Optomen Television Limited

Registered Company Number: 02280184

Unaudited report and financial statements

For the year ended 31 December 2021

Contents

Company Information

Directors	A McMullen V Turton S Geater S Brown
Registered office	Berkshire House 168-173 High Holborn London WC1V 7AA

Strategic Report

The Directors present their Strategic Report for the year ended 31 December 2021.

Principal activity and review of the business
The principal activity of the company is the production of television programmes. The directors do not anticipate any change in that activity over the coming year.

The loss for the financial year amounted to £13,691 (2020: profit of £1,126,875). Shareholders' funds totalled £1,069,245 (2020: £1,582,936). The movement was driven by the loss as above and the payment of a £500,000 dividend.

Principal risks and uncertainties
The key business risks and uncertainties affecting the company relate to the general economic environment, competition from other creators of television content and the success of the company's programming available for worldwide distribution. Further discussion of these risks and uncertainties, in the context of the DLG Acquisitions Limited group (the "group") as a whole, is provided in the group's financial statements which do not form part of this report.

Key performance indicators ("KPIs")
The directors of DLG Acquisitions Limited manage the group's operations on a divisional basis. For this reason, the company's directors believe that analysis using key performance indicators for the company is not necessary or appropriate for an understanding of the development, performance, or position of the business of Optomen Television Limited. The development, performance, and position of DLG Acquisitions Limited group, which includes the company, are discussed in the group's financial statements which do not form part of this report.

Approved by the Board on 27 September 2022 and signed on behalf of the board by:

A McMullen
Director

Berkshire House
168-173 High Holborn
London
WC1V 7AA

Directors' Report

The directors present their Directors' Report and the unaudited financial statements for the year ended 31 December 2021.

Future outlook
The commercial environment in which the company operates remains competitive, but the directors believe that the company's position as a leading producers of television programmes will enable it to maintain strength into the future.

The COVID-19 pandemic continued to have an impact on the television industry during 2021 as the workforce was disrupted by periods of lockdown and mandatory isolation requirements. However, the demand for television content remains strong and the underlying stability of the industry is robust, providing a stable framework for the future outlook of the company.

Dividends
The directors declared and paid an interim dividend of £500,000 during the year (2020: £750,000). The directors have not recommended a final dividend (2020: £nil).

Financial risk management
Through its trading activities the company is exposed to certain levels of credit and liquidity risk. Main credit risk arises from customers not meeting payment terms however this is monitored closely by management. The company funds its operations from trading activities. Liquidity risk is monitored on an ongoing basis as part of the company's day to day control activities and through periodic financial reviews and forecast exercises with action taken as considered necessary.

Directors of the company
The directors who held office during the year and up to the date of signing of the financial statements were as follows:

A McMullen
S Brown
S Geater
V Turton

The company maintains liability insurance for its directors and officers. DLG Acquisitions Limited, the company's ultimate parent undertaking, has also provided an indemnity for the company's Directors and officers, which is a third party indemnity provision for the purposes of the Companies Act 2006. The policy was in force during the year and up to the date of approval of the financial statements.

Statement of directors' responsibilities in respect of the financial statements
The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' report (continued)

Approved by the Board on 27 September 2022 and signed on behalf of the board by:

A McMullen
Director

Berkshire House
168-173 High Holborn
London
WC1V 7AA

Profit and Loss Account

	Note	Year ended 31 December 2021 £	Year ended 31 December 2020 £
Revenue		**11,418,710**	14,013,044
Cost of Sales		**(7,534,856)**	(9,363,590)
Gross profit		**3,883,854**	4,649,454
Administrative expenses		**(3,863,625)**	(3,564,652)
Other operating income		**-**	97,802
Operating profit	4	**20,229**	1,182,604
Interest payable and similar expenses	5	**(52,069)**	(30,008)
(Loss)/profit before tax		**(31,840)**	1,152,596
Tax on (loss)/profit	8	**18,149**	(25,721)
(Loss)/profit after tax		**(13,691)**	1,126,875

The above results were derived from continuing operations.

The notes on pages 11 to 19 form an integral part of these financial statements.

Statement of Comprehensive Income

	Year ended 31 December 2021 £	Year ended 31 December 2020 £
(Loss)/profit for the financial year	**(13,691)**	1,126,875
Total comprehensive (expense)/income for the year	**(13,691)**	1,126,875

The notes on pages 11 to 19 form an integral part of these financial statements.

