REGISTERED NUMBER: 06047620 (England and Wales)

REPORT OF THE DIRECTOR AND

AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

FOR

FILMON TV LIMITED

CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2018

DIRECTOR:	A. A. David
REGISTERED OFFICE:	New Bridge Street House 30-34 New Bridge Street London EC4V 6BJ
REGISTERED NUMBER:	06047620 (England and Wales)
AUDITORS:	MHA Carpenter Box 2 Peveril Court 6-8 London Road Crawley West Sussex RH10 8JE

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018

The director presents his strategic report of the company for the year ended 31 December 2018.

REVIEW OF BUSINESS

Financial performance and key performance indicator

The Statement of Comprehensive Income on page 8 shows a profit for the year of £2,146,554 (2017: £794,916).

Revenues, the key performance indicator monitored by management, continued to increase to £3.23m in the year ended 31 December 2018, up by 40 % compared to the revenue earned in the year ended 31 December 2017 of £2.3m.
The major driver for the revenue increase was the TV subscriptions sales rising by 57% to £2.78m (2017: £1.77m) as a result of the business switching from free viewing to paid subscriptions model -- a process that has started half-year into the previous financial year and had run for a full financial year by 31 December 2018. The business experienced a moderate drop of its advertising revenue by 16% to £0.45m, compared to £0.53m reported at 2017 due to the impact of required implementation of EU GDPR compliance in the EU market and technical changes to the website proprietary player to adapt to Google chrome restrictions affecting the advertising industry, in addition to lower marketing budget. The business continued to optimise the cost of its business operations, while sustaining and upgrading its website and content and achieving better user experience by removing any intrusive ad-formats. The latter has had an overall positive impact on the growth of TV subscriptions over the year.

Future Developments

We have continued to develop and improve our website and apps for devices thereby making our content more accessible and available to a greater number of users. We are constantly looking to acquire new and valuable content and are examining the growth of the platform into specialist sports and lifestyle channels.

Principal risks and uncertainties

Credit risk: The group manages credit risk of debtors through a credit control process. Credit limits are agreed and closely monitored. The group's normal terms of business are assessed on a customer by customer basis with payments due within 30-90 days.
Financial risk: The group is dependent on the support of its ultimate owner (and director) being obtained. The director has given assurances that such support will continue for the foreseeable future.

Going concern

The director has prepared the financial statements on a going concern basis, which assumes that the Company will continue in operational existence for the foreseeable future.

The group ultimate controlling party, A. A. David, has undertaken to continue to provide financial support for the company's continued operations for a period of not less than one year from signing of these financial statements. However, the letter of support provided is not legally binding. Therefore, should financial support not be provided by the ultimate controlling party, the Company would have to obtain additional sources of finance.

As a result, there is a material uncertainty which may cast significant doubt on the company's ability to continue as a going concern and therefore it might be unable to realise its assets and discharge its liabilities in the normal course of business. However, while realising this uncertainty, on the basis of projections, the director believes that the level of financial support available from the ultimate controlling party, and the ability to obtain additional finance, will be sufficient and accordingly he considers the going concern basis of preparation to be appropriate.

SIGNIFICANT RISKS AND UNCERTAINTIES

Nature of operations

The company is competing in a cutting-edge market which is constantly evolving. To compete in this market, it must continue to develop its bespoke entertainment platform. To ensure this happens the director continues to personally fund development until the necessary external investment is obtained.

ON BEHALF OF THE BOARD:

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A. A. David - Director

Date: 26/09/19

DIRECTOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018

The director presents his report with the financial statements of the company for the year ended 31 December 2018.

PRINCIPAL ACTIVITY

The principal activity of the in the year under review was that of the provision of a subscription-based ad funded online cable television platform, providing a broad menu of content and live television channels that can be streamed online over the internet, mobile devices and OTT. The company generates advertising revenue from its service as well as subscription revenue to its HD service (higher quality streams) and DVR packages (recording space).

DIRECTOR

A. A. David held office during the whole of the period from 1 January 2018 to the date of this report.

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2018 (2017: £nil).

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

The director is responsible for preparing the Strategic Report, Director's Report and the financial statements in accordance with the applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. Under company law the director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently.
- make judgements and accounting estimates that are reasonable and prudent.
- state whether International Financial Reporting Standards (IFRSs) as adopted by the European Union 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 company will continue in business.

