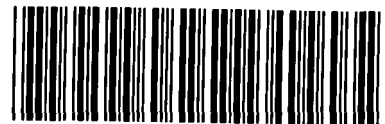


Registered number: 01909622

**HAT TRICK PRODUCTIONS LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

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**HAT TRICK PRODUCTIONS LIMITED**

**COMPANY INFORMATION**

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

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**HAT TRICK PRODUCTIONS LIMITED**

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## HAT TRICK PRODUCTIONS LIMITED

### HAT TRICK GROUP BUSINESS HIGHLIGHTS FOR THE YEAR ENDED 31 DECEMBER 2019

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The chairman presents his statement for the period.

Hat Trick Productions Limited is a wholly owned member of Hat Trick Holdings (2019) Limited group. Hat Trick would like to highlight the following achievements:

- Adjusted Profit after Tax of £2.4m
- *Kate and Koji*, ITV's first new studio sitcom in 7 years, was commissioned in 2019 and became a ratings hit when it aired in 2020
- The third series of *Derry Girls* has been commissioned
- *Hypothetical* & *Flack* both came back for second series on UKTV
- The 57th and 58th series of *Have I Got News For You* were produced in the UK, with local versions in Norway, Finland and Holland
- We co-produced the eighth series of *Whose Line is it Anyway?* for US channel The CW, with further series commissioned for 2020 and beyond
- *Dinner Date* returned with its tenth series and continues to be a staple for ITVBe
- Hat Trick and Hindsight Productions won the BBC *Mastermind* tender and produced the regular, as well as the celebrity series in 2019
- HTM, our joint venture with Jed Mercurio, won two commissions, *Bloodlands* for the BBC and *Trigger Point* for ITV

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**HAT TRICK PRODUCTIONS LIMITED**

**STRATEGIC REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

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The directors present their Strategic review for the year end 31 December 2019.

**Business review**

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.

**Content creation**

Hat Trick produced programmes for BBC1, ITV, ITVBe, Channel 4, Dave, W and US channels The CW and Pop in 2019.

We had three sitcoms in production in 2019, *Derry Girls* for Channel 4, *Kate & Koji* for ITV and *Warren* for the BBC.

Long running, returning series are at the heart of a successful television production company and Hat Trick has more than its fair share, including *Have I Got News For You* (series 57 and 58), *Whose Line is it Anyway?* (series 8 for The CW) and *Dinner Date* (series 10).

There were also new series of *Hypothetical* on Dave and *Flack* on W and Pop. A third series of *Hypothetical* was produced in 2020, whilst both series of *Flack* have been sold to Amazon.

Following on from Livewire Pictures winning the BBC tender for The Proms, Hat Trick and Hindsight won the *Mastermind* tender and co-produced the regular, as well as the celebrity series in 2019 and 2020.

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 had a successful 2019, producing shows for the BBC, ITV and Channel 4, as well as an increasing presence in the US with shows for Amazon Prime, Oxygen and Netflix.

Emporium Productions continue to operate profitably and have strong relationships with a number of broadcasters, including Channel 5, where it and Hat Trick co-produced the new series of *Rich House, Poor House* and spin off *Rich Holiday, Poor Holiday*.

Livewire Pictures successfully produced The Proms for the BBC in 2019 and recently got an ITV entertainment show TV showdown commissioned.

HTM won its first commissions in 2019, *Bloodlands* was produced in 2020 and will air in 2021, whilst *Trigger Point* will now be produced in 2021.

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**HAT TRICK PRODUCTIONS LIMITED**

**STRATEGIC REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

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**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 day to day working capital requirements. The working capital of the business is closely monitored to ensure these commitments are met.

**Financial key performance indicators**

Hat Trick uses Adjusted Profit after Tax (profit after tax, excluding amortisation & share options charge) as its key performance indicator.

Adjusted profit after tax was £2.5m in the year, £0.7m higher than the previous year.

