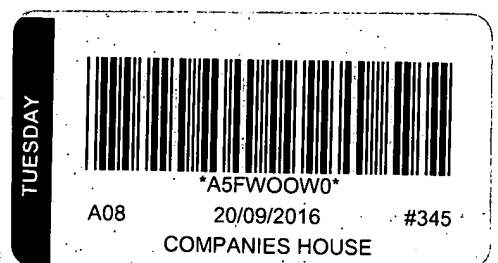


Registered number: 01909622

HAT TRICK PRODUCTIONS LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015



HAT TRICK PRODUCTIONS LIMITED

COMPANY INFORMATION

Directors	J Mulville M Redhead P Cohen A Dugdale K Wilson
Company secretary	P Cohen
Registered number	01909622
Registered office	Hanover House 14 Hanover Square London W1S 1HP
Trading Address	33 Oval Road London NW1 7EA
Independent auditors	Sopher + Co LLP Chartered Accountants & Statutory Auditors 5 Elstree Gate Elstree Way Borehamwood Hertfordshire WD6 1JD
Bankers	Coutts & Co 440 Strand London WC2R 0QS
Solicitors	Harbottle and Lewis LLP Hanover House 14 Hanover Square London W1S 1HP

HAT TRICK PRODUCTIONS LIMITED

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HAT TRICK PRODUCTIONS LIMITED

HAT TRICK GROUP BUSINESS HIGHLIGHTS FOR THE YEAR ENDED 31 DECEMBER 2015

Hat Trick Productions Limited is a wholly owned subsidiary of Hat Trick Holdings Limited. Hat Trick would like to highlight the following achievements:

- Group Adjusted Profit after Tax of £1.9m
- Hat Trick sets up a joint venture with Jed Mercurio, the award winning creator of BBC hit Line of Duty
- Have I Got News For You has now been on air for over twenty five years, with the 50th series shown in 2015, with a new multi-year deal starting in 2016
- Two new Dramas produced for ITV, Dr Thorne written by Julian Fellowes and The Secret starring James Nesbitt
- Whose Line is it Anyway? now in its fourth series on the US channel The CW
- Dinner Date and Room 101 both aired their fifth series, with their sixth series commissioned for 2016
- The fifth series of Episodes currently being produced
- Hat Trick invests in Emma Read's new independent production company, Emporium Productions Limited

HAT TRICK PRODUCTIONS LIMITED

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2015

The directors present their Strategic review for the year end 31 December 2015.

Business review

Content creation

Have I Got News For You continues to perform. The 49th and 50th series were produced in 2015, with twenty more episodes commissioned for 2016.

A number of our shows have been recommissioned, including sixth series of Room 101 & Dinner Date and the fifth series of Episodes.

Whose Line is it Anyway? is now in its fourth series on The CW.

Andy Hamilton and Guy Jenkin wrote, produced and directed Ballot Monkeys, with the follow up Power Monkeys aired during the EU referendum.

Rights exploitation

We continue to exploit the majority of our extensive programming catalogue in-house through Hat Trick International (HTI). HTI continues to benefit from Hat Trick's strong production pipeline, as well as through its relationships with other production companies.

Investments

Plum Pictures, a leading factual and features producer, continue their impressive growth, producing a number of programmes including George Clarke's Amazing Spaces, Las Vegas with Trevor McDonald and Freddie Flintoff: Lord of the Fries.

Emporium Productions had a strong first year producing Nepal Quake: Terror on Everest, as well as securing two series commissions – Inside the World's Toughest Prisons and Inside Freemasonry for C5 and Sky respectively.

Principal risks and uncertainties

Foreign exchange risk

The Company operates primarily within the UK and so has limited exposure to foreign exchange movements. However, any material exposure is hedged on a case by case basis.

Credit risk

A large percentage of the Company's programming is conducted with the BBC and other established broadcasters. Therefore, the company does not have a significant exposure to credit defaults.

Liquidity risk

The company has sufficient cash reserves to cover the day to day working capital requirements. The working capital of the business is closely monitored to ensure these commitments are met.

This report was approved by the board on 1 September 2016 and signed on its behalf.



P Cohen
Director

HAT TRICK PRODUCTIONS LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2015

The directors present their report and the financial statements for the year ended 31 December 2015.

