Video Arts Limited

Financial statements
Registered number 01007689
For the year ended 30 September 2022

Contents

Company information

Directors

M Addison
W A Rees
O G R Jones
J Roberts

Registered office

Tinopolis Centre
Park Street
Llanelli
Carmarthenshire
SA15 3YE

Balance sheet
at 30 September 2022

	Note	2022		2021	
		£'000	**£'000**	£'000	£'000
Fixed assets					
Intangible assets	*3*		**357**		362
Tangible assets	*4*		**13**		18
			370		380
Current assets					
Debtors (including £1,800,000 *(2021: £1,546,000)* due after more than one year)	*5*	**2,364**		1,978	
Cash at bank and in hand		**359**		509	
		2,723		2,487	
Creditors: amounts falling due within one year	*6*	**(1,406)**		(1,490)	
Net current assets			**1,317**		997
Net assets			**1,687**		1,377
Capital and reserves					
Called up share capital	*8*		**1**		1
Profit and loss account			**1,686**		1,376
Shareholders' funds			**1,687**		1,377

The notes on pages 3 to 9 form part of the financial statements.

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

The Company opted not to file the statement of income and retained earnings in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved by the Board on 12 January 2023.

M Addison
Director

Notes
(forming part of the financial statements)

1 Accounting policies

Basis of preparation

Video Arts Limited (the "Company") is a private company limited by shares that is incorporated and domiciled in England in the UK. The registered number is 1007689 and the registered address is Tinopolis Centre, Park Street, Llanelli, Carmarthenshire, SA15 3YE.

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework ("FRS 101").* The amendments to FRS 101 (2014/15 Cycle) issued in July 2016 and effective immediately have been applied.

Tinopolis Group Limited includes the Company in its consolidated financial statements. These consolidated financial statements are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from the address given in note 11.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital, tangible fixed assets and intangible assets;
- Disclosures in respect of transactions with group companies wholly under the same ownership;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs; and
- Disclosures in respect of the compensation of Key Management Personnel.

As the consolidated financial statements of Tinopolis Group Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IFRS 7 *Financial Instrument Disclosures.*

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

As the company is a wholly owned subsidiary of Tinopolis Group Limited, the company has taken advantage of the exemption contained in FRS 101.8 and has therefore not disclosed transactions or balances with wholly owned subsidiaries which form part of the group.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 1.12.

Notes *(continued)*

1 Accounting policies *(continued)*

***Basis of preparation** (continued)*

1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

1.2 Going concern

The financial statements have been prepared on a going concern basis, which the Directors consider appropriate for the following reasons.

The Directors have prepared cash flow forecasts from the date of approval of these financial statements for a period of at least 12 months, which indicate that, taking account of reasonably possible downsides and the anticipated impact of economic uncertainty on the operations and its financial resources, the Company will have sufficient funds to meet its liabilities as they fall due for that period.

The base case cash flow forecast is based on the FY23 budget. The banking facilities include financial covenants including a quarterly leverage covenant. Based on the forecasts produced the Group do not expect to be in breach of these covenants.

The Directors have considered the future impact of economic uncertainty on the cash flow forecasts and considered a reasonably possible downside case, which assumes that the Group generates less revenue than forecast, which show, due to the variable nature of the majority of costs and strict cash management the Group has sufficient headroom on its covenant tests and positive cash flows over the forecast period.

Consequently, the Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

1.3 Turnover

Turnover comprises the total value of goods sold, royalties and services invoiced to customers and is stated net of sales taxes. The Company's turnover incorporates content licences and bespoke content. Turnover is recognised when the performance obligation has been met. Content licenses will be recognised on an over time basis for those contracts where the content is hosted on the Company's platform using the time elapsed measurement or where the customer hosts the content, this will be recognised at a point in time based on right to use measurement.

1.4 Foreign currency

Transactions in foreign currencies are recorded at the appropriate rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or at the rate of exchange ruling at the balance sheet date, the gains and losses on the translation are included in the profit and loss account.

1.5 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Notes *(continued)*

1 Accounting policies *(continued)*

1.6 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Computer equipment	4 years
Fixtures, fittings and equipment	7 years
Leasehold refurbishments	Over length of lease

1.7 Intangibles - Learning content

Learning content expenditure is capitalised only if the product is commercially feasible and future economic benefits are probable. The expenditure capitalised includes the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use.

Amortisation is calculated so as to write off the cost of the asset, less its estimated residual value, over the estimated useful economic life of that asset which is 4 years on a straight line basis.

1.8 Stock – Learning materials

Stocks are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and selling expenses.

1.9 Post-retirement benefits

The Company is part of a defined contribution pension scheme for eligible employees. The contributions under this scheme are held in trustee-administered funds completely separate from the Group's finances. The amounts charged against profit are based on the defined contributions payable.

1.10 Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity, trade and other debtors, cash and cash equivalents, and trade and other creditors.

Trade and other debtors

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other creditors

Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Impairment

The company recognises loss allowances for expected credit losses on financial assets measured at amortised cost, and contract assets (as defined in IFRS 15).