Balance Sheet

	Note	31 December 2021 £	31 December 2020 £
Fixed assets			
Tangible assets	9	**101,157**	164,544
Current assets			
Stock	10	**3,204,226**	1,393,621
Debtors	11	**3,793,197**	4,334,286
Cash at bank and in hand		**495,883**	1,008,509
		7,493,306	6,736,416
Current liabilities			
Creditors: due within one year	12	**(6,525,218)**	(5,249,411)
Net current assets		**968,088**	1,487,005
Total assets less current liabilities		**1,069,245**	1,651,549
Non-current liabilities			
Creditors: due after more than one year	13	-	(68,613)
Net assets		**1,069,245**	1,582,936
Capital and reserves			
Called-up share capital	14	**1,614**	1,614
Share premium account		-	-
Profit and loss account		**1,067,631**	1,581,322
Total shareholders' funds		**1,069,245**	1,582,936

For the year ending 31 December 2021 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies. The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476. The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

These financial statements have been approved and authorised for issue by the board on 27 September 2022 and were signed on behalf by:

Angela McMullen
Director

The notes on pages 11 to 19 form an integral part of these financial statements.

Statement of Changes in Equity

	Called up share capital £	Profit and loss account £	Total shareholders' funds £
As at 1 January 2020	1,614	1,954,447	1,956,061
Total comprehensive income for the financial year	-	1,126,875	1,126,875
Dividends	-	(1,500,000)	(1,500,000)
As at 31 December 2020	**1,614**	**1,581,322**	**1,582,936**
Total comprehensive expense for the financial year	-	(13,691)	(13,691)
Dividends	-	(500,000)	(500,000)
As at 31 December 2021	**1,614**	**1,067,631**	**1,069,245**

The notes on pages 11 to 19 form an integral part of these financial statements.

Notes to the Financial Statements

1. General information

Optomen Television Limited is a private company limited by shares and incorporated in United Kingdom under the Companies Act 2006. The address of the registered office is:

Berkshire House
168-173 High Holborn
London
WC1V 7AA

The nature of the company's operations and principal activities are set out in the Strategic report on page 4.

2. Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation
The financial statements of Optomen Television Limited have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006 as applicable to companies applying FRS 101. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based payment' (details of the number and weighted average exercise prices of share options, and how the fair value of goods or services received was determined)

- IFRS 7, 'Financial Instruments: Disclosure'

- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities)

- Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirement in respect of:

    i. Paragraph 79(a)(iv) of IAS 1;
    ii. Paragraph 73(e) of IAS 16 Property, plant and equipment;
    iii. Paragraph 118(e) of IAS 38 Intangible assets (reconciliations between the carrying amount at the beginning and end of the period)

- The following paragraphs of IAS 1, 'Presentation of financial statements':

    - 10(d), (statement of cash flows)
    - 10(f) (a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements),
    - 16 (statement of compliance with all IFRS),
    - 38A (requirement for minimum of two primary statements, including cash flow statements),
    - 38B-D (additional comparative information),
    - 40A-D (requirements for a third statement of financial position)
    - 111 (cash flow statement information), and
    - 134-136 (capital management disclosures)

Notes to the Financial Statements (continued)

2. Accounting policies (continued)

Basis of preparation (continued)

- IAS 7, 'Statement of cash flows'
- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective)
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation)
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.

Where required equivalent disclosures are given in the group financial statements of DLG Acquisitions Limited. The group financial statements of DLG Acquisitions Limited are available to the public and can be obtained as set out in note 18.

Going concern
The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Turnover
For commissioned TV programmes, turnover and attributable profit are recognised on an episodic basis once delivery of the production to the broadcaster occurs.

Both under and overspends are accounted for once known and are recognised in accordance with the episodic delivery pattern. Provision is made for any loss-making contracts as soon as identified (i.e. expected overspend is in excess of originally anticipated margin).

Revenues on programmes distributed by third parties and other ancillary revenues are recognised once the company has been notified of sums due to it.

Book advance turnover and attributable profit is recognised when the company has fulfilled its contractual obligations and is therefore entitled to amounts receivable, rather than in accordance with a schedule of stage payments specified in any contract. If the company has partially performed its contractual obligations, revenue and attributable profit is recognised to the extent that it has obtained the right to consideration through its performance.

Turnover relates wholly to the company's principal activity in the UK.

Foreign currency translation
(a) Functional and presentation currency
Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the company operates ('the functional currency'). The financial statements are presented in 'Pounds Sterling' (£), which is also the company's functional currency.

(b) Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in other comprehensive income as qualifying cash flow hedges.

Tax
The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in shareholders' funds. In this case, the tax is also recognised in other comprehensive income or directly in shareholders' funds, respectively.

