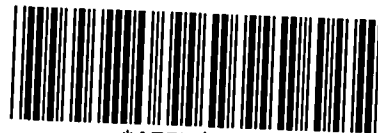


**HAT TRICK PRODUCTIONS LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2017**

THURSDAY



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COMPANIES HOUSE

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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>	Hanover House 14 Hanover Square London W1S 1HP
<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 Hanover House 14 Hanover Square London W1S 1HP

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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 2017

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

- Adjusted Profit after Tax of £2.3m
- Derry Girls is both critically acclaimed and a ratings hit
- *Hat Trick International made over £1m profit for the first time*
- The 53rd and 54th series of Have I Got News For You were produced in the UK, whilst it continues to be popular in various territories (including Norway, Finland and Holland – where it recently moved channels)
- Rich House, Poor House is nominated for a number of awards, including a Grierson. Local versions commissioned for SBS 6 in Holland and Sat.1 in Germany
- *Whose Line is it Anyway? now in its sixth series on the US channel The CW*
- Our strength in long running UK series continues, with the sixth series of Room 101 and seventh series of Dinner Date being delivered

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**HAT TRICK PRODUCTIONS LIMITED**

**STRATEGIC REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2017**

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The directors present their Strategic review for the year end 31 December 2017.

**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, BBC2, ITVBe, Channel 4, Channel 5, Sky One and US channel The CW in 2017.

Derry Girls was broadcast in early 2018, and became a ratings hit with consolidated audiences of 2.5m, over twice the benchmark share and has been described as “very funny, probably the best thing on television at the moment”.

Have I Got News For You continues to perform. The 53rd and 54th series were produced in 2017, with twenty more episodes commissioned for 2018.

Dinner Date has become a bedrock of the ITVBe schedule, with an eighth and ninth series being delivered in 2018.

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

Rich House, Poor House has been nominated for a number of awards, including a Grierson.

**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, continues to perform well, producing a number of programmes including George Clarke’s Amazing Spaces, Killer Women with Piers Morgan and Mafia Women with Trevor McDonald.

Emporium Productions produced WW2 Treasure Hunters for AETN History, as well as continuing its relationship with CBS with the second series of Murders and their Mothers and Click away from Murder. 2017 saw an upswing in their commissions, including a multi-series originals commission from Netflix.

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**HAT TRICK PRODUCTIONS LIMITED**

**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**Principal risks and uncertainties**

**Foreign exchange risk**

The Company's 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's 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.

**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 £0.9m the period, £1.4m lower than the previous year, due to the timing of scripted productions.

This report was approved by the board on 21 May 2018 and signed on its behalf.



**P Cohen**  
Director

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**HAT TRICK PRODUCTIONS LIMITED**

**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2017**

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The directors present their report and the financial statements for the year ended 31 December 2017.

**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.

**Results and dividends**

The profit for the year, after taxation, amounted to £1,526,432 (2016 -£2,360,516).

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

**Directors**

The directors who served during the year were:

J Mulville  
M Redhead  
P Cohen  
A Dugdale  
K Wilson

**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.

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**HAT TRICK PRODUCTIONS LIMITED**

**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**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.

**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.

**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 21 May 2018 and signed on its behalf.



**P Cohen**  
Director



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## HAT TRICK PRODUCTIONS LIMITED

### INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS 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 2017, 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 2017 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 SHAREHOLDERS 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 SHAREHOLDERS OF HAT TRICK PRODUCTIONS LIMITED (CONTINUED)

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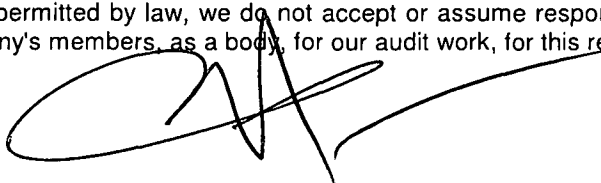
#### Auditors' responsibilities for the audit of the financial statements

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, 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.



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

21 May 2018

**HAT TRICK PRODUCTIONS LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Note	2017 £	2016 £
Turnover	4	19,456,642	28,736,184
Cost of sales		(12,118,894)	(21,890,670)
<b>Gross profit</b>		<b>7,337,748</b>	<b>6,845,514</b>
Administrative expenses		(6,995,824)	(7,239,978)
Other operating income	5	1,352,352	1,207,189
Exceptional item	6	(30,595)	(277,000)
<b>Operating profit</b>	7	<b>1,663,681</b>	<b>535,725</b>
Income from fixed assets investments		187,500	387,500
Interest receivable and similar income		5,203	4,109
Interest payable and expenses	12	(11,038)	(10,772)
<b>Profit before tax</b>		<b>1,845,346</b>	<b>916,562</b>
Tax on profit	13	(318,914)	1,443,954
<b>Profit for the financial year</b>		<b>1,526,432</b>	<b>2,360,516</b>

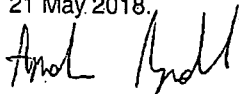
There were no recognised gains and losses for 2017 or 2016 other than those included in the statement of comprehensive income.