Principal activity

With a library of long-running, award-winning television programming, we are an industry-leading content creator and rights owner. Our goal remains simple; to make highly successful programmes for profit. We do this in two ways. We develop, create and exploit content in the areas of Comedy, Drama and Entertainment. We also use our substantial creative and business support experience to take investments in early-stage content creation companies with a view to helping them reach their full potential more quickly than they otherwise might be able to.

Directors

The directors who served during the year were:

J Mulville
M Redhead
P Cohen
A Dugdale
K Wilson

Results and dividends

The profit for the year, after taxation, amounted to £897,448 (2014 - £1,897,378).

The directors paid dividends amounting to £Nil (2014 - £2,499,505).

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the company financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- 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 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.

HAT TRICK PRODUCTIONS LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2015**

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Post balance sheet events

There have been no significant events affecting the company since the year end.

Auditors

Under section 487(2) of the Companies Act 2006, Sopher + Co LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This report was approved by the board on 1 September 2016 and signed on its behalf.



P Cohen
Director

HAT TRICK PRODUCTIONS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF HAT TRICK PRODUCTIONS LIMITED

We have audited the financial statements of Hat Trick Productions Limited for the year ended 31 December 2015, set out on pages 7 to 27. The relevant financial reporting framework that has been applied in their preparation is the Companies Act 2006 and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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 Auditors' 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.

Respective responsibilities of Directors and Auditors

As explained more fully in the Directors' Responsibilities Statement on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic Report and the Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its profit or loss 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion 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 those accounts. In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors Report.


HAT TRICK PRODUCTIONS LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF HAT TRICK PRODUCTIONS LIMITED
(CONTINUED)**

Matters on which we are required to report by exception

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, 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.



Stephen Iseman FCA (Senior Statutory Auditor)

for and on behalf of
Sopher + Co LLP

Chartered Accountants
Statutory Auditors

5 Elstree Gate
Elstree Way
Borehamwood
Hertfordshire
WD6 1JD

1 September 2016

HAT TRICK PRODUCTIONS LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2015**

	Note	2015 £	2014 £
Turnover	4	17,573,536	26,311,591
Cost of sales		<u>(10,933,082)</u>	<u>(19,199,264)</u>
Gross profit		6,640,454	7,112,327
Administrative expenses		<u>(7,279,404)</u>	<u>(7,526,390)</u>
Other operating income	5	1,038,832	1,024,307
Operating profit	6	399,882	610,244
Income from fixed assets investments		245,000	176,250
Amounts written off investments		-	(1)
Interest receivable and similar income		1,097	947
Interest payable and expenses	11	<u>(6,277)</u>	<u>(4,984)</u>
Profit before tax		639,702	782,456
Tax on profit	12	<u>257,746</u>	<u>1,184,241</u>
Profit for the year		897,448	1,966,697
Other comprehensive income for the year			
Share option reserve movement		<u>254,782</u>	<u>346,593</u>
Other comprehensive income for the year		254,782	346,593
Total comprehensive income for the year		<u>1,152,230</u>	<u>2,313,290</u>

HAT TRICK PRODUCTIONS LIMITED
REGISTERED NUMBER: 01909622

BALANCE SHEET
AS AT 31 DECEMBER 2015

	Note	£	2015 £	£	2014 £
Fixed assets					
Tangible assets	14		716,815		853,663
Investments	15		674,048		271,348
			<u>1,390,863</u>		<u>1,125,011</u>
Current assets					
Stocks	16	142,165		519	
Debtors: amounts falling due within one year	17	6,592,770		6,879,055	
Cash at bank and in hand		524,332		1,171,273	
		<u>7,259,267</u>		<u>8,050,847</u>	
Creditors: amounts falling due within one year	18	(5,442,374)		(7,128,643)	
Net current assets			<u>1,816,893</u>		<u>922,204</u>
Total assets less current liabilities			<u>3,207,756</u>		<u>2,047,215</u>
Creditors: amounts falling due after more than one year	19		(456,343)		(448,032)
Net assets			<u><u>2,751,413</u></u>		<u><u>1,599,183</u></u>
Capital and reserves					
Called up share capital	23		614		614
Capital redemption reserve	24		600		600
Other reserves	24		1,439,169		1,184,387
Profit and loss account	24		1,311,030		413,582
			<u><u>2,751,413</u></u>		<u><u>1,599,183</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 1 September 2016.