The director is 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 him to ensure that the financial statements comply with the Companies Act 2006. He is 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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

The director has taken all the steps that he ought to have taken to make himself aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The director is not aware of any relevant audit information of which the auditors are unaware.

AUDITORS
MHA Carpenter Box were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006. MHA Carpenter Box, is deemed to be re-appointed under section 487(2) of the Companies Act 2006.

ON BEHALF OF THE BOARD:

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A. A. David - Director

Date: 26/07/19

Opinion

We have audited the financial statements of Filmon TV Limited (the 'company') for the year ended 31 December 2018 which comprise the statement of comprehensive income, statement of financial position, the statement of changes in equity, the 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 International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union 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 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 going concern

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosures made in note 1 to the financial statements concerning the Company's ability to continue as a going concern. The company's ultimate controlling party, A. A. David, has undertaken to continue to provide financial support for the company's continued operations for a period of not less than one year from the date of signing these financial statements. Should the company require financial support over and above that provided by the ultimate controlling party, then the company would have to obtain additional sources of finance. However, should it be required, there is no guarantee that such additional finance could be obtained. Therefore, significant doubt about the company's ability to continue as a going concern would be raised. These conditions along with other matters disclosed in note 1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

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

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF FILMON TV LIMITED FOR THE YEAR ENDED 31 DECEMBER 2018

Matters on which we are required to report by exception

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

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

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

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

MHA Carpenter Box

Tony Summers BA FCA (Senior Statutory Auditor)
for and on behalf of MHA Carpenter Box
Chartered Accountants
Statutory auditor
Crawley

Date 26/9/19

MHA Carpenter Box is a trading name of Carpenter Box Limited

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 £	2017 £
Revenue	2	**3,228,883**	2,300,465
Cost of sales		**(724,792)**	(993,935)
GROSS PROFIT		**2,504,091**	1,306,530
Administrative expenses		**(357,537)**	(511,614)
OPERATING PROFIT	4	**2,146,554**	794,916
Other income	5	-	-
Finance costs	6	-	-
PROFIT BEFORE INCOME TAX		**2,146,554**	794.916
Income tax	7	-	-
PROFIT AND TOTAL COMPREHENSIVE PROFIT FOR THE YEAR		**2,146,554**	794,916

All amounts relate to continuing operations

FILMON TV LIMITED (REGISTERED NUMBER: 06047620)

STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2018

	Notes	2018 £	2017 £
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	8	**25,647**	34,499
Property, plant and equipment	9	**11,095**	21,209
		36,742	55,708
CURRENT ASSETS			
Trade and other receivables	10	**6,902,648**	4,585,894
Cash and cash equivalents	11	**204,184**	309,096
		7,106,832	4,894,990
TOTAL ASSETS		**7,143,574**	4,950,698
SHAREHOLDERS' DEFICIT			
Called up share capital	12	**2**	2
Share premium	12	**2,446,999**	2,446,999
Retained earnings	12	**(11,017,395)**	(13,163,949)
TOTAL DEFICIT		**(8,570,394)**	(10,716,948)
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	13	**15,713,968**	15,667,646
TOTAL LIABILITIES		**15,713,968**	15,667,646
TOTAL EQUITY AND LIABILITIES		**7,143,574**	4,950,698

The financial statements were approved by the director on 26/09/19 and were signed by:

A. A. David - Director

The notes on pages 12 to 25 form part of these financial statements

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018

	Called up share capital £	Share premium £	Retained earnings £	Total equity £
Balance at 1 January 2017	2	2,446.999	(13.958,865)	(11,511,864)
Total comprehensive profit	-	-	794,916	794,916
Balance at 31 December 2017	2	2,446,999	(13,163,949)	(10,716,948)
Total comprehensive profit	-	-	2,146,554	2,146,554
Balance at 31 December 2018	**2**	**2,446,999**	**(11,017,395)**	**(8,570,394)**

The notes on pages 12 to 25 form part of these financial statements

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 £	2017 £
Cash flows from operating activities			
Cash generated / (used) in operations	19	(92,796)	59,923
Net cash (outflow) / inflow from operating activities		(92,796)	59,923
Cash flows from investing activities			
(Purchase) / sale of tangible fixed assets		(12,116)	3,536
Interest received		-	-
Net cash (outflow) / inflow from investing activities		(12,116)	3,536
(Decrease) / increase in cash and cash equivalents		(104,912)	63,459
Cash and cash equivalents at beginning of year	20	309,096	245,637
Cash and cash equivalents at end of year	20	204,184	309,096

The notes on pages 12 to 25 form part of these financial statements

1. **ACCOUNTING POLICIES**

Basis of preparation
The company is a private company, limited by shares, registered in England and Wales (registered number 06047620) and is domiciled in the United Kingdom.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £1.

These financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS), IFRIC Interpretations and the Companies Act 2006 applicable to companies reporting under IFRS. The principal accounting policies adopted are set out below:

Going concern
The director has prepared the financial statements on a going concern basis, which assumes that the Company will continue in operational existence for the foreseeable future.

The Company's ultimate controlling party, A. A. David, has undertaken to continue to provide financial support for the company's continued operations for a period of not less than one year from the date of signing these financial statements. Should the Company require financial support over and above that provided by the ultimate controlling party, the company would have to obtain additional sources of finance. However, should it be required, there is no guarantee that such additional finance could be obtained. Therefore, significant doubt about the Company's ability to continue as a going concern would be raised.

As a result, there is a material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business. However, while recognising this uncertainty, on the basis of projections, the director believes that the level of financial support available from the ultimate controlling party, or the ability to obtain additional finance, will be sufficient and accordingly he considers the going concern basis of preparation to be appropriate.

Adoption of new and revised standards and interpretations
In the current year, the following new and revised Standards and Interpretations have been adopted by the company and have an effect on the current period or a prior period or may have an effect on future periods:
- IFRS 9 - "Financial Instruments" was issued in July 2014 and effective for accounting periods commencing on or after 1 January 2018
- IFRS 15 - "Revenue from Contracts with Customers" was issued in May 2014 and is effective for accounting periods commencing on or after 1 January 2018.
- IFRIC 22 - "Foreign Currency Transactions and Advance Consideration" was issued in December 2016 and is effective for accounting periods on or after 1 January 2018

The new and revised Standards and Interpretations have not impacted the company as they are either not relevant to the company's activities or require accounting which is consistent with the company's current accounting policies.

Standards which are in issue but not yet effective
At the date of authorisation of these financial statements, the following Standards and Interpretations, which have not yet been applied in these financial statements, were in issue but not yet effective (and in some cases had not yet been adopted by the EU):
- IFRS 10 - Consolidated Financial Statements. In December 2015, the effective date for this amendment was deferred indefinitely pending the outcome of the IASB research project on the equity method.
- IFRS 16 - "Leases", was issued in January 2016 and is effective for accounting periods on or after 1 January 2019.
- IFRIC 23 - "Uncertainty over Income Tax Treatments", was issued in June 2017 and is effective for accounting periods on or after 1 January 2019.

Annual Improvements to IFRSs 2015-2017 Cycle was issued in December 2017 and is effective for accounting periods on or after 1 January 2019.

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1. **ACCOUNTING POLICIES - continued**

The standards will be applied at the dates of the first financial statements after the standards have come into effect. It is estimated that these standards will have no material effect on the entity's financial statements. There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the company.

Revenue recognition
The Company has two revenue streams: Advertising-supported video streaming and subscriber-based video streaming. Revenues are derived from video advertising impressions served and monthly premium subscription packages.

The Company recognises revenues when it is realised or realisable and earned. The Company considers revenue realised or realisable and earned when all of the following criteria are met:

(i) persuasive evidence of an arrangement exists,
(ii) the services have been rendered to the customer,
(iii) the sales price is fixed or determinable, and
(iv) collectability is reasonably assured.

Advertising supported video streaming revenues, net of agency commissions, are recognised in the period during which underlying advertisements are broadcast or published.

Subscription revenues are recognised evenly over the membership period. Revenues are presented net of the taxes that are collected from members and remitted to governmental authorities. Deferred revenue consists of membership fees billed to members that have not been recognised.

Intangible assets
Where the company owns a content license it is stated at cost less any impairments identified.

Where the company has licence to exploit content for a set period of time, the licence is amortised on a straight-line basis over the relevant period. The useful economic life ranges from 1 to 10 years.

Amortisation is charged to the income statement as an administrative expense.

Intangible assets are monitored for indicators of any permanent diminution in value and if noted, are impaired by the difference between their net book value and recoverable amount.

