975,488		5,183,236	
Debtors: amounts falling due within one year	18	7,685,039		8,087,855	
Cash at bank and in hand	19	504,680		31,042	
		<u>13,165,207</u>		<u>13,302,133</u>	
Creditors: amounts falling due within one year	20	(8,953,126)		(11,192,341)	
Net current assets			<u>4,212,081</u>	<u>2,109,792</u>	
Total assets less current liabilities			<u>4,526,717</u>	<u>2,523,019</u>	
Creditors: amounts falling due after more than one year	21		(1,806,861)	(528,936)	
Provisions for liabilities					
Deferred taxation	24		(15,740)	(33,953)	
Net assets			<u><u>2,704,116</u></u>	<u><u>1,960,130</u></u>	
Capital and reserves					
Called up share capital	25		4	4	
Profit and loss account	26		2,704,112	1,960,126	
Total equity			<u><u>2,704,116</u></u>	<u><u>1,960,130</u></u>	

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these financial statements. The profit after tax of the parent company for the year was £1,593,986 (2018 - £1,071,270).

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 30 June 2020


S Savjani
Director

The notes on pages 17 to 40 form part of these financial statements.

ES Broadcast Ltd.

Consolidated Statement of Changes in Equity For the Year Ended 30 June 2019

	Called up share capital	Revaluation reserve	Currency translation reserve	Profit and loss account	Equity attributable to owners of parent company	Non- controlling interests	Total equity
	£	£	£	£	£	£	£
At 1 July 2018	4	298,365	-	4,220,419	4,518,788	1,396,292	5,915,080
Comprehensive income for the year							
Profit for the year	-	-	-	1,867,553	1,867,553	429,200	2,296,753
Foreign exchange translation movement	-	-	(4,347)	-	(4,347)	-	(4,347)
Total comprehensive income for the year	-	-	(4,347)	1,867,553	1,863,206	429,200	2,292,406
Dividends: Equity capital	-	-	-	(850,000)	(850,000)	(140,000)	(990,000)
Transfer to/from profit and loss account	-	(64,465)	-	64,465	-	-	-
Total transactions with owners	-	(64,465)	-	(785,535)	(850,000)	(140,000)	(990,000)
At 30 June 2019	4	233,900	(4,347)	5,302,437	5,531,994	1,685,492	7,217,486

ES Broadcast Ltd.

Consolidated Statement of Changes in Equity For the Year Ended 30 June 2018

	Called up share capital	Revaluation reserve	Profit and loss account	Equity attributable to owners of parent company	Non- controlling interests	Total equity
	£	£	£	£	£	£
At 1 July 2017	4	426,236	2,811,495	3,237,735	758,715	3,996,450
Comprehensive income for the year						
Profit for the year	-	-	2,221,053	2,221,053	731,577	2,952,630
Total comprehensive income for the year	-	-	2,221,053	2,221,053	731,577	2,952,630
Dividends: equity capital	-	-	(940,000)	(940,000)	(94,000)	(1,034,000)
Transfer	-	(127,871)	127,871	-	-	-
Total transactions with owners	-	(127,871)	(812,129)	(940,000)	(94,000)	(1,034,000)
At 30 June 2018	4	298,365	4,220,419	4,518,788	1,396,292	5,915,080

The notes on pages 17 to 40 form part of these financial statements.

ES Broadcast Ltd.

Company Statement of Changes in Equity For the Year Ended 30 June 2019

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 July 2018	4	1,960,126	1,960,130
Comprehensive income for the year			
Profit for the year	-	1,593,986	1,593,986
	-	1,593,986	1,593,986
Total comprehensive income for the year			
	-	1,593,986	1,593,986
Contributions by and distributions to owners			
Dividends: equity capital	-	(850,000)	(850,000)
	-	(850,000)	(850,000)
Total transactions with owners			
	-	(850,000)	(850,000)
At 30 June 2019	4	2,704,112	2,704,116

Company Statement of Changes in Equity For the Year Ended 30 June 2018

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 July 2017	4	1,828,856	1,828,860
Comprehensive income for the year			
Profit for the year	-	1,071,270	1,071,270
	-	1,071,270	1,071,270
Total comprehensive income for the year			
	-	1,071,270	1,071,270
Contributions by and distributions to owners			
Dividends: equity capital	-	(940,000)	(940,000)
	-	(940,000)	(940,000)
Total transactions with owners			
	-	(940,000)	(940,000)
At 30 June 2018	4	1,960,126	1,960,130

The notes on pages 17 to 40 form part of these financial statements.