This report was approved by the board on 10 December 2020 and signed on its behalf.



**P Cohen**  
Director

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**HAT TRICK PRODUCTIONS LIMITED**  
**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

---

The directors present their report and the financial statements for the year ended 31 December 2019.

**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 £2,474,602 (2018 - £1,772,838).

The directors do not propose payment of dividends for the year.

**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's 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;
- 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 to 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.

**Future developments**

Hat Trick benefits from a raft of returning series, as well as a strong pipeline of new programming in various stages of development.

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## HAT TRICK PRODUCTIONS LIMITED

### DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

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#### Engagement with employees

The Company has continued throughout the year to provide employees with relevant information and to seek their views on matters of common concern. Priority is given to ensuring that employees are aware of all significant matters affecting the Company.

#### 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 the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the 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.

#### Events after the year end

The COVID-19 pandemic and the potential impact of restrictions imposed are indicators of events that may affect the future of the Company.

The potential impact of the COVID-19 pandemic is not easily quantifiable at this point in time. Using currently available information the directors have carried out a detailed review of the operations and cash flow requirements of the Group for the next twelve months from the date of signing this report. As part of this exercise revenue streams have been stress tested, operating costs have been reviewed and reduced where possible.

The TV industry, like most parts of the economy, has been significantly impacted by Covid. The vast majority of productions were put on hold when we entered the first lockdown on 23rd March 2020.

Hat Trick, along with our associates, had to pause and delay several productions, including three scripted shows that will now be produced in 2021 rather than 2020. We therefore furloughed freelancers on the productions affected, along with around 15% of permanent staff.

One show that we were able to produce during lockdown was *Have I Got News For You*, where series 59 was done completely remotely, which is a real testament to the creativity and ingenuity of the team behind it.

Being able to produce *Have I Got News For You*, along with having an extensive back catalogue, has certainly softened the impact of Covid on Hat Trick.

In light of the improving performance, we have decided to return the sums received under the Government's "Job Retention Scheme" for furloughed permanent staff. This is in addition to funding national insurance and pension contributions for those freelancers that were furloughed to the end of August.

We have not used the scheme since it was extended, as we believe that "The Film and TV Production Restart Scheme" has allowed the vast majority of productions to recommence filming.

After considering all the above the directors are confident that the Company will have sufficient funds to be able to meet its financial obligations as and when they arise for at least twelve months from the date the financial statements are approved.

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**HAT TRICK PRODUCTIONS LIMITED**

**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**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 10 December 2020 and signed on its behalf.



**P Cohen**  
Director

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## HAT TRICK PRODUCTIONS LIMITED

### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HAT TRICK PRODUCTIONS LIMITED

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#### Opinion

We have audited the financial statements of Hat Trick Productions Limited (the 'Company') for the year ended 31 December 2019, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes, 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 2019 and of its profit 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 Auditors' 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 United Kingdom, including the Financial Reporting Council'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 Annual Report, other than the financial statements and our Auditors' 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

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**HAT TRICK PRODUCTIONS LIMITED**

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

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required to report that fact.

We have nothing to report in this regard.

**Opinion 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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have 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 Strategic Report or the Directors' 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.

**Responsibilities of directors**

As explained more fully in the Directors' Responsibilities Statement on page 4, 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.

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**HAT TRICK PRODUCTIONS LIMITED**

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

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**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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditors' Report.

**Use of our report**

This report is made solely to the Company's members 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 for our audit work, for this report, or for the opinions we have formed.