Property, plant and equipment
Tangible assets are initially recognised at cost. Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Fixtures and fittings	- 20% on cost
Computer equipment	- 33% on cost

Financial instruments
Financial assets and liabilities are recognised on the balance sheet when the company becomes a party to the contractual provisions of the instrument. They are classified as follows:

a) Loans and receivables.
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets. The company's loans and receivables comprise of 'trade and other receivables'. Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost less provision for impairment. The effect of discounting on these financial instruments is not considered material. Due to the short-term nature of current receivables, their carrying amount is considered to be the same as their fair value.

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1. **ACCOUNTING POLICIES - continued**

b) Other financial liabilities.
The company classifies its financial liabilities as trade and other payables and tax payable which are recognised initially at fair value and subsequently measured at amortised cost.

c) Share capital.
Financial instruments issued by the company are treated as equity only to the extent that they do not meet the definition of a financial liability. The company's shares are classified as equity instruments.

Cash and cash equivalents
Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Taxation
Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantially enacted by the balance sheet date.
Deferred tax is calculated on the comprehensive basis using the liability method, which requires provision for temporary differences between the tax bases of assets and liabilities and their carrying amounts on the balance sheet. Tax rates enacted at the balance sheet date are used to determine the deferred tax balances. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the asset can be utilised.

Financial risk management objectives and policies
The objective of the company's capital management is to ensure that it maintains strong credit ratings and capital ratios. This will ensure that the business is correctly supported and shareholder value is maximised.
The company manages its capital structure through adjustments that are dependent on economic conditions. In order to maintain or adjust the capital structure, the company may choose to change or amend dividend payments to shareholders or issue new share capital to shareholders. There were no changes to the objectives, policies or processes during the period ended 31 December 2018.

Foreign currencies
Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the statement of financial position date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Critical accounting estimates and judgements
The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are as follows:

a) Depreciation and amortisation rates.
The directors have used judgement to select the rates at which categories of asset are depreciated or amortised. The rates used are designed to best reflect the underlying value of the assets over their useful lives.

b) Legal proceedings.
In accordance with IFRSs the company recognises a provision where there is a present obligation from a past event, a transfer of economic benefits is probable and the amount of costs of the transfer can be estimated reliably. In instances where the criteria are not met, a contingent liability may be disclosed in the notes to the financial statements. Obligations arising in respect of contingent liabilities that have been disclosed, or those which are not currently recognised or disclosed in the financial statements, could have a material effect on the company's financial position.

continued...

1. **ACCOUNTING POLICIES - continued**

Application of these accounting principles to legal cases requires the company's management to make determinations about various factual and legal matters beyond its control. The company reviews outstanding legal cases following developments in the legal proceedings and at each reporting date, in order to assess the need for provisions and disclosures in its financial statements. Among the factors considered in making decisions on provisions are the nature of the litigation, claim or assessment, the legal process and potential level of damages in the jurisdiction in which the litigation, claim or assessment has been brought, the progress of the case (including the progress after the date of the financial statements but before those statements are issued), the opinions or views of legal advisors, experience on similar cases and any decision of the company's management as to how it will respond to the litigation, claim or assessment.

c) Revenue from contracts with customers.
Customer credit risk is managed by the business subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on credit rating scorecard, and individual credit limits are defined in accordance with this assessment.

d) Provision for expected credit losses of trade receivables.
Outstanding customer receivables are regularly monitored, and overdue balances chased at a regular interval according to the company established best practice. A provision for expected losses is recognised when is probable that the receivable balance is not collectable.

2. **REVENUE**

The company operates in one business segment the provision of subscription and advertising services.
The director of the company considers the business from a geographical perspective based on the location of its customers, who generate the revenue.

For the year ended 31 December 2018

	Subscriptions	Advertising	Total
	£	£	£
Geographical markets			
UK	196,172	-	196,172
Europe	2,222,226	300,793	2,523,018
United States of America	100,961	142,358	243,320
Rest of World	264,099	2,274	266,373
Total revenue from contracts with customers	**2,783,458**	**445,425**	**3,228,883**

For the year ended 31 December 2017

	Subscriptions	Advertising	Total
	£	£	£
Geographical markets			
UK	184,364	-	184,364
Europe	1,216,237	322,516	1,538,754
United States of America	137,596	163,679	301,274
Rest of World	234,239	41,834	276,073
Total revenue from contracts with customers	**1,772,436**	**528,029**	**2,300,465**

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3. EMPLOYEES AND DIRECTORS - continued

	2018	2017
	£	£
Wages and salaries	140,000	162,848
Social security costs	12,860	11,004
Pension cost	1,287	791
	154,146	174,643

The average monthly number of employees (excluding directors) during the year was as follows:

	2018	2017
Administration	2	2
Advertising	1	1
Technical	-	1
	3	4

The director of the company considers himself and 2 employees to be the key management.

	2018	2017
	£	£
Director's remuneration	-	-
Key management remuneration	-	-

The director noted above received no remuneration from the group as he is remunerated through the ultimate parent company of the group.

4. OPERATING PROFIT (LOSS)

The operating profit (loss) is stated after charging:

	2018	2017
	£	£
Depreciation - owned assets	22,230	33,258
Content licenses amortisation	8,852	100,649
Auditors' remuneration-audit services	11,500	11,000
Foreign exchange differences	69,473	31,034
Operating lease expense – computer equipment	67,535	85,421

continued...

7. INCOME TAX

Analysis of tax expense
No liability to UK corporation tax arose on ordinary activities for the year ended 31 December 2018 nor for the year ended 31 December 2017.

Factors affecting the tax expense
The tax assessed for the year is different to the standard rate of corporation tax in the UK. The difference is explained below:

	2018	2017
	£	£
Profit (loss) on ordinary activities before income tax	**2,146,554**	794,916
Profit (loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2017 – 19.25%)	**407,845**	153,021
Effects of:		
Net disallowable expenditure	**1,039**	327
Depreciation in excess of capital allowances	**(2,227)**	(1,172)
Losses available to carry forward	-	-
Losses surrendered to fellow subsidiary	-	-
Losses utilised	**(406,657)**	(152,176)
Tax expense	-	-

Factors that may affect future tax charges
The company has unused tax losses carried forward of £11,692,295 (2017: £13,834,075). The company has a potential deferred tax asset of £1,987,690 (2017: £2,351,793) in respect of these losses. This has not been recognised as there is uncertainty of the timing of future profits that will arise in future accounting periods of which these losses could be offset against.

The Finance Act 2018 which was substantively enacted on 6 September 2018 included legislation to reduce the main rate of corporation tax to 17% from 1 April 2020.

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8. INTANGIBLE ASSETS

	Content licences £
COST	
At 1 January 2018	687,940
Additions	-
At 31 December 2018	**687,940**
AMORTISATION	
At 1 January 2018	653,441
Amortisation for year	8,852
At 31 December 2018	**662,293**
NET BOOK VALUE	
At 31 December 2018	**25,647**

	Content licences £
COST	
At 1 January 2017	687,940
Additions	-
At 31 December 2017	**687,940**
AMORTISATION	
At 1 January 2017	552,792
Amortisation for year	100,649
At 31 December 2017	**653,441**
NET BOOK VALUE	
At 31 December 2017	**34,499**

continued...

9. PROPERTY, PLANT AND EQUIPMENT

	Fixtures and fittings £	Computer equipment £	Totals £
COST			
At 1 January 2018	75,329	1,084,587	1,159,916
Additions	-	12,116	12,116
Disposals	-	(9,459)	(9,459)
At 31 December 2018	**75,329**	**1,087,244**	**1,162,573**
DEPRECIATION			
At 1 January 2018	75,184	1,063,523	1,138,707
Additions	34	22,196	22,230
Disposals	-	(9,459)	(9,459)
At 31 December 2018	**75,218**	**1,079,260**	**1,151,478**
NET BOOK VALUE			
At 31 December 2018	**111**	**10,984**	**11,095**

	Fixtures and fittings £	Computer equipment £	Totals £
COST			
At 1 January 2017	78,865	1,084,587	1,163,452
Additions	171	-	171
Disposals	(3,707)	-	(3,707)
At 31 December 2017	**75,329**	**1,084,587**	**1,159,916**
DEPRECIATION			
At 1 January 2017	77,200	1,028,249	1,105,449
Additions	210	35,276	35,486
Disposals	(2,228)	-	(2,228)
At 31 December 2017	**75,184**	**1,063,523**	**1,138,707**
NET BOOK VALUE			
At 31 December 2017	**145**	**21,064**	**21,209**

continued...