ES Broadcast Ltd.

Consolidated Statement of Cash Flows For the Year Ended 30 June 2019

	2019 £	2018 £
Cash flows from operating activities		
Profit for the financial year	2,296,753	2,952,630
Adjustments for:		
Amortisation of intangible assets	2,323	-
Depreciation of tangible assets	2,401,525	1,764,017
Loss on disposal of tangible assets	104,155	(7,438)
Interest paid	542,060	485,735
Taxation charge	427,964	706,551
Decrease/(increase) in stocks	207,748	(2,089,941)
(Increase) in debtors	(630,936)	(5,105,694)
(Decrease)/increase in creditors	(4,409,992)	8,775,911
Corporation tax (paid)	(608,266)	(51,715)
Net cash generated from operating activities	333,334	7,430,056
Cash flows from investing activities		
Purchase of intangible fixed assets	(67,299)	-
Purchase of tangible fixed assets	(3,285,922)	(2,730,361)
Sale of tangible fixed assets	291,016	42,500
Net cash from investing activities	(3,062,205)	(2,687,861)

ES Broadcast Ltd.

Consolidated Statement of Cash Flows (continued) For the Year Ended 30 June 2019

	2019 £	2018 £
Cash flows from financing activities		
Amounts received under finance lease obligations	7,863,873	-
Repayment of finance lease obligations	(3,944,921)	(3,204,464)
Dividends paid	(850,000)	(940,000)
Dividends paid to non-controlling interests	(140,000)	(94,000)
Interest paid	(542,060)	(485,735)
Net cash used in financing activities	2,386,892	(4,724,199)
Net (decrease)/increase in cash and cash equivalents	(341,979)	17,996
Cash and cash equivalents at beginning of year	32,577	14,581
Cash and cash equivalents at the end of year	(309,402)	32,577
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	813,134	202,458
Bank overdrafts	-	(169,881)
Finance facility	(1,122,536)	-
	(309,402)	32,577

The notes on pages 17 to 40 form part of these financial statements.

ES Broadcast Ltd.

Notes to the Financial Statements For the Year Ended 30 June 2019

1. General Information

ES Broadcast Ltd is a private company limited by shares and incorporated in England and Wales under the Companies Act 2006. The address of the registered office is given on the company information page and the nature of the company's operations and its principal activity are set out in the directors' report.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value, and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The financial statements have been prepared with early application of the FRS 102 Triennial Review 2017 amendments in full.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires group management to exercise judgement in applying the group's accounting policies (see note 3).

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these financial statements.

The group's functional and presentational currency is GBP. The financial statements have been rounded to the nearest pound.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the company and its own subsidiaries ("the group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

ES Broadcast Ltd.

Notes to the Financial Statements For the Year Ended 30 June 2019

2. Accounting policies (continued)

2.3 Going concern

The group and parent company's business activities, together with the factors likely to affect its future development, performance and financial position are set out in the directors report on pages 1 and 2 of these financial statements.

Outside of COVID-19 lockdown the group and parent company has been highly profitable at both the gross and net profit level and has a proven business model. The group and parent company meets its day-to-day working capital requirements through use of its cash, overdraft and import line facility provided by its bankers and funds its tangible asset base through asset backed finance (akin to hire purchase arrangements).

As at 31 March 2020, the group reported net assets of £7,217,486 (2019 - £5,915,080) including unencumbered current assets of £14,312,944 (2019 - £13,029,903). The group had external non-related party debt of £17,076,363 secured on tangible fixed assets and an undrawn overdraft facility of £500,000. Subsequent to the year end, debt levels have increased due to the acquisition of additional stock for forthcoming large sporting events, backed by asset funding. As at 30 April 2020 the external non-related party debt was £25,042,426.

In assessing the appropriateness of the going concern assumption, the directors have prepared detailed cash flow forecasts for the group and parent company extending beyond 12 months from the date of approval of these financial statements. However, it is acknowledged that the global and UK outbreak of COVID-19 has had a profound impact on these forecasts.

