

Company Registration No. 03960311 (England and Wales)

BLUE ZOO PRODUCTIONS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

BLUE ZOO PRODUCTIONS LIMITED

COMPANY INFORMATION

Directors	A. Shaw O. Hyatt T. Box D. Isman
Secretary	A. Shaw
Company number	03960311
Registered office	Acre House 11-15 William Road London NW1 3ER United Kingdom
Auditor	HW Fisher LLP Acre House 11-15 William Road London NW1 3ER United Kingdom

BLUE ZOO PRODUCTIONS LIMITED

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BLUE ZOO PRODUCTIONS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 AUGUST 2021

The directors present the strategic report for the year ended 31 August 2021.

Review of the business

The principal activity of the Group during the year was that of television production, broadcast, commercial and digital creators, producers and distributors and the exploitation of IPR the company owns and manages.

The Group had a good year this year, continuing to grow its trade, where turnover increased by 51.9%.

Despite the current COVID19 pandemic, the Group envisages for the growth to continue and is robust enough and well placed to navigate the next year to another successful set of results.

The Group made a profit after tax of £2,281,057 (2020 - £1,159,430) for the year on a turnover of £21,717,627 (2020 - £14,300,799).

The Group recognises performance is contingent upon maintaining good rapport with clients.

At 31 August 2021 the Group had net assets of £7,736,686 (2020 - £5,644,628).

The directors are satisfied with the performance of the business during the year and the position of the Group at the year end.

Principal risks and uncertainties

The Group manages its cash requirements, whilst ensuring that it has sufficient liquid resources to meet the operating needs of the business.

The Group's employees are our most important asset. Staff retention and recruitment is crucial to the Group's success. The Group remains focused on providing a stimulating and safe environment for all its employees and offering both competitive remuneration and a rewarding career path in order to safeguard this asset. A possible risk to the business will be the post-Brexit implication on the ability of the company to recruit employees from Europe.

Creative output must remain of the highest standard.

Key performance indicators

The directors produce and measure financial performance against quarterly management accounts. In addition, certain key performance indicators are used to manage the business.

These include but are not limited to the following:

Turnover: £21.72m (2020: £14.30m)

EBITDA: £2.08m (2020: (£1.02m)

Current ratio: 1.90 (2020: 1.69)

Working capital: £6.7m (2020: £4.82m)

On behalf of the board

A. Shaw

Director

23 May 2022

BLUE ZOO PRODUCTIONS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 AUGUST 2021

The directors present their annual report and financial statements for the year ended 31 August 2021.

Principal activities

The principal activity of the company and group continued to be that of computer animation for television and associated industries.

Results and dividends

The results for the year are set out on page 7.

Ordinary dividends were paid amounting to £189,000. The directors do not recommend payment of a further dividend.

Directors

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

A. Shaw
O. Hyatt
T. Box
D. Isman

Disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the group continues and that the appropriate training is arranged. It is the policy of the group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee involvement

The group's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests.

Information about matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the group's performance.

There is no employee share scheme at present, but the directors are considering the introduction of such a scheme as a means of further encouraging the involvement of employees in the company's performance.

Auditor

In accordance with the company's articles, a resolution proposing that HW Fisher LLP be reappointed as auditor of the group will be put at a General Meeting.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

On behalf of the board

A. Shaw
Director

23 May 2022

BLUE ZOO PRODUCTIONS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2021

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company, and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

BLUE ZOO PRODUCTIONS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BLUE ZOO PRODUCTIONS LIMITED

Opinion

We have audited the financial statements of Blue Zoo Productions Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 August 2021 which comprise the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows, the company statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 August 2021 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

BLUE ZOO PRODUCTIONS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF BLUE ZOO PRODUCTIONS LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

As part of our planning process:

- We enquired of management the systems and controls the company has in place, the areas of the financial statements that are most susceptible to the risk of irregularities and fraud, and whether there was any known, suspected or alleged fraud. The company did not inform us of any known, suspected or alleged fraud.
- We obtained an understanding of the legal and regulatory frameworks applicable to the company. We determined that the following were most relevant: FRS 102 and Companies Act 2006.
- We considered the incentives and opportunities that exist in the company, including the extent of management bias, which present a potential for irregularities and fraud to be perpetuated, and tailored our risk assessment accordingly.
- Using our knowledge of the company, together with the discussions held with the company at the planning stage, we formed a conclusion on the risk of misstatement due to irregularities including fraud and tailored our procedures according to this risk assessment.

BLUE ZOO PRODUCTIONS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF BLUE ZOO PRODUCTIONS LIMITED

The key procedures we undertook to detect irregularities including fraud during the course of the audit included:

- Identifying and testing journal entries and the overall accounting records, in particular those that were significant and unusual.
- Reviewing the financial statement disclosures and determining whether accounting policies have been appropriately applied.
- Reviewing and challenging the assumptions and judgements used by management in their significant accounting estimates.
- Testing key revenue lines, in particular cut-off testing, for evidence of management bias.
- Performing a physical verification of key assets.
- Obtaