All3Media International Limited

Annual report and financial statements

31 December 2019

Registered number 03203247

Contents

Company Information

Directors	A McMullen S Geater V Turton
Registered office	Berkshire House 168-173 High Holborn London WC1V 7AA
Independent Auditors	PricewaterhouseCoopers LLP 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 2019.

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 £18,603,673 (year ended 31 December 2018: £12,855,302). Strong results were driven by investment in new drama and underpinned by successful continuing series.

As at 31 December 2019, total shareholders' funds total £46,450,402 (31 December 2018: £39,567,411), 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 group, which includes the company, are discussed in the group's financial statements which do not form part of this report.

Section 172(1) Statement

The directors are fully aware of their duty under section 172(1) of the Companies Act 2006 to act in the way which they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole. The directors consider that, during the year to 31 December 2019, they have acted fairly between members having regard to the long term and the interests of the company's employees and other stakeholders, including the impact of its activities on the community, the environment and the company's reputation, when taking decisions.

The Long Term

The importance and relevance of high-quality television content is increasing in an ever-evolving media landscape. The directors are well aware of the dynamic media landscape, in terms of the evolving consumer consumption behaviours, growth of new global platforms, and changing tastes in demand for genres and formats. The directors' long term strategy continues to seek to position the company to be able to take advantage of these changes by striving to source and distribute world class television, film and digital content and to maintain and develop strong relationships both with the traditional customers and newer global platforms. Where conflicts arise between the short term and long term consequences of a decision these consequences are weighed carefully. Whilst precedence is given to long term benefits, the directors will consider whether these are outweighed by short term impacts in reaching their conclusions.

Employees

The welfare and development of the company's employees is of highest importance to the directors. The company has policies and procedures in place to ensure employees are working in a healthy, safe and inclusive environment. The company's Equal Opportunities Policy and Anti-Harassment and Bullying Policy are set out in the Company Handbook.

Strategic report *(continued)*

Section 172(1) Statement *(continued)*

Business Relationships
The directors continually seek to maintain and develop strong and mutually beneficial relationships with the company's suppliers and customers. The company engages regularly with its customers and suppliers through meetings, attendance at television content markets and other industry events in order to ensure its strategy and values are aligned with customer needs.

The directors are committed to complying with all applicable local laws and regulations including in relation to modern slavery, human trafficking and anti-bribery and corruption. Contractual provisions are updated to ensure that external counterparties are obliged to adhere to all applicable laws and regulations.

Community and Environment
The company distributes a broad range of programming across many genres. These include many high quality and socially responsible programmes which raise awareness of key social and topical issues, aiming to show broad on-screen diversity and inclusion.

The company is committed to minimising its environmental impact, including actively reducing the amount of plastic used in the office, at television content markets and customer events. There is also a cycle to work initiative in place.

High standards of business conduct
The directors strive to operate the business to the highest level of conduct. All staff are required to adhere to the company's Diversity and Inclusion Policy and its Anti-Harassment and Bullying Policy. The company is required to adhere to the Accounting Policies Manual set out by the group. The group has an Internal Audit function which performs routine audits to review the overall control framework and compliance with these policies and procedures.

The directors treat all external stakeholders collaboratively and fairly, and duly expect a level of conduct from them which aligns to the company's values.

Fair dealing between members
The company has two ultimate corporate shareholders, Liberty Global plc and Discovery Inc., who hold equal representation on the Board. The relevance of each such shareholder may increase or decrease depending on the matter or issue at question, so the directors seek to consider the needs and priorities of each shareholder during their discussions and as part of their decision making.

Approved by the board on 12 June 2020 and signed on its behalf by:

DocuSigned by:
Angela McMullen
D19E9682DA7E484...
A McMullen
Director

Berkshire House
168-173 High Holborn
London
WC1V 7AA

Directors' report

The Directors present the Strategic Report together with the Directors' Report and the audited financial statements for All3Media International Limited (the "company") for the year ended 31 December 2019.

