

TMG INNOVATIONS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED

31 DECEMBER 2021

WEDNESDAY



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COMPANIES HOUSE

DIRECTORS

R K Mowatt
R J Neal
Telegraph Media Group Limited

REGISTERED OFFICE

111 Buckingham Palace Road
London
SW1W 0DT

REGISTERED NUMBER

10562415

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP
Chartered accountants and statutory auditors
1 Embankment Place
London
WC2N 6RH

COUNTRY OF INCORPORATION

England and Wales

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DIRECTORS' REPORT**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021**

The directors present their report and the audited financial statements of TMG Innovations Limited ("the Company") for the year ended 31 December 2021.

The Company, incorporated in the United Kingdom, is registered in England and Wales. The Company has chosen in accordance with section 414B of the Companies Act 2006 not to prepare a Strategic Report. In preparing this report, the directors have taken advantage of the small companies exemption provided by section 415A of the Companies Act 2006.

PRINCIPAL ACTIVITIES

The principal activity of the Company is that of a private limited investment holding company.

DIRECTORS OF THE COMPANY

The directors who held office during the year and up to the date of approval of the financial statements unless otherwise indicated were:

R K Mowatt

R J Neal

C M Pape

(resigned 14 September 2021)

Telegraph Media Group Limited

The Company has entered into qualifying third-party indemnity arrangements for the benefit of all its directors, which were in force during the financial year and also at the approval date of the financial statements.

GOING CONCERN

The financial statements have been prepared on the going concern basis as the Company has received written confirmation from its immediate parent undertaking, Telegraph Media Group Limited, that it will continue to provide financial support to the company for a period of at least 12 months from the date of signing of these financial statements.

FINANCIAL RISK MANAGEMENT

The Company is not exposed to any significant interest rate risk. Currency transaction risk is not substantial as the investment is in a Canadian company which transacts in Canadian Dollars, which is also the functional currency of the Company.

DIRECTORS' RESPONSIBILITIES STATEMENT

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Under company law, 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 period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

DIRECTORS' REPORT - CONTINUED**DIRECTORS' RESPONSIBILITIES STATEMENT - CONTINUED**

The directors 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.

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.

DIRECTORS' CONFIRMATIONS

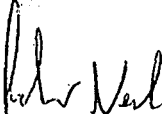
In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

INDEPENDENT AUDITORS

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

On behalf of the Board



R J Neal
Director
31 March 2022

Independent auditors' report to the members of TMG Innovations Limited

Report on the audit of the financial statements

Opinion

In our opinion, TMG Innovations Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Balance Sheet as at 31 December 2021; the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 31 December 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

Auditors' 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 auditors' 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to UK Company law, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to potential management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Challenging assumptions and estimates made by management in the investment impairment trigger assessment

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: prepare financial statements in accordance with the small companies regime; take advantage of the small companies exemption in preparing the Directors' Report; and take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.



Andy Grimby (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

London

31 March 2022

**BALANCE SHEET
AS AT 31 DECEMBER 2021**

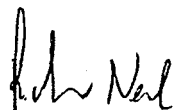
| | Note | 31 Dec 2021 Can\$ | 31 Dec 2020* Can\$ |
|---|-------------|------------------------------|-------------------------------|
| Fixed assets | | | |
| Investments | 5 | 500,000 | 500,000 |
| | | <u>500,000</u> | <u>500,000</u> |
| Creditors: amounts falling due within one year | 6 | (499,831) | (499,831) |
| | | <u>169</u> | <u>169</u> |
| Net current assets | | | |
| Capital and reserves | | | |
| Called up share capital | 7 | 169 | 169 |
| | | <u>169</u> | <u>169</u> |
| Total shareholders' funds | | | |
| | | <u>169</u> | <u>169</u> |

* For details on re-presentation of the prior financial year, see Note 1(d).

The notes on pages 8 to 10 form part of these financial statements.

The Company has no profit or loss in the year or prior year, and therefore no Statement of Profit or Loss has been presented.

These financial statements on pages 6 to 10 were approved by the board of directors on 31 March 2022 and were signed on its behalf by:



R J Neal
Director
31 March 2022

**STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021**

| | Called-up share capital Can\$ | Total equity Can\$ |
|-----------------------------|--|-------------------------------|
| At 1 January 2020 | 169 | 169 |
| Balance at 31 December 2020 | 169 | 169 |
| At 31 December 2021 | 169 | 169 |

The notes on pages 8 to 10 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

1. ACCOUNTING POLICIES

(a) Company Information

TMG Innovations Limited is a private company limited by shares incorporated in England, United Kingdom. The registered office is 111 Buckingham Palace Road, London, SW1W 0DT.

(b) Statement of compliance

The individual financial statements have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" ("FRS 102") and the Companies Act 2006.

(c) Basis of preparation

The financial statements have been presented in Canadian Dollars, which is also the functional currency of the Company and under the historical cost convention. At 31 December 2021 the UK Sterling/Canadian Dollar exchange rates was 1.72 (2020:1.74)

The financial statements have been prepared on the going concern basis as the Company has received written confirmation from its immediate parent undertaking, Telegraph Media Group Limited, that it will continue to provide financial support to the company for a period of at least 12 months from the date of signing of these financial statements.

