

KOCH MEDIA LIMITED
Strategic Report, Directors' Report and
Financial Statements
for the Year Ended 31 March 2019



KOCH MEDIA LIMITED

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for the year ended 31 March 2019**

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KOCH MEDIA LIMITED
Company Information
for the year ended 31 March 2019

Directors:	Mr C McNicol Dr K Kundratitz Dr R Gratl Mr P Nicholls
Registered office:	Building 1230 2nd Floor, Arlington Business Park Theale Reading Berkshire RG7 4SA
Registered number:	02925650 (England and Wales)
Auditors:	Haines Watts Chartered Accountants and Statutory Auditor Sterling House 177-181 Farnham Road Slough Berkshire SL1 4XP
Bankers:	National Westminster Bank 314 Chiswick High Road Chiswick London W4 5TB

KOCH MEDIA LIMITED
Strategic Report
for the year ended 31 March 2019

The directors present their strategic report for the year ended 31 March 2019.

Review of business

We aim to provide a balanced summary review of the development of our business during the year and its position at year end. Our review is consistent with the size of our business and is written in the context of the risks and uncertainties we face.

As a distributor within the entertainment sector we represent third party companies who have a combination of video games, video games accessories and DVD's or related products and who wish us to market and deliver these products to high street retailers, online retailers, and supermarkets in the United Kingdom, Scandinavia and Benelux economic areas. Additionally we act as international sales agent and distributor for our parent company when representing our own published games (under the label Deep Silver) in geographic areas where we do not have an own operation (such as Japan, Australia, Russia, South America).

As a distributor of computing and technology products we provide similar services to those companies engaged in the entertainment sector with the distinct difference being that products in computing and technology have a longer sales lifecycle than (the more new release driven) entertainment products, and consequently these need on going management and promotion compared to the crucial launch phase of entertainment products.

Principal risks and uncertainties

The company is a member of Koch Media GmbH group, in which risks are managed at group and company level. The management of the business and the nature of the group's strategy are subject to a number of risks, which are monitored at both group and company level.

The directors set out below the principal risks facing the business. Where possible, processes are in place to monitor and mitigate such risks.

Competition - The market in which the company operates is highly competitive. As a result there is downwards pressure on price and the additional risk of being unable to meet customers' expectations. Policies of constant price monitoring and ongoing market research are in place to mitigate such risks.

Product Obsolescence - Due to the nature of the market in which the group operates, products are subject to technological advances and customers engagement and, as a result obsolescence. The group is committed to research and development strategies that actively monitor the appetite that consumers have for the products and commercially structure investments accordingly. Post release detailed tools are available that monitor that real time weekly sales of the products and monitor stock to sales ratios so that the company can react quickly to any apparent slow down or speeding up of sales rates.

Policies on financial risks such as currency exposure are set out in the financial notes later in the audited accounts.

Key performance indicators

We consider our key performance indicators are those that communicate our stock and debtor efficiency as well as those that illustrate our sales and gross margin result.

	2019	2018
	£	£
Turnover	70,785,989	67,775,570
Gross profit	12,602,121	10,673,641
Gross profit margin	17.8%	15.7%

KOCH MEDIA LIMITED
Strategic Report
for the year ended 31 March 2019

Trading update

During the trading year the company has had a number of items of strategic importance that it needs to highlight.

The company has benefitted from strong new releases of video games notably from Football Manager 2019, F1 2018, Sonic Forces, Metro Exodus, Shadow of The Tomb Raider, and Turtle Beach gaming headsets. This has added significant sales growth in the financial year.

The company has also entered into new agreements with a number of retro gaming focused companies to take advantage of a trend in nostalgia for reimagined past home computers and consoles. Such new signings are needed to offset the decline of the market that Koch Media operates in where physical sales have a long term trend of decline.

Operating in multiple industries in different geographic regions allows the company to create a northern European hub for the UK, Scandinavian and Benelux regions in times of adverse economic cycles.

The company also looks forward to the new releases coming from its in house studios and its globally renowned video game titles that the company has responsibility for in its International distribution network. The network is as follows:

Europe: Russia, Poland, Bulgaria, Hungary, Romania, Czech Republic, Slovakia, Greece, Turkey.