A Dugdale
 Director

The notes on pages 10 to 27 form part of these financial statements.

HAT TRICK PRODUCTIONS LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015**

	Called up share capital	Capital redemption reserve	Other reserves	Profit and loss account	Total equity
	£	£	£	£	£
At 1 January 2015	614	600	1,184,387	413,582	1,599,183
Profit for the year	-	-	-	897,448	897,448
Share option charge	-	-	254,782	-	254,782
At 31 December 2015	614	600	1,439,169	1,311,030	2,751,413

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2014**

	Called up share capital	Capital redemption reserve	Other reserves	Profit and loss account	Total equity
	£	£	£	£	£
At 1 January 2014	614	600	837,794	946,390	1,785,398
Profit for the year	-	-	-	1,966,697	1,966,697
Share option charge	-	-	346,593	-	346,593
Dividends: Equity capital	-	-	-	(2,499,505)	(2,499,505)
At 31 December 2014	614	600	1,184,387	413,582	1,599,183

The notes on pages 10 to 27 form part of these financial statements.

HAT TRICK PRODUCTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

1. General information

Hat Trick Productions Limited is an industry leading content creator with award winning television programmes.

The company is a wholly owned subsidiary of Hat Trick Holdings Limited and has its own subsidiaries through which it has rights ownership of long running television programmes. The company is incorporated in England and its registered office is Hanover House, 14 Hanover Square, London, W1S 1HP.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

Information on the impact of first-time adoption of FRS 102 is given in note 29.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the company's accounting policies (see note 3).

The Company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 400 of the Companies Act 2006. These financial statements therefore present information about the company as an individual undertaking and not about its group.

The following principal accounting policies have been applied:

2.2 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Production turnover and gross profit are recognised over the period of production on a stage of completion and straight line basis respectively.

Sums receivable from distribution by related parties are recognised when receivable. Where third party distributors are used, turnover is recognised on a receivable basis in accordance with distribution statements, unless an advance is received, in which case turnover is then recognised on the later of the licence period start date or completion of all deliverables.

Royalties receivable are accounted for on a royalty earnings basis as part of turnover. Non-returnable, recoupable advances are accounted for on completion of delivery requirements.

2.3 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

HAT TRICK PRODUCTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

2. Accounting policies (continued)

2.3 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Short-term leasehold property	- over the period of the lease
Plant and machinery	- 25% straight line
Motor vehicles	- 25% straight line

2.4 Operating leases: the company as lessee

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

2.5 Valuation of investments

Investments in subsidiaries and associates are accounted for at cost less accumulated impairment in the individual financial statements.

2.6 Work in progress

Project development costs, carried forward under work in progress, represent costs incurred on projects in development and are stated at the lower of cost and estimated net realisable value.

2.7 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

HAT TRICK PRODUCTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

2. Accounting policies (continued)

2.8 Pensions

Defined contribution pension plan

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payments obligations.

The contributions are recognised as an expense in the Profit and Loss Account when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the company in independently administered funds.

2.9 Share options

The company has applied the requirements of Section 26 under FRS 102 Share-based Payments. The company issues equity-settled share-based payments to certain employees. These share options are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant. The fair value of the share options issued is expenses on a straight line basis over the period to when management estimates the options will be exercised as adjusted for known vesting conditions.

Fair value is measured by use of the Black - Scholes pricing model. The principal assumptions made in the model are described in note 8.

2.10 Production sale and leaseback contracts

The company entered into sale and leaseback transactions during previous periods. The sale proceeds have been placed in separate bank deposit accounts to meet the future lease obligations and guarantees have been provided by banks to the lessors in respect of those obligations. On the basis that the deposit accounts do not confer any economic benefit on the company and the related lease liabilities do not represent a future sacrifice of economic benefit, the bank deposit balances and the related creditors have been netted off and excluded from the balance sheet.

2.11 Cash flow

The company, being a subsidiary where the parent prepares publicly available consolidated financial statements, has claimed exemption from preparing a cash flow statement.

