

**DIGITAL THEATRE.COM LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

Digital Theatre.com Limited

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Digital Theatre.com Limited

Company Information

Directors	F Hyman
	N Patel
	C Turner
Company secretary	C Lambert
Registered office	51 Eastcheap London EC3M 1JP
Auditors	Hazlewoods LLP Staverton Court Staverton Cheltenham GL51 0UX

Digital Theatre.com Limited**(Registration number: 06570330)****Balance Sheet as at 31 December 2022**

	Note	2022 £	2021 £
Fixed assets			
Intangible assets	<u>4</u>	1,427,287	1,439,443
Tangible assets	<u>5</u>	26,472	41,539
		<u>1,453,759</u>	<u>1,480,982</u>
Current assets			
Debtors	<u>6</u>	723,008	840,353
Debtors: Amounts falling due after more than one year	<u>6</u>	-	20,000
Cash at bank and in hand		<u>416,927</u>	<u>726,745</u>
		1,139,935	1,587,098
Creditors: Amounts falling due within one year	<u>7</u>	<u>(16,135,490)</u>	<u>(13,675,315)</u>
Net current liabilities		<u>(14,995,555)</u>	<u>(12,088,217)</u>
Total assets less current liabilities		(13,541,796)	(10,607,235)
Provisions	<u>9</u>	<u>(1,627)</u>	<u>(1,314)</u>
Net liabilities		<u>(13,543,423)</u>	<u>(10,608,549)</u>
Capital and reserves			
Called up share capital	<u>10</u>	1,339	1,339
Share premium reserve		6,475,136	6,475,136
Profit and loss account		<u>(20,019,898)</u>	<u>(17,085,024)</u>
Total equity		<u>(13,543,423)</u>	<u>(10,608,549)</u>

These financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

These financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime and the option not to file the Profit and Loss Account has been taken.

Approved and authorised by the Board on 28 September 2023 and signed on its behalf by:

N Patel
Director

The notes on pages 3 to 9 form an integral part of these financial statements.

1 General information

The company is a private company limited by share capital, incorporated in England and Wales.

The address of its registered office is:
51 Eastcheap
London
EC3M 1JP
England

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements have been prepared in accordance with Financial Reporting Standard 102 Section 1A smaller entities - 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' and the Companies Act 2006 (as applicable to companies subject to the small companies' regime).

Basis of preparation

These financial statements have been prepared using the historical cost convention except for, where disclosed in these accounting policies, certain items that are shown at fair value.

The presentational currency of the financial statements is Pounds Sterling, being the functional currency of the primary economic environment in which the company operates. Monetary amounts in these financial statements are rounded to the nearest Pound.

Going concern

The company is reporting a loss for the year of £2,934,874 (2021 - £2,648,771) and at the balance sheet date the company had net current liabilities of £14,995,555 (2021 - £12,088,217). The company is supported by amounts provided by related parties amounting to £13,605,905 (2021 - £11,362,342). These related parties have indicated that they will continue to financially support the company for the twelve months from the date of approval of these financial statements, however there is no written agreement to such effect.

The directors have prepared the financial statements on a going concern basis and therefore these statements do not include any adjustments which would arise if support from related parties were to be withdrawn.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements

The directors have applied judgement in assessing

- the useful economic life of intangible assets
- the recoverability of the inter-company balances

Notes to the Financial Statements for the Year Ended 31 December 2022

Key sources of estimation uncertainty

No key sources of estimation uncertainty have been identified by management in preparing these financial statements other than those detailed in these accounting policies.

Revenue recognition

Turnover comprises the fair value of the consideration received or receivable for the provision of services in the ordinary course of the company's activities. Turnover is shown net of sales/value added tax. The company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity, and specific criteria have been met for each of the company's activities.

Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the initial transaction dates.

Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the profit and loss account, except that a charge attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current corporation 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 operates and generates taxable income.

Tangible assets

Tangible assets are stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Fixtures and fittings	25% per year straight line
Computer equipment	25% per year straight line

Intangible assets

Where full theatrical productions are produced in house, these costs are capitalised on the balance sheet as intangible fixed assets. These are written off using the policy below.

Capitalised production costs are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

These costs are stated at the lower of or net realisable value on a catalogue basis. The nature of the company's business, the contracts it has in place and the markets it operates in do not yet make an ongoing individual production evaluation feasible with reasonable certainty.

Production and post production costs incurred in delivering supplementary content, as well as post production costs in respect of third party owned content is charged to the profit and loss in the period in which it is incurred.

Development costs

Research expenditure is written off to the profit and loss account in the year in which it is incurred. Development expenditure is written off in the same way unless the directors are satisfied as to the technical, commercial and financial viability of individual projects. In this situation, the expenditure is deferred and amortised over the period during which the company is expected to benefit.

