

All3Media International Limited

Annual report and financial statements

31 December 2018

Registered number 03203247



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Company Information

Directors A McMullen
 S Geater
 V Turton

Registered office Berkshire House
 168-173 High Holborn
 London
 WC1V 7AA

Independent PricewaterhouseCoopers LLP
Auditors Chartered Accountants and Statutory Auditors
 1 Embankment Place
 London
 WC2N 6RH

Strategic report

The Directors present their Strategic Report for the year ended 31 December 2018.

Principal activity and review of the business

The principal activity of the company is the distribution of television programmes. The directors do not anticipate any changes in those activities over the coming year.

The profit for the financial year amounted to £12,855,302 (year ended 31 December 2017: £18,811,429). Strong results were driven by investment in new drama and underpinned by successful continuing series.

As at 31 December 2018, total shareholders' funds total £39,567,411 (31 December 2017: £41,747,222), materially in line year on year with the profit for the year offset by dividends paid.

Principal risks and uncertainties

The key business risks and uncertainties affecting the company relate to the general economic environment, competition from other distributors of television programmes 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 All3Media International 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 23 May 2019 and signed on its behalf by:



A McMullen
Director

Berkshire House
168-173 High Holborn
London
WC1V 7AA

Directors' report

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

Future outlook

The commercial environment in which the company operates remains competitive, but the directors believe that the company's position as one of the leading distributors of television programmes will enable it to maintain its current position in the future.

Dividends

An interim dividend of £4,666,666.67 (year ended 31 December 2017: £1,333,333) per £1 ordinary share amounting to £14,000,000 (year ended 31 December 2017: £4,000,000) was declared during the year.

Three additional dividends were paid during the year. £138,548 per £1 ordinary share amounting to £415,644, £104,516 per £1 ordinary share amounting to £313,547 and £101,974 per £1 ordinary share amounting to £305,922 (year ended 31 December 2017: £2,083,333 per £1 ordinary share).

Financial risk Management

Through its trading activities the company is exposed to certain levels of credit, interest rate, currency and liquidity risk. Main credit risk arises from customers not meeting payment terms, however this is monitored closely by management. Interest risk arises on cash balances subject to interest based on floating rates. Currency risk arises as certain debtors are denominated in foreign currencies. The company funds its operations from trading activities.

Directors

The directors of the company who were in office during the year and up to the date of signing the financial statements were:

A McMullen
S Geater
V Turton

The company maintains liability insurance for its directors and officers.

Statement of directors' responsibilities in respect of 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.

Directors' report (*continued*)

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' confirmations

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent Auditors

The independent auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and are deemed reappointed in accordance with s487(2) of the Companies Act.

The financial statements on pages 9 to 25 were approved by the Board of Directors on **23** May 2019 and signed on its behalf by



A McMullen
Director

Berkshire House
168-173 High Holborn
London
WC1V 7AA

Independent auditors' report to the members of All3Media International Limited

Opinion

In our opinion, All3Media International Limited's financial statements:

- 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 (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the balance sheet as at 31 December 2018; the profit and loss account, the statement of comprehensive income, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- 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.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

Independent auditors' report to the members of All3Media International Limited (continued)

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

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.

Independent auditors' report
to the members of All3Media International Limited (*continued*)

Responsibilities for the financial statements and the audit (*continued*)

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. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Philip Stokes (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP,
Chartered Accountants and Statutory Auditors
London
23 May 2019

**Profit and loss account
for the year ended 31 December 2018**

	Note	Year ended 31 December 2018 £	Year ended 31 December 2017 £
Turnover	3	102,618,691	92,808,383
Cost of sales		(78,132,800)	(64,346,304)
Gross profit		24,485,891	28,462,079
Distribution costs		(11,144,855)	(9,437,062)
Other operating income		1,048,863	372,948
Operating profit	4	14,389,899	19,397,965
Interest receivable and similar income	5	1,514,121	252,787
Interest payable and similar expenses	6	(325,389)	-
Profit before taxation		15,578,631	19,650,752
Tax on profit	9	(2,723,329)	(839,323)
Profit for the financial year		12,855,302	18,811,429

The above results were derived from continuing operations.

The notes on pages 13-25 form an integral part of these financial statements.