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. The future outlook of the group, which includes the company, are discussed in the group's financial statements which do not form part of this report.

Dividends

An interim dividend of £3,500,000 (2018: £4,666,666.67) per £1 ordinary share amounting to £10,500,000 (2018: £14,000,000) was declared and issued as a promissory note during the year. Three additional interim dividends were paid during the year. £121,155 per £1 ordinary share amounting to £363,466, £137,415 per £1 ordinary share amounting to £412,244 and £148,324 per £1 ordinary share amounting to £444,972 (year ended 31 December 2018: £1,035,113).

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.

Employees

There were 80 employees (2018: 74 employees) in the company at 31 December 2019.

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

As permitted by the articles of association of the company, the directors and other officers have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The company also purchases and maintains liability insurance for itself, its directors and officers and associated companies.

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.

Directors' report *(continued)*

Statement of directors' responsibilities in respect of financial statements *(continued)*

In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.
- The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.
- The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' 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 10 to 27 were approved by the Board of Directors on 12 June 2020 and signed on its behalf by

DocuSigned by:
Angela McMullen
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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 2019 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 2019; 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

We have nothing to report in respect of the following matters in relation to which 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.

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.

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.

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

Reporting on other information *(continued)*

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 2019 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.

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.

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

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
12 June 2020

Profit and loss account
for the year ended 31 December 2019

	Note	**Year ended 31 December 2019 £**	Year ended 31 December 2018 £
Turnover	3	**133,164,759**	102,618,691
Cost of sales		**(103,654,446)**	(78,132,800)
Gross profit		**29,510,313**	24,485,891
Distribution costs		**(12,536,627)**	(11,144,855)
Other operating income		**539,407**	1,048,863
Operating profit	4	**17,513,093**	14,389,899
Interest receivable and similar income	5	**1,459,035**	1,514,121
Interest payable and similar expenses	6	**(1,208,868)**	(325,389)
Profit before taxation		**17,763,260**	15,578,631
Tax on profit	9	**840,413**	(2,723,329)
Profit for the financial year		**18,603,673**	12,855,302

The above results were derived from continuing operations.

The notes on pages 14-27 form an integral part of these financial statements.

Statement of comprehensive income for the year ended 31 December 2019

	Year ended 31 December 2019 £	Year ended 31 December 2018 £
Profit for the financial year	**18,603,673**	12,855,302
Total comprehensive income for the year	**18,603,673**	12,855,302

The notes on pages 14-27 form an integral part of these financial statements.

Balance sheet
as at 31 December 2019

Registered number 03203247

	Note	**31 December 2019 £**	31 December 2018 £
Fixed assets			
Tangible assets	10	**1,583,737**	853,250
Investments	11	**19,619,214**	19,619,214
		21,202,951	20,472,464
Current assets			
Debtors	12	**175,559,279**	143,087,071
Cash at bank and in hand		**12,511,946**	12,906,367
		188,071,225	155,993,438
Creditors: amounts falling due within one year	13	**(155,673,659)**	(136,898,491)
Net current assets		**32,397,566**	19,094,947
Creditors: amounts due after more than one year	14	**(7,150,115)**	-
Net assets		**46,450,402**	39,567,411
Capital and reserves			
Called up share capital	15	**3**	3
Share premium account		**21,788,135**	21,788,135
Profit and loss account		**24,355,456**	17,472,465
Other reserves		**306,808**	306,808
Total shareholders' funds		**46,450,402**	39,567,411

The financial statements of All3Media International Limited (registered number: 03203247) were approved by the board of directors and authorised for issue on 12 June 2020.

They were signed on its behalf by:

DocuSigned by:
Angela McMullen
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A McMullen
Director

Berkshire House
168-173 High Holborn
London
WC1V 7AA

The notes on pages 14-27 form an integral part of these financial statements.

Statement of changes in equity for the year ended 31 December 2019

	Called up share capital £	Share premium account £	Profit and loss account £	Other reserves £	Total shareholders' funds £
As at 1 January 2018	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
Total comprehensive income	-	-	18,603,673	-	18,603,673
Dividends	-	-	(11,720,682)	-	(11,720,682)
As at 31 December 2019	**3**	**21,788,135**	**24,355,456**	**306,808**	**46,450,402**

The notes on pages 14-27 form an integral part of these financial statements.

Notes to the financial statements for the year ended 31 December 2019

1 General information

All3Media International Limited (registered number 03203247) is a private company limited by shares incorporated and domiciled in England and Wales under the Companies Act 2006.

The address of the registered office is:
Berkshire House
168-173 High Holborn
London
WC1V 7AA

The nature of the company's operations and principal activities are set out in the Strategic Report on pages 3-4.

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 2019 *(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 21.

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. Therefore, 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 2019 *(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 realised, or the deferred income tax liability is settled.

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

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

(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 2019 *(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%

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 2019 *(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. For distribution advances, specific consideration is given to the lifecycle of the program including the expected lifetime sales. See note 12 for the net carrying amount of the receivables and associated impairment provision.

2.3 Changes in accounting policy and disclosures

(a) New standards adopted in the period

IFRS 16 'Leases' became effective on 1 January 2019 and is a major revision to the way that entities will account for leases. The distinction between operating leases and finance leases enshrined in current accounting requirements (IAS 17) was removed with the effect that virtually all leasing arrangements were brought on to the balance sheet as financial obligations and 'right-to-use' assets. The company holds no leases and therefore there was no restatement.

(b) New standards and interpretations not yet adopted

A number of interpretations and revisions to existing standards have been issued which will be applicable to the company's financial statements in future years, but will not have a material effect on reported profit or equity or on the disclosures in the financial statements.

3 Turnover

	Year ended 31 December 2019 £	Year ended 31 December 2018 £
United Kingdom	**30,750,663**	16,355,178
Rest of Europe	**29,403,164**	27,997,086
Americas	**49,346,340**	36,937,049
Rest of the World	**23,664,592**	21,329,378
Turnover	**133,164,759**	102,618,691

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

4 Operating profit

	Year ended 31 December 2019 £	Year ended 31 December 2018 £
Auditors' remuneration:		
Audit services	**47,914**	45,918
Depreciation expense	**340,718**	323,224
Loss on disposal of tangible assets	**69,461**	-

Notes to the financial statements for the year ended 31 December 2019 *(continued)*

5 Interest receivable and similar income

	Year ended 31 December 2019 £	Year ended 31 December 2018 £
Interest received on intragroup loan	97,476	108,897
Unrealised FX on intragroup loan	41,756	61,964
Intragroup dividends received	1,319,803	1,343,260
Interest receivable and similar income	1,459,035	1,514,121

6 Interest payable and similar expenses

	Year ended 31 December 2019 £	Year ended 31 December 2018 £
Interest payable on other items	187,967	325,389
Interest payable on intragroup loan	615,215	-
Arrangement fee on intragroup loan	26,789	-
Unrealised FX on intragroup loan	250,555	-
Unrealised FX on tax credit loans	120,083	-
Realised FX on intragroup loan	8,259	-
Interest payable and similar expenses	1,208,868	325,389

7 Staff costs

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

	Year ended 31 December 2019 £	Year ended 31 December 2018 £
Wages and salaries	6,711,059	5,826,210
Social security costs	649,383	522,656
Other pension costs	240,614	187,847
Total	7,601,056	6,536,713

Notes to the financial statements for the year ended 31 December 2019 *(continued)*

7 Staff costs *(continued)*

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 2019	Year ended 31 December 2018
	Number	Number
By activity:		
Sales and distribution	**37**	36
Administration	**43**	38
Total	**80**	74

8 Directors' remuneration

Directors' remuneration in 2019 was £nil (2018: £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.

9 Tax on profit

(a) Tax on profit

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

	Year ended 31 December 2019	Year ended 31 December 2018
	£	£
Current taxation		
UK corporation tax on profits for the year	**502,677**	2,117,223
Foreign tax	**747,415**	738,918
Adjustments in respect of prior periods	**(1,690,264)**	-
Double tax relief	**(502,677)**	-
Total current income tax	**(942,849)**	2,856,141
Deferred taxation		
Origination and reversal of timing differences	**21,026**	(144,270)
Impact of changes in tax rate	**-**	11,458
Prior year adjustment	**81,410**	-
Total deferred taxation	**102,436**	(132,812)
Tax on profit	**(840,413)**	2,723,329

Notes to the financial statements for the year ended 31 December 2019 *(continued)*

9 Tax on profit *(continued)*

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

The tax charge for the year is lower (2018: lower) than the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%). The differences are explained below:

	Year ended 31 December 2019 £	Year ended 31 December 2018 £
Profit before taxation	**17,763,262**	15,578,631
Corporation tax at standard rate 19.00% (2018: 19.00%)	**3,375,020**	2,959,940
Effects of:		
Expenses not deductible for tax purposes	**123,390**	20,229
Adjustments in respect of prior periods	**(1,608,854)**	-
Overseas tax suffered	**244,743**	248,529
Utilisation of Group losses for no payment	**(2,721,475)**	(278,580)
Re-measurement of deferred tax – change in UK tax rate	**(2,474)**	28,431
Non-taxable income	**(250,763)**	(255,220)
Total tax charge for the year	**(840,413)**	2,723,329

(c) Factors affecting the tax charge for future years

The Finance Act 2015 reduced the UK corporation tax from 20% to 19% (effective from 1 April 2017) and 18% (effective from 1 April 2020). The previously enacted rate of 18% was reduced further to 17% in the Finance Bill 2016 which received Royal Assent on 15 September 2016. A revised Budget Resolution was passed on 17 March 2020 which reverses the two planned reductions, with the existing 19% rate substantively enacted as continuing. The corporation tax rate will therefore remain at 19% for the foreseeable future.

(d) Deferred tax

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

	Year ended 31 December 2019 £	Year ended 31 December 2018 £
Included in debtors (note 12)	**139,224**	241,660
Analysed as below:		
Depreciation in advance of capital allowances	**(33,894)**	152,339
Short-term temporary differences	**173,118**	89,321
Deferred taxation assets	**139,224**	241,660

Notes to the financial statements

for the year ended 31 December 2019 *(continued)*

9 Tax on profit *(continued)*

(d) Deferred tax (continued)

Deferred tax movement during the year:

	At 1 January 2019 £	Prior Year adjustment £	Recognised as income £	At 31 December 2019 £
Accelerated tax depreciation	152,339	(81,411)	(104,822)	**(33,894)**
Short-term temporary differences	89,321	-	83,797	**173,118**
	241,660	(81,411)	(21,025)	**139,224**

10 Tangible assets

	£
Furniture and fittings, computer and technical equipment	
Cost	
Opening balance as at 1 January 2019	1,638,659
Additions	1,140,666
Disposals	(164,646)
Closing balance as at 31 December 2019	**2,614,679**
Accumulated depreciation	
Opening balance as at 1 January 2019	785,409
Charge for the year	340,718
Disposals	(95,185)
Closing balance as at 31 December 2019	**1,030,942**
Net book value	
Closing balance as at 31 December 2019	**1,583,737**
Closing balance as at 31 December 2018	853,250

Notes to the financial statements for the year ended 31 December 2019 *(continued)*

11 Investments

	2019 £	2018 £
Shares in subsidiary companies		
Opening balance	**19,619,214**	19,619,214
Closing balance	**19,619,214**	19,619,214

The directors believe that the carrying value of the investments is supported by their underlying net assets.