As at the time of signing of the financial statements, business activity is beginning to gain traction particularly as sports leagues and events resume with live broadcasts. The rate of increase in broadcast events expected to be maintained as more sports are reintroduced. While the outlook is now more positive, it is not yet known how long it will take to get back to normalised levels where the company's customers are able to restore their future capital expenditure plans, though clearly any requirements for specific contracts will be completed. Accordingly, management have modelled various cash flow scenarios based on different levels of commercial activity.

In order to mitigate the associated impacts on revenue during this time, and in order to protect the longer term interests of the group and parent company and its employees, the group and parent company has taken measures to reduce its cost base and is utilising various government schemes available including the Coronavirus Job Retention Scheme and the Coronavirus Business Interruption Loan Scheme. The group and parent company has further agreed forbearance on its asset backed funding for 6 months from April 2020 in order to preserve cash. The company's directors anticipate that further deferrals or part-deferrals of asset backed finance repayments will be achieved on terms acceptable to their finance providers.

Based on revised forecasts prepared in consideration of resumption of activity in the sector and constructive ongoing arrangement with finance providers, the directors have concluded that the company and group will remain solvent and therefore a going concern for not less than 12 months following the date of approval of the financial statements.

However, if deferrals or part-deferrals of asset backed finance repayments are not achieved, the Group and parent company will need to source additional funding. In this regard, in light of the impacts of COVID-19, the directors have identified that a material uncertainty exists that may cast significant doubt over the group and company's ability to continue as a going concern for the foreseeable future and therefore their ability to realise their assets and discharge their liabilities in the normal course of business.

The financial statements do not include the adjustments that would result if the group and company were unable to continue as a going concern.

ES Broadcast Ltd.

Notes to the Financial Statements For the Year Ended 30 June 2019

2. Accounting policies (continued)

2.4 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for the sale, installation and hire of broadcast video equipment provided in the normal course of business, and is shown net of VAT and other sales related taxes.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

Revenue from equipment hire contracts is recognised in the statement of comprehensive income by applying hire rates to the period of hire.

2.5 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Computer software	-	4 years
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2.6 Tangible fixed assets

Tangible fixed assets under the historic cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

ES Broadcast Ltd.

Notes to the Financial Statements For the Year Ended 30 June 2019

2. Accounting policies (continued)

2.6 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Leasehold property	- 12.5% straight line
Short-term leasehold property	-
Plant and machinery	- 12.5% - 25% straight line
Fixtures, fittings and equipment	- 12.5% - 25% straight line
Computers	- 33% straight line
Motor vehicles	- 12.5% - 25% straight line
Equipment for hire	- 12.5% - 25% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the consolidated statement of comprehensive income.

On transition to FRS102, assets previously held at fair value were transferred to the cost model with fair value as at the date of transition being deemed cost from that point in time.

The company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred if the replacement part is expected to provide incremental future benefits to the group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

2.7 Valuation of investments

Equity investments are measured at fair value though the statement of comprehensive income, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

2.8 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in the statement of comprehensive income. Reversals of impairment losses are also recognised in the statement of comprehensive income.

ES Broadcast Ltd.

Notes to the Financial Statements For the Year Ended 30 June 2019

2. Accounting policies (continued)

2.9 Debtors

Short term debtors are measured at transaction price, less any impairment.

2.10 Cash and cash equivalents

Cash and cash equivalents is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

In the consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts and equivalent facilities that are repayable on demand and form an integral part of the group's cash management.

2.11 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's statement of financial position when the group becomes party to the contractual provisions of the instrument

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.12 Creditors

Short term creditors are measured at the transaction price.

2.13 Operating leases: the group as lessor

Rentals income from operating leases is credited to the statement of comprehensive income on a straight line basis over the term of the relevant lease.

2.14 Leased assets: the group as lessee

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the consolidated statement of comprehensive income so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

ES Broadcast Ltd.

Notes to the Financial Statements For the Year Ended 30 June 2019

2. Accounting policies (continued)

2.15 Operating leases: the group as lessee

Rentals paid under operating leases are charged to the consolidated statement of comprehensive income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

The group has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 01 July 2017 to continue to be charged over the period to the first market rent review rather than the term of the lease.

