Company Registration No. 03851811 (England and Wales)

# BABY COW PRODUCTIONS LIMITED

# ANNUAL REPORT AND FINANCIAL STATEMENTS

# FOR THE YEAR ENDED 31 MARCH 2018

# BABY COW PRODUCTIONS LIMITED

## COMPANY INFORMATION

| | | |
|---|---|---|
| **Directors** | Stephen Coogan | |
| | Jonathan Merrell | |
| | Christine Langan | (Appointed 3 May 2017) |
| | Liam Keelan | |
| | Matthew Garside | (Appointed 28 February 2018) |
| | BBC Worldwide Corporate Services Limited | |
| **Company Secretary** | Anthony Corriette | |
| **Company number** | 03851811 | |
| **Registered office** | Charles House<br>5-11 Regent Street<br>London<br>SW1Y 4LR | |
| **Auditor** | Ross Bennet-Smith<br>Charles House<br>5-11 Regent Street St James's<br>London<br>SW1Y 4LR | |

# BABY COW PRODUCTIONS LIMITED

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# BABY COW PRODUCTIONS LIMITED

## STRATEGIC REPORT

## *FOR THE YEAR ENDED 31 MARCH 2018*

The directors present the strategic report for Baby Cow Productions Limited (the 'Company') and its subsidiary undertakings (together as the 'Group') for the year ended 31 March 2018.

**Fair review of the business**
The directors were satisfied with the results for the year, as set out on page 7 - 35, and the Group and Company financial position at the year-end, given the level of project development in the year. Group turnover has increased in relation to the prior year, due to specific television programme productions.

The directors manage the Group operations on a divisional basis, with the income being generated by individual productions. For this reason, the directors consider that the key performance indicators for the Group are turnover and profit before tax. Group activity levels, as reflected in turnover and project pipeline, are considered as part of management's review. The Group turnover increased year on year by 5% to £6,420,606 in the year to 31 March 2018. Loss before tax increased from £371,936 in 2017 to a loss of £950,582 in 2018, as a result of development costs and operational expenditure.

Director's remuneration is as disclosed in note 7 to the financial statements.

**Principal risks and uncertainties**
The management of the business and the execution of the Group's strategy are subject to a number of risks. The key business risks and uncertainties affecting the Group continued to relate to the commissioning of programmes by broadcasters. Group activity levels from programme production is highly dependent upon programmes being commissioned.

Other financial risks, such as credit, price and liquidity risks, can affect companies Due to the nature of the Group's activities, exposure to these risks is minimal. The Group further minimises such risks via prudent cash management and the use of forecasting.

**Business environment and governance**
The demand for programme content from broadcasters is high, with new broadcasters playing a larger role in the industry. Since 2016, when BBC Worldwide Limited became a person with significant control, the Group has continued to develop new television and film projects.

The management team meet regularly to discuss the progress of the Group and all other matters concerning the governance of the Group and its subsidiaries.

**Strategy, future developments and post balance sheet events**
The Group and Company strategy is to continue to develop new and existing projects. There are no post balance sheet events requiring disclosure.

The strategic report, as set out above, was approved by the Board on 17 SEPTEMBER.... 2018 and signed on its

..............................
Anthony Cerriette
**Company Secretary**

# BABY COW PRODUCTIONS LIMITED
## DIRECTORS' REPORT

### *FOR THE YEAR ENDED 31 MARCH 2018*

The Directors present their report and audited consolidated statements for the Company and the Group and the Group's interest in joint ventures for the year ended 31 March 2018.

**Principal activities**
The principal activity of the Company and Group continued to be the production of television programmes.

**Directors**
The directors who held office during the year and up to the date of signature of the financial statements were as follows.

| | |
|---|---|
| Stephen Coogan | |
| Jonathan Merrell | |
| Christine Langan | (Appointed 3 May 2017) |
| Oliver Lang | (Resigned 28 February 2018) |
| Liam Keelan | |
| Matthew Garside | (Appointed 28 February 2018) |
| BBC Worldwide Corporate Services Limited | |

The Company Secretary is Anthony Corriette.

**Strategic Report**
A review of the business performance, including likely future developments, is included in the Strategic Report on page 1. The management of the business and the execution of the Group's strategy are subject to a number of risks and uncertainties affecting the Group are discussed on page 1.

**Results and dividends**
The results for the year are set out on page 7.

Ordinary dividends amounting to £nil (2017: £700,082) were payable during the year, £nil (2017. 196,043) of which were paid and payments of £nil (2017: 504,037) were deferred. The directors do not recommend payment of a final dividend

**Acquisitions**
There were no major acquisitions in the year.

**Going concern**
After making enquiries, the Directors have a reasonable expectation that the business has adequate resources to continue in the operational existence for the foreseeable future, and accordingly the going concern basis continues to be adopted in the preparation of the accounts

**Financial instruments**

***Financial instruments and risk management***
Information on the use of financial instruments by the Group is disclosed in note 1 to the financial statements. Exposure to and management of principal risks are disclosed in the strategic report.

# BAABY COW PRODUCTIONS LIMITED
## DIRECTORS' RESPONSIBILITIES STATEMENT

### *FOR THE YEAR ENDED 31 MARCH 2018*

**Research and development**
The Company develops projects for television and, where certain criteria are met as disclosed in the notes to the financial statements, capitalises and amortises such development costs. Where the outcome of projects does not meet the criteria for capitalisation, under international financial reporting standards, development costs are expensed or provided against where previously capitalised.