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

	Year ended 31 December 2018 £	Year ended 31 December 2017 £
Profit for the financial year	12,855,302	18,811,429
Total comprehensive income for the year	12,855,302	18,811,429

The notes on pages 13-25 form an integral part of these financial statements.

Balance sheet as at 31 December 2018

Registered number 03203247

	Note	31 December 2018 £	31 December 2017 £
Fixed assets			
Tangible assets	10	853,250	755,361
Investments	11	19,619,214	19,619,214
		<hr/>	<hr/>
		20,472,464	20,374,575
Current assets			
Debtors	12	143,087,071	97,024,602
Cash at bank and in hand		12,906,367	2,562,454
		<hr/>	<hr/>
		155,993,438	99,587,056
Creditors: amounts falling due within one year	13	(136,898,491)	(78,214,409)
		<hr/>	<hr/>
Net current assets		19,094,947	21,372,647
		<hr/>	<hr/>
Net assets		39,567,411	41,747,222
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	14	3	3
Share premium account		21,788,135	21,788,135
Profit and loss account		17,472,465	19,652,276
Other reserves		306,808	306,808
		<hr/>	<hr/>
Total shareholders' funds		39,567,411	41,747,222
		<hr/>	<hr/>

The financial statements of All3Media International Limited (registered number: 03203247) were approved by the board of directors and authorised for issue on **23** May 2019.

They were signed on its behalf by:



A McMullen
Director

Berkshire House
168-173 High Holborn
London
WC1V 7AA

The notes on pages 13-25 form an integral part of these financial statements.

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

	Called up share capital £	Share premium account £	Profit and loss account £	Other reserves £	Total shareholders' funds £
As at 1 January 2017	3	21,788,135	11,090,847	306,808	33,185,793
Total comprehensive income	-	-	18,811,429	-	18,811,429
Dividends	-	-	(10,250,000)	-	(10,250,000)
As at 31 December 2017	3	21,788,135	19,652,276	306,808	41,747,222
Total comprehensive income	-	-	12,855,302	-	12,855,302
Dividends	-	-	(15,035,113)	-	(15,035,113)
As at 31 December 2018	3	21,788,135	17,472,465	306,808	39,567,411

The notes on pages 13-25 form an integral part of these financial statements.

Notes to the financial statements for the year ended 31 December 2018

1 General information

All3Media International Limited is a company incorporated in United Kingdom under the Companies Act.

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 3.

2 Accounting Policies

2.1 Summary of significant 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.

(a) Basis of preparation

The financial statements of All3Media International 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. 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. 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 2.2.

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)

Notes to the financial statements for the year ended 31 December 2018 *(continued)*

2 Accounting policies *(continued)*

- 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)
- 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.

The revised IFRS 9 'Financial instruments' framework has been reviewed for its impact on the financial statements. None has been noted.

Where required equivalent disclosures are given in the group accounts of DLG Acquisitions Limited. The group accounts of DLG Acquisitions Limited are available to the public and can be obtained as set out in note 19.

The financial statements contain information about all3media International as an individual company and do not contain consolidated financial information as the parent of a group. The Company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, all3media Limited.

(b) 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.

(c) Turnover

Turnover and attributable profits are recognised in accordance with the company's right to receive revenue based on the contracted position. For finished programmes and formats distributed by the company, revenue is recognised once contracted and invoiced provided that the product is available for delivery and the license period has commenced.

Notes to the financial statements for the year ended 31 December 2018 *(continued)*

2 Accounting policies *(continued)*

(d) Foreign currency translation

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.

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. All other foreign exchange gains and losses are presented in the income statement within 'Cost of sales'.

(e) 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.

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 realized 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.

(f) 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.

(g) Tangible assets

Fixed assets are stated at cost less depreciation.

Cost comprises the purchase price of the asset and directly attributable costs in bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Notes to the financial statements for the year ended 31 December 2018 (continued)

2 Accounting policies (continued)

(h) Depreciation

Depreciation is calculated to write off the cost of tangible fixed assets evenly over their estimated useful lives at the following annual rates:

Furniture and fittings	20%
Technical equipment	25%
Computer equipment	33.33%

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.

(i) Fixed asset investments

Investments held as fixed assets are shown at cost less provision for impairment. The carrying values of fixed asset investments are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

(j) 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.

(k) Royalties

Royalties payable to producers or rights holders are recognised as cost of sales on an accruals basis in accordance with the turnover recognised.

(l) Leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

(m) Pensions

The company contributes to a defined contribution personal pension scheme. The contributions to this scheme are charged to the profit and loss account in the year in which the contributions are payable.

2.2 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.

(a) Useful economic lives of tangible fixed assets

The annual depreciation charge for tangible fixed assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 10 for the carrying amount of the tangible fixed assets.

Notes to the financial statements for the year ended 31 December 2018 *(continued)*

2 Accounting policies *(continued)*

(b) Impairment of trade and other debtors

The company makes an estimate of the recoverable value of trade and other debtors. When assessing the impairment of trade and other debtors, management considers factors including the credit rating of the receivable, the ageing profile of receivables and historical experience. See note 12 for the net carrying amount of the receivables and associated impairment provision.

3 Turnover

	Year ended 31 December 2018 £	Year ended 31 December 2017 £
United Kingdom	16,355,178	18,262,064
Rest of Europe	27,997,086	22,509,578
Americas	36,937,049	20,053,551
Rest of the World	21,329,378	31,983,190
	<hr/>	<hr/>
Turnover	102,618,691	92,808,383
	<hr/>	<hr/>

All turnover has derived from the principal activity of the company.

4 Operating profit

	Year ended 31 December 2018 £	Year ended 31 December 2017 £
Auditors' remuneration: Audit services	45,918	23,047
Depreciation expense	323,224	277,362
	<hr/>	<hr/>

5 Interest receivable and similar income

	Year ended 31 December 2018 £	Year ended 31 December 2017 £
Interest income on bank deposits	-	19,344
Intragroup loan interest received	108,897	93,047
FX on intragroup loan	61,964	140,396
Intragroup dividends received	1,343,260	-
	<hr/>	<hr/>
Interest receivable and similar income	1,514,121	252,787
	<hr/>	<hr/>

Notes to the financial statements for the year ended 31 December 2018 *(continued)*

6 Interest payable and similar expenses

	Year ended 31 December 2018 £	Year ended 31 December 2017 £
Interest payable on other items	325,389	-
Interest payable and similar expenses	325,389	-

7 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	Year ended 31 December 2018 £	Year ended 31 December 2017 £
Wages and salaries	5,826,210	5,035,382
Social security costs	522,656	440,969
Other pension costs	187,847	156,711
Total	6,536,713	5,633,062

The average monthly number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	Year ended 31 December 2018 Number	Year ended 31 December 2017 Number
By activity:		
Sales and distribution	36	30
Administration	38	32
Total	74	62

8 Directors' remuneration

Directors' remuneration in 2018 was £nil (2017: £nil) for services to this company.

The directors are remunerated by All3Media Limited, and details of their emoluments and pension payments are available in the financial statements of that company.

Notes to the financial statements for the year ended 31 December 2018 *(continued)*

9 Tax on profit

(a) Tax on profit

The tax expense included in profit is made up as follows:

	Year ended 31 December 2018 £	Year ended 31 December 2017 £
Current taxation		
UK corporation tax on profits for the year	2,117,223	-
Foreign tax	738,918	868,163
Total current income tax	2,856,141	868,163
Deferred taxation		
Origination and reversal of temporary differences	(144,270)	(53,392)
Impact of changes in tax rates and laws	11,458	693
Adjustments in respect of prior periods	-	23,859
Total deferred taxation	(132,812)	(28,840)
Tax on profit	2,723,329	839,323

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

The tax charge for the year is lower (2017: lower) than the standard rate of corporation tax in the UK of 19.00% (2017: 19.25%). The differences are explained below:

	Year ended 31 December 2018 £	Year ended 31 December 2017 £
Profit before taxation	15,578,631	19,650,752
Corporation tax at standard rate 19.00% (2017: 19.25%)	2,959,940	3,782,770
Effects of:		
Expenses not deductible for tax purposes	20,229	20,439
Adjustments in respect of prior periods	-	23,859
Overseas tax suffered	248,529	304,365
Utilisation of Group losses for no payment	(278,580)	(3,292,803)
Re-measurement of deferred tax – change in UK tax rate	28,431	693
Non-taxable income	(255,220)	-
Total tax charge for the year	2,723,329	839,323

Notes to the financial statements for the year ended 31 December 2018 *(continued)*

9 Tax on profit *(continued)*

(c) Factors affecting the tax charge for future years

During the previous financial year, the Finance Act 2016 received Royal Assent. The main impact was the reduction of the UK corporation tax from 20% to 19% (effective from 1 April 2017) and 18% (effective from 1 April 2020).