2.16 Foreign currency translation

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the consolidated statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the consolidated statement of comprehensive income within 'other operating income'.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

2.17 Interest income

Interest income is recognised in the consolidated statement of comprehensive income using the effective interest method.

2.18 Finance costs

Finance costs are charged to the consolidated statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

ES Broadcast Ltd.

Notes to the Financial Statements For the Year Ended 30 June 2019

2. Accounting policies (continued)

2.19 Borrowing costs

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

2.20 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

2.21 Pensions

Defined contribution pension plan

The group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. Once the contributions have been paid the group has no further payment obligations.

The contributions are recognised as an expense in the consolidated statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the statement of financial position. The assets of the plan are held separately from the group in independently administered funds.

2.22 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

2.23 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the consolidated statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company and the group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

ES Broadcast Ltd.

Notes to the Financial Statements For the Year Ended 30 June 2019

2. Accounting policies (continued)

2.23 Current and deferred taxation (continued)

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have made the following judgements:

- Determine whether leases entered into by the group either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determine whether there are indicators of impairment of the group's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.
- Determine whether there are indicators of the group's debtors and intercompany receivables. Factors taken into consideration in reaching such a decision include the age of debt, recovery since the reporting date and discussions with the customer. Provisions are raised where debtors are not considered recoverable in full or in part. Provisions are reassessed as part of the above review and are released where subsequent information supports the recovery of the debt.

Other key sources of estimation uncertainty

- Tangible fixed assets (see note 15)

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

- Stock and work in progress

Management regularly consider the costs incurred by all system integration division projects to ensure the costs are correctly stated when calculating the lower costs of net realisable value.

Management also review the stock listing and external market regularly to determine if any of the stock has reduced in value or become obsolete due to advances in technology.

ES Broadcast Ltd.

Notes to the Financial Statements For the Year Ended 30 June 2019

4. Turnover

An analysis of turnover by class of business is as follows:

	2019 £	2018 £
Sale of equipment	14,000,310	9,543,677
Hire of equipment	6,330,062	6,321,680
Sale of system integrated services	11,775,144	2,538,714
	<u>32,105,516</u>	<u>18,404,071</u>

Analysis of turnover by country of destination:

	2019 £	2018 £
United Kingdom	25,355,790	12,275,390
Rest of Europe	4,476,376	4,303,426
Rest of the world	2,273,350	1,825,255
	<u>32,105,516</u>	<u>18,404,071</u>

5. Other operating income

	2019 £	2018 £
Sundry income	9,222	28,379
	<u>9,222</u>	<u>28,379</u>

6. Operating profit

The operating profit is stated after charging/(crediting):

	2019 £	2018 £
Depreciation of owned tangible fixed assets	2,401,525	1,764,017
Loss/(profit) on disposal of tangible fixed assets	41,822	(7,438)
Exchange gains	(5,687)	(32,752)
Amortisation on intangible fixed assets	2,323	-
Rent expense	224,882	137,301
	<u>2,664,845</u>	<u>1,753,128</u>

ES Broadcast Ltd.

Notes to the Financial Statements For the Year Ended 30 June 2019

7. Auditor's remuneration

	2019 £	2018 £
Fees payable to the group's auditor and its associates in respect of:		
Fees payable to the group's auditor and its associates for the audit of the group and company's annual financial statements	35,000	13,500
Fees payable to the group's auditors for other services	13,000	-
	<u>48,000</u>	<u>13,500</u>

8. Employees

Staff costs, including directors' remuneration, were as follows:

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Wages and salaries	2,942,110	2,174,737	2,222,628	1,644,589
Social security costs	64,138	48,377	-	-
Cost of defined contribution scheme	37,005	12,640	32,505	8,485
	<u>3,043,253</u>	<u>2,235,754</u>	<u>2,255,133</u>	<u>1,653,074</u>

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

	Group 2019 No.	Group 2018 No.	Company 2019 No.	Company 2018 No.
Employees	<u>52</u>	<u>49</u>	<u>36</u>	<u>29</u>

9. Directors' remuneration

	2019 £	2018 £
Directors' emoluments	<u>483,999</u>	<u>417,451</u>

The highest paid director received remuneration of £336,135 (2018 - £228,821). Company pension contributions of £1,135 (2018 - £Nil) were made to a pension scheme on his behalf.