Notes to the Financial Statements for the Year Ended 31 December 2022

Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

Asset class	Amortisation method and rate
Web development	25% per year straight line
Production costs - captures	10% per year straight line
Production costs - captioning and subtitling	20% per year straight line

Trade debtors

Trade debtors are amounts due from customers for goods sold or services performed in the ordinary course of business. Trade debtors are recognised initially at the transaction price. All trade debtors are repayable within one year and hence are included at the undiscounted cost of cash expected to be received. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the debtors.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and all are repayable within one year and hence are included at the undiscounted amount of cash expected to be paid.

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the profit and loss account over the period of the relevant borrowing. Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Provisions

Provisions are recognised when the company has an obligation at the reporting date as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments.

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

Notes to the Financial Statements for the Year Ended 31 December 2022

Financial instruments

Classification

Financial instruments are classified and accounted for according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Where shares are issued, any component that creates a financial liability of the company is presented as a liability on the balance sheet. The corresponding dividends relating to the liability component are charged as interest expenses in the profit and loss account.

Recognition and measurement

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the balance sheet when, and only when, there exists a legally enforceable right to set off the recognised amounts and the company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Impairment

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

Non-financial assets:

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised. Where a reversal of impairment occurs in respect of a CGU, the reversal is applied first to the assets (other than goodwill) of the CGU on a pro-rata basis and then to any goodwill allocated to that CGU.

Financial assets:

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

3 Staff numbers

The average number of persons employed by the company during the year, was as follows:

	2022 No.	2021 No.
Average number of employees	61	66

4 Intangible assets

	Production costs £	Trademarks, patents and licenses £	Total £
Cost			
At 1 January 2022	397,073	1,429,539	1,826,612
Additions	8,772	397,565	406,337
At 31 December 2022	405,845	1,827,104	2,232,949
Amortisation			
At 1 January 2022	94,545	292,624	387,169
Amortisation charge	43,483	375,010	418,493
At 31 December 2022	138,028	667,634	805,662
Carrying amount			
At 31 December 2022	267,817	1,159,470	1,427,287
At 31 December 2021	302,528	1,136,915	1,439,443

5 Tangible assets

	Computer equipment £	Total £
Cost		
At 1 January 2022	79,432	79,432
Additions	2,849	2,849
At 31 December 2022	82,281	82,281
Depreciation		
At 1 January 2022	37,893	37,893
Charge for the year	17,916	17,916
At 31 December 2022	55,809	55,809
Carrying amount		
At 31 December 2022	26,472	26,472
At 31 December 2021	41,539	41,539

6 Debtors

	2022	2021
	£	£
Trade debtors	237,263	213,011
Amounts owed by related parties	15,030	122,517
Other debtors	69,453	87,338
Prepayments	94,450	100,537
Corporation tax asset	306,812	336,950
	<u>723,008</u>	<u>860,353</u>

7 Creditors

	2022	2021
	£	£
Due within one year		
Loans and borrowings	8 -	50,943
Trade creditors	163,770	219,463
Amounts due to related parties	12 13,605,905	11,362,342
Outstanding defined contribution pension costs	11,975	11,280
Other creditors	2,813	8,818
Accrued expenses	652,800	543,189
Deferred income	1,698,227	1,479,280
	<u>16,135,490</u>	<u>13,675,315</u>

8 Loans and borrowings

	2022	2021
	£	£
Current loans and borrowings		
Bank overdrafts	-	6
Other borrowings	-	50,937
	<u>-</u>	<u>50,943</u>

Included in other borrowings in the prior year is the accrued interest payable on loan notes with D C Thomson & Company Limited which were fully paid during the year.

9 Provisions

	Other provisions	Total
	£	£
At 1 January 2022	1,314	1,314
Increase (decrease) in existing provisions	313	313
At 31 December 2022	<u>1,627</u>	<u>1,627</u>

Digital Theatre.com Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

10 Share capital

Allotted, called up and fully paid shares

	2022		2021	
	No.	£	No.	£
Ordinary shares of £0.01 each	123,180	1,232	123,180	1,232
Ordinary A2 shares of £0.01 each	10,700	107	10,700	107
	<u>133,880</u>	<u>1,339</u>	<u>133,880</u>	<u>1,339</u>

The different classes of share referred to above carry separate rights to dividends but, in all other significant respects, rank pari passu.

11 Operating leases

The total of future minimum lease payments is as follows:

	2022	2021
	£	£
Not later than one year	<u>106,244</u>	<u>71,359</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £220,774 (2021 - £174,691).

12 Related party transactions

The company has taken advantage of the exemption provided by FRS 102 s33.1A whereby disclosures need not be given of transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

13 Audit report

The Independent Auditor's Report was unqualified. The name of the Senior Statutory Auditor who signed the audit report on 28 September 2023 was Ryan Hancock, who signed for and on behalf of Hazlewoods LLP.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.