HAT TRICK PRODUCTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

2. Accounting policies (continued)

2.12 Current and deferred taxation

The tax expense for the year comprises of current and deferred tax. Tax is recognised in the Profit and Loss Account, except that a charge attributable to an item of income and 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.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

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

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; and

Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Company can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.13 Financial instruments

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Profit and Loss Account.

HAT TRICK PRODUCTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

3. Judgments in applying accounting policies and key sources of estimation uncertainty

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

a) Determine whether leases entered into by the company as a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.

b) Determine whether there are indicators of impairment of the company's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset.

c) Determine at the year end the fair value of share options granted. The shares of the company are not actively traded in a market and therefore directors use their judgement to ensure they adopt the most appropriate valuation method to determine fair value. Vesting conditions are taken into account when estimating the fair value of the share options.

In preparing these financial statements, the directors have considered the following key sources of estimation uncertainty:

Tangible assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and estimated disposal values.

4. Turnover

Analysis of turnover by country of destination:

	2015 £	2014 £
United Kingdom	15,010,246	23,636,739
Rest of Europe	208,062	-
Rest of the world	2,355,228	2,674,852
	<u>17,573,536</u>	<u>26,311,591</u>

5. Other operating income

	2015 £	2014 £
Occupancy and personnel cost recharges	<u>1,038,832</u>	<u>1,024,307</u>

HAT TRICK PRODUCTIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

6. Operating profit

The operating profit is stated after charging:

	2015 £	2014 £
Depreciation of tangible fixed assets	248,132	255,587
Fees payable to the company's auditor and its associates for the audit of the company's annual financial statements	30,527	27,729
Exchange differences	1,675	(25,959)
Other operating lease rentals	560,669	559,000
Defined contribution pension cost	180,133	179,000
	<u> </u>	<u> </u>

7. Auditors' remuneration

	2015 £	2014 £
Fees payable to the company's auditor for the audit of the company's annual accounts	20,527	17,729
Tax compliance service	10,000	10,000
	<u>30,527</u>	<u>27,729</u>

8. Share based payments

Equity-settled share option scheme

The company has implemented two enterprise management incentive share option schemes, one on the 30th November 2006 and the other on 25th January 2011. All share options granted after 25th January 2011, which includes all the options granted in 2011, will be under the new scheme.

Share options granted under these schemes are only exercisable on or after the earlier of an exit event and any date(s) as specified in the option agreement. Under both scheme rules, an exit event is defined as the earlier of a share sale, a listing or a trade sale.

At 31 December 2015, 13,717 (2014 - 13,717) options were outstanding. If the options remain unexercised after a period of 10 years they expire. Options are forfeited if the employee leaves the group before they have been exercised.

The weighted average remaining contractual life of the share options outstanding at the end of the period was 3 years.

The aggregate of the estimated fair value of the share options granted is £1,433,277, resulting in a charge of £254,782 (2014 - £346,092) in the profit and loss account.

This is based on the Black – Scholes model using the following assumptions:

Weighted average share price at grant	£97.28
Weighted average exercise price	£1.00
Expected volatility	93%
Risk-free rate	2.13%

HAT TRICK PRODUCTIONS LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

9. Employees

Staff costs, including directors' remuneration, were as follows:

	2015 £	2014 £
Wages and salaries	4,095,203	4,281,335
Social security costs	493,698	474,755
Cost of defined contribution scheme	180,133	179,000
	<u>4,769,034</u>	<u>4,935,090</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2015 No.	2014 No.
Management	7	7
Administration	26	28
Production, development and writing	27	28
	<u>60</u>	<u>63</u>

10. Directors' remuneration

	2015 £	2014 £
Directors' emoluments	1,079,313	1,152,023
Company contributions to defined contribution pension schemes	51,980	56,409
	<u>1,131,293</u>	<u>1,208,432</u>

During the year retirement benefits were accruing to 4 directors (2014 - 4) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £386,141 (2014 - £396,375).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £2,333 (2014 - £NIL).