ES Broadcast Ltd.

Notes to the Financial Statements For the Year Ended 30 June 2019

10. Interest receivable and similar income

	2019 £	2018 £
Interest on bank deposits	24,865	136
Other interest income	-	468
	<u>24,865</u>	<u>604</u>

11. Interest payable and similar charges

	2019 £	2018 £
Finance leases and hire purchase contracts	487,623	437,450
Other interest expense	54,437	48,285
	<u>542,060</u>	<u>485,735</u>

ES Broadcast Ltd.

Notes to the Financial Statements For the Year Ended 30 June 2019

12. Taxation

	2019 £	2018 £
Corporation tax		
Current tax on profits for the year	385,994	412,839
Adjustments in respect of previous periods	-	994
Foreign tax	319	-
	<u>386,313</u>	<u>413,833</u>
Total current tax	<u>386,313</u>	<u>413,833</u>
Deferred tax		
Origination and reversal of timing differences	45,225	292,718
Effect of rate change on opening balance	(3,574)	-
Total deferred tax	<u>41,651</u>	<u>292,718</u>
Taxation on profit on ordinary activities	<u>427,964</u>	<u>706,551</u>

ES Broadcast Ltd.

Notes to the Financial Statements For the Year Ended 30 June 2019

12. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2018 - higher than) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	2019 £	2018 £
Profit on ordinary activities before tax	<u>2,724,717</u>	<u>3,659,181</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	517,696	695,244
Effects of:		
Expenses not deductible for tax purposes	14,808	13,584
Capital allowances for year in excess of depreciation	-	28,320
Effect of overseas tax rates	-	(30,597)
Adjustment to closing deferred tax to average rate of 19%	(102,149)	-
Adjustment to opening deferred tax to average rate of 19%	(45,066)	-
Unrelieved tax losses and other deductions in the year	42,675	-
Total tax charge for the year	<u>427,964</u>	<u>706,551</u>

Factors that may affect future tax charges

In the March 2020 budget the Chancellor proposed a revision of future tax rate from 17% to 19%. However, as at the year end, 17% was the substantively enacted prospective rate for calculating deferred tax for the entity. The UK government's announcement in the 2020 budget to prospectively amend the future rate of 17% to 19% has not been applied to balances as at the year end rate.

13. Dividends

	2019 £	2018 £
Ordinary dividend of £212,500 (2018 - £235,000) per share	<u>850,000</u>	<u>940,000</u>

ES Broadcast Ltd.

Notes to the Financial Statements For the Year Ended 30 June 2019

14. Intangible assets

Group

	Computer software £
Cost	
Additions	67,299
At 30 June 2019	<u>67,299</u>
Amortisation	
Charge for the year	2,323
At 30 June 2019	<u>2,323</u>
Net book value	
At 30 June 2019	<u><u>64,976</u></u>
At 30 June 2018	<u><u>-</u></u>

ES Broadcast Ltd.

Notes to the Financial Statements For the Year Ended 30 June 2019

14. Intangible assets (continued)

Company

	Computer software £
Cost	
Additions	62,333
At 30 June 2019	62,333
Amortisation	
Charge for the year	2,323
At 30 June 2019	2,323
Net book value	
At 30 June 2019	60,010
At 30 June 2018	-

ES Broadcast Ltd.

Notes to the Financial Statements For the Year Ended 30 June 2019

15. Tangible fixed assets

Group

	Leasehold property £	Equipment for hire £	Plant and machinery £	Fixtures, fittings and equipment £	Computers £	Motor vehicles £	Total £
Cost or valuation							
At 1 July 2018	38,141	21,032,565	355,563	248,435	148,566	263,378	22,086,648
Additions	5,924	2,934,930	4,819	70,712	68,902	161,825	3,247,112
Disposals	-	(144,719)	(355,563)	(51,024)	(29,637)	(144,371)	(725,314)
At 30 June 2019	44,065	23,822,776	4,819	268,123	187,831	280,832	24,608,446
Depreciation							
At 1 July 2018	21,627	3,994,684	191,648	92,983	59,935	78,157	4,439,034
Charge for the year	6,292	2,242,228	138	54,874	55,976	42,017	2,401,525
Disposals	-	(45,030)	(191,648)	(51,024)	(29,243)	(75,531)	(392,476)
At 30 June 2019	27,919	6,191,882	138	96,833	86,668	44,643	6,448,083
Net book value							
At 30 June 2019	16,146	17,630,894	4,681	171,290	101,163	236,189	18,160,363
At 30 June 2018	16,514	17,037,881	163,915	155,452	88,631	185,221	17,647,614

ES Broadcast Ltd.

Notes to the Financial Statements For the Year Ended 30 June 2019

15. Tangible fixed assets (continued)

Company

	Leasehold property £	Plant and machinery £	Fixtures, fittings and equipment £	Computers £	Motor vehicles £	Total £
Cost or valuation						
At 1 July 2018	38,141	355,563	207,664	148,566	37,994	787,928
Additions	-	-	38,888	66,220	22,481	127,589
Disposals	-	(355,563)	(51,024)	(29,637)	(39,699)	(475,923)
At 30 June 2019	38,141	-	195,528	185,149	20,776	439,594
Depreciation						
At 1 July 2018	21,627	191,648	75,970	59,936	25,585	374,766
Charge for the year	5,772	-	45,636	55,827	6,997	114,232
Disposals	-	(191,648)	(51,024)	(29,243)	(32,050)	(303,965)
At 30 June 2019	27,399	-	70,582	86,520	532	185,033
Net book value						
At 30 June 2019	10,742	-	124,946	98,629	20,244	254,561
At 30 June 2018	16,514	163,915	131,694	88,630	12,409	413,162

ES Broadcast Ltd.

Notes to the Financial Statements For the Year Ended 30 June 2019

15. Tangible fixed assets (continued)

The group revalued equipment for hire as at 30 June 2016 by £426,236. The fair value of the equipment for hire has been arrived at on the basis of a valuation carried out by directors. The valuation was made on an open market value basis by reference to market evidence of transaction prices for similar items.

If revalued assets were stated on an historical cost basis rather than a fair value basis, the total amounts included would have been as follows:

	Group 2019 £	Group 2018 £
Cost	23,357,335	19,823,357
Accumulated depreciation	(6,000,078)	(3,613,096)
Carrying value	<u>17,357,257</u>	<u>16,210,261</u>

16. Fixed asset investments

Company

	Investments in subsidiary companies £
Cost or valuation	
At 1 July 2018	65
At 30 June 2019	<u>65</u>

Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Holding direct	Holding indirect	Registered office address
ES Broadcast Hire Limited	65%	-	4th Floor, The Anchorage, 34 Bridge Street, Reading, England
ES Broadcast Hire Spain SL*	-	65%	Villaviciosa de Odon (Madrid) Calle La Florida No. 5, Nave 13 (CP 28670)
ES Broadcast Hire BVBA*	-	65%	1930 Zaventem, Weiveldlaan 41
ES Broadcast Hire Inc*		65%	251 Little Falls Drive, Washington DC, 19808

ES Broadcast Ltd.

Notes to the Financial Statements For the Year Ended 30 June 2019

17. Stocks

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Work in progress	-	369,082	-	369,082
Finished goods and goods for resale	4,975,488	4,814,154	4,975,488	4,814,154
	<u>4,975,488</u>	<u>5,183,236</u>	<u>4,975,488</u>	<u>5,183,236</u>

The difference between purchase price or production cost of stocks and their replacement cost is not material.

18. Debtors: amounts falling due within one year

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Trade debtors	5,735,332	5,899,727	4,360,409	4,073,494
Amounts owed by group undertakings	-	-	1,235,109	2,602,441
Amounts owed by related parties	1,811,477	-	1,809,885	-
Other debtors	468,462	1,453,826	130,251	1,182,921
Prepayments and accrued income	259,874	290,656	149,385	228,999
	<u>8,275,145</u>	<u>7,644,209</u>	<u>7,685,039</u>	<u>8,087,855</u>

The amounts owed by group undertakings bear interest of 5% per annum and have no fixed payment terms. The amounts owed by related parties are interest free and have no fixed payment terms.