**Future developments**
The Company intends to continue developing new television and film projects.

**Auditor**
The auditors, Ross Bennet-Smith, were appointed in the period and are deemed reappointed under section 487(2) of the Companies Act 2006.

**Statement of disclosure to auditor**
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the Company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the Company is aware of that information.

The Directors' report, as set out above, was approved by the Board on 17 SEPTEMBER... 2018 and signed on its behalf by:

.............................
Anthony Corriette
Company Secretary

# DIRECTORS' RESPONSIBILITIES STATEMENT

***FOR THE YEAR ENDED 31 MARCH 2018***

The directors are responsible for preparing the Annual Report and the Group and parent Company 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 they have elected to prepare the Group financial statements in accordance with IFRSs as adopted by the EU and applicable law and have elected to prepare the 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 parent Company, and of the profit or loss of the Group for that period. In preparing each of the Group and parent Company 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;
- for the Group financial statements, state whether they have been prepared in accordance with IFRSs as adopted by the EU.
- for the parent Company financial statements, state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and 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 Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

# BABY COW PRODUCTIONS LIMITED

## INDEPENDENT AUDITOR'S REPORT

## TO THE MEMBERS OF BABY COW PRODUCTIONS LIMITED

**Opinion**
We have audited the financial statements of Baby Cow Productions Limited and its subsidiaries for the year ended 31 March 2018 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Company Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in the preparation of the Consolidated financial statements is applicable law and International Financial Reporting standards (IFRSs), *as adopted by the European Union, including* FRS 101 "*Reduced Disclosure Framework*".

In our opinion the financial statements:

- give a true and fair view of the state of the Group and the parent Company's affairs as at 31 March 2018 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with IFRS s as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 101 "Reduced Disclosure Framework"; 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 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.

**Conclusions relating to going concern**
We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

***Other information***
The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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 our 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 has 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 or 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 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.

**Responsibilities of directors**
As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors 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 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: http://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's 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 this report, or for the opinions we have formed.

**James Sansom (Senior Statutory Auditor)**
**for and on behalf of Ross Bennet-Smith**

19th September 2018

**Chartered Accountants**
**Statutory Auditor**

Charles House
5-11 Regent Street St James's
London
SW1Y 4LR

# BABY COW PRODUCTIONS LIMITED

## CONSOLIDATED INCOME STATEMENT

### *FOR THE YEAR ENDED 31 MARCH 2018*

| | Notes | 2018 £ | 2017 £ |
|---|---|---|---|
| **Revenue** | 3 | 6,420,606 | 6,087,879 |
| Cost of sales | | (4,880,955) | (4,339,224) |
| **Gross profit** | | 1,539,651 | 1,748,655 |
| Administrative expenses | | (2,490,691) | (2,120,723) |
| **Operating (loss)/profit** | 4 | (951,040) | (372,068) |
| Investment income | 8 | 458 | 486 |
| Finance costs | 9 | - | (354) |
| **(Loss)/profit before taxation** | | (950,582) | (371,936) |
| Taxation credit for the year | 10 | 195,117 | 18,589 |
| **(Loss)/profit for the financial year** | | (755,465) | (353,347) |

(Loss)/profit for the financial year is all attributable to the owners of the parent Company.

# BABY COW PRODUCTIONS LIMITED

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

### *FOR THE YEAR ENDED 31 MARCH 2018*

| | 2018 | 2017 |
|---|---|---|
| | £ | £ |
| **(Loss)/profit for the year** | (755,465) | (353,347) |
| **Other comprehensive income** | - | - |
| **Total comprehensive income for the year** | (755,465) | (353,347) |

Total comprehensive income for the year is all attributable to the owners of the parent Company.

# BABY COW PRODUCTIONS LIMITED

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

### *AS AT 31 MARCH 2018*

| | Notes | 2018 £ | 2018 £ | 2017 £ | 2017 £ |
|---|---|---|---|---|---|
| **Fixed assets** | | | | | |
| Intangible assets | 12 | | 319,217 | | 441,357 |
| Property, plant and equipment | 13 | | 35,397 | | 40,446 |
| | | | 354,614 | | 481,803 |
| **Current assets** | | | | | |
| Trade and other receivables | 18 | 1,091,023 | | 1,151,839 | |
| Cash and cash equivalents | | 1,853,033 | | 836,665 | |
| | | 2,944,056 | | 1,988,504 | |
| **Current liabilities** | 19 | (3,104,224) | | (1,520,396) | |
| **Net current assets** | | | (160,168) | | 468,108 |
| ***Total assets less current liabilities*** | | | 194,446 | | 949,911 |
| **Equity** | | | | | |
| Called up share capital | 21 | | 90 | | 90 |
| Share premium account | 22 | | 199,912 | | 199,912 |
| Retained earnings | 29 | | (5,556) | | 749,909 |
| **Total equity** | | | 194,446 | | 949,911 |

The financial statements were approved by the board of directors and authorised for issue on 17/09/2018 and are signed on its behalf by:

..............................
Jonathan Merrell
**Director**

## BABY COW PRODUCTIONS LIMITED

## COMPANY STATEMENT OF FINANCIAL POSITION

### *AS AT 31 MARCH 2018*

| | Notes | 2018 £ | 2018 £ | 2017 £ | 2017 £ |
|---|---|---|---|---|---|
| **Fixed assets** | | | | | |
| Intangible assets | 12 | | 33,500 | | 33,500 |
| Property, plant and equipment | 13 | | 34,792 | | 39,639 |
| Investments | 14 | | 7 | | 15 |
| | | | 68,299 | | 73,154 |
| **Current assets** | | | | | |
| Trade and other receivables | 18 | 1,242,206 | | 1,828,783 | |
| Cash and cash equivalents | | 1,108,471 | | 713,696 | |
| | | 2,350,677 | | 2,542,479 | |
| **Current liabilities** | 19 | (1,702,075) | | (1,329,955) | |
| **Net current assets** | | | 648,602 | | 1,212,524 |
| **Total assets less current liabilities** | | | 716,901 | | 1,285,678 |
| **Equity** | | | | | |
| Called up share capital | 21 | | 90 | | 90 |
| Share premium account | 22 | | 199,912 | | 199,912 |
| Retained earnings | 29 | | 516,899 | | 1,085,676 |
| **Total equity** | | | 716,901 | | 1,285,678 |

As permitted by s408 Companies Act 2006, the Company has not presented its own income statement and related notes. The Company's loss for the year was £568,777 (2017: £127,846 profit).

The financial statements were approved by the board of directors and authorised for issue on ..17..SEPTEMBER... 2018 and are signed on its behalf by:

..............................
Jonathan Merrell
**Director**

**Company Registration No. 038551811**

# BABY COW PRODUCTIONS LIMITED

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

### *FOR THE YEAR ENDED 31 MARCH 2018*

| | Notes | Share capital | Share premium account | Retained earnings | Total |
|---|---|---|---|---|---|
| | | £ | £ | £ | £ |
| **Balance at 1 April 2016** | | 90 | 199,912 | 1,803,338 | 2,003,340 |
| ***Year ended 31 March 2017:*** | | | | | |
| Loss and total comprehensive income for the year | | - | - | (353,347) | (353,347) |
| Dividends | 11 | - | - | (700,082) | (700,082) |
| ***Balance at 31 March 2017*** | | 90 | 199,912 | 749,909 | 949,911 |
| **Year ended 31 March 2018:** | | | | | |
| Loss and total comprehensive income for the year | | - | - | (755,465) | (755,465) |
| Dividends | 11 | - | - | - | - |
| **Balance at 31 March 2018** | | 90 | 199,912 | (5,556) | 194,446 |

## BABY COW PRODUCTIONS LIMITED

### COMPANY STATEMENT OF CHANGES IN EQUITY

***FOR THE YEAR ENDED 31 MARCH 2018***

| | Notes | Share capital | Share premium account | Retained earnings | Total |
|---|---|---|---|---|---|
| | | £ | £ | £ | £ |
| **Balance at 1 April 2016** | | 90 | 199,912 | 1,657,912 | 1,857,914 |
| **Year ended 31 March 2017:** | | | | | |
| Profit and total comprehensive income for the year | | - | - | 127,846 | 127,846 |
| Dividends | 11 | - | - | (700,082) | (700,082) |
| **Balance at 31 March 2017** | | 90 | 199,912 | 1,085,676 | 1,285,678 |
| **Year ended 31 March 2018:** | | | | | |
| Loss and total comprehensive income for the year | | - | - | (568,777) | (568,777) |
| Dividends | 11 | - | - | - | - |
| **Balance at 31 March 2018** | | 90 | 199,912 | 516,899 | 716,901 |

# BABY COW PRODUCTIONS LIMITED

## CONSOLIDATED STATEMENT OF CASH FLOWS

### *FOR THE YEAR ENDED 31 MARCH 2018*

| | Notes | 2018 £ | 2018 £ | 2017 £ | 2017 £ |
|---|---|---|---|---|---|
| ***Cash flows from operating activities*** | | | | | |
| Cash generated/(absorbed) by operations | **28** | | 885,403 | | (721,668) |
| Interest paid | | | - | | (354) |
| *Income taxes (paid)/refunded* | | | 195,117 | | 539,894 |
| **Net cash inflow/(outflow) from operating** | | | 1,080,520 | | (182,128) |
| **Investing activities** | | | | | |
| Purchase of intangible assets | | (84,722) | | (268,429) | |
| Proceeds on disposal of intangible assets | | 26,862 | | - | |
| Purchase of property, plant and equipment | | (6,750) | | - | |
| Interest received | | 458 | | 486 | |
| **Net cash used in investing activities** | | | (64,152) | | (267,943) |
| **Financing activities** | | | | | |
| Repayment of borrowings | | - | | (118,060) | |
| Dividends paid to equity shareholders | | - | | (196,045) | |
| **Net cash used in financing activities** | | | - | | (314,105) |
| **Net increase/(decrease) in cash and cash equivalents** | | | 1,016,368 | | (764,176) |
| Cash and cash equivalents at beginning of year | | | 836,665 | | 1,600,841 |
| **Cash and cash equivalents at end of year** | | | 1,853,033 | | 836,665 |

Cash and cash equivalents is comprised entirely of cash at banks and on hand.

**1 Accounting policies**

**Company information**
Baby Cow Production Limited (the "Company") is a private limited company domiciled and incorporated in England and Wales The registered office is Charles House, 5-11 Regent Street, London, SW1Y 4LR.