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 listed below. Shares held by an intermediate holding company are indicated with an asterisk (*). Companies that were dissolved during the year and up to the date of signing these accounts are indicated with a double 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 Limited	United Kingdom[2]	100%	Television production
Tulip Holdings B.V.	Netherlands[3]	100%	Sub-holding company
IDTV Media Group B.V.	Netherlands[3]	*100%	Television production/distribution
South Pacific Pictures Investments Limited	New Zealand[4]	100%	Sub-holding company
South Pacific Pictures Limited	New Zealand[4]	*100%	Television production/distribution
A3MI Finance Limited	United Kingdom[2]	100%	Sub-holding company
Jerusalem Finance Limited	United Kingdom[2]	*100%	Financing vehicle
Foreign Skies Finance Limited**	United Kingdom[2]	*100%	Financing vehicle
The Feed Finance Limited	United Kingdom[2]	100%	Financing vehicle
Agatha Raisin 2 Finance Limited	United Kingdom[2]	100%	Financing vehicle
Residuall3 Limited	United Kingdom[2]	100%	Administrative vehicle
Requiem Finance Limited	United Kingdom[2]	100%	Financing vehicle
Rainforest Finance Limited	United Kingdom[2]	100%	Financing vehicle
Agatha Raisin Finance Limited	United Kingdom[2]	100%	Financing vehicle
Van Der Valk Finance Limited	United Kingdom[2]	100%	Financing vehicle
Tower Hamlets Finance Limited**	United Kingdom[2]	100%	Financing vehicle
The Feed Finance Limited**	United Kingdom[2]	100%	Financing vehicle

Registered 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

Notes to the financial statements for the year ended 31 December 2019 *(continued)*

12 Debtors

	31 December 2019 £	31 December 2018 £
Trade debtors	**20,741,117**	15,762,565
Amounts owed by the parent company	**41,236**	9,220
Amounts owed by group undertakings	**12,532,528**	10,675,984
Other debtors	**5,310,023**	2,124,014
Prepayments and accrued income	**76,235,524**	60,181,451
Value added tax	**1,515,525**	5,380,752
Deferred tax	**139,224**	241,660
External distribution advances	**31,193,308**	14,359,828
Inter-group distribution advances	**27,850,794**	34,351,597
Total	**175,559,279**	143,087,071

Trade debtors and distribution advances are reviewed for recoverability and a provision or write-off is booked as required. The bad debt provision at balance sheet date was £1,099,582 (2018: £912,532). The advance provision at balance sheet date was £19,353,990 (2018: £16,648,137).

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

13 Creditors: amounts falling due within one year

	31 December 2019 £	31 December 2018 £
Trade creditors	58,899,766	48,739,080
Amounts owed to the parent company	2,353,232	1,303,292
Amounts owed to group undertakings	66,112,239	44,172,466
Intragroup loan	4,748,743	-
Bank overdrafts	-	9,556,998
Corporation tax	426,963	2,117,224
Amounts payable to group undertaking for group relief	813,911	813,911
Other taxation and social security creditors	740	1,506
Other creditors	52,792	49,217
Accruals and deferred income	22,265,273	30,144,797
Total	**155,673,659**	136,898,491

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

The intragroup loan is with the company's subsidiary Rainforest Finance Limited who entered into a receivable financing agreement with Barclays Bank PLC. The loan facility was drawn down into the bank account of the company, resulting in an intercompany loan payable. The loan is repayable on a quarterly basis. The interest expense is calculated against loan principal for the period and is released to the Profit and loss account accordingly. Interest is charged at a fixed rate of 4.888%. The arrangement fee has been apportioned evenly over the life of the loan.

Notes to the financial statements for the year ended 31 December 2019 *(continued)*

14 Creditors: amounts due after more than one year

	31 December 2019 £	31 December 2018 £
Intragroup loan	**7,150,115**	-
Total	**7,150,115**	-

The intragroup loan is with the company's subsidiary Rainforest Finance Limited who entered into a receivable financing agreement with Barclays Bank PLC. The loan facility was drawn down into the bank account of the company, resulting in an intercompany loan payable. The loan is repayable on a quarterly basis. The interest expense is calculated against loan principal for the period and is released to the Profit and loss account accordingly. Interest is charged at a fixed rate of 4.888%. The arrangement fee has been apportioned evenly over the life of the loan.

