

## **SDI Media Group Limited**

Report and Financial Statements

Year Ended

31 December 2018

Company Number 02505086



# **SDI Media Group Limited**

## **Report and financial statements for the year ended 31 December 2018**

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### **Directors**

A Abisso  
M Nakamura

### **Secretary and registered office**

A Agnew, 32 Galena Road, London, W6 0LT

### **Company number**

02505086

### **Auditor**

Deloitte LLP (Statutory Auditor)  
Hill House  
1 Little New Street  
London  
EC4A 3TR  
United Kingdom

# SDI Media Group Limited

## Strategic report for the year ended 31 December 2018

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The directors present their strategic report and the audited financial statements for the year ended 31 December 2018.

### Business review

The principal activity of SDI Media Group Limited is that of a holding company. On 01 November 2018 the company sold its 100% shareholding in Screen Subtitling Systems Limited. The income statement for the year reflects the profit on disposal along with pre-sale dividends from Screen. The company continues to hold a 100% shareholding in its subsidiaries PPC Creative Limited and SDI Media UK Ltd. The directors consider the results for the year to be satisfactory.

### Principal risks and uncertainties

The Company and its subsidiaries are somewhat exposed to the usual financial risks. The key financial risks affecting the Company are reviewed on an ongoing basis and appropriate processes are put in place to effectively manage them. These are set out below:

**Foreign exchange risk** - The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures. Group level foreign exchange risk is mitigated by the multinational nature of the business, and diversification of currencies in which the Group operates.

**Liquidity risk** - The Company actively monitors that it has sufficient funds for its operations and any planned expansions. The Company and fellow Group companies ensure through cash management and communication that no European entity becomes overdrawn. Cash flow forecasts are performed regularly and reviewed by management to support this position. The company has obtained a letter of support from its group parent company SDI Media Group Inc covering the company's liabilities for a period of at least 12 months from the date of the signing of the financial statements.

**Value of underlying investments** - Management monitor the current and future anticipated financial performance of investments on an ongoing basis with a view to any potential diminishment in value.

The directors will revisit the appropriateness of these policies should the Company's operations change in size or nature.

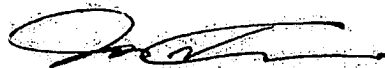
### Outlook

The company will continue to act as a holding company for its subsidiaries, PPC Creative Limited and SDI Media UK Ltd. Further information is available in the individual accounts of the subsidiaries.

### Financial key performance Indicator

The results for the Company show a pre-tax profit of £11,148,941 (2017 - loss £128,523) for the year. This represents the key performance indicator of the Company.

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



M Nakamura  
Director

Date: 26<sup>th</sup> September 2019

# **SDI Media Group Limited**

## **Directors' report for the year ended 31 December 2018**

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The directors present their report and the audited financial statements for the year ended 31 December 2018.

### **Principal activity**

The principal activity of SDI Media Group Limited is that of a holding company.

### **Results and dividends**

The profit for the year, after taxation, amounted to £11,148,941 (2017 - £128,523 loss).

During the financial year, the company paid no dividends (2017 - £Nil). There were no dividends proposed.

### **Directors**

The directors who served during the year and up to the date of this report were:

A Abisso  
M Nakamura

### **Qualifying third party indemnity provisions**

The company has in place qualifying third party indemnity provisions in respect of the board of directors which were in force during the year and at the date of this report. Professional indemnity insurance operates at group level and is arranged by SDI Media Group Inc.

### **Disclosure of information to auditor**

The Directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

### **Auditor**

The auditor, Deloitte LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

## **SDI Media Group Limited**

### **Directors' report for the year ended 31 December 2018 (continued)**

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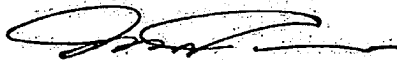
#### **Post balance sheet events**

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

#### **Other**

Brexit – following the extension of the March 2019 deadline for the UK's departure from the EU, there is still no clear picture of the likely outcome. As a result, UK businesses in general face a degree of broader economic uncertainty, particularly in the event of a "no-deal" withdrawal. The operational risk for the Company, however, is considered to be limited; in particular, the business does not rely on a physical supply chain or the import / export of goods.

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



**M Nakamura  
Director**

Date: 26<sup>th</sup> September 2019

## **SDI Media Group Limited**

### **Directors' responsibilities statement for the year ended 31 December 2018**

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The directors are responsible for preparing 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 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 and then apply them consistently;
- 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 responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company, and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# **SDI Media Group Limited**

## **Independent auditor's report to the members of SDI Media Group Limited**

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### **Independent auditor's report to the members of SDI Media Group Limited**

#### **Report on the audit of the financial statements**

##### **Opinion**

In our opinion the financial statements of SDI Media Group Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity; and
- the related notes 1 to 17.