Middle East: Served principally through one strategic partner for the whole region.

Asia/Australasia: Australia, New Zealand, Japan, Singapore, Hong Kong, Malaysia, Thailand.

Debtors and stock

Trade debtors (excluding debts factored) at the end of the year were £14.09m (2018: £8.4m) representing debtor days of 61 (2018: 45) which is disappointing year on year but still within efficient collection cycles.

Stock at the end of the year were £2.22m (2018: £0.40m) which is an average stock holding in days of 12 days (2018: 2.6 days) which also represented excellent stock efficiency although disappointing year on year as a comparison.

We consider these to be in line or lower than the industry average.

Results

The profit for the year, after taxation, was ahead of expectations and was consistent with the year before.

On behalf of the board:



.....
Mr C McNicol - Director

Date:

18.4.19

KOCH MEDIA LIMITED

Directors' Report for the year ended 31 March 2019

The directors present their report with the financial statements of the company for the year ended 31 March 2019.

Principal activity

The principal activity of the company in the year under review was that of a producer and distributor of video games and filmed entertainment. The company operates in the United Kingdom and Ireland as its principal market but additionally through its branch offices in Sweden for the Nordic region and Breda for the Benelux region it covers what is described as "Northern Europe" on behalf of its parent company. The company additionally exports its parent companies own products to distribution partners around the world where a group office is not present.

Dividends

The total distribution of dividends for the period ended 31 March 2019 will be nil (2018: £4,800,000).

Directors

The directors shown below have held office during the whole of the period from 1 April 2018 to the date of this report.

Mr C McNicol
Dr K Kundratitz
Dr R Grall
Mr P Nicholls

Statement of directors' responsibilities

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 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;
- 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.

Statement as to disclosure of information to auditors

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board:



Mr C McNicol - Director

Date:

18.4.19

**Independent Auditors' Report to the Members of
Koch Media Limited**

Opinion

We have audited the financial statements of Koch Media Limited (the 'company') for the year ended 31 March 2019 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and Notes to the Financial Statements, 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 March 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including 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 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 in the Strategic Report and the Directors' Report, but does not include 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 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 where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**Independent Auditors' Report to the Members of
Koch Media Limited**

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities, 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 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.

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. 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.



Jane Wills (Senior Statutory Auditor)
for and on behalf of Haines Watts
Chartered Accountants and Statutory Auditor
Sterling House
177-181 Farnham Road
Slough
Berkshire
SL1 4XP

Date: 18/4/19

KOCH MEDIA LIMITED

Statement of Comprehensive Income
for the year ended 31 March 2019

	Notes	2019 £	2018 £
Turnover	3	70,785,989	67,775,570
Cost of sales		(58,183,868)	(57,101,929)
Gross profit		12,602,121	10,673,641
Administrative expenses		(11,060,095)	(8,319,092)
		1,542,026	2,354,549
Other operating income		5,726,770	2,692,295
Operating profit		7,268,796	5,046,844
Interest receivable and similar income		7,178	5,089
		7,275,974	5,051,933
Interest payable and similar expenses	6	(68,871)	(22,805)
Profit before taxation	7	7,207,103	5,029,128
Tax on profit	8	(1,429,303)	(1,118,630)
Profit for the financial year		5,777,800	3,910,498
Other comprehensive income		-	-
Total comprehensive income for the year		5,777,800	3,910,498

The notes form part of these financial statements

Balance Sheet
31 March 2019

	Notes	£	2019 £	2018 £
Fixed assets				
Tangible assets	10		256,216	262,899
Current assets				
Stocks	11	2,224,914		405,622
Debtors	12	13,177,561		8,718,555
Cash in hand		3,141,100		1,178,394
		<u>18,543,575</u>		<u>10,302,571</u>
Creditors				
Amounts falling due within one year	13	8,891,702		6,429,151
Net current assets			<u>9,651,873</u>	<u>3,873,420</u>
Total assets less current liabilities			<u>9,908,089</u>	<u>4,136,319</u>
Provisions for liabilities	15		<u>11,524</u>	<u>17,554</u>
Net assets			<u><u>9,896,565</u></u>	<u><u>4,118,765</u></u>
Capital and reserves				
Called up share capital	16	200,000		200,000
Retained earnings	17	9,696,565		3,918,765
Shareholders' funds			<u><u>9,896,565</u></u>	<u><u>4,118,765</u></u>