15 Called up share capital

(a) Authorised

	31 December 2019 Number	**£**	31 December 2018 Number	£
Ordinary shares of £1 each	**1,000**	**1,000**	1,000	1,000

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

	31 December 2019 Number	**£**	31 December 2018 Number	£
Ordinary shares of £1 each	3	3	3	3

16 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 £240,614 (year ended 31 December 2018: £187,847). No contributions were payable to the fund at the balance sheet date.

17 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 2019 *(continued)*

18 Related party transactions

During the year, 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 2019	31 December 2018	**31 December 2019**	31 December 2018
	£	£	**£**	£
Studio Lambert Associates Limited	**1,345,225**	-	**1,924,065**	1,218,009
All3Media Deutschland GmbH	**190,565**	410,463	**523,270**	669,115
Two Brothers Pictures Limited	**-**	-	**2,309,947**	1,478,662
Little Dot Studios Limited	**3,137,412**	2,846,050	**351**	231
Neal Street Productions Limited	**-**	-	**41,808**	79,025
Raw Factual Limited	**-**	-	**274,172**	202,630
Total	**4,673,202**	3,256,513	**5,073,613**	3,647,672

The following amounts were outstanding at the balance sheet date:

	Amounts owed by related parties		Amounts owed to related parties	
	31 December 2019	31 December 2018	**31 December 2019**	31 December 2018
	£	£	**£**	£
Studio Lambert Associates Limited	**1,614,270**	204,447	**1,620,536**	296,757
All3Media Deutschland GmbH	**185,180**	70,553	**479,610**	424,422
Two Brothers Pictures Limited	**2,470,353**	-	**4,904,661**	10,102,072
Little Dot Studios Limited	**750,000**	825,660	**8**	-
Neal Street Productions Limited	**-**	-	**29,732**	23,089
Raw Factual Limited	**-**	-	**476,447**	165,354
Total	**5,019,803**	1,100,660	**7,510,994**	11,011,694

Included within turnover is £5,869,399 of sales made to entities in the Discovery, Inc. group of companies (2018: £5,680,776) and £342,290 of sales made to entities in the Liberty Global plc group of companies (2018: £298,494). Included within trade debtors is £1,068,763 owed from Discovery, Inc. group companies (2018: £1,253,754) and £135,738 owed from Liberty Global plc group (2018: £60,947).

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

Notes to the financial statements for the year ended 31 December 2019 *(continued)*

19 Dividends

	31 December 2019 £	31 December 2018 £
Ordinary		
Interim paid: £3,500,000 (2018: £4,666,667) per £1 share	**10,500,000**	14,000,000
Interim paid: £121,155 (2018: £138,548) per £1 share	**363,466**	415,644
Interim paid: £137,415 (2018: £104,516) per £1 share	**412,244**	313,547
Interim paid: £148,324 (2018: £101,974) per £1 share	**444,972**	305,922
Total	**11,720,682**	15,035,113

20 Post-balance sheet events

The impact of the COVID-19 pandemic is a non-adjusting post balance sheet event.

On 30 January 2020 the World Health Organisation declared COVID-19 to be a global health emergency. Subsequent to this, governments around the world began taking measures to respond to the outbreak, including the restriction of gatherings, the closure of non-essential services, and limits on travel.

As at the time of signing these accounts, the situation is continuing to evolve rapidly however restrictions remain in place.

As a distributor, the demand for quality television content remains high however with global television production virtually halted there is a reduction in new content being made available. During this unprecedented time the directors recognise the versatility, creativity and resilience of the television and distribution industry and the company will continue to be creative and resourceful as it learns how to adapt to new ways of working.

21 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 2019. Copies of its group financial statements, which include the company, are available from Berkshire House, 168-173 High Holborn, London, WC1V 7AA. The ultimate controlling parties at the balance sheet date are Liberty Global plc and Discovery, Inc., which own LGCI HoldCo I B.V. and DNI Holdings (Jersey) Limited respectively, which are joint owners of DLG Acquisitions Limited.