The Group consists of Baby Cow Productions Limited (the "group"), all of its subsidiaries and the Groups Interests in joint ventures.

**1.1 Accounting convention**
These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU), the Companies Act 2006 and Article 4 of the EU International Accounting Standards Regulations, and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS, (except otherwise stated).

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 £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain financial instruments at fair value where specified. The principal accounting policies adopted are set out below.

The Group adopted all latest applicable standards. The Group has not adopted standards in issue but not yet in effect.

**Adoption of new and revised standard**
IFRS 9 will replace the existing IAS 39 (2013) *Financial instruments: Recognition and measurement*. The Key changes that may affect the Group on initial application include certain simplifications to the classification of financial instruments such as hedging and trade receivables. Although the directors anticipate that the adoption of this standard may have an impact on the Group's financial instruments, they do not consider that it will be material.

IFRS 15 will impact revenue recognition and replaces the existing IAS 18 *Revenue*. This new standard requires the Group to identify the distinct promises in contracts with customers and to recognise revenue when these promises are fulfilled. The standard also provides specific guidance in relation to licence revenue. The Group's initial assessment of the impact on material revenue streams is that there may be differences arising from the way the Group recognises revenue for content sales cut-off, and licensing. Although the directors anticipate that the adoption of this standard may have an impact on the Group's revenue, it is not expected that these adjustments will be material. The Group has decided that it will follow the modified retrospective method for transitioning to IFRS 15 in the financial year 2018/19.

IFRS 16 *Leases* is effective for financial year 2018/19. This new standard requires the Group to recognise an asset to represent the right to use the leased item and a liability to represent the future lease payments. This also means that in future, lease costs will be accounted for as depreciation and interest. The directors expect this not to have a material impact, however as the Group's impact assessment is continuing, it would be impractical to provide an estimate beyond the information above.

**1.2 Basis of consolidation**

In the parent Company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

The consolidated financial statements incorporate those of Baby Cow Productions Limited and all of its subsidiaries (i.e. entities that the Group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 31 March 2018. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Group.

All intra-Group transactions, balances and unrealised gains on transactions between Group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Entities in which the Group holds an interest and which are jointly controlled by the Group and one or more other ventures under a contractual arrangement are treated as joint ventures. In the Group financial statements, joint ventures are accounted for using the equity method.

**1.3 Joint ventures**

The Group's share of operating profits and losses of joint ventures is included in the consolidated profit and loss account, and the Groups share of their net assets/liabilities are included in the consolidated balance sheet. These accounts are taken from the latest audited financial statements of the undertakings concerned. Where there are losses in excess of the investment and no constructive obligation to make payments on the joint venture's behalf, the parent will discontinue recognising further losses and reduce its interest in the consolidated balance sheet to zero.

**1.4 Going concern**

At the time of approving the financial statements, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

**1.5 Revenue**

Revenue is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. Revenue is recognised when the significant transfer of risks and rewards has occurred.

Production fees, production funding and royalties from product sales are recognised as earned.

Production fees are recognised on the delivery of a programme and or on a stage of completeness basis, depending upon the nature of the contract with the customer.

Production funding is recognised as turnover based upon the the stage of completion of a project. The stage of completion is calculated by comparing costs incurred as a proportion of total costs. Profit is not recognised on long term projects until the final outcome of a project can be assessed with reasonable certainty, or upon final delivery, depending upon the nature of the contract with the customer. Amounts collectable for production expenditure incurred are recognised in debtors net of provisions and anticipated future losses. Progress payments in advance of activity are included in creditors as payments on account.

Where royalties are collected by third parties, turnover is recognised on receipt or on an accruals basis where sufficient reliable information is available.

**1.6 Intangible fixed assets other than goodwill**

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 that it meets the criteria of IAS 38, as to the technical, commercial and financial viability of individual projects. In this situation, the expenditure is capitalised and amortised over the period during which the Company is expected to benefit. This is assessed on a project by project basis, when a project reaches completion, and the amortisation period would be 10 years or less on a straight line basis.

**1.7 Property, plant and equipment**

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

| | |
|---|---|
| Office equipment | 25% reducing balance basis |
| Fixtures and fittings | 25% reducing balance basis |

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.

**1.8 Non-current investments**

Equity investments are measured at fair value through profit or loss, 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.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the Company holds a long-term interest and where the Company has significant influence. The Group considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Investments in associates are initially recognised at the transaction price (including transaction costs) and are subsequently adjusted to reflect the Group's share of the profit or loss, other comprehensive income and equity of the associate using the equity method. Any difference between the cost of acquisition and the share of the fair value of the net identifiable assets of the associate on acquisition is recognised as goodwill. Any unamortised balance of goodwill is included in the carrying value of the investment in associates.

Losses in excess of the carrying amount of an investment in an associate are recorded as a provision only when the Company has incurred legal or constructive obligations or has made payments on behalf of the associate.

In the parent Company financial statements, investments in associates are accounted for at cost less impairment.

Entities in which the Group has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

**1.9 Impairment of tangible and intangible assets**

At each reporting period end date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

**1.10 Cash and cash equivalents**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

**1.11 Financial instruments**

Financial instruments are recognised in the Consolidated statement of financial position when the Group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are initially measured at fair value less and directly attributed costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value

Financial assets are derecognised from the balance sheet when the Group's contractual rights to the cash flows expire or the Group transfers substantially all the risks and rewards of the financial asset. Financial liabilities are derecognised from the Group's balance sheet when the obligation specified in the contract discharged, cancelled or expires.