Notes to the Financial Statements (continued)

2. Accounting policies (continued)

Tax (continued)
The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; or arise from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Dividend distribution
Dividend distributions to the company's shareholders are recognised as a liability in the company's financial statements in the period in which the dividends are approved by the company's shareholders.

Tangible fixed assets and depreciation
Tangible fixed assets are stated at historic purchase cost less accumulated depreciation. Historic cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its location and working condition for its intended use.

Depreciation is calculated to write off the cost of tangible fixed assets over their expected useful lives using the straight-line basis at the following annual rates:

Furniture, fixtures, and equipment	20%
Computer equipment	33%

The carrying values of tangible fixed assets are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be in line with the remaining estimated useful life.

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Stocks
Stock and work in progress should be valued at the lower of cost and net realisable value. Net realisable value should be based on estimated selling price less any further costs expected to be incurred to completion.

Provisions
Provisions are recognised when the company has a present obligation as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Pensions
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 disclosed in note 0 represents contributions payable by the company to the fund.

Notes to the Financial Statements (continued)

3. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. There are no critical judgements that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

The estimates that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Impairment of trade and other debtors and intercompany balances
The company makes an estimate of the recoverable value of trade and other debtors and intercompany balances. When assessing the impairment these balances, management considers factors including the credit rating of the receivable, the ageing profile of receivables and historical experience. See note 11 for the net carrying amount of the receivables.

(b) Recoverability of work in progress
The company reviews the recoverability of its work in progress (derived from programmes during production and included in the balance sheet) on a continuous basis. The company believes that the anticipated revenues will enable the carrying amount of work in progress to be recovered in full and that future economic benefits will be recognised by the company.

(c) Utilisation of deferred tax assets
Deferred income tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Recognition of deferred tax assets, therefore, involved judgement regarding the timing and level of future taxable income. The deferred tax balance relates to temporary differences arising on assets qualifying for tax depreciation.

4. Operating profit

Operating profit has been arrived at after charging:

	Note	Year ended 31 December 2021 £	Year ended 31 December 2020 £
Auditors' remuneration: audit services		-	33,898
Depreciation expense		**69,686**	97,624

5. Interest payable and similar expenses

	Year ended 31 December 2021 £	Year ended 31 December 2020 £
Discounting charges	**52,069**	21,808
Interest payable on IFRS 16 lease liabilities	-	8,200
	52,069	30,008

Notes to the Financial Statements (continued)

6. Staff costs

The aggregate payroll costs were as follows:

	Year ended 31 December 2021 £	Year ended 31 December 2020 £
Wages and salaries	**2,340,867**	2,322,609
Social security costs	**246,589**	272,372
Other pension costs	**89,506**	91,691
	2,676,962	2,686,672

The average number of persons employed by the company during the year, analysed by category, was as follows:

	Year ended 31 December 2021 No.	Year ended 31 December 2020 No.
Administration and support	**7**	9
Research and development	**12**	17
	19	26

7. Directors' remuneration

None of the directors received remuneration for services to the company.

All directors are remunerated by All3Media Limited. Details of the emoluments and pension payments of V Turton, A McMullen, and S Geater are available in the financial statements of that company.

8. Tax on (loss) / profit

(a) Tax on loss for the financial year

	Year ended 31 December 2021 £	Year ended 31 December 2020 £
Current taxation		
UK corporation tax on profits for the year	-	-
Adjustments in respect of prior years	-	-
Total current taxation	-	-
Deferred taxation		
Origination and reversal of temporary differences	57,200	47,576
Adjustment in respect of prior years	37,133	(46,411)
Impact of changes in tax rate	(112,482)	24,556
Total deferred taxation	(18,149)	25,721
Total tax charge on profit	(18,149)	25,721

Notes to the Financial Statements (continued)

7. Tax on (loss) / profit (continued)

(b) Factors affecting the tax credit for the current year

The tax credit for the year is lower (2020: lower) than the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are explained below:

	Year ended 31 December 2021 £	Year ended 31 December 2020 £
(Loss)/profit before taxation	(31,840)	1,152,596
Corporation tax at the standard rate at 19% (2020: 19%)	(6,050)	218,993
Effect of:		
Utilisation of group losses for no payment	41,409	(251,441)
Deferred tax not recognised	1,339	-
Expenses not deductible for tax purposes	8,113	80,024
Adjustments in respect of prior years	37,133	24,556
Remeasurement of deferred tax - change in UK rate	(100,093)	(46,411)
Total tax charge for the year	(18,149)	25,721

(c) Factors affecting the tax charge for the future years

The main rate of corporation tax is currently 19% but this will increase to 25% from 1 April 2023. The rate increase has been substantively enacted and therefore the deferred tax balances have been recognised at the rate they are expected to reverse.