The financial statements were approved by the Board of Directors on 18.4.19 and were signed on its behalf by:



Mr C McNicol - Director

The notes form part of these financial statements

KOCH MEDIA LIMITED

**Statement of Changes in Equity
for the year ended 31 March 2019**

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 April 2017	200,000	4,808,267	5,008,267
Changes in equity			
Dividends	-	(4,800,000)	(4,800,000)
Total comprehensive income	-	3,910,498	3,910,498
Balance at 31 March 2018	<u>200,000</u>	<u>3,918,765</u>	<u>4,118,765</u>
Changes in equity			
Total comprehensive income	-	5,777,800	5,777,800
Balance at 31 March 2019	<u>200,000</u>	<u>9,696,565</u>	<u>9,896,565</u>

The notes form part of these financial statements

KOCH MEDIA LIMITED

Notes to the Financial Statements for the year ended 31 March 2019

1. Statutory information

Koch Media Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. Accounting policies

Basis of preparing the financial statements

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

Going concern

The directors have identified no material uncertainties that cast significant doubt about the ability of the company to continue as a going concern.

Financial Reporting Standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirement of Section 33 Related Party Disclosures paragraph 33.7.

Turnover

Turnover comprises revenue recognised by the company in respect of distribution within the entertainment sector and distribution of computing and technology products during the year, exclusive of Value Added Tax and trade discounts.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Office equipment	- 4-13 years on cost
Fixtures and fittings	- 4-13 years on cost
Computer equipment	- 33% on cost

Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

Consignment stock is held on behalf of suppliers and is excluded from stocks. Under the contracts the company must typically:

- promote and sell the products with exclusive and non-exclusive rights under the supplier's name;
- not sell any other products of similar content;
- seek agreement with the supplier to sell at a lower than previously agreed price.

No deposit is due to suppliers for consignment stock.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit and loss in the period to which they relate.

Operating leases

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

**Notes to the Financial Statements - continued
for the year ended 31 March 2019**

2. Accounting policies - continued

Financial instruments

Financial assets and financial liabilities are recognised in the balance sheet when the company becomes a party to the contractual provisions of the instrument.

Trade and other debtors and creditors are classified as basic financial instruments and measured at initial recognition at transaction price. Debtors and creditors are subsequently measured at amortised cost using the effective interest rate method. A provision is established when there is objective evidence that the company will not be able to collect all amounts due.

Cash and cash equivalents are classified as basic financial instruments and comprise cash in hand and at bank and bank overdrafts which are an integral part of the company's cash management.

Financial liabilities and equity instruments issued by the company are classified in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Key sources of estimation uncertainty and judgements

Preparation of the financial statements requires management to make significant judgements and estimates in determining the carrying amounts of certain assets and liabilities. Management makes assumptions of the effects of uncertain future events on those assets and liabilities at the balance sheet date. The management's estimates and assumptions are based on historical experience and expectation of future events and are reviewed periodically. This disclosure excludes uncertainty over future events and judgement in respect of measuring financial instruments.

Bad debt provision

A full line by line review of trade debtors is carried out at the end of each month ensuring the provision is accurate. The provision accrued is calculated dependant on the age of the debt, whether it is being pursued by a solicitor or if the Customer is insolvent. Also, taken into consideration is if the debt is Credit Insured.

Depreciation

The company's tangible assets are depreciated on a straight line basis over their useful economic lives. Management reviews the appropriateness of assets' useful economic lives at least annually and any changes could affect prospective depreciation rates and asset carrying values.