***Fair value measurement of financial instruments***

IFRS 13 establishes a single source of guidance for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The resulting calculations under IFRS 13 affected the principles that the Company uses to assess the fair value, but the assessment of fair value under IFRS 13 has not materially changed the fair values recognised or disclosed. IFRS 13 mainly impacts the disclosures of the Company. It requires specific disclosures about fair value measurements and disclosures of fair values, some of which replace existing disclosure requirements in other standards.Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

***Classification and measurement***

Financial assets and liabilities are classified into the following categories specified by IFRS 9 Financial Instruments Recognition and Measurement.

- Loans and receivables - Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.
- Available for sale financial assets - are either shares stated at fair value that are traded in an active market or which a fair value can otherwise be reliably measured, or stated at cost where an equity instrument is not reliably measurable. Gains and losses arising from changes in fair value are recognised in other comprehensive income with the exception of impairment losses, interest calculated using effective interest method and foreign exchange gains and losses on monetary assets, which are recognised directly in the income statement.
- *Held to maturity investments - the Group does not correctly carry any financial instruments classified as held* to maturity. Such instruments might include bills of exchange and debentures with fixed or determinable payments and fixed maturity dates and would be measured at amortised cost using the effective interest method less any impairment.
- Financial assets /liabilities at fair value through profit or loss ("FVTPL") - Assets and liabilities which are held for trading. An asset or liability is classified as held for trading if (i) it has been acquired principally for the purpose of selling or repurchasing in the near term, or (ii) on initial recognition it is a part of a portfolio of identifies financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking, or (iii) it is a derivative that is not designated and effective as a hedging instrument. Financial assets and liabilities at FVTPL are stated at fair value, with any gains and losses arising on re-measurement recognised in the income statement.
- Other financial liabilities - financial liabilities, including trade payables and borrowings, which are not classified as financial liabilities at FVTPL are measured at amortised cost using the effective interest method, with interest expense recognised on effective yield basis.

***Effective interest method***

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

***Other financial assets***

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

***Impairment of financial assets***
Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

***Derecognition of financial assets***
Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the nsks and rewards of ownership to another entity.

***Other financial liabilities***
Denvatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. Derivatives are presented as non-current assets or liabilities if the date of maturity of the instrument is more than twelve months after the balance sheet date. Other derivatives are presented as current assets or current liabilities.

***Derecognition of financial liabilities***
Financial liabilities are derecognised when, and only when, the Company's obligations are discharged, cancelled, or they expire.

**1.12 Equity instruments**
Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the Group.

**1.13 Taxation**
The tax expense represents the sum of the tax currently payable and deferred tax.

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

***Deferred tax***

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

**1.14 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 non-current assets.

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

Termination benefits are recognised immediately as an expense when the Company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

**1.15 Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Rentals payable under operating leases, less any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

## 2 Critical accounting estimates and judgements

In the application of the Group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount 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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

**Critical judgements**

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting assumptions, and requires management to exercise its judgement and to make estimates in the process of applying the Group's accounting policies The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed below;

***Basis of consolidation***

Judgement is required in determining whether certain entities in which the Group has an economic interest should be considered to be subsidiaries, associates or joint ventures. In such circumstances, the Group has assessed its ability to control or influence those entities. The Group controls and investee if, and only if, the Group has power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee), exposure, or rights, to variable returns from its involvement with the investee, and the ability to use its power over the investee to affect its returns, in these cases the investee is treated as a subsidiary. Where such policies are reserved such that an economic partner has the power to veto key strategic financial and operating decisions, the entity is considered to be a joint venture or associated undertaking.

***Development costs***

Development projects are assessed at the end of the financial period to judge whether each project meets the criteria for capitalisation, as referred to in the accounting policy notes, and to consider whether the capitalised values have been impaired Balances include project costs incurred and impairment provision is made where considered relevant, in line with the impairment policy note

***Revenue Recognition***

The timing of revenue recognition requires judgement, as does the amount to be recognised. This may involve estimating the fair value of consideration before it was received. In making these judgements, the Company considers the detailed criteria for the recognition of revenue set out in IAS 18 Revenue, the accounting policies criteria set out in note 1 and whether the Company has transferred the significant risks and rewards of the goods or services to the customer.

## 3 Revenue

An analysis of the Company's revenue, all generated in the United Kingdom, is as follows:

| | 2018 | 2017 |
|---|---|---|
| | £ | £ |
| **Revenue analysed by class of business** | | |
| Production | 5,316,455 | 5,193,478 |
| Distribution | 1,104,151 | 894,401 |
| | 6,420,606 | 6,087,879 |

## 3 Revenue (Continued)

| | 2018 £ | 2017 £ |
|---|---|---|
| ***Other significant revenue*** | | |
| Interest income | 458 | 486 |

## 4 Operating (loss)/profit

| | 2018 £ | 2017 £ |
|---|---|---|
| Operating (loss)/profit for the year is stated after charging: | | |
| Research and development costs | 124,514 | 158,459 |
| Depreciation of owned property, plant and equipment | 11,799 | 13,616 |
| Impairment of intangible assets | 180,000 | 133,217 |
| Operating lease charges | 139,890 | 139,890 |