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

10 December 2020

**HAT TRICK PRODUCTIONS LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Note	2019 £	2018 £
Turnover	5	16,560,420	21,260,426
Cost of sales		(8,947,341)	(12,467,192)
<b>Gross profit</b>		<b>7,613,079</b>	<b>8,793,234</b>
Administrative expenses		(6,850,982)	(8,251,111)
Other operating income	6	1,602,519	1,181,197
Income from fixed assets investments		137,500	179,900
Interest receivable and similar income		67,035	20,822
Interest payable and expenses		(33,414)	(3,591)
<b>Profit before tax</b>		<b>2,535,737</b>	<b>1,920,451</b>
Tax on profit	12	(61,135)	(147,613)
<b>Profit for the financial year</b>		<b>2,474,602</b>	<b>1,772,838</b>
<b>Other comprehensive income for the year</b>			
Share option reserve movement		(322,817)	237,527
<b>Total comprehensive income for the year</b>		<b>2,151,785</b>	<b>2,010,365</b>

The notes on pages 13 to 31 form part of these financial statements.

**HAT TRICK PRODUCTIONS LIMITED**  
**REGISTERED NUMBER:01909622**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2019**

	Note	2019 £	2018 £
<b>Fixed assets</b>			
Intangible assets	13	400,000	450,000
Tangible assets	14	835,694	830,957
Fixed asset investments	15	692,038	692,038
		<u>1,927,732</u>	<u>1,972,995</u>
<b>Current assets</b>			
Work in progress	16	130,221	-
Debtors: amounts falling due within one year	17	22,108,756	15,276,852
Cash at bank and in hand	18	245,966	204,637
		<u>22,484,943</u>	<u>15,481,489</u>
<b>Current liabilities</b>			
Creditors: amounts falling due within one year	19	(13,986,027)	(9,130,127)
<b>Net current assets</b>		<u>8,498,916</u>	<u>6,351,362</u>
<b>Total assets less current liabilities</b>		<u>10,426,648</u>	<u>8,324,357</u>
Creditors: amounts falling due after more than one year	20	(279,203)	(328,697)
<b>Net assets</b>		<u><u>10,147,445</u></u>	<u><u>7,995,660</u></u>
<b>Capital and reserves</b>			
Called up share capital	25	614	614
Capital redemption reserve	26	600	600
Other reserves	26	700,813	1,023,630
Profit and loss account	26	9,445,418	6,970,816
		<u><u>10,147,445</u></u>	<u><u>7,995,660</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 10 December 2020.



**A Dugdale**  
Director

The notes on pages 13 to 31 form part of these financial statements.

**HAT TRICK PRODUCTIONS LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2019**

	<b>Called up share capital</b>	<b>Capital redemption reserve</b>	<b>Other reserves</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	£	£	£	£	£
At 1 January 2019	614	600	1,023,630	6,970,816	7,995,660
Profit for the year	-	-	-	2,474,602	2,474,602
Share option movement	-	-	(322,817)	-	(322,817)
<b>At 31 December 2019</b>	<b>614</b>	<b>600</b>	<b>700,813</b>	<b>9,445,418</b>	<b>10,147,445</b>

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2018**

	<b>Called up share capital</b>	<b>Capital redemption reserve</b>	<b>Other reserves</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	£	£	£	£	£
At 1 January 2018	614	600	786,103	5,197,978	5,985,295
Profit for the year	-	-	-	1,772,838	1,772,838
Share option movement	-	-	237,527	-	237,527
<b>At 31 December 2018</b>	<b>614</b>	<b>600</b>	<b>1,023,630</b>	<b>6,970,816</b>	<b>7,995,660</b>

The notes on pages 13 to 31 form part of these financial statements.

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## HAT TRICK PRODUCTIONS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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#### 1. General information

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

The Company is incorporated in England and Wales and its registered office is at 7 Savoy Court, London, WC2R 0EX and trading office address at 33 Oval Road, London, NW1 7EA.

The Company is a wholly owned member of Hat Trick Holdings (2019) Limited group and has its own subsidiaries through which it has rights ownership of long running television programmes.

#### 2. Accounting policies

##### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies 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.

