

Acorn Productions Limited

Directors' report and financial statements

Registered number 08636077

Year Ended 31 December 2018

MONDAY



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Directors' report

The directors present their report together with the financial statements for the year ended 31 December 2018.

Principal activities and future developments

The principal activities of the company during the year was the development of and investment in television programme content.

The Company has met the requirements in the Companies Act 2006 to obtain the exemption provided from the presentation of a Strategic Report.

Results and dividends

The results refer to the year ended December 2018, the profit after taxation for the period amounted to £nil (2017: £nil).

The directors do not recommend the payment of a dividend for the period ended 31 December 2018 (2017: £nil).

Directors

The directors who held office during the period were as follows:

S Murphy (Resigned 27 July 2018)
M Penella
M Stevens
C Mackin (Appointed 27 July 2018)

Political and charitable contributions

The Company has not made any political or charitable donations during the year (2017: £nil).

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and BDO LLP will therefore continue in office.

In preparing this director's report advantage has been taken of the small companies exemption.

By order of the board

A Spurr
Secretary



24th September 2019

2nd Floor Strand Bridge House
138-142 Strand, London
WC2R 1HH

Directors' responsibilities

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the 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 company and of the profit or loss of the company for that year.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF ACORN PRODUCTIONS LIMITED

Opinion

We have audited the financial statements of Acorn Productions Limited ("the Company") for the year ended 31 December 2018 which comprise the Statement of Income and Retained Earnings and the Balance sheet, and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 and of its result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the 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.

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 Directors are responsible for the other information. The other information comprises the information included in the Directors report and financial statements, 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 Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; 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 Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Director's report.

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

- adequate accounting records have not been kept, 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; or
- the Directors were not entitled to take advantage of the small companies' exemptions in preparing the Directors' report and from the requirement to prepare a Strategic report.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities, 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 at the Financial Reporting Council's website at:

<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the 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.

BDO LLP

James Fearon (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Gatwick, UK

30/9/2019

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

Statement of Income and Retained Earnings

for the year ended 31 December 2018

		Year ended 31 December 2018	Year ended 31 December 2017
		£000	£000
Turnover		-	-
Cost of sales		-	-
		<hr/>	<hr/>
Gross profit		-	-
Administrative expenses		-	-
		<hr/>	<hr/>
Operating Profit		-	-
		<hr/>	<hr/>
Profit on ordinary activities before taxation	3	-	-
Tax on profit on ordinary activities		-	-
		<hr/>	<hr/>
Profit on ordinary activities after taxation and total comprehensive income for the year		-	-
		<hr/>	<hr/>

The results for the period represent the continuing activities of the Company.

Retained earnings at 1 January	194	194
Profit on ordinary activities after taxation	-	-
	<hr/>	<hr/>
Retained earnings at 31 December	194	194
	<hr/>	<hr/>

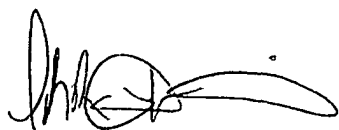
Balance sheet

at 31 December 2018

	<i>Note</i>	As at 31 December 2018		As at 31 December 2017	
		£'000	£'000	£'000	£'000
Fixed assets					
TV related investments	6		5,638		-
			5,638		-
Current assets					
Debtors	7	286		194	
Cash at bank		222		-	
		508		194	
Creditors: amounts falling due within one year	8	(5,952)		-	
Net current (liabilities)/assets			(5,444)		194
Net assets			194		194
Capital and reserves					
Called up share capital	9		-		-
Retained Earnings			194		194
Shareholders' Funds			194		194

The Company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

These financial statements were approved by the board of directors on *24th September* 2019 and were signed on its behalf by:



C Mackin
Director

Notes

(forming part of the financial statements)

1 Accounting policies

Basis of preparation

Acorn Productions Limited is a private company, limited by shares, incorporated in England & Wales under the Companies Act. The address of the registered office is 2nd Floor Strand Bridge House, 138-142 Strand, London, WC2R 1HH. The financial statements have been prepared in accordance with applicable accounting standards, and under historical cost accounting rules.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

These financial statements are prepared under FRS 102.

The directors have assessed it appropriate to prepare the financial statements on the going concern basis and have done so accordingly.

Going concern

The financial statements have been prepared on a going concern basis. The directors have considered the future funding requirements of the business, and based on management forecasts and a letter of support from a parent company, RLJ Entertainment Inc., have concluded that the company will have sufficient funds to ensure that it can meet its financial liabilities as and when they fall due for a period of at least 12 months from the date of these financial statements.

Disclosure exemptions

In preparing the financial statements, advantage has been taken of the following disclosure exemptions available in FRS 102:

- No cash flow statement has been presented for the company
- Related party disclosures relating to the parent company have been excluded

The following principal accounting policies have been applied:

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction (or, if hedged forward, at the rate of exchange under the related forward currency contract). Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the Statement of Income.