## 5 Auditor's remuneration

| | 2018 £ | 2017 £ |
|---|---|---|
| Fees payable to the Company's auditor and associates: | | |
| **For audit services** | | |
| Audit of the financial statements of the Group and Company | 9,000 | 9,000 |
| **For other services** | | |
| Taxation compliance services | 7,450 | 4,950 |
| All other non-audit services | 28,684 | 27,600 |
| | 36,134 | 32,550 |

## 6 Employees

The average monthly number of persons (including directors) employed by the Group and Company during the year was:

| | Group 2018 Number | 2017 Number | Company 2018 Number | 2017 Number |
|---|---|---|---|---|
| Directors | 4 | 4 | 4 | 4 |
| Production | 23 | 22 | 22 | 20 |
| Admin | 6 | 5 | 5 | 5 |
| | 33 | 31 | 31 | 29 |

6 **Employees (Continued)**

Their aggregate remuneration comprised:

| | Group 2018 | 2017 | Company 2018 | 2017 |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Wages and salaries | 1,492,839 | 1,293,726 | 1,451,966 | 977,343 |
| Social security costs | 163,745 | 146,289 | 159,563 | 105,401 |
| | 1,656,584 | 1,440,015 | 1,611,529 | 1,082,744 |

7 **Directors' remuneration**

| | 2018 | 2017 |
|---|---|---|
| | £ | £ |
| Emoluments | 515,033 | 156,575 |

The remuneration of the highest paid Director during the year was £373,100.

8 **Investment income**

| | 2018 | 2017 |
|---|---|---|
| | £ | £ |
| **Interest income** | | |
| Interest on bank deposits | 458 | 486 |
| Total income | 458 | 486 |

Investment income includes the following:

| | | |
|---|---|---|
| Interest on financial assets not measured at fair value through profit or loss | 458 | 486 |

## 9 Finance costs

| | 2018 | 2017 |
|---|---|---|
| | £ | £ |
| **Other finance costs:** | | |
| Other interest | - | 354 |
| Total finance costs | - | 354 |

## 10 Taxation

| | 2018 | 2017 |
|---|---|---|
| | £ | £ |
| **Current tax** | | |
| UK corporation tax on profits for the current period | - | - |
| Adjustments in respect of prior periods | - | (18,589) |
| Tax credits | (195,117) | - |
| Total current tax | (195,117) | (18,589) |

The actual charge for the year can be reconciled to the expected charge based on the profit or loss and the standard rate of tax as follows:

| | 2018 | 2017 |
|---|---|---|
| | £ | £ |
| (Loss)/profit before taxation | (950,582) | (371,936) |
| Expected tax (credit)/charge based on the standard rate of corporation tax in the UK of 19.00% (2017: 20.00%) | (180,611) | (74,387) |
| Unutilised tax losses carried forward | 180,611 | 24,010 |
| Disallowed expenses | - | 32,081 |
| Adjustments in respect of prior year | - | (18,589) |
| Prior year adjustment marginal rate impact | - | 18,296 |
| Tax credits | (195,117) | - |
| Taxation credit for the year | (195,117) | (18,589) |
| Taxation credit in the financial statements | (195,117) | (18,589) |

## 11 Dividends

| | 2018 per share | 2017 per share | 2018 £ | 2017 £ |
|---|---|---|---|---|
| Amounts recognised as distributions to equity holders: | | | | |
| **Ordinary shares** | | | | |
| Interim dividend paid | - | 21.72 | - | 196,045 |
| **Ordinary 'A' shares** | | | | |
| Interim dividend payable | - | 55.86 | - | 504,037 |
| **Total dividends** | | | | |
| Final dividends paid | | | - | - |
| Interim dividends payable | | | - | 700,082 |
| | | | - | 700,082 |

**12 Intangible fixed assets**

**Group**

| | Development costs |
|---|---|
| | £ |
| **Cost** | |
| At 1 April 2017 | 574,574 |
| Additions - *separately acquired* | 84,722 |
| Disposals | (26,862) |
| Transfers out | (133,217) |
| At 31 March 2018 | 499,217 |
| **Amortisation and impairment** | |
| At 1 April 2017 | 133,217 |
| Amortised charged for the year | - |
| Impairment charged in the year | 180,000 |
| Transfer out | (133,217) |
| At 31 March 2018 | 180,000 |
| **Carrying amount** | |
| At 31 March 2018 | 319,217 |
| At 31 March 2017 | 441,357 |

During the year £124,514 (2017: £158,459) of research and development expenditure was recognised as an expense.

At 31 March 2018, the Group had no contractual commitments for the acquisition of the intangible assets (2017: £nil).

## 12 Intangible fixed assets (Continued)

| Company | Development costs |
|---|---|
| | £ |
| **Cost** | |
| At 1 April 2017 | 33,500 |
| Additions - separately acquired | - |
| At 31 March 2018 | 33,500 |
| **Amortisation and impairment** | |
| At 1 April 2017 and 31 March 2018 | - |
| **Carrying amount** | |
| At 31 March 2018 | 33,500 |
| At 31 March 2017 | 33,500 |

The above amounts are carried at historical cost. Amounts are amortised over the period that the Company is expected to benefit.