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 Going concern

The directors have considered the impact of recent worldwide events in relation to the COVID-19 pandemic and the ongoing impact on the Company's operations and are taking all necessary action to ensure that the Company continues to be able meet its running costs and liabilities as they fall due for at least 12 months from the date of their approval of these financial statements. Based on their current assessment of the situation, the directors consider it appropriate to prepare the financial statements on a going concern basis.

##### 2.3 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.

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## HAT TRICK PRODUCTIONS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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#### 2. Accounting policies (continued)

##### 2.4 Turnover

Turnover 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.

##### 2.5 Intangible assets

###### Format licences

Acquired format licences are initially recognised at cost as an intangible asset. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

##### 2.6 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.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives.

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

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

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**HAT TRICK PRODUCTIONS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**2. Accounting policies (continued)**

**2.7 Operating leases: the Company as lessee**

Rentals paid under operating leases are charged to profit or loss 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 lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

**2.8 Valuation of investments**

Investments in subsidiaries and associates are accounted for at cost less accumulated impairment.

**2.9 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.

**2.10 Debtors**

Short term debtors are measured at the transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

**2.11 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

**2.12 Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**2.13 Financial instruments**

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and loans to and from related parties.

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 Statement of Comprehensive Income.

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**HAT TRICK PRODUCTIONS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**2. Accounting policies (continued)**

**2.14 Foreign currency translation**

**Functional and presentation currency**

The Company's functional and presentational currency is £ Sterling.

**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.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

**2.15 Pensions**

**Defined contribution pension plan**

The Company contributes to 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 payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

**2.16 Holiday pay accrual**

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the Statement of Financial Position date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Statement of Financial Position date.

**2.17 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 27.

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**HAT TRICK PRODUCTIONS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**2. Accounting policies (continued)**

**2.18 Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, 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 reporting 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 Statement of Financial Position 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.

**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 and investments. 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.

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## HAT TRICK PRODUCTIONS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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#### 4. Share based payments

M Redhead, A Dugdale, K Wilson and P Cohen, who are directors of the Company are part of the Hat Trick Enterprise Management Incentive Plan. The scheme was approved by the shareholders of Hat Trick Holdings Limited on 25 January 2011 and the options were granted on the same date. The scheme comprises an option to subscribe for ordinary shares of £1 each in Hat Trick Holdings Limited for an exercise price of £28.74 per ordinary share. The awards become exercisable on or after the earlier of an exit event and any date(s) as specified in the option agreement. Under the scheme rules, an exit event is defined as the earlier of a share sale, a listing or a trade sale. M Redhead, A Dugdale, K Wilson and P Cohen each exercised 50% of their existing options as part of the group restructure on 5 August 2019.

#### 5. Turnover

Analysis of turnover by country of destination:

	2019 £	2018 £
United Kingdom	14,293,275	17,829,309
Rest of Europe	622,077	624,934
Rest of the world	1,645,068	2,806,183
	<u>16,560,420</u>	<u>21,260,426</u>

#### 6. Other operating income

	2019 £	2018 £
Occupancy and personnel cost recharges	<u>1,602,519</u>	<u>1,181,197</u>

#### 7. Operating profit

The operating profit is stated after charging:

	2019 £	2018 £
Exchange differences	17,022	(20,575)
Other operating lease rentals	<u>665,911</u>	<u>800,224</u>

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**HAT TRICK PRODUCTIONS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**8. Auditors' remuneration**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Auditing the financial statements of the Company pursuant to legislation	<b>25,000</b>	28,113
Tax compliance services	<b>8,000</b>	10,000
	<b>33,000</b>	<b>38,113</b>

**9. Employees**

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

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Wages and salaries	<b>3,231,032</b>	4,389,074
Social security costs	<b>470,729</b>	525,716
Cost of defined contribution scheme	<b>191,062</b>	216,775
	<b>3,892,823</b>	<b>5,131,565</b>

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

	<b>2019</b>	<b>2018</b>
	<b>No.</b>	<b>No.</b>
Management	<b>6</b>	7
Administration	<b>31</b>	33
Production, development and writing	<b>17</b>	24
	<b>54</b>	<b>64</b>

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**HAT TRICK PRODUCTIONS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**10. Directors' remuneration**

	2019 £	2018 £
Directors' emoluments	941,941	964,340
Company contributions to defined contribution pension schemes	69,410	60,458
	<u>1,011,351</u>	<u>1,024,798</u>

During the year retirement benefits were accruing to 5 directors (2018 - 5) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £388,694 (2018 - £399,439).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £18,917 (2018 - £18,917).