10. TRADE AND OTHER RECEIVABLES

	2018 £	2017 £
Current:		
Trade receivables - net	**80,654**	22,026
Amounts due from group undertakings	**6,309,167**	4,425,065
Other receivables	**481,260**	106,840
Prepayments and accrued income	**31,567**	31,963
	6,902,648	4,585,894

Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days.
For terms and conditions relation to related party receivables, refer to note 17.

11. CASH AND CASH EQUIVALENTS

	2018 £	2017 £
Bank account	**204,184**	309,096

12. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2018 £	2017 £
2	Ordinary	£1	**2**	2

Ordinary shares possess full voting, dividend and capital distribution (including on winding up) rights.

13. TRADE AND OTHER PAYABLES

	2018 £	2017 £
Current:		
Trade payables	**638,666**	591,208
Amounts owed to group undertakings	**14,532,976**	14,551,355
Social security and other taxes	**-**	-
Other payables	**228,250**	120,021
Accruals and deferred income	**314,076**	405,062
	15,713,968	15,667,646

14. FINANCIAL INSTRUMENTS

At 31 December 2018 the financial instruments of the company were:

	Loans & receivables £	Other financial liabilities £
Financial Assets		
Trade receivables	80,654	-
Amounts due from group undertakings	6,309,167	-
Other receivables	481,260	-
Financial Liabilities		
Trade payables	-	(638,666)
Amounts owed to group undertakings	-	(14,532,976)
Other payables	-	(228,250)
	6,871,081	(15,399,892)

At 31 December 2017 the financial instruments of the company were:

	Loans & receivables £	Other financial liabilities £
Financial Assets		
Trade receivables	125,583	-
Amounts due from group undertakings	3,764,160	-
Other receivables	(589)	-
Financial Liabilities		
Trade payables	-	(692,761)
Amounts owed to group undertakings	-	(15,220,468)
Other payables	-	(66,097)
	3,889,154	(15,979,326)

For credit risk management and aged trade receivables analysis, refer to note 21.

15. ULTIMATE PARENT COMPANY

The immediate parent company of which the company is a wholly owned subsidiary and into which the results of the company are consolidated is Filmon.TV UK Limited, a company incorporated in England and Wales.

The ultimate parent company is Anakando Limited, a company incorporated in St Vincent and the Grenadines.

16. CONTINGENT LIABILITIES

The results of complex legal proceedings are difficult to predict and the Company's view of these matters may change in the future as the litigation and events related thereto unfold. The Company expenses legal fees as incurred. The Company records a liability for contingent losses when it is both probable that a liability has been incurred and the amount of the loss can be reasonably estimated. An unfavourable outcome to any legal matter, if material, could have an adverse effect on the Company's operations or its financial position, liquidity or results of operations. There is no contingent liability provision recorded at 31 December 2018.

17. RELATED PARTY DISCLOSURES

At the balance sheet date, included within amounts due from group undertakings is an amount of £5,832,695 (2017: £3,780,317) due from FilmOn.TV Inc (incorporated in Delaware, USA). The rise in the receivable balance is related to an increase of the income received by FilmOn.TV Inc, totalling £1,545,174 (2017: £1,340,069) on behalf of the company, in addition to settled by the company expenses totalling £241,818 (2017: £40,298) and £826,723 due regarding clearing director's spending balance (2017: £nil). During the year the company received income of £100,961 (2017: £128,347) on behalf of FilmOn.TV Inc and further owes £460,376 (2017: £599,616) in relation to settled expenses by FilmOn.TV Inc

At the balance sheet date included within the amounts due from group undertakings is an amount of £476,472 (2017: £479,090) due from FOTV Media Networks Inc. (incorporated in Delaware, USA) a company in which A. A. David has an interest. During the year the company received an income of £2,618 on behalf of FOTV Media Networks Inc.

At the balance sheet date, included within the amounts owed to group undertakings is an amount of £14,453,306 (2017: £14,471,685) due to Filmon.TV UK Limited. During the year the company settled various costs totalling £25,233 (2017: £8,436) on behalf of FilmOn.TV UK Limited and had various costs totalling £43,575 (2017: £19,599) settled by Filmon.TV UK Limited. Also, during the year FilmOn.TV UK Limited had received on behalf of the company funds in relation to quarterly VAT returns and custom duty clearance of which £22,130 (2017: £15,500) remained due to the company. Additionally, the company made transfers totalling of £31,564 to and received the amount of £16,973 from Filmon.TV UK Limited.