## 13 Property, plant and equipment

| Group | Office equipment | Fixtures and fittings | Total |
|---|---|---|---|
| | £ | £ | £ |
| **Cost** | | | |
| At 1 April 2017 | 178,428 | 26,295 | 204,723 |
| Additions | - | 6,750 | 6,750 |
| At 31 March 2018 | 178,428 | 33,045 | 211,473 |
| **Depreciation and impairment** | | | |
| At 1 April 2017 | 148,213 | 16,064 | 164,277 |
| Depreciation charged in the year | 7,554 | 4,245 | 11,799 |
| At 31 March 2018 | 155,767 | 20,309 | 176,076 |
| **Carrying amount** | | | |
| At 31 March 2018 | 22,661 | 12,736 | 35,397 |
| At 31 March 2017 | 30,215 | 10,231 | 40,446 |

At 31 March 2018, the Group had no contractual commitments for the acquisition of the property, plant and equipment (2017· £nil).

**13 Property, plant and equipment**

| Company | Office equipment | Fixtures and fittings | Total |
|---|---|---|---|
| | £ | £ | £ |
| **Cost** | | | |
| At 1 April 2017 | 178,428 | 24,680 | 203,108 |
| Additions | - | 6,750 | 6,750 |
| At 31 March 2018 | 178,428 | 31,430 | 209,858 |
| **Depreciation and impairment** | | | |
| At 1 April 2017 | 148,213 | 15,256 | 163,469 |
| Depreciation charged in the year | 7,554 | 4,043 | 11,597 |
| At 31 March 2018 | 155,767 | 19,299 | 175,066 |
| **Carrying amount** | | | |
| At 31 March 2018 | 22,661 | 12,131 | 34,792 |
| At 31 March 2017 | 30,215 | 9,424 | 39,639 |

**14 Fixed asset investments**

| | | Group | | Company | |
|---|---|---|---|---|---|
| | | 2018 | 2017 | 2018 | 2017 |
| | Notes | £ | £ | £ | £ |
| Investments in subsidiaries | 15 | - | - | 5 | 13 |
| Investments in joint ventures | 16 | - | - | 2 | 2 |
| | | - | - | 7 | 15 |

The Company has not designated any financial assets that are not classified as held for trading as financial assets at fair value through profit or loss.

**Fair value of financial assets carried at amortised cost**
Except as detailed below the directors believe that the carrying amounts of financial assets carried at amortised cost in the financial statements are not less than their fair values.

**14 Fixed asset investments (Continued)**

**Movements in non-current investments**
**Company**

| | Shares in Group undertakings and participating interests |
|---|---|
| | £ |
| **Cost or valuation** | |
| At 1 April 2017 & 31 March 2018 | 15 |
| **Impairment** | |
| At 1 April 2017 | - |
| Impairment losses | 8 |
| At 31 March 2018 | 8 |
| **Carrying amount** | |
| At 31 March 2018 | 7 |
| At 31 March 2017 | 15 |

On the 29 May 2018 investment in Baby Cow Pictures Limited was provisionally written off as the Company has an active proposal to strike off.

**15** Details of the Company's subsidiaries at 31 March 2018 are as follows:

| Name of undertaking | Registered Office ** | Nature of business | Ownership Interest % |
|---|---|---|---|
| Baby Cow Films Limited | UK | Production of films | 100.00 |
| Baby Cow Manchester Limited | UK | Production of television programmes | 100.00 |
| Baby Cow Animation Limited | UK | Production of television programmes | 100.00 |
| Baby Cow Animation (Wussywat) Limited* | UK | Production of television programmes | 100.00 |
| Baby Cow Productions (Red Dwarf) Limited | UK | Production of television programmes | 100.00 |
| Baby Cow Productions (Hunderby) Limited | UK | Production of television programmes | 100.00 |
| Baby Cow Pictures Limited | UK | In dissolution | 80.00 |
| Baby Cow Productions (Partridge) Limited** | UK | Production of television programmes | 100.00 |
| Baby Cow Animation (Warren) Limited* | UK | Dormant | 100.00 |
| Baby Cow Films (Zoe) Limited * | UK | Production of films | 100.00 |
| The Last Holiday Limited* | UK | Production of films | 100.00 |
| Alan Partridge Limited* | UK | Production of films | 100.00 |

* Held by a subsidiary undertaking.

**All subsidiaries' and joint ventures' registered offices is 1 Television Centre, 101 Wood Lane, London, England, W12 7FA The Baby Cow Productions (Partridge) Limited Accounts are for the period from 4 January 2018 to 31 March 2018.

*Section 479A of the Companies Act 2006 exemption from audit has been utilised for all subsidiaries listed above,* other than for dormant companies.

**16** Details of joint ventures at 31 March 2018 are as follows:

| Name of undertaking | Registered office | Nature of business | Class of shares held | Ownership Interest % |
|---|---|---|---|---|
| Lost Child Limited | UK | Production of films | | 50.00 |
| Philomena Lee Limited | UK | Production of films | | 50.00 |
| Moone Boy (UK) Limited | UK | Production of television programmes | | 50.00 |

The Group's share of joint ventures net results and net liabilities have been included at £nil (2017: £nil).