**11. Interest payable and similar expenses**

	2019 £	2018 £
Bank interest payable	33,414	-
Finance leases and hire purchase contracts	-	3,591
	<u>33,414</u>	<u>3,591</u>

**12. Taxation**

	2019 £	2018 £
<b>Corporation tax</b>		
Current tax on profit for the year	-	223,079
<b>Deferred tax</b>		
Origination and reversal of timing differences	61,135	(75,466)
	<u>61,135</u>	<u>147,613</u>
<b>Taxation on profit on ordinary activities</b>	<u>61,135</u>	<u>147,613</u>

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HAT TRICK PRODUCTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

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12. Taxation (continued)

**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2018 - lower than) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	2019 £	2018 £
Profit on ordinary activities before tax	<b>2,535,737</b>	1,920,451
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2018 - 19%)	<b>481,790</b>	364,886
<b>Effects of:</b>		
Expenses not deductible for tax purposes	<b>11,905</b>	50,962
Depreciation for year in excess of capital allowances	<b>13,392</b>	5,350
Short term timing difference leading to an increase/(decrease) in taxation	<b>1,323</b>	(805)
Movement in deferred tax	<b>61,135</b>	(75,466)
Dividends from UK companies	<b>(26,125)</b>	(34,181)
Non-taxable (credit)/charge in respect of employee options	<b>(61,335)</b>	45,130
Losses claimed for group relief	<b>(420,950)</b>	(208,263)
<b>Total tax charge for the year</b>	<b>61,135</b>	147,613

**Factors that may affect future tax charges**

There were no factors that may affect future tax charges.

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**HAT TRICK PRODUCTIONS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**13. Intangible assets**

	<b>Format licence £</b>
<b>Cost</b>	
At 1 January 2019	<b>500,000</b>
At 31 December 2019	<b>500,000</b>
<b>Amortisation</b>	
At 1 January 2019	<b>50,000</b>
Charge for the year on owned assets	<b>50,000</b>
At 31 December 2019	<b>100,000</b>
<b>Net book value</b>	
At 31 December 2019	<b>400,000</b>
At 31 December 2018	<b>450,000</b>

**HAT TRICK PRODUCTIONS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**14. Tangible fixed assets**

	Short-term leasehold property £	Plant and machinery £	Motor vehicles £	Total £
<b>Cost</b>				
At 1 January 2019	1,234,233	3,728,160	83,244	5,045,637
Additions	-	96,201	176,727	272,928
Disposals	-	-	(83,244)	(83,244)
At 31 December 2019	1,234,233	3,824,361	176,727	5,235,321
<b>Depreciation</b>				
At 1 January 2019	706,569	3,424,868	83,243	4,214,680
Charge for the year on owned assets	63,922	145,593	44,182	253,697
Charge for the year on financed assets	-	14,494	-	14,494
Disposals	-	-	(83,243)	(83,243)
At 31 December 2019	770,491	3,584,955	44,182	4,399,628
<b>Net book value</b>				
At 31 December 2019	463,742	239,406	132,545	835,693
At 31 December 2018	527,664	303,292	1	830,957

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

	2019 £	2018 £
Furniture, fittings and equipment	25,364	39,858

# HAT TRICK PRODUCTIONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

### 15. Fixed asset investments

	Investments in subsidiary companies £	Investments in associates £	Total £
<b>Cost</b>			
At 1 January 2019	1,336	690,702	692,038
At 31 December 2019	1,336	690,702	692,038

### Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding
Hat Trick International Limited	Ordinary	100%
Hat Trick Television Limited	Ordinary	100%
Hat Trick (Warren) Limited	Ordinary	100%
Hat Trick (DG) Limited	Ordinary	100%
Hat Trick (SLD) Limited (previously known as Hat Trick (Trollope) Limited)	Ordinary	100%
Hat Trick (FTM) Limited	Ordinary	100%
Hat Trick (Flack) Limited	Ordinary	100%
Hat Trick Holdings Inc.	Ordinary	100%
Hat Trick East Inc.	Ordinary	100%
Hat Trick Entertainment Inc.	Ordinary	100%

The Company is taking advantage of the exemption available to a parent company included in the accounts of a larger group, not to disclose its share of subsidiaries equity or profit for the year.

All of the above companies have their registered office at 7 Savoy Court, London, WC2R 0EX apart from Hat Trick Holdings Inc., Hat Trick East Inc. and Hat Trick Entertainment Inc. whose registered address is 16000 Ventura Blvd., Suite 900, Encino, CA 91436, USA.

The principal activity of all the above companies is Creation of Content for Broadcast Media apart from Hat Trick International Limited which is Distribution of Content.

### 16. Work in progress

	2019 £	2018 £
Work in progress	130,221	-

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HAT TRICK PRODUCTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

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**17. Debtors**

	2019 £	2018 £
Trade debtors	1,163,468	1,861,779
Amounts owed by group undertakings	16,112,030	10,831,241
Amounts owed by joint ventures and associated undertakings	1,912,097	855,233
Other debtors	25,290	37,302
Prepayments and accrued income	2,718,608	1,452,899
Deferred taxation	177,263	238,398
	<u>22,108,756</u>	<u>15,276,852</u>

The carrying value of all debtor balances above equates to fair value. No balances were impaired at the year end (2018 – same).

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

**18. Cash and cash equivalents**

	2019 £	2018 £
Cash at bank and in hand	245,966	204,637
Less: bank overdrafts	-	(62)
	<u>245,966</u>	<u>204,575</u>

**HAT TRICK PRODUCTIONS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**19. Creditors: Amounts falling due within one year**

	2019 £	2018 £
Bank overdrafts	-	62
Bank loans	2,542,393	-
Trade creditors	862,883	178,515
Amounts owed to group undertakings	7,331,006	5,319,862
Corporation tax	-	37,515
Other taxation and social security	367,698	716,544
Obligations under finance lease and hire purchase contracts	14,444	14,444
Other creditors	141,262	16,198
Accruals and deferred income	2,726,341	2,846,987
	<u>13,986,027</u>	<u>9,130,127</u>

**Secured loans**

The short term bank loans are secured by a fixed and floating charge over certain specific assets. The loans will mature by 30 September 2020.

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

**20. Creditors: Amounts falling due after more than one year**

	2019 £	2018 £
Net obligations under finance leases and hire purchase contracts	10,870	25,364
Accruals	268,333	303,333
	<u>279,203</u>	<u>328,697</u>

**21. Hire purchase and finance leases**

Minimum lease payments under hire purchase fall due as follows:

	2019 £	2018 £
Within one year	14,444	14,444
Between 1-5 years	10,870	25,364
	<u>25,314</u>	<u>39,808</u>

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HAT TRICK PRODUCTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

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**22. Deferred taxation**

	2019 £	2018 £
At beginning of year	238,398	162,932
Charged to profit or loss	(61,135)	75,466
<b>At end of year</b>	<b>177,263</b>	<b>238,398</b>

The deferred tax asset is made up as follows:

	2019 £	2018 £
Accelerated capital allowances	44,109	43,908
Share option reserves	133,154	194,490
	<b>177,263</b>	<b>238,398</b>

**23. Pension commitments**

The Company contributes to 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 £191,062 (2018 - £216,776). Contributions totalling £11,499 (2018 - £4,535) were payable to the fund at the Statement of Financial Position date and are included in creditors.