11. Interest payable and similar charges

	2015 £	2014 £
Finance leases and hire purchase contracts	5,777	4,820
Other interest payable	500	164
	<u>6,277</u>	<u>4,984</u>

HAT TRICK PRODUCTIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

12. Taxation

	2015 £	2014 £
Corporation tax		
Current tax on profits for the year	(354,883)	(1,132,875)
Adjustments in respect of previous periods	152,845	2,180
Total current tax	(202,038)	(1,130,695)
Deferred tax		
Origination and reversal of timing differences	(55,708)	(53,546)
Taxation on loss on ordinary activities	(257,746)	(1,184,241)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2014 - lower than) the composite rate of corporation tax in the UK of 20.25% (2014 - 21.5%). The differences are explained below:

	2015 £	2014 £
Profit on ordinary activities before tax	639,702	782,458
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.25% (2014 - 21.5%)	129,540	168,228
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	37,783	27,585
Capital allowances for year in excess of depreciation	12,453	(13,041)
Utilisation of tax losses	(30,325)	-
Adjustments to tax charge in respect of prior periods	152,845	2,180
Dividends from UK companies	(49,613)	(37,894)
Tax relief from enhanced tax credits	(151,434)	(219,327)
Non-tax deductible charge for employee options	51,593	74,517
High-End Television Tax Relief	(354,883)	(1,132,875)
Other differences leading to an increase (decrease) in the tax charge	3	(68)
Movement in deferred tax	(55,708)	(53,546)
Total tax charge for the year	(257,746)	(1,184,241)

The UK corporation tax credit arises as a result of a claim for High-End Television Tax Relief.

HAT TRICK PRODUCTIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

13. Dividends

	2015 £	2014 £
Dividends paid on equity capital	-	2,499,505

14. Tangible fixed assets

	Short-term leasehold property £	Plant and machinery £	Motor vehicles £	Total £
Cost or valuation				
At 1 January 2015	820,470	3,219,966	83,244	4,123,680
Additions	21,685	86,853	-	108,538
Transfers intra group	-	14,274	-	14,274
Disposals	-	(44,890)	-	(44,890)
At 31 December 2015	<u>842,155</u>	<u>3,276,203</u>	<u>83,244</u>	<u>4,201,602</u>
Depreciation				
At 1 January 2015	500,597	2,750,343	19,077	3,270,017
Charge owned for the period	32,112	191,344	20,810	244,266
Charge financed for the period	-	3,866	-	3,866
Transfers intra group	-	4,385	-	4,385
Disposals	-	(37,746)	-	(37,746)
At 31 December 2015	<u>532,709</u>	<u>2,912,192</u>	<u>39,887</u>	<u>3,484,788</u>
Net book value				
At 31 December 2015	<u>309,446</u>	<u>364,011</u>	<u>43,357</u>	<u>716,814</u>
At 31 December 2014	<u>319,873</u>	<u>469,623</u>	<u>64,167</u>	<u>853,663</u>

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2015 £	2014 £
Furniture, fittings and equipment	<u>57,988</u>	<u>18,065</u>

HAT TRICK PRODUCTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

15. Fixed asset investments

	Investments in subsidiary companies £	Investments in associates £	Total £
At 1 January 2015	1,333	270,015	271,348
Additions	-	402,700	402,700
At 31 December 2015	1,333	672,715	674,048
Net book value			
At 31 December 2015	1,333	672,715	674,048
At 31 December 2014	1,333	270,015	271,348

Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Country of incorporation	Class of shares	Holding	Principal activity
Hat Trick International Limited	England and Wales	Ordinary	100 %	Distribution of content
Hat Trick Television Limited	England and Wales	Ordinary	100 %	Creation of content for broadcast media
Hat Trick (LTBOS) Limited (formerly Hat Trick (Bad Teeth) Limited	England and Wales	Ordinary	100 %	Creation of content for broadcast media
Hat Trick Holdings Inc.	USA	Ordinary	100 %	Creation of content for broadcast media
Hat Trick East Inc.	USA	Ordinary	100 %	Creation of content for broadcast media
Hat Trick Entertainment Inc.	USA	Ordinary	100 %	Creation of content for broadcast media
Hat Trick (Critical) Limited	England and Wales	Ordinary	100 %	Creation of content for broadcast media
Hat Trick (Trollope) Limited (formerly Hat Trick (Whicher) Limited	England and Wales	Ordinary	100 %	Creation of content for broadcast media

HAT TRICK PRODUCTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

15. Fixed asset investments (continued)

The aggregate of the share capital and reserves as at 31 December 2015 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