The notes on pages 12 to 28 form part of these financial statements.

**HAT TRICK PRODUCTIONS LIMITED**  
**REGISTERED NUMBER:01909622**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2017**

	Note	2017 £	2016 £
<b>Fixed assets</b>			
Tangible assets	14	954,947	685,008
Investments	15	674,050	674,049
		<u>1,628,997</u>	<u>1,359,057</u>
<b>Current assets</b>			
Stocks	16	51,675	49,713
Debtors: amounts falling due within one year	17	11,591,426	13,786,523
Cash at bank and in hand		2,395,455	1,004,782
		<u>14,038,556</u>	<u>14,841,018</u>
<b>Current liabilities</b>			
Creditors: amounts falling due within one year	18	(9,328,437)	(10,681,468)
<b>Net current assets</b>		<u>4,710,119</u>	<u>4,159,550</u>
<b>Total assets less current liabilities</b>		<u>6,339,116</u>	<u>5,518,607</u>
Creditors: amounts falling due after more than one year	19	(353,821)	(406,678)
<b>Net assets</b>		<u><u>5,985,295</u></u>	<u><u>5,111,929</u></u>
<b>Capital and reserves</b>			
Called up share capital	23	614	614
Capital redemption reserve	24	600	600
Other reserves	24	786,103	1,439,169
Profit and loss account	24	5,197,978	3,671,546
		<u><u>5,985,295</u></u>	<u><u>5,111,929</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 21 May 2018.



**A Dugdale**  
Director

The notes on pages 12 to 28 form part of these financial statements.

**HAT TRICK PRODUCTIONS LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2017**

	<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 2017	614	600	1,439,169	3,671,546	5,111,929
Profit for the year	-	-	-	1,526,432	1,526,432
Share option charge	-	-	(653,066)	-	(653,066)
<b>At 31 December 2017</b>	<b>614</b>	<b>600</b>	<b>786,103</b>	<b>5,197,978</b>	<b>5,985,295</b>

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2016**

	<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 2016	614	600	1,439,169	1,311,030	2,751,413
Profit for the year	-	-	-	2,360,516	2,360,516
<b>At 31 December 2016</b>	<b>614</b>	<b>600</b>	<b>1,439,169</b>	<b>3,671,546</b>	<b>5,111,929</b>

The notes on pages 12 to 28 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 2017

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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 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 Wales 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 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 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.

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## HAT TRICK PRODUCTIONS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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#### 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.

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.

##### 2.4 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of Comprehensive Income 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.

##### 2.5 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.



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## HAT TRICK PRODUCTIONS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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#### 2. Accounting policies (continued)

##### 2.7 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 the Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

##### 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 payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income 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.

##### 2.9 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 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 2017

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#### 2. Accounting policies (continued)

##### 2.11 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.

##### 2.12 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 related parties.

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 debtors and creditors, 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 the 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 Statement of Comprehensive Income.

##### 2.13 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

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## HAT TRICK PRODUCTIONS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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#### 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.

#### 4. Turnover

Analysis of turnover by country of destination:

	2017 £	2016 £
United Kingdom	17,934,504	18,001,273
Rest of Europe	283,136	605,293
Rest of the world	1,239,002	10,129,618
	<u>19,456,642</u>	<u>28,736,184</u>

#### 5. Other operating income

	2017 £	2016 £
Occupancy and personnel cost recharges	<u>1,352,352</u>	<u>1,207,189</u>

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HAT TRICK PRODUCTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017

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6. Exceptional items

	2017 £	2016 £
Provision against loan to group undertaking	<u>30,595</u>	<u>277,000</u>

7. Operating profit

The operating profit is stated after charging:

	2017 £	2016 £
Depreciation of tangible fixed assets	301,639	248,765
Exchange differences	965	(5,423)
Other operating lease rentals	694,854	613,364
Defined contribution pension cost	197,049	168,636
	<u>890,938</u>	<u>787,423</u>

8. Auditors' remuneration

	2017 £	2016 £
The auditing of accounts of the Company pursuant to legislation	21,247	21,563
Tax compliance service	10,000	10,000
	<u>31,247</u>	<u>31,563</u>

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## HAT TRICK PRODUCTIONS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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#### 9. 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 2017, 15,257 (2016 - 12,560) 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 £1,537,180, resulting in a negative net charge of £411,256 (2016 - £nil) in the Statement of Comprehensive Income due to cancelled options relating to charge in 2012.