**24. Commitments under operating leases**

At 31 December 2019 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2019 £	2018 £
Not later than 1 year	700,000	700,000
Later than 1 year and not later than 5 years	2,800,000	2,800,000
Later than 5 years	2,100,000	2,800,000
	<b>5,600,000</b>	<b>6,300,000</b>

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**HAT TRICK PRODUCTIONS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**25. Share capital**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
<b>Allotted, called up and fully paid</b>		
61,428 (2018 - 61,428) Ordinary shares of £0.01 each	<b>614</b>	<b>614</b>

**26. 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**

This reserve represents the cumulative balance of retained profits and losses to the Statement of Financial Position date, all of which are distributable.

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## HAT TRICK PRODUCTIONS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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#### 27. Share based payments

##### Equity-settled share option scheme

The group of which the Company is a member has implemented two enterprise management incentive share option schemes for certain directors and key employees, 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 latter 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.

During the year, 7,678 options in the shares of Hat Trick Holdings Limited were exercised at the option price of £1 per share as part of a group restructure. The fair value at date of exercised was £390 per share. At 31 December 2019, 6,296 (2018 - 14,487) options remained outstanding. 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 fair value of the remaining share options at the Statement of Financial Position date is £700,813 (2018 - £1,023,630). The net movement in the fair value of options for the year of £322,817 (2018 - £237,527) has been reflected in the Statement of Comprehensive Income.

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

Weighted average share price at grant	£117.25
Weighted average exercise price	£1.00
Expected volatility	93%
Risk-free rate	2.13%

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## HAT TRICK PRODUCTIONS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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#### 28. 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 2019 Sales £	Year ended 31 Dec Debtor £	Year ended 31 Dec 2018 Sales £	Year ended 31 Dec 2018 Debtor £
Plum Pictures Limited	518,386	27,707	518,463	47,870
Emporium Productions Limited	481,861	201,964	294,433	34,132
HTM Television Limited	111,687	1,102,524	(5,500)	293,051
Livewire Pictures Limited	236,514	986,967	73,778	584,909
Toff Media Limited	-	13,950	-	-
	<u>1,348,448</u>	<u>2,333,112</u>	<u>881,174</u>	<u>959,962</u>

At the Statement of Financial Position date the Company was owed £3,559 (2018 - £2,455) by a director of the Company included in other debtors.

The Company has taken advantage of the exemption under FRS102 33.1A Related Party Disclosures not to disclose transactions entered into between two or more members of a group, provided that any subsidiary undertaking which is a party to the transaction is wholly owned by a member of that group.

#### Key management personnel

During the year, the Company paid remuneration totalling £1,773,337 (2018 - £2,088,421) to its key management personnel.

#### 29. Events after the year end

The worldwide outbreak of the COVID-19 pandemic has had a significant impact upon the general economic environment since the year end. Details of the effect on the Company are set out in further detail in the Directors' Report.

In view of the above event, the Company has reviewed its cash flow forecasts and considered the impact on going concern, concluding that the going concern basis remains an appropriate basis of preparation for these financial statements given the likely cash flow impact of operations 12 months from the date of signing this report. Please refer to note 2.2 for further detail on the Company's going concern basis of preparation.

The COVID-19 pandemic is considered to be a non-adjusting event and therefore has not been taken into account in preparing the Statement of Financial Position as at 31 December 2019.

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**HAT TRICK PRODUCTIONS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**30. Controlling party**

With effect from 5 August 2019, the ultimate parent and controlling company is Hat Trick Holdings (2019) Limited, a company registered in England and Wales. Hat Trick Holdings (2019) 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 group financial statements are available from the Registrar of Companies, Crown Way, Maindy, Cardiff, CF14 3UZ.

The directors regard J Mulville, a director of the Company, as the ultimate controlling party.