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).

##### **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 auditor's 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 UK, including the Financial Reporting Council's (the 'FRC'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 are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in 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.

We have nothing to report in respect of these matters.

# **SDI Media Group Limited**

## **Independent auditor's report to the members of SDI Media Group Limited (continued)**

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### **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 auditor's 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 required to report that fact.

We have nothing to report in respect of these matters.

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, 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.

### **Auditor's 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 auditor's 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 FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **Report on other legal and regulatory requirements**

#### **Opinions 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.

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 any material misstatements in the strategic report or the directors' report.



## **SDI Media Group Limited**

### **Independent auditor's report to the members of SDI Media Group Limited (continued)**

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#### **Matters on which we are required to report by exception**

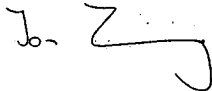
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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.

We have nothing to report in respect of these matters.

#### **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 auditor's 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.



Jon Young FCA (Senior statutory auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
London  
United Kingdom  
26<sup>th</sup> September 2019

## SDI Media Group Limited

### Statement of comprehensive income for the year ended 31 December 2018

	Note	2018 £	2017 £
Administrative expenses		(97)	(45)
<b>Operating profit / (loss)</b>	3	(97)	(45)
Income from shares in group undertakings		10,458,563	-
Profit on disposal of subsidiary	4	1,266,089	-
Interest receivable and similar income	6	144,190	-
Interest payable and similar expenses	7	(719,804)	(128,478)
<b>Profit / (loss) before tax</b>		11,148,941	(128,523)
Tax on profit / (loss)	8	-	-
<b>Profit or loss</b>		11,148,941	(128,523)

There were no recognised gains and losses for 2018 or 2017 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2018 (2017 - £Nil).

The notes on pages 11 to 17 form part of these financial statements.

# SDI Media Group Limited

## Statement of financial position at 31 December 2018

<b>Company number: 02505086</b>	<b>Note</b>	<b>2018 £</b>	<b>2018 £</b>	<b>2017 £</b>	<b>2017 £</b>
<b>Fixed assets</b>					
Investments	9		17,712,258		17,704,565
			<u>17,712,258</u>		<u>17,704,565</u>
<b>Current assets</b>					
Debtors	10	8,613,345		1,003,525	
Debtors – due after more than one year	11	1,177,149		-	
Cash at bank and in hand	12	12,748		108,665	
		<u>9,803,242</u>		<u>1,112,190</u>	
<b>Creditors: amounts falling due within one year</b>	13	(16,485,083)		(18,935,278)	
<b>Net current liabilities</b>			<u>(6,681,840)</u>		<u>(17,823,088)</u>
<b>Total assets less current liabilities</b>			<u>11,030,418</u>		<u>(118,523)</u>
<b>Net assets / (liabilities)</b>			<u>11,030,418</u>		<u>(118,523)</u>
<b>Capital and reserves</b>					
Called up share capital	14		10,000		10,000
Profit and loss account	15		11,020,418		(128,523)
			<u>11,030,418</u>		<u>(118,523)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 26<sup>th</sup> September 2019



M Nakamura  
Director

The notes on pages 11 to 17 form part of these financial statements.

## SDI Media Group Limited

### Statement of changes in equity for the year ended 31 December 2018

	Share capital £	Profit and loss account £	Total equity £
<b>At 1 January 2018</b>	10,000	(128,523)	(118,523)
<b>Comprehensive income for the year</b>			
<b>Profit for the year</b>	-	11,148,941	11,148,941
	<hr/>	<hr/>	<hr/>
<b>Total comprehensive income for the year</b>	-	11,148,941	11,148,941
	<hr/>	<hr/>	<hr/>
<b>At 31 December 2018</b>	10,000	11,020,418	11,030,418
	<hr/>	<hr/>	<hr/>

	Share capital £	Profit and loss account £	Total equity £
<b>At 1 January 2017</b>	10,000	-	10,000
<b>Comprehensive result for the year</b>			
<b>Loss for the year</b>	-	(128,523)	(128,523)
	<hr/>	<hr/>	<hr/>
<b>Total comprehensive result for the year</b>	-	(128,523)	(128,523)
	<hr/>	<hr/>	<hr/>
<b>At 31 December 2017</b>	10,000	(128,523)	(118,523)
	<hr/>	<hr/>	<hr/>

The notes on pages 11 to 17 form part of these financial statements.