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 2017**

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**10. Employees**

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

	2017 £	2016 £
Wages and salaries	3,356,674	3,929,849
Social security costs	503,177	476,340
Cost of defined contribution scheme	197,049	168,636
	<u>4,056,900</u>	<u>4,574,825</u>

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

	2017 No.	2016 No.
Management	7	7
Administration	34	28
Production, development and writing	24	29
	<u>65</u>	<u>64</u>

**11. Directors' remuneration**

	2017 £	2016 £
Directors' emoluments	1,000,717	970,413
Company contributions to defined contribution pension schemes	51,496	49,635
	<u>1,052,213</u>	<u>1,020,048</u>

During the year retirement benefits were accruing to 4 directors (2016 - 4) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £385,195 (2016 - £382,375).

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HAT TRICK PRODUCTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017

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**12. Interest payable and similar charges**

	2017 £	2016 £
Finance leases and hire purchase contracts	7,581	10,772
Other interest payable	3,457	-
	<u>11,038</u>	<u>10,772</u>

**13. Taxation**

	2017 £	2016 £
<b>Corporation tax</b>		
Current tax on profits for the year	209,436	(1,460,000)
Adjustments in respect of previous periods	(42,907)	(137)
<b>Total current tax</b>	<u>166,529</u>	<u>(1,460,137)</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	152,385	16,183
<b>Taxation on profit/(loss) on ordinary activities</b>	<u>318,914</u>	<u>(1,443,954)</u>

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**HAT TRICK PRODUCTIONS LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**13. Taxation (continued)****Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2016 - lower than) the composite rate of corporation tax in the UK of 19.25% (2016 - 20%). The differences are explained below:

	2017 £	2016 £
Profit on ordinary activities before tax	<b>1,845,346</b>	916,562
Profit on ordinary activities multiplied by composite rate of corporation tax in the UK of 19.25% (2016 - 20%)	<b>355,229</b>	183,312
<b>Effects of:</b>		
Expenses not deductible for tax purposes	<b>45,872</b>	87,981
Capital allowances for the year in excess of depreciation	<b>(2,045)</b>	(8,009)
Adjustments to tax charge in respect of prior periods	<b>(42,907)</b>	(137)
Dividends from UK companies	<b>(36,094)</b>	(77,500)
Tax relief from enhanced tax credits	-	(93,120)
Non-tax chargeable credit for employee options	<b>(125,715)</b>	-
High-End Television Tax Relief	-	(1,552,664)
Other differences leading to a decrease in the tax charge	<b>(37)</b>	-
Group relief	<b>(27,774)</b>	-
Movement in deferred tax	<b>152,385</b>	16,183
<b>Total tax charge/(credit) for the year</b>	<b>318,914</b>	(1,443,954)



**HAT TRICK PRODUCTIONS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**14. Tangible fixed assets**

	Short-term leasehold property £	Plant and machinery £	Motor vehicles £	Total £
<b>Cost</b>				
At 1 January 2017	842,155	3,488,775	83,244	4,414,174
Additions	378,815	192,763	-	571,578
At 31 December 2017	<u>1,220,970</u>	<u>3,681,538</u>	<u>83,244</u>	<u>4,985,752</u>
<b>Depreciation</b>				
At 1 January 2017	566,833	3,101,635	60,698	3,729,166
Charge for the year on owned assets	66,961	198,404	20,811	286,176
Charge for the year on financed assets	-	15,463	-	15,463
At 31 December 2017	<u>633,794</u>	<u>3,315,502</u>	<u>81,509</u>	<u>4,030,805</u>
<b>Net book value</b>				
At 31 December 2017	<u>587,176</u>	<u>366,036</u>	<u>1,735</u>	<u>954,947</u>
At 31 December 2016	<u>275,322</u>	<u>387,140</u>	<u>22,546</u>	<u>685,008</u>

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

	2017 £	2016 £
Furniture, fittings and equipment	<u>27,061</u>	<u>42,524</u>

# HAT TRICK PRODUCTIONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

### 15. Fixed asset investments

	Investments in subsidiary companies £	Investments in associates £	Total £
<b>Cost</b>			
At 1 January 2017	1,334	672,715	674,049
Additions	1	-	1
At 31 December 2017	1,335	672,715	674,050
<b>Net book value</b>			
At 31 December 2017	1,335	672,715	674,050
At 31 December 2016	1,334	672,715	674,049

### Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal activity
Hat Trick International Limited	Ordinary	100 %	Distribution of content
Hat Trick Television Limited	Ordinary	100 %	Creation of content for broadcast media
Hat Trick (Warren) Limited (previously known as Hat Trick (LTBOS) Limited	Ordinary	100 %	Creation of content for broadcast media
Hat Trick Holdings Inc.	Ordinary	100 %	Creation of content for broadcast media
Hat Trick East Inc.	Ordinary	100 %	Creation of content for broadcast media
Hat Trick Entertainment Inc.	Ordinary	100 %	Creation of content for broadcast media
Hat Trick (DG) Limited	Ordinary	100 %	Creation of content for broadcast media
Hat Trick (Trollope) Limited	Ordinary	100 %	Creation of content for broadcast media
Hat Trick (FTM) Limited (previously known as Hat Trick (WL) Limited)	Ordinary	100 %	Creation of content for broadcast media
Hat Trick (Flack) Limited	Ordinary	100 %	Creation of content for broadcast media

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## HAT TRICK PRODUCTIONS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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#### 15. Fixed asset investments (continued)

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 Hanover House, 14 Hanover Square, London W1S 1HP 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.