(d) Deferred tax

	Note	Year ended 31 December 2021 £	Year ended 31 December 2020 £
Included in debtors	**14**	411,475	393,326
Analysed as below:			
Fixed asset temporary differences		280,772	241,796
IFRS 16 Leases		60,781	72,590
Short term timing differences		69,922	78,940
Deferred taxation asset		411,475	393,326

Deferred tax movement in the year:

	At 1 January 2021 £	Recognised in income £	At 31 December 2021 £
Fixed asset temporary differences	241,796	38,976	280,772
IFRS 16 Leases	72,590	(11,809)	60,781
Other short term timing differences	78,940	(9,018)	69,922
As at 31 December 2021	**393,326**	**18,149**	**411,475**

Notes to the Financial Statements (continued)

9. Tangible fixed assets

	Fixtures, fittings and equipment £	Computer equipment £	Total £
Cost			
As at 1 January 2021	323,369	254,940	578,309
Additions	-	6,381	6,381
As at 31 December 2021	323,369	261,321	584,690
Accumulated depreciation			
As at 1 January 2021	(184,541)	(229,224)	(413,765)
Charge for the year	(52,725)	(16,961)	(69,686)
Transfer	(2)	(80)	(82)
As at 31 December 2021	(237,268)	(246,265)	(483,533)
Net book value			
As at 31 December 2021	86,101	15,056	101,157
As at 31 December 2020	138,828	25,716	164,544

10. Stocks

	Year ended 31 December 2021 £	Year ended 31 December 2020 £
Work in progress	**3,204,226**	1,393,621

11. Debtors

	Note	Year ended 31 December 2021 £	Year ended 31 December 2020 £
Trade debtors		**1,288,997**	1,255,316
Amounts owed by group undertakings		**1,523,893**	2,606,135
Prepayments and accrued income		**500,399**	40,026
Deferred taxation	8(d)	**411,475**	393,326
Other debtors		**68,433**	39,483
		3,793,197	4,334,286

Amounts owed by fellow group undertakings are interest-free, unsecured and repayable on demand.

Notes to the Financial Statements (continued)

12. Creditors: amounts falling due within one year

	Year ended 31 December 2021 £	Year ended 31 December 2020 £
Trade creditors	**1,488,040**	1,799,009
Accruals and deferred income	**3,409,229**	2,262,985
Amounts owed to group undertakings	**474,395**	452,981
Social security and other taxes	**3,772**	-
Value added tax	**753,866**	327,183
Other creditors	**395,916**	407,253
	6,525,218	**5,249,411**

Amounts owed to fellow group undertakings are interest-free, unsecured and repayable on demand.

13. Creditors: amounts falling due after more than one year

	Year ended 31 December 2021 £	Year ended 31 December 2020 £
Other creditors	-	68,613

14. Called up share capital

	31 December 2021 No.	31 December 2021 £	31 December 2020 No.	31 December 2020 £
Allotted, called up and fully paid shares				
Ordinary shares of £1 each	1,614	1,614	1,614	1,614

15. Pension and other schemes

Defined contribution pension scheme
The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in independently administered funds. The pension cost charge represents contributions payable by the company to the funds and in the year ended amounted to £89,506 (2020: £91,691). No contributions were payable to the fund at the balance sheet date.

16. Contingent liabilities
The company is a participant in a group banking arrangement under which all surplus cash balances are held as collateral for bank facilities advanced to group members. In addition, the company has issued an unlimited guarantee to the bank to support these bank facilities. Details of these facilities are disclosed in the DLG Acquisitions Limited financial statements which are publicly available.

17. Related party transactions

As permitted by FRS 101, the company has taken advantage of the exemption available in relation to "related party transactions" from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the ultimate parent company.

Notes to the Financial Statements (continued)

18. Parent and ultimate undertaking

The company's immediate and ultimate parent undertaking is DLG Acquisitions Limited. DLG Acquisitions Limited is the parent undertaking of the smallest and the largest group to consolidate these financial statements at 31 December 2021. Copies of its group financial statements, which include the company, are available from Berkshire House, 168-173 High Holborn, London, WC1V 7AA. The ultimate controlling parties at the balance sheet date are Liberty Global plc and Discovery, Inc., which own LGCI HoldCo I B.V. and Discovery International UK Holdings Limited respectively, which are joint owners of DLG Acquisitions Limited.

Post balance sheet, Discovery Inc changed its name to Warner Bros. Discovery, Inc.