# SDI Media Group Limited

## Notes forming part of the financial statements for the year ended 31 December 2018

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### 1 General information

SDI Media Group Limited is a private company limited by shares, incorporated in Great Britain and registered in England and Wales.

The financial statements present information about the company on an individual, rather than a consolidated basis, as group financial statements are prepared at a higher level within the group.

The company's principal activity is that of a holding company.

The financial statements are prepared in GBP.

### 2 Accounting policies

#### *Basis of preparation of financial statements*

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

The company has taken advantage of exemptions provided under FRS 102 in respect of certain financial instrument disclosures, key management personnel disclosures, related party disclosures and in preparing a statement of cash-flows.

The following principal accounting policies have been applied:

#### *Going concern*

Cash requirements are routinely managed at Group level, ensuring that cash is made available to Group entities where it may be needed. Detailed cash forecasts are prepared regularly at entity level as part of that process. Longer-term profit forecasts are used to assess the ability of the entity to generate cash in the foreseeable future.

The Group parent company has undertaken to continue to provide financial support as required for a period of at least 12 months from the date of approval of these financial statements.

The directors have concluded, based on the forecasts and parental support, that it is appropriate to prepare the financial statements on a going concern basis.

#### *Valuation of investments*

Investments in subsidiaries are measured at cost less accumulated impairment.

#### *Debtors*

Short term debtors are measured at 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.

#### *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.

# SDI Media Group Limited

## Notes forming part of the financial statements for the year ended 31 December 2018 (continued)

### 2 Accounting policies (continued)

#### *Financial instruments*

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

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade 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 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.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

#### *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.

#### *Financial liabilities*

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

Financial liabilities within the scope of IAS 39 are initially classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

The Group determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

Subsequently, the measurement of financial liabilities depends on their classification as follows:

# SDI Media Group Limited

## Notes forming part of the financial statements for the year ended 31 December 2018 (continued)

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### 2 Accounting policies (continued)

#### *Finance costs*

Finance costs are charged to the Statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

#### *Interest income*

Interest income is recognised in the Statement of comprehensive income using the effective interest method.

#### *Taxation*

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.

#### *Judgements in applying accounting policies and key sources of estimation uncertainty*

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies.

In preparing the financial statements the directors have exercised judgement in the assumptions used to calculate the initial fair value of third party loan receivables. The balance in question is shown in note 11.

Estimation uncertainty arises in the impairment reviews of investments, relating in particular to the assumptions of future financial performance of the subsidiaries.

### 3 Operating profit

Audit fees of £4,250 (2017 - £2,000) in respect of the audit of the Company's annual financial statements have been borne by another group company.

### 4 Profit on disposal of subsidiary

On 01 November 2018 the company sold 100% of its shareholding in Screen Subtitling Systems Limited and its subsidiaries Sysmedia Limited, Screen Systems Limited and Screen Limited. The profit on disposal represents the fair value of the consideration received less the book value of the investment at cost.

### 5 Employees

The Company has no employees other than the directors, who did not receive any remuneration (2017 - £Nil).

# SDI Media Group Limited

Notes forming part of the financial statements  
for the year ended 31 December 2018 (continued)

## 6 Interest receivable

	2018 £	2017 £
Interest receivable from group companies	67,113	-
Interest on third party loan receivables	50,168	-
Foreign exchange gain on intercompany loans	26,909	-
	<u>144,190</u>	<u>-</u>

Interest on third party loan receivables includes amortization of the present value adjustment on the balance using an effective interest rate of 22.8%.

## 7 Interest payable and similar expenses

	2018 £	2017 £
Interest payable on loan from group undertaking	719,804	128,478
	<u></u>	<u></u>

Interest is payable on a loan from SDI Media Group Inc, at a rate of 4.25%.

## 8 Taxation

	2018 £	2017 £
Current tax:		
Total tax per income statement	<u>-</u>	<u>-</u>

### Factors affecting tax charge for the year

The charge for the year can be reconciled to the profit per the income statement as follows:

	2018 £	2017 £
Profit / (loss) on ordinary activities before tax	11,148,941	(128,523)
	<u></u>	<u></u>
Profit / (loss) on ordinary activities multiplied by the standard rate of Corporation Tax in the UK of 19% (2017 – 19.25%)	2,118,299	(24,741)
Effects of:		
Income not taxable	(2,227,684)	-
Group relief	109,385	24,741
	<u></u>	<u></u>
Total tax charge for the year	<u>-</u>	<u>-</u>



## SDI Media Group Limited

Notes forming part of the financial statements  
for the year ended 31 December 2018 (*continued*)