## 17 Financial instruments

| | Group 2018 | 2017 | Company 2018 | 2017 |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| **Carrying amount of financial assets** | | | | |
| Debt instruments measured at amortised cost | 832,108 | 895,960 | 1,178,458 | 1,773,920 |
| **Carrying amount of financial liabilities** | | | | |
| Measured at amortised cost | 1,363,359 | 1,059,232 | 1,140.317 | 944,018 |

## 18 Trade and other receivables

| | Group 2018 | 2017 | Company 2018 | 2017 |
|---|---|---|---|---|
| **Amounts falling due within one year:** | £ | £ | £ | £ |
| Trade receivables | 772,048 | 789,609 | 340,048 | 768,609 |
| Amounts due from Group undertakings | - | - | 800,000 | 952,263 |
| Other receivables | 60,110 | 71,342 | 38,410 | - |
| Current tax recoverable | 195,117 | 156,025 | - | 18,048 |
| Prepayments and accrued income | 63,748 | 134,863 | 63,748 | 89,863 |
| | 1,091,023 | 1,151,839 | 1,242,206 | 1,828,783 |

Trade receivables disclosed above are classified as loans and receivables and are therefore measured at amortised cost. The directors do not consider that the fair value of trade and other receivables above differs from book value.

## 19 Current liabilities

| | Notes | Group 2018 £ | 2017 £ | Company 2018 £ | 2017 £ |
|---|---|---|---|---|---|
| Trade payables | | 401,308 | 271,338 | 282,660 | 271,338 |
| Other taxation and social security | | 399,473 | 255,568 | 197,791 | 186,933 |
| Deferred income | 20 | 1,341,442 | 205,596 | 363,967 | 199,004 |
| Dividends payable | | 504,037 | 504,037 | 504,037 | 504,037 |
| Other payables | | 189,074 | 184,084 | 90,780 | 85,047 |
| Accruals | | 268,890 | 99,773 | 262,840 | 83,596 |
| | | 3,104,224 | 1,520,396 | 1,702,075 | 1,329,955 |

## 20 Deferred income

| | Group 2018 £ | 2017 £ | Company 2018 £ | 2017 £ |
|---|---|---|---|---|
| Arising from production income | 1,341,442 | 205,596 | 363,967 | 199,004 |

**Analysis of deferred revenue**

*Deferred revenues are expected to be settled within the next 12 months.*

## 21 Share capital

| | Company 2018 £ | 2017 £ |
|---|---|---|
| ***Ordinary share capital*** | | |
| **Issued and fully paid** | | |
| 2,400 Ordinary shares of 1p each | 24 | 24 |
| 6,600 Ordinary 'A' shares of 1p each | 66 | 66 |
| | 90 | 90 |

The Company does not specify authorised share capital.

## 22 Share premium account

| | 2018 £ | 2017 £ |
|---|---|---|
| At 1 April 2017 and 31 March 2018 | 199,912 | 199,912 |

### 23 Operating lease commitments

**Lessee**

Operating lease payments represent rentals payable by the Company and Group for its property. The lease has a term of 10 years commencing in 2015, with a rent review after 5 years.

Amounts recognised in profit or loss as an expense during the period in respect of operating lease arrangements are as follows:

| | 2018 | 2017 |
|---|---|---|
| | £ | £ |
| Minimum lease payments under operating leases | 979,230 | 1,119,120 |

At the reporting end date the Company and Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

| | 2018 | 2017 |
|---|---|---|
| | £ | £ |
| Within one year | 139,890 | 139,890 |
| Between two and five years | 559,560 | 559,560 |
| In over five years | 279,780 | 419,670 |
| | 979,230 | 1,119,120 |

### 24 Capital risk management

The Company is not subject to any externally imposed capital requirements.

### 25 Related party transactions

During the year, the Company received income totalling £2,614,948 (2017. 2,831,701) from BBC Worldwide Limited, the immediate parent Company.

### 26 Directors' transactions

Dividends totalling £nil (2017· £196,045) were paid in the year in respect of shares held by the Company's directors.

## 27 Controlling party

The immediate parent Company of Baby Cow Productions Limited is BBC Worldwide Limited and its registered office is 1 Television Centre, 101 Wood Lane, London, England, W12 7FA.

The ultimate controlling party is the British Broadcasting Corporation (BBC) which is incorporated in the United Kingdom by Royal Charter. The largest Group which the results of the Company are consolidated is that headed by the BBC. The smallest Group in which they are consolidated is that headed by BBC Worldwide Limited. The accounts of BBC Worldwide Limited may be obtained at https://beta.companieshouse.gov.uk/company/01420028.

## 28 Cash generated from Group operations

| | 2018 | 2017 |
|---|---|---|
| | £ | £ |
| (Loss)/profit for the year after tax | (755,465) | (353,347) |
| Adjustments for: | | |
| Taxation credited | (195,117) | (18,589) |
| Finance costs | - | 354 |
| Investment income | (458) | (486) |
| Amortisation and impairment of intangible assets | 180,000 | 133,217 |
| Depreciation and impairment of property, plant and equipment | 11,799 | 13,616 |
| Movements in working capital: | | |
| Decrease/(increase) in trade and other receivables | 99,908 | (275,217) |
| Increase/(decrease) in trade and other payables | 408,890 | 133,811 |
| Increase/(decrease) in deferred income | 1,135,846 | (355,027) |
| **Cash (absorbed by)/generated from operations** | 885,403 | (721,668) |

## 29 Reserves

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

The Profit & Loss Account reserve reflects accumulated retained historic profits and losses.