Loss allowances for trade receivables are always measured at an amount equal to lifetime expect credit. Lifetime expected credit losses arise from all possible default events over the expected life of a financial instrument.

When determining whether the credit risk of a trade receivable has increased significantly since initial recognition and when estimating expected credit loss, the company considers information that is relevant and available. This includes both quantitative and qualitative information and analysis, based on the company's historical experience and informed credit assessment and including forward-looking information.

The company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the company in full.

Measurement of Expected Credit Losses

Expected credit loss are a probability-weighted estimate of credit losses. Credit losses are measured the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the company expects to receive. ECLs are discounted at the effective interest rate of the financial asset.

Notes *(continued)*

1 Accounting policies *(continued)*

1.11 Government Grants

Government grants related to income are recognised in the period that the expense is incurred.

The company has shown income related government grants as other operating income in the statement of profit and loss and other comprehensive income.

1.12 Critical accounting estimates and judgements

Information about critical estimates in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements and assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is given below:

Revenue recognition involves the assessment of performance obligations on contracts that are fulfilled over more than one accounting period. There are no significant judgements.

1.13 Inflation and global energy crisis

Due to the current economic climate and levels of inflation at the date of issuance of the financial statements, the Company's exposure to inflation risk has resulted in a higher degree of focus by senior management. Staff and facility costs are impacted by inflation. To mitigate the risk of inflation, the Company is focussing on creating flexibility in its operations.

2 Employees

The average number of persons employed by the Company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2022	2021
Administration	**3**	3
Sales and Marketing	**9**	9
	12	12

3 Intangible Assets

	Learning Content £'000
Cost	
At 1 October 2021	4,510
Additions	157
At 30 September 2022	**4,667**
Amortisation	
At 1 October 2021	4,148
Charge for the year	162
At 30 September 2022	**4,310**
Net book value	
At 30 September 2022	**357**
At 30 September 2021	362

Notes *(continued)*

4 Tangible assets

	Leasehold	Computer equipment	Fixtures, fittings and equipment	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 October 2021	4	187	7	198
Additions	-	2	-	2
At 30 September 2022	**4**	**189**	**7**	**200**
Depreciation				
At 1 October 2021	1	173	6	180
Charge for the year	-	6	1	7
At 30 September 2022	**1**	**179**	**7**	**187**
Net book value				
At 30 September 2022	**3**	**10**	**-**	**13**
At 30 September 2021	3	14	1	18

5 Debtors

	2022	2021
	£'000	£'000
Due after more than one year		
Amounts owed by group undertakings	**1,800**	1,546
Due within one year		
Trade debtors	**334**	372
Amounts owed by group undertakings	**168**	-
Other debtors	**-**	1
Prepayments and accrued income	**54**	51
Deferred tax asset (see note 7)	**8**	8
	2,364	1,978

Amounts owed to group undertaking are interest free and repayable on demand.

Notes *(continued)*

6 Creditors: amounts falling due within one year

	2022 £'000	2021 £'000
Trade creditors	**27**	15
Amounts owed to group undertakings	**792**	840
Other taxation and social security	**67**	57
Other creditors	**91**	102
Accruals and deferred income	**429**	476
	1,406	1,490

Amount owed to group undertaking are interest free and payable on demand.

7 Deferred Taxation

	Deferred taxation £'000
Balance at 1 October 2021	8
Recognised in profit and loss account	-
Balance at 30 September 2022	**8**

The deferred tax asset is made up as follows:	2022 £'000	2021 £'000
Deferred capital allowances	**8**	8

The deferred tax asset has been calculated at 25% for UK operations as this is considered prudent.

8 Called up share capital

	2022 £'000	2021 £'000
Allotted, called up and fully paid		
650 Ordinary shares of £1 each	**1**	1

9 Contingent liabilities

The company is part of a cross-guarantee arrangement whereby the banking liabilities of Tinopolis Group Limited group, amounting to £129,378,000 *(2021: £133,443,000)* are secured by the assets of the company and its fellow subsidiaries.

The company entered into a guarantee and Debenture, comprising fixed and floating charges over the undertaking and certain of its assets, securing all monies due or to become due from the company and / or any of the other group companies.

Under the provisions of group registration for value added tax, the company and its fellow subsidiary companies are jointly liable for the indebtedness of each other.

Notes *(continued)*

10 Pension scheme

The Company is part of a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the Company to the scheme and amounted to £27,000 (*2021: £27,000*).

There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

11 Ultimate controlling party

Tinopolis Group Limited, a company incorporated in England and Wales is the ultimate parent company.

The largest group in which the results of the company are consolidated is that headed by Tinopolis Group Limited. The consolidated financial statements of these group accounts are available to the public and can be obtained from Tinopolis Centre, Park Street, Llanelli, Carmarthenshire, SA15 3YE.

12 Auditor's information

The auditor's report on the financial statements for the period ended 30 September 2022 was unqualified. The auditor's report was signed on 12 January 2023 by Paul Barron (senior statutory auditor) on behalf of KPMG LLP.