(d) 2020 re-presentation

In the financial statements for the year ended 31 December 2020, the Company presented all Creditors within Creditors: Amounts falling due after more than one year. In these financial statements following a review of the payment profile of these amounts these have been re-presented. The effect is to increase Creditors (amounts falling due after more than one year) by Can\$499,831 and reduce Creditors (amounts falling due within one year) by the same amount. This change of re-presentation does not have an impact on the statement of income (no profit or loss) or on opening retained earnings.

(e) Exemptions for qualifying entities under FRS 102

The Company has taken advantage of the exemption contained in FRS 102 paragraph 1.12(b) and has not published a cash flow statement as it is an indirect subsidiary undertaking of Press Acquisitions Limited, whose consolidated financial statements are publicly available and include such a statement.

The Company has taken advantage of the exemption contained in FRS 102 paragraph 1.12(c) and has made only limited disclosure in respect of financial instruments.

The Company has taken advantage of the exemption contained in FRS 102 paragraph 1.12(e) and has not disclosed key management personnel compensation in total.

The Company has taken advantage of the exemption contained in FRS 102 paragraph 33.1(a) and has not disclosed transactions or balances with entities which are wholly owned by the group or are disclosed in the group financial statements.

The principal accounting policies, all of which have been applied consistently throughout all years presented, are set out below:

(f) Financial instruments

The Company has chosen to adopt Section 11 & 12 of FRS 102 in respect of the financial instruments.

Creditors are recognised initially at the transaction price and classified as current liabilities. If there is an unconditional right to defer obligation to pay suppliers for at least twelve months after the period end, they are presented as amounts falling due after more than one year.

(g) Taxation

Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the year end.

1. ACCOUNTING POLICIES – CONTINUED**(h) Cash and cash equivalents**

Cash and cash equivalents include cash in hand and bank overdrafts. Bank overdrafts, when applicable, are shown within borrowings in current liabilities.

(i) Investments

Investments are recorded at cost less accumulated impairment losses.

Dividend income is recognised when the right to receive payment is established.

(j) Related party transactions

The Company discloses transactions with related parties which are not wholly owned within the same group. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the directors, separate disclosure is necessary to understand the effect of the transactions on the group financial statements.

(k) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in accordance with generally accepted accounting principles requires the directors to make estimates and assumptions in certain circumstances that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting year.

Recoverable amount of investments

Annually, the Company considers whether the carrying value of the investments are impaired. Where an indication of impairment is identified, the estimation of recoverable value requires estimation of the future cash flows and economic benefit generated by the asset, using an appropriate discount rate in order to calculate the net present value of those cash flows.

2. AUDITORS' REMUNERATION

Audit fees are borne by the immediate parent company, Telegraph Media Group Limited, in both 2021 and 2020.

3. EMPLOYEE INFORMATION

There were no employees during the year (2020: nil) and therefore, no employment costs were incurred (2020: £nil).

4. DIRECTORS' EMOLUMENTS

The directors received no emoluments for their services rendered to the Company or its associated undertaking during the financial year (2020: £nil).

5. INVESTMENTS

| | |
|---------------------------------|------------------|
| At 1 January 2021 | Can\$ 500,000 |
| Additions in the financial year | |
| At 31 December 2021 | <u>500,000</u> |

At 31 December 2020, the Company met in full its commitment to invest Can\$500,000 (representing a less than 1% shareholding) in a Canadian Company whose objective is to create, build and commercialise the next generation entertainment and media experiences. During the year no further investment was made (2020: Can\$125,000).

6. CREDITORS: AMOUNTS FALLING WITHIN ONE YEAR

| | 2021 | 2020 |
|------------------------------------|----------------|----------------|
| | Can\$ | Can\$ |
| Amounts owed to the parent company | 499,831 | 499,831 |
| | <u>499,831</u> | <u>499,831</u> |

Amounts owed to the parent company are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

7. CALLED UP SHARE CAPITAL

| | 2021 | 2020 |
|--|------------|------------|
| | Can\$ | Can\$ |
| Issued, called up and fully paid: | | |
| 100 (2020: 100) ordinary shares of £1 (Can\$1.69) each | 169 | 169 |
| | <u>169</u> | <u>169</u> |

8. RELATED PARTIES

The Company has taken advantage of the exemption contained in FRS 102 paragraph 33.1A and has not disclosed details of transactions with entities which are wholly owned by the Press Acquisitions Limited group.

There are no other related party transactions during the year.

9. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

The Company's immediate parent company is Telegraph Media Group Limited, a company registered in England and Wales. The immediate parent company of Telegraph Media Group Limited is Press Acquisitions Limited. The directors regard these companies as being ultimately controlled by the Sir David and Sir Frederick Barclay Family Settlements.

The largest and smallest group in which the results of the Company are consolidated and publicly available is that of Press Acquisitions Limited. The consolidated financial statements of Press Acquisitions Limited may be obtained from its registered office, 2nd Floor, 14 St. George Street, London W1S 1FE.