	Aggregate of share capital and reserves £	Profit/(loss) £
Hat Trick International Limited	2,129,983	505,117
Hat Trick Television Limited	670,813	105,618
Hat Trick (LTBOS) Limited (formerly Hat Trick (Bad Teeth) Limited)	146,428	(2,702)
Hat Trick Holdings Inc.	(57,784)	(25,253)
Hat Trick East Inc.	107,124	(666)
Hat Trick Entertainment Inc.	19,100	76
Hat Trick (Critical) Limited	186,188	294,220
Hat Trick (Trollope) Limited (formerly Hat Trick (Whicher) Limited	61,166	(414)

Associates

Name	Country of incorporation	Class of shares	Holding	Principal activity
Plum Pictures Limited	England and Wales	Ordinary	25%	Creation of content for broadcast media
Toff Media Limited	England and Wales	Ordinary	50%	Creation of content for broadcast media
Emporium Productions Limited	England and Wales	Ordinary	49%	Creation of content for broadcast media

16. Work in Progress

	2015 £	2014 £
Work in progress	142,165	519

HAT TRICK PRODUCTIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

17. Debtors

	2015 £	2014 £
Trade debtors	1,157,158	758,724
Amounts owed by group undertakings	3,380,401	2,333,137
Other debtors	96,867	332,353
Prepayments and accrued income	1,271,961	2,046,174
Tax recoverable	354,883	1,132,875
Deferred taxation	331,500	275,792
	<u>6,592,770</u>	<u>6,879,055</u>

The carrying value of all debtor balances above equates to fair value. No balances are impaired at the year-end (2014 – same).

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

18. Creditors: Amounts falling due within one year

	2015 £	2014 £
Bank overdrafts	7,965	83
Bank loans	236,917	-
Trade creditors	132,447	474,546
Amounts owed to group undertakings	2,612,796	3,097,885
Taxation and social security	292,663	285,015
Obligations under finance lease and hire purchase contracts	11,474	16,640
Other creditors	44,296	171,217
Accruals and deferred income	2,103,816	3,083,257
	<u>5,442,374</u>	<u>7,128,643</u>

Secured loans

The short term bank loan is secured by a fixed and floating charge over certain specific assets. The loan matured on 19 June 2016 and repaid in full.

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

HAT TRICK PRODUCTIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

19. Creditors: Amounts falling due after more than one year

	2015 £	2014 £
Net obligations under finance leases and hire purchase contracts	48,010	4,699
Accruals	408,333	443,333
	<u>456,343</u>	<u>448,032</u>

20. Financial instruments

	2015 £	2014 £
Financial assets		
Financial assets measured at amortised cost	5,517,100	4,891,237
Financial liabilities		
Financial liabilities measured at amortised cost	(4,670,445)	(5,978,755)

Financial assets measured at amortised cost comprise of Trade debtors, Amounts owed by group undertaking, Other debtors, tax refund receivable and accrued income.

Financial Liabilities measured at amortised cost comprise of Trade creditors, short term bank loan, Other creditors and Accruals.

21. Hire purchase & finance leases

Minimum lease payments under hire purchase fall due as follows:

	2015 £	2014 £
Within one year	11,474	16,640
Between 1-2 years	14,665	4,699
Between 2-5 years	33,345	-
	<u>59,484</u>	<u>21,339</u>

HAT TRICK PRODUCTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

22. Deferred taxation

	2015 £	2014 £
At beginning of year	275,791	222,246
Charged to the profit or loss	55,708	53,546
At end of year	331,499	275,792

The deferred tax asset is made up as follows:

	2015 £	2014 £
Decelerated capital allowances	43,666	38,914
Share option reserves	287,834	236,877
	331,500	275,791

23. Share capital

	2015 £	2014 £
Shares classified as equity		
Allotted, called up and fully paid		
61,428 Ordinary shares of £0.01 each	614	614

24. Reserves

Capital redemption reserve

This reserve records the nominal value of shares repurchased by the company.

Other reserves

This reserve records all charges in relation to the enterprise management share option scheme implemented by the group and recognised by the company.

Profit and loss account

Includes all current and prior period retained profits and losses.