During this financial year, the previously enacted rate of 18% (effective from 1 April 2020) was reduced further to 17% in the Finance Act 2016 which received Royal Assent on 15 September 2016.

To the extent these rate changes will affect the amount of future cash tax payments to be made by the company, this will reduce the amount of its deferred tax liabilities and assets.

(d) Deferred tax

The deferred taxation included in the balance sheet is as follows:

	Year ended 31 December 2018 £	Year ended 31 December 2017 £
Included in debtors (note 12)	241,660	108,848
Analysed as below:		
Depreciation in advance of capital allowances	152,339	108,848
Short-term temporary differences	89,321	-
Deferred taxation assets	241,660	108,848

Deferred tax movement during the year:

	At 1 January 2018 £	Recognised as income £	At 31 December 2018 £
Accelerated tax depreciation	108,848	43,491	152,339
Short-term temporary differences	-	89,321	89,321
	108,848	132,812	241,660

Notes to the financial statements for the year ended 31 December 2018 *(continued)*

10 Tangible assets

	£
Furniture and fittings, computer and technical equipment	
Cost	
Opening balance as at 1 January 2018	1,249,505
Additions	421,113
Reclassifications	(31,959)
	<hr/>
Closing balance as at 31 December 2018	1,638,659
	<hr/>
Accumulated depreciation	
Opening balance as at 1 January 2018	494,144
Charge for the year	323,224
Reclassifications	(31,959)
	<hr/>
Closing balance as at 31 December 2018	785,409
	<hr/>
Net book value	
Closing balance as at 31 December 2018	853,250
	<hr/>
Closing balance as at 31 December 2017	755,361
	<hr/>

11 Investments

	2018 £	2017 £
Shares in subsidiary companies		
Opening balance	19,619,214	19,619,214
	<hr/>	<hr/>
Closing balance	19,619,214	19,619,214
	<hr/>	<hr/>

Notes to the financial statements for the year ended 31 December 2018 *(continued)*

11 Investments *(continued)*

The details of the principal subsidiary companies in which the company holds 20% or more of the nominal value of any class of share capital are as follows. Shares held by an intermediate holding company are indicated with an asterisk (*). All investments are unlisted.

Name and registered address of company	Country	Equity holding	Nature of business
All3Media International Asia Pacific Pte. Ltd	Singapore ¹	100%	Television distribution
La Plante Productions Ltd	United Kingdom ²	100%	Television production
Tulip Holdings BV	Netherlands ³	100%	Sub-holding company
IDTV Media Group BV	Netherlands ³	*100%	Television production/distribution
South Pacific Pictures Investments Ltd	New Zealand ⁴	100%	Sub-holding company
South Pacific Pictures Ltd	New Zealand ⁴	*100%	Television production/distribution
Tower Hamlets Finance Ltd	United Kingdom ²	100%	Financing vehicle
A3MI Finance Ltd	United Kingdom ²	100%	Sub-holding company
Jerusalem Finance Ltd	United Kingdom ²	*100%	Financing vehicle
Foreign Skies Finance Ltd	United Kingdom ²	*100%	Financing vehicle
The Feed Finance Ltd	United Kingdom ²	100%	Financing vehicle
Agatha Raisin 2 Finance Ltd	United Kingdom ²	100%	Financing vehicle
Residualf3 Ltd	United Kingdom ²	100%	Administrative vehicle
Requiem Finance Ltd	United Kingdom ²	100%	Financing vehicle
Rainforest Finance Ltd	United Kingdom ²	100%	Financing vehicle

Address Key

- 1 80 Robinson Road, #02-00, Singapore 068898
- 2 168-173 High Holborn, London, WC1V 7AA, United Kingdom
- 3 Overschiestraat 176, 1062 XK, Amsterdam, Netherlands
- 4 8 Tolich Place, Henderson, Auckland, New Zealand

12 Debtors

	31 December 2018 £	31 December 2017 £
Trade debtors	15,762,565	15,871,422
Amounts owed by the parent company	9,220	22,026
Amounts owed by group undertakings	10,675,984	5,087,352
Other debtors	2,124,014	25,079
Prepayments and accrued income	60,181,451	47,163,157
Value added tax	5,380,752	2,807,431
Deferred tax	241,660	108,848
External distribution advances	14,359,828	14,164,537
Inter-group distribution advances	34,351,597	11,774,750
Total	143,087,071	97,024,602

Trade debtors are reviewed for recoverability and a bad debt provision is raised as required. The bad debt provision at balance sheet date was £912,532 (2017: £788,291).