#### Associates

Name	Registered office	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

	2017 £	2016 £
Work in progress	<u>51,675</u>	<u>49,713</u>

#### 17. Debtors

	2017 £	2016 £
Trade debtors	1,914,681	3,552,598
Amounts owed by group undertakings	7,497,016	5,148,182
Amounts owed by joint ventures and associated undertakings	125,600	49,600
Other debtors	33,061	48,272
Prepayments and accrued income	1,858,136	3,212,555
Tax recoverable	-	1,460,000
Deferred taxation	162,932	315,316
	<u>11,591,426</u>	<u>13,786,523</u>

The carrying value of all debtor balances above equates to fair value. No balances were impaired at the year end (2016 – same).

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

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**HAT TRICK PRODUCTIONS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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

	2017 £	2016 £
Bank loans	-	46,927
Trade creditors	256,152	169,795
Amounts owed to group undertakings	5,096,195	4,301,717
Corporation tax	9,436	-
Other taxation and social security	578,936	913,946
Obligations under finance lease and hire purchase contracts	17,857	14,665
Other creditors	28,838	47,749
Accruals and deferred income	3,341,023	5,186,668
	<u>9,328,437</u>	<u>10,681,467</u>

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

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

	2017 £	2016 £
Net obligations under finance leases and hire purchase contracts	15,488	33,345
Accruals	338,333	373,333
	<u>353,821</u>	<u>406,678</u>

**HAT TRICK PRODUCTIONS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**20. Financial instruments**

	2017 £	2016 £
<b>Financial assets</b>		
Financial assets that are debt instruments measured at amortised cost	<b>10,874,405</b>	11,415,232
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	<b>(7,258,002)</b>	(7,690,200)

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 and finance leases**

Minimum lease payments under hire purchase fall due as follows:

	2017 £	2016 £
Within one year	17,857	14,665
Between 1-5 years	15,488	17,857
Over 5 years	-	15,488
	<b>33,345</b>	48,010

**22. Deferred taxation**

	2017 £	2016 £
At beginning of year	315,316	331,499
Charged to the profit or loss	(152,384)	(16,183)
<b>At end of year</b>	<b>162,932</b>	315,316

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## HAT TRICK PRODUCTIONS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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#### 22. Deferred taxation (continued)

The deferred tax asset is made up as follows:

	2017 £	2016 £
Decelerated capital allowances	13,572	27,482
Share option reserves	149,360	287,834
	<u>162,932</u>	<u>315,316</u>

The net deferred tax liability expected to incur next year is £13,000. This primarily relates to the reversal of existing timing differences on acquired tangible fixed assets and capital allowances through depreciation, offset by expected tax deductions when payment are made to utilise provisions.

#### 23. Share capital

	2017 £	2016 £
<b>Allotted, called up and fully paid</b>		
61,428 Ordinary shares of £0.01 each	<u>614</u>	<u>614</u>

#### 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

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

#### 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 £197,049 (2016 - £170,324). Contributions totalling £8,982 (2016 - £8,605) were payable to the fund at the balance sheet date and are included in creditors.

# HAT TRICK PRODUCTIONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

### 26. Commitments under operating leases

At 31 December 2017 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2017 £	2016 £
Not later than 1 year	775,500	594,000
Later than 1 year and not later than 5 years	2,376,000	2,376,000
Later than 5 years	2,970,000	3,564,000
	<u>6,121,500</u>	<u>6,534,000</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 2017 Sales £	Year ended 31 Dec 2017 Debtor £	Year ended 31 Dec 2016 Sales £	Year ended 31 Dec 2016 Debtor £
Plum Pictures Limited	709,973	95,490	808,333	128,495
Emporium Productions Limited	346,908	28,670	185,330	62,318
HTM Television Limited	7,500	125,704	-	49,600

During the year, format fees and royalties of £96,035 (2016 - £76,848) were paid to J Mulville, a director of the company.

At the balance sheet date the Company was owed £8,415 (2016 - £21,092) 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.

#### Key management personnel

During the year, the Company paid remuneration totalling £2,071,924 (2016 - £1,985,421) to its key management personnel.

### 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.