HAT TRICK PRODUCTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

25. Pension commitments

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £180,388 (2014 - £180,545). Contributions totalling £6,767 (2014 - £7,241) were payable to the fund at the balance sheet date and are included in creditors.

26. Commitments under operating leases

At 31 December 2015 the company had future minimum lease payments under non-cancellable operating leases as follows:

	2015 £	2014 £
Not later than 1 year	594,000	594,000
Later than 1 year and not later than 5 years	2,376,000	2,376,000
Later than 5 years	7,722,000	7,722,000
	<u>10,692,000</u>	<u>10,692,000</u>

27. Related party transactions

During the period, the company entered into transactions on an arms length basis, in the ordinary course of business, and had balances at the year end with the following related parties.

	Year ended 31 Dec 2015 Sales £	Year ended 31 Dec 2015 Debtor £	Year ended 31 Dec 2014 Sales £	Year ended 31 Dec 2014 Debtor £
Plum Picturēs Limited	518,791	80,425	595,592	89,082
Toff Media Limited	99,516	74,688	-	452
Emporium Productions Limited	103,233	29,027	-	-
	<u>721,540</u>	<u>184,140</u>	<u>595,592</u>	<u>89,534</u>

At the balance sheet date the company was owed £4,427 (2014 - £4,217) by the director J Mulville included in other debtors.

The company has taken advantage of not disclosing transactions with wholly owned subsidiaries as permitted under FRS 102 s33.1A

HAT TRICK PRODUCTIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

28. Controlling party

The ultimate parent company and controlling party is Hat Trick Holdings Limited, a company incorporated in Great Britain and registered in England and Wales. Hat Trick Holdings Limited is the parent company of the largest and smallest group of which Hat Trick Productions Limited is a member and for which group financial statements are drawn up. Copies of the consolidated financial statements are available from the Registrar of Companies. The directors regard J Mulville, a director of the company, as the ultimate controlling party.

HAT TRICK PRODUCTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

29. First time adoption of FRS 102

	As previously stated 1 January 2014 £	Effect of transition 1 January 2014 £	FRS 102 (as restated) 1 January 2014 £	As previously stated 31 December 2014 £	Effect of transition 31 December 2014 £	FRS 102 (as restated) 31 December 2014 £
Fixed assets	1,189,744	-	1,189,744	1,125,011	-	1,125,011
Current assets	6,809,736	167,559	6,977,295	6,642,177	236,878	6,879,055
Creditors: amounts falling due within one year	(6,582,864)	478,335	(6,104,529)	(7,571,976)	443,333	(7,128,643)
Net current assets/(liabilities)	226,872	645,894	872,766	(929,799)	680,211	(249,588)
Total assets less current liabilities	1,416,616	645,894	2,062,510	195,212	680,211	875,423
Creditors: amounts falling due after more than one year	(10,220)	(478,334)	(488,554)	(4,699)	(443,333)	(448,032)
Net assets	1,406,396	167,560	1,573,956	190,513	236,878	427,391
Capital and reserves	1,617,839	167,560	1,785,399	1,362,305	236,878	1,599,183

HAT TRICK PRODUCTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

29. First time adoption of FRS 102 (continued)

	As previously stated 31 December 2014 £	Effect of transition 31 December 2014 £	FRS 102 (as restated) 31 December 2014 £
Turnover	26,311,591	-	26,311,591
Cost of sales	(19,199,264)	-	(19,199,264)
	7,112,327	-	7,112,327
Administrative expenses	(7,526,390)	-	(7,526,390)
Other operating income	1,024,307	-	1,024,307
Operating profit	610,244	-	610,244
Income from investments	176,250	-	176,250
Amounts written off investments	(1)	-	(1)
Interest receivable and similar income	947	-	947
Interest payable and similar charges	(4,984)	-	(4,984)
Taxation	1,114,922	69,319	1,184,241
Profit on ordinary activities after taxation and for the financial year	1,897,380	69,319	1,966,699

Explanation of changes to previously reported profit and equity:

The company was not previously required to recognise deferred taxation in respect of the share option charge in relation to Equity-settled share option scheme. FRS 102 requires full provision of deferred taxation in respect of options granted to employees and consequently a deferred tax asset of £167,559 has been recognised at 1 January 2014 and £69,319 has been recognised at 31 December 2014.