The impairment loss recognised in profit or loss for the year in respect of bad and doubtful trade debtors was £38,449 (2018 - £7,435).

19. Cash and cash equivalents

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Cash at bank and in hand	813,134	202,458	504,680	31,042
Less: bank overdrafts	-	(169,881)	-	(169,881)
	<u>813,134</u>	<u>32,577</u>	<u>504,680</u>	<u>(138,839)</u>

ES Broadcast Ltd.

Notes to the Financial Statements For the Year Ended 30 June 2019

20. Creditors: amounts falling due within one year

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Bank overdrafts	-	169,881	-	169,881
Finance facility	1,122,536	-	1,122,536	-
Trade creditors	4,026,454	8,487,186	3,831,037	8,357,262
Amounts owed to other related parties	271,378	-	212,500	-
Corporation tax	561,863	783,814	326,878	460,674
Other taxation and social security	896,251	299,526	876,499	208,478
Obligations under finance lease and hire purchase contracts	5,551,671	3,267,497	1,896,658	333,684
Other creditors	783,590	1,684,608	145,337	1,193,229
Accruals and deferred income	587,699	504,046	541,681	469,133
	13,801,442	15,196,558	8,953,126	11,192,341

The amounts owed by group undertakings and amounts owed to related parties are interest free with no fixed repayment terms.

ES Broadcast Limited has the following charges outstanding at the year end:

- Long term licence to sub let via ING lease (UK) Limited dated 31 October 2012. The full benefit of the sub-letting agreements and the benefit of all guarantees indemnities negotiable instruments and securities taken in connections with any and all such sub letting agreements.
- Rent deposit deed dated 10 August 2017, includes an interest earning deposit account in the name of the charge and all sums standing to the credit of such account included accrued interest.

The obligations under finance lease and hire purchase contracts are interest bearing with fixed repayment terms.

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

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Net obligations under finance leases and hire purchase contracts	10,374,286	8,739,508	1,806,861	528,936
Other long term debt	27,870	-	-	-
	10,402,156	8,739,508	1,806,861	528,936

The obligations under finance lease and hire purchase contracts are interest bearing with fixed repayment terms.

ES Broadcast Ltd.

Notes to the Financial Statements For the Year Ended 30 June 2019

22. Loans and overdrafts

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Amounts falling due within one year				
Finance facility	1,122,536	-	1,122,536	-
Bank overdrafts	-	169,881	-	169,881
	<u>1,122,536</u>	<u>169,881</u>	<u>1,122,536</u>	<u>169,881</u>

The company has provided guarantees in respect of the bank overdraft facilities of its 65% subsidiary company, ES Broadcast Hire Ltd as part of a cross-company guarantee arrangement in favour of the parent and subsidiary company's bankers up to combined net maximum facility of £250,000 after offset of bank balances in hand. At 30th June 2019, the combined net amount of the bank overdraft facility utilised by the subsidiary and parent amounted to £Nil (2018 - £169,881).

23. Finance lease obligations

Minimum lease payments under hire purchase fall due as follows:

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Within one year	5,551,671	3,267,497	1,896,658	333,684
Between two to five years	10,374,286	8,739,508	1,806,862	528,936
	<u>15,925,957</u>	<u>12,007,005</u>	<u>3,703,520</u>	<u>862,620</u>

Finance lease payments represent rentals payable by the company or group for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 5 years. All leases are on a fixed interest basis and no arrangements have been entered into for contingent rental payments.

24. Deferred taxation liability

Group

	2019 £
At beginning of year	826,371
Charged to profit or loss	41,651
At end of year	<u><u>868,022</u></u>

ES Broadcast Ltd.

Notes to the Financial Statements For the Year Ended 30 June 2019

24. Deferred taxation liability (continued)

Company

	2019 £
At beginning of year	33,953
Credited to profit or loss	(18,213)
At end of year	15,740

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Accelerated capital	868,022	826,371	15,740	33,953

25. Share capital

	2019 £	2018 £
Allotted, called up and fully paid		
4 ordinary shares of £1 each	4	4

26. Reserves

The group and company's capital and reserves are as follows:

Called up share capital

Called up share capital represents the nominal value of the shares issued.

Revaluation reserve

The revaluation reserve represents the revaluation surplus on freehold property.