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

Notes to the financial statements for the year ended 31 December 2018 *(continued)*

13 Creditors: amounts falling due within one year

	31 December 2018 £	31 December 2017 £
Trade creditors	48,739,080	40,349,418
Amounts owed to the parent company	1,303,292	1,239,277
Amounts owed to group undertakings	44,172,466	19,600,665
Bank overdrafts	9,556,998	3,206,566
Corporation tax	2,117,224	-
Amounts payable to group undertakings for group relief	813,911	813,911
Other taxation and social security creditors	1,506	(730)
Other creditors	49,217	6,620
Accruals and deferred income	30,144,797	12,998,682
Total	136,898,491	78,214,409

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

14 Called up share capital

(a) *Authorised*

	31 December 2018	£	31 December 2017	£
	Number		Number	
Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>

(b) *Allotted, called-up and fully paid shares*

	31 December 2018	£	31 December 2017	£
	Number		Number	
Ordinary shares of £1 each	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>

15 Pension and other schemes

(a) *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 an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and in the year amounted to £187,847 (year ended 31 December 2017: £156,711). 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.

Notes to the financial statements for the year ended 31 December 2018 *(continued)*

17 Related party transactions

During the period, the company entered into the following transactions with the following companies, all of whom are fellow subsidiaries of the company's ultimate parent undertaking:

	Sales of goods		Purchase of goods	
	31 December 2018 £	31 December 2017 £	31 December 2018 £	31 December 2017 £
Studio Lambert Associates Limited	-	-	1,218,009	1,160,327
All3Media Deutschland GmbH	410,463	137,127	669,115	625,943
Two Brothers Pictures Limited	-	-	1,478,662	664,529
Little Dot Studios Limited	2,846,050	1,754,077	231	24,618
Neal Street Productions Limited	-	-	79,025	-
Raw Factual Limited	-	-	202,630	-
Total	3,256,513	1,891,204	3,647,672	2,475,417

The following amounts were outstanding at the balance sheet date:

	Amounts owed by related parties		Amounts owed to related parties	
	31 December 2018 £	31 December 2017 £	31 December 2018 £	31 December 2017 £
Studio Lambert Associates Limited	204,447	-	296,757	679,463
All3Media Deutschland GmbH	70,553	109,957	424,422	496,068
Two Brothers Pictures Limited	-	-	10,102,072	160,360
Little Dot Studios Limited	825,660	-	-	19
Neal Street Productions Limited	-	-	23,089	-
Raw Factual Limited	-	-	165,354	-
Total	1,100,660	109,957	11,011,694	1,335,910

Included within turnover is £5,680,776 of sales made to entities in the Discovery Group (2017: £4,999,100) and £298,494 of sales made to entities in the Liberty Global Group (2017: £421,903). Included within cost of sales is £nil incurred from Liberty Global Group (2017: £nil). Included within trade debtors is £1,253,754 owed from Discovery Group companies (2017: £1,761,391) and £60,947 owed from Liberty Group companies (2017: £245,271).

Notes to the financial statements for the year ended 31 December 2018 *(continued)*

18 Dividends

	31 December 2018 £	31 December 2017 £
Ordinary		
Interim paid: £4,666,667 (2017: £1,333,333) per £1 share	14,000,000	4,000,000
Interim paid: £138,548 per £1 share	415,644	-
Interim paid: £104,516 per £1 share	313,547	-
Interim paid: £101,974 per £1 share	305,922	-
Additional dividend	-	6,250,000
Total	15,035,113	10,250,000

19 Parent and ultimate parent 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 2018. 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. (formerly Discovery Communications Inc.), which own LGCI HoldCo I B.V. and DNI Holdings (Jersey) Limited respectively, who are equal joint venture owners of DLG Acquisitions Limited.