At the balance sheet date, included within amounts owed to group undertakings is an amount of £79,670 (2017: £79,670) due to FilmOn Line Marketing Limited. There were no intercompany transactions occurring during the year. The carried forward balance a mixture of revenue owed to FilmOn Line Marketing Limited prior 2017 and various costs that the company met on behalf of FilmOn Line Marketing Limited in the related past years prior 2017.

At the balance sheet date, included in other receivables is an amount of £373,955 (2017: £165,658) due from Hologram USA Inc (incorporated in Delaware, USA), a company in which A. A. David has an interest. During the year the company settled expenses totalling £208,297 on behalf of Hologram USA Inc.

At the balance sheet date, included within other receivables is an amount of £107,305 (2017: £106,805 receivable) due from Full On Entertainment Limited (incorporated in England & Wales) a company in which A. A. David had an interest. This balance comprises of rent and services charge owed to and various cost settled from behalf of Full On Entertainment Limited. During the year the company transferred £500 (2017 £10,000) to Full On Entertainment Limited.

At the balance sheet date, included within other payables is an amount of £838 (2017: £738) due to 111 Pictures Limited (incorporated in England & Wales), a company in which A. A. David has an interest. This balance has arisen due to 111 Pictures Limited undertaking various transactions on behalf of the company over the past years. During the year the company settled £nil cost on behalf of 111 Pictures Limited (2017: £916) and owed £100 for a transfer of funds by 111 Pictures Ltd.

continued...

18. RELATED PARTY DISCLOSURES – continued

Terms and conditions of transactions with related parties
The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free. There have been no guarantees provided or received for any related party receivables or payables. There is £ nil recognised provision for expected credit losses for the year ended 31 December 2018 (2017: £ nil).

Loans to related parties
The loans to and from related parties are unsecured, interest free and have no fixed terms of repayment.

18. ULTIMATE CONTROLLING PARTY

The ultimate controlling party is the Director of the company.

19. RECONCILIATION OF PROFIT (LOSS) AFTER INCOME TAX TO CASH GENERATED FROM OPERATIONS

	2018	2017
	£	£
Profit / (Loss) after income tax	**2,146,554**	794,916
Depreciation charges	**22,230**	33,258
Amortisation	**8,852**	100,649
Finance costs	-	-
Finance income	-	-
	2,177,636	928,823
Decrease (increase) in trade and other receivables	**(2,316,753)**	(470,396)
Increase (decrease) in trade and other payables	**46,321**	(398,504)
Cash generated from operations	**(92,796)**	59,923

continued...

20. CASH AND CASH EQUIVALENTS

The amounts disclosed on the statement of cash flow in respect of cash and cash equivalents are in respect of these statement of financial position amounts:

	2018	2017
	£	£
Bank account	**204,184**	309,096

21. FINANCIAL RISK MANAGEMENT

The company's exposure to the variety of financial risks is as follows:

a) Market risk.

(i) Foreign exchange risk.

The company undertakes certain transactions denominated in foreign currency and are exposed to foreign currency risk through foreign exchange rate fluctuations. Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the company's functional currency.

(ii) Fair value interest rate risk.

The company does not have significant cash balances which expose it to movements in market interest rates. The company also has no liabilities which accrue interest at a variable rate and therefore the company has no exposure to interest rate risk on borrowings. The company has amounts due to and from related parties. The majority of these balances do not accrue interest at a variable rate.

b) Credit risk.

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.
The company manages credit risk of debtors through a credit control process. Credit limits are agreed and closely monitored. The company's normal terms of business are assessed on a customer by customer basis with payments due within 30-90 days.

The trade receivable due after the normal credit terms can be analysed by the following aged groupings:

	2018	2017
	£	£
1-30 days	**12,992**	2,018
31-60 days	**194**	930
61-90 days	**-**	-
Over 90 days	**59**	1,476
	13,245	4,424

21. **FINANCIAL RISK MANAGEMENT - continued**

	2018	2017
	£	£
Bad debt provision.		
Brought forward	**1,380**	2,440
Amounts (written off)/provided during the year	**(629)**	(1,060)
	751	1,380

c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash. Management monitors rolling forecasts of the company's liquidity reserve. The review consists of considering the liquidity of local markets, projecting cash flows and the level of liquid assets to meet these. The management raise additional capital financing when the review indicates this to be necessary.