Currency translation reserve

The currency translation reserve represents exchange differences arising from translating foreign assets and liabilities at the closing rate at the balance sheet date compared to the average rate used to translate the profit or loss figure for the year.

Profit and loss account

The profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

ES Broadcast Ltd.

Notes to the Financial Statements For the Year Ended 30 June 2019

27. Analysis of net debt

	At 1 July 2018 £	Cash flows £	At 30 June 2019 £
Cash at bank and in hand	202,458	610,676	813,134
Bank overdrafts	(169,881)	169,881	-
Debt due within 1 year	-	(1,122,536)	(1,122,536)
Finance leases	(12,007,005)	(3,918,952)	(15,925,957)
	<u>(11,974,428)</u>	<u>(4,260,931)</u>	<u>(16,235,359)</u>

28. Financial commitments, guarantees and contingent liabilities

At the year end the company had committed to purchase items amounting to £624,446 (2018 - £396,010) for resale.

29. Capital commitments

At 30 June 2019 the group had capital commitments as follows:

	Group 2019 £	Group 2018 £
Acquisition of tangible fixed assets	<u>291,346</u>	<u>254,010</u>

30. Contingent liability

The company has provided a cross guarantee with respect to banking facilities provided to other group companies, including a fixed and floating charge under its properties and undertakings. As at the year end the amount covered by this cross guarantee amounted to £1,122,536.

31. Pension commitments

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £37,005 (2018 - £12,640). Contributions totalling £2,303 (2018 - £1,337) were payable to the fund at the reporting date and are included in creditors.

ES Broadcast Ltd.

Notes to the Financial Statements For the Year Ended 30 June 2019

32. Related party transactions

During the year, the group provided services to Film Store Rental Limited, a related party by virtue of common control, to the value of £39,659 (2018 - £Nil). The balance outstanding from Film Store Rental Limited at year end was £478,957 (2018 - £141,336).

During the year, the group provided services to LMH Media Hub Limited, a related party by virtue of common control, to the value of £28,222 (2018 - £Nil). The balance outstanding from LMH Media Hub Limited at year end was £1,123,634 (2018 - £907,718).

During the year, the company provided goods and services to ES Broadcast Hire Limited, a related party due to a majority shareholding, to the value of £2,759,515 (2018 - £9,192,256). Further to this, ES Broadcast Hire Limited sold goods to the company to the value of £89,393 (2018 - £3,835). The balance outstanding from ES Broadcast at year end was £1,235,109 (2018 - £2,602,109) and the amount of interest accrued on the loan balance was £36,801 (2018 - £48,603).

Sales of £1,989,137 (2018 - £1,260,635) were made to subsidiaries of ES Broadcast Hire Limited, a subsidiary of the company. These sales were made by ES Broadcast Hire Limited. The balance outstanding from these subsidiaries at year end was £687,580 (2018 - £1,064,532) as reflected in ES Broadcast Hire Limited's stand alone accounts.

The group is owed £208,886 (2018 - £61,740) from director and main shareholder E Saunders on his drawings account.

At year end, the company owed its shareholder, H Saunders an unpaid dividend of £212,500 (2018 - £Nil).

At year end, the group owed a shareholder and director of a subsidiary, W Taggart an amount of £39,980 (2018 - £143,131).

33. Post statement of financial position events

Subsequent to the year end, and as discussed in note 2.3 to these financial statements: Basis of preparation – going concern, the onset of the COVID-19 pandemic has had a profound impact on the group and parent company, and wider UK economy. In accordance with FRS102, this is considered to be a non-adjusting event after the end of the reporting period that is not indicative of conditions that existed at the end of the reporting period.

The board has considered the existence of material impacts on assets of the business as reported as at the statement of financial position date and concluded that the core operating assets are considered not to be subject to material impairments as a result of COVID-19.

As national and international broadcasting events, including core sporting events, resume, albeit behind closed doors for now, the group and parent company is able to plan towards a return to pre-COVID-19 levels of demand. The directors have identified no indication of any current or future disruption to the group and parent company's ability to source product from its preferred supply chain in order to meet the ongoing demand of our customers.

34. Controlling party

The company is ultimately controlled by E Saunders, who owns 75% of the issued share capital of ES Broadcast Ltd.