### 9 Fixed asset investments

	Investments in subsidiary companies £	Other fixed asset investments £	Total investments £
<b>Cost or valuation</b>			
At 1 January 2018	17,704,565	-	17,704,565
Additions	1,980	15,713	17,693
Disposals	(10,000)	-	(10,000)
	<u>17,696,545</u>	<u>15,713</u>	<u>17,712,258</u>
At 31 December 2018	17,696,545	15,713	17,712,258
<b>Net book value</b>			
At 31 December 2018	17,696,545	15,713	17,712,258
At 31 December 2017	17,704,565	-	17,704,565

### Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name and registered office	Class of shares	Holding	Nature of business
SDI Media UK Limited 32 Galena Road London W6 0LT	Ordinary	100%	Localisation services
PPC Creative Limited 6-8 Kingly Court London W1B 5PW	Ordinary	100%	Marketing services

All subsidiary undertakings were incorporated in the UK.

On 01 November 2018 the company sold 100% of its shareholding in Screen Subtitling Systems Limited and its subsidiaries Sysmedia Limited, Screen Systems Limited and Screen Limited.

Other fixed asset investments are unquoted investments, representing a minority shareholding in an unassociated company, at cost. This is a shareholding in the new owner of Screen Subtitling Systems Limited, acquired as part of the sale transaction.

# SDI Media Group Limited

Notes forming part of the financial statements  
for the year ended 31 December 2018 (continued)

## 10 Debtors

	2018 £	2017 £
Amounts owed by group undertakings	7,168,666	-
Restricted cash	1,000,000	1,000,000
Other debtors	444,679	3,525
	<u>8,613,345</u>	<u>1,003,525</u>

Amounts owed by group undertakings are various loan balances with group companies all of which are 100% owned by SDI Media Group Inc. The loans are repayable on demand and arose from group cash management activities in the normal course of business.

## 11 Debtors – due after more than one year

	2018 £	2017 £
Other debtors	1,177,149	-
	<u>1,177,149</u>	<u>-</u>

Debtors due after more than one year are third party loan receivables, initially recognised at present value. This represents deferred consideration from the sale of Screen Subtitling Systems Limited and is receivable in annual instalments up to November 2023.

## 12 Cash and cash equivalents

	2018 £	2017 £
Cash at bank and in hand	12,748	108,665
	<u>12,748</u>	<u>108,665</u>

## 13 Creditors: amounts falling due within one year

	2018 £	2017 £
Amounts owed to group undertakings	15,475,083	17,925,278
Deferred consideration	1,000,000	1,000,000
Share capital treated as debt	10,000	10,000
	<u>16,485,083</u>	<u>18,935,278</u>

Amounts owed to group undertakings represent the balance on a loan from SDI Media Group Inc. The loan is repayable on demand and was made in connection with the acquisition of subsidiary companies.

# SDI Media Group Limited

Notes forming part of the financial statements  
for the year ended 31 December 2018 (continued)

## 14 Share capital

	2018 £	2017 £
<b>Shares classified as equity</b>		
<i>Allotted, called up and fully paid</i>		
10,000 ordinary shares of £1 each	10,000	10,000

Share capital represents the nominal value of shares that have been issued.

	2018 £	2017 £
<b>Shares classified as debt</b>		
<i>Allotted, called up and fully paid</i>		
10,000 redeemable shares of £1 each	10,000	10,000

The redeemable shares can be redeemed by either the issuer or the holder of the share at any date, provided that at least 14 days written notice is provided by either party. The shares are to be redeemed at their paid up value, together with any arrears of dividend or amount owing in respect of the shares.

Aside from the redemption rights, the two classes of share rank equally in all respects and no particular rights, preferences or restrictions apply to either class.

## 15 Reserves

### Profit and loss account

This account includes all current and prior period retained profits and losses.

## 16 Related party transactions

The company has taken advantage of the exemptions allowed by FRS 102 paragraph 33.1A in the disclosures concerning related parties transactions with its parent and other group companies as a result of the companies being consolidated in the financial statements of Imagica Group inc.

## 17 Controlling party

The immediate parent undertaking is SDI Media Limited, a company incorporated and registered in the United Kingdom and holder of 100% of the share capital.

The ultimate parent company and controlling party is Imagica Group Inc., a company listed on the Tokyo Stock Exchange. The registered office of Imagica Group Inc. is: Shinagawa-ku, Tokyo. The consolidated financial statements are available on the company's website [www.imagicarobot.jp](http://www.imagicarobot.jp).

The smallest group in which the results of the company are consolidated is SDI Media Group Inc. (registered office 6060 Center Drive, Suite 100, Los Angeles, CA 90045) and the largest group is Imagica Group Inc.