Financial Assets

Financial assets, other than investments and derivatives, are initially measured at transaction price (including transaction costs) and subsequently held at amortised cost, less any impairment. Financial assets measured at amortised cost comprise cash, trade debtors, other debtors and amounts owed by group undertakings.

Notes (continued)

1 Accounting policies (continued)

Financial Liabilities

Financial liabilities measured at amortised cost comprise bank loans, trade creditors, other creditors, amounts owed to group undertakings, corporation tax payable and accruals.

Current and deferred taxation

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

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except:

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

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

TV related investments

Development costs are capitalised and transferred from current assets to TV related investments when a production agreement is signed by both parties or on commencement of principal photography, whichever is the earlier. TV related investment costs are then amortised over the year that the investment is reasonably expected to generate revenues. The rates used are appropriate to the pattern of income expected from the sale of the programmes and films. The current amortisation year is based upon each asset's useful economic life, no longer than 20 years.

2 Judgements in applying accounting policies and key sources of estimation uncertainty

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

- Determining whether there are indicators of impairment of the Company's TV related investments. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the relevant asset.

Notes (continued)

Other key sources of estimation uncertainty

- Film & TV related investments (see note 6)

Film & TV related investments are amortised over the period that the programme is expected to generate revenues and matched to the pattern of income expected from sales. In assessing expected future sales performance factors considered include past performance of the programme in question and other programmes in the same series, along with future market conditions and forecasts from distributors where available.

3 Profit on ordinary activities before taxation

Auditors' remuneration costs for the current year are being met by the immediate parent company RLJ Entertainment Limited.

4 Staff numbers and costs

All staff are employed by the company's immediate parent, RLJ Entertainment Ltd. Staff costs are also borne by the parent.

5 Remuneration of directors

The directors and key management personnel (which includes all the directors and senior staff who together have authority and responsibility for planning, directing and controlling the activities for the company) are remunerated by a fellow group company.

6 TV related investments

	TV related investments £'000
Cost	
At beginning of year	-
Additions during the year	5,638
At end of year	5,638
Amortisation & Impairment	
At beginning of year	-
Amortisation in year	-
At end of year	-
Net book value At 31 December 2018	5,638
At 31 December 2017	-

Notes (continued)

7 Debtors

	31 December 2018 £000	31 December 2017 £000
Amounts due from group undertakings	194	194
Other debtor	28	-
Other taxation and social security	64	-
	<u>286</u>	<u>194</u>

8 Creditors: amounts falling due within one year

	31 December 2018 £000	31 December 2017 £000
Trade creditors	222	-
Amounts owed to group undertakings	3,511	-
Production Loan	2,046	-
Accruals and deferred income	173	-
	<u>5,952</u>	<u>-</u>

The loan facility has a maximum principal amount of £2.4 million and that is being used to partially fund the production of series 1 and 2 of the television programme London Kills. The loan matured on June 30, 2019 and incurred an interest charge of 2.1% above the bank's cost of funding. The loan was secured against intercompany distribution agreements and a third-party licensee distribution agreement.

9 Share capital

	31 December 2018 £	31 December 2017 £
<i>Allotted, called up and fully paid</i>		
1 ordinary share of £1 each	<u>1</u>	<u>1</u>

10 Reserves

The company has the following reserves £194,000 (2017: £194,000). Retained earnings represents cumulative profits or losses net of dividends paid and other adjustments.

Notes *(continued)*

11 Financial Instruments

Financial assets that are not debt instruments measured at amortised cost total £444,000 (2017: £194,000). Financial assets measured at amortised cost comprise cash at bank and in hand, trade debtors, amounts owed by group undertakings, other debtors and accrued income.

Financial liabilities measured at amortised cost total £5,952,000 (2017: £nil). Financial liabilities measured at amortised cost comprise trade creditors, amounts owed to group undertakings, productions loans and accruals.

12 Related party transactions

The company has taken advantage of the exemption available in Section 33.1A of FRS102 whereby it has not disclosed 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 Capital commitments

At 31 December 2018 the Company had no capital commitments for which no provision has been made (2017: £nil).

14 Contingent liabilities

At 31 December 2018 the Company did not have any material contingent liabilities (2017: £nil).

15 Immediate and ultimate parent undertaking

The Company's immediate parent undertaking is RLJ Entertainment Ltd which is incorporated in the UK and registered in England and Wales. The Company's ultimate parent undertaking is AMC Networks, Inc. incorporated in the United States of America.

The smallest group in which the results of the Company are consolidated is that headed by AMC Networks, Inc. The consolidated financial statements of AMC Networks, Inc. is available to the public and may be obtained from the Secretary, 11 Pen Plaza, New York, NY.