Stock provision

There is estimation uncertainty in calculating finished goods stock provisions. A full line by line review of stocks is carried out at the end of each month. Whilst every attempt is made to ensure the finished goods stock provisions are as accurate as possible, there remains a risk that the provisions do not match the level of stock which ultimately proves to be unsaleable.

Provision for returns

There are two estimates made each month, both are on the level of analysing the disclosed stocks that a retailer has acquired but remains unsold to the retailers customers (i.e. retail customer/product). First a provision is made for the actual authorised actions (but as yet unclaimed) for promotions and returns and then an assessment beyond that the actual additional risks by what of us being required to issue further credit notes to ensure that each retailer has no more than 8 weeks forward cover based on the most recent weeks sales of that retailer.

KOCH MEDIA LIMITED

**Notes to the Financial Statements - continued
for the year ended 31 March 2019**

3. Turnover

The turnover and profit before taxation are attributable to the one principal activity of the company.

An analysis of turnover by class of business is given below:

	2019	2018
	£	£
Games publishing	69,764,924	66,209,199
Film publishing	701,789	1,480,326
Other	319,276	86,045
	<u>70,785,989</u>	<u>67,775,570</u>

An analysis of turnover by geographical market is given below:

	2019	2018
	£	£
United Kingdom	42,394,829	38,695,391
Europe	28,124,675	28,170,947
Rest of the world	266,485	909,232
	<u>70,785,989</u>	<u>67,775,570</u>

4. Employees and directors

	2019	2018
	£	£
Wages and salaries	3,776,002	3,651,721
Social security costs	523,768	487,881
Other pension costs	111,059	80,639
	<u>4,410,829</u>	<u>4,220,241</u>

The average number of employees during the year was as follows:

	2019	2018
Finance and administration	16	14
Sales	39	37
Development	8	8
	<u>63</u>	<u>59</u>

5. Directors' emoluments

	2019	2018
	£	£
Directors' remuneration	<u>361,205</u>	<u>426,588</u>

The number of directors to whom retirement benefits were accruing was as follows:

	2	2
Defined benefit schemes	<u>2</u>	<u>2</u>

KOCH MEDIA LIMITED

**Notes to the Financial Statements - continued
for the year ended 31 March 2019**

5. Directors' emoluments - continued

Information regarding the highest paid director is as follows:

	2019	2018
	£	£
Emoluments etc	<u>205,377</u>	<u>257,297</u>

The value of the company's contributions paid to a defined contribution pension scheme in respect of the directors amounted to £12,743 (2018: £13,382).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £8,791 (2018: £6,991).

No one other than directors are deemed to be key management personnel.

6. Interest payable and similar expenses

	2019	2018
	£	£
Bank overdraft	-	14,388
Other interest payable	<u>68,871</u>	<u>8,417</u>
	<u>68,871</u>	<u>22,805</u>

7. Profit before taxation

The profit is stated after charging/(crediting):

	2019	2018
	£	£
Depreciation - owned assets	84,405	82,997
Auditors' remuneration	18,850	17,750
Foreign exchange differences	<u>(27,275)</u>	<u>76,305</u>

8. Taxation

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

	2019	2018
	£	£
Current tax:		
UK corporation tax	1,384,309	965,611
Under provision in prior year	(39,106)	75,385
Other taxes	<u>90,130</u>	<u>81,723</u>
Total current tax	<u>1,435,333</u>	<u>1,122,719</u>
Deferred tax	<u>(6,030)</u>	<u>(4,089)</u>
Tax on profit	<u>1,429,303</u>	<u>1,118,630</u>

KOCH MEDIA LIMITED

Notes to the Financial Statements - continued
for the year ended 31 March 2019

8. Taxation - continued

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2019 £	2018 £
Profit before tax	<u>7,207,103</u>	<u>5,029,128</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2018 - 19%)	1,369,350	955,534
Effects of:		
Expenses not deductible for tax purposes	8,929	6,725
Depreciation in excess of capital allowances	6,030	3,352
Adjustments to tax charge in respect of previous periods	(39,106)	75,385
Additional overseas tax payable	90,130	81,723
increase (decrease) in the tax		
Movement in deferred tax	(6,030)	(4,089)
Total tax charge	<u>1,429,303</u>	<u>1,118,630</u>

9. Dividends

	2019 £	2018 £
Ordinary shares of £1.00 each		
Final	-	4,800,000

10. Tangible fixed assets

	Office equipment £	Fixtures and fittings £	Computer equipment £	Totals £
Cost				
At 1 April 2018	1,244	232,196	400,306	633,746
Additions	-	25,907	51,815	77,722
At 31 March 2019	<u>1,244</u>	<u>258,103</u>	<u>452,121</u>	<u>711,468</u>
Depreciation				
At 1 April 2018	1,244	71,044	298,559	370,847
Charge for year	-	30,734	53,671	84,405
At 31 March 2019	<u>1,244</u>	<u>101,778</u>	<u>352,230</u>	<u>455,252</u>
Net book value				
At 31 March 2019	-	156,325	99,891	256,216
At 31 March 2018	-	161,152	101,747	262,899

KOCH MEDIA LIMITED

Notes to the Financial Statements - continued
for the year ended 31 March 2019

11. Stocks

	2019	2018
	£	£
Goods for resale	<u>2,224,914</u>	<u>405,622</u>

12. Debtors: amounts falling due within one year

	2019	2018
	£	£
Trade debtors	9,843,135	8,438,172
Non recourse finance	-	(6,556,842)
Amounts owed by group undertakings	1,177,910	5,993,994
Other debtors	1,950,505	700,208
Prepayments and accrued income	206,011	143,023
	<u>13,177,561</u>	<u>8,718,555</u>

In the prior year Koch Media Limited has made an offer to sell specific debts to Koch Media GmbH (Austria) (immediate parent company). The directors note that Koch Media Limited is not obliged to support any losses and nor does it intend to do so because all factored debts are insured. Koch Media GmbH (Austria) is aware that the purchased debts are without recourse from Koch Media Limited

13. Creditors: amounts falling due within one year

	2019	2018
	£	£
Trade creditors	2,837,670	2,800,074
Amounts owed to group undertakings	88,509	-
Tax	1,007,253	577,790
Social security and other taxes	704,115	323,935
Other creditors	10,997	26,814
Accruals and deferred income	4,243,158	2,700,538
	<u>8,891,702</u>	<u>6,429,151</u>

Included in accruals and deferred income is the provision for returns of £2,443,536 (2018: £1,424,919).

14. Leasing agreements

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2019	2018
	£	£
Within one year	172,642	192,634
Between one and five years	582,634	611,230
In more than five years	192,060	336,105
	<u>947,336</u>	<u>1,139,969</u>

15. Provisions for liabilities

	2019	2018
	£	£
Deferred tax		
Accelerated capital allowances	<u>11,524</u>	<u>17,554</u>

KOCH MEDIA LIMITED

**Notes to the Financial Statements - continued
for the year ended 31 March 2019**

15. Provisions for liabilities - continued

	Deferred tax £
Balance at 1 April 2018	17,554
Credit to Statement of Comprehensive Income during year	(6,030)
Balance at 31 March 2019	<u>11,524</u>

16. Called up share capital

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2019 £	2018 £
200,000	Ordinary	£1.00	<u>200,000</u>	<u>200,000</u>

17. Reserves

	Retained earnings £
At 1 April 2018	3,918,765
Profit for the year	5,777,800
At 31 March 2019	<u>9,696,565</u>

18. Related party disclosures

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

During the year, the company paid £222,615 (2018: £204,875) for internet marketing services to Fancensus.com Ltd, a related party. At the year-end, Koch Media Limited owed £nil (2018: £10,911) to this company.

There are no other transactions with related parties or key management that require disclosure.

19. Ultimate controlling party

The immediate parent company is Koch Media Holdings GmbH, a company incorporated in Austria.

The ultimate controlling party is Mr. L Wingefors, owner of THQ Nordic AB, the ultimate controlling parent company incorporated in Sweden.

Copies of the consolidated financial statements of THQ Nordic AB are publicly available and can be obtained from the company website at the following address:
<http://www.thqnordic-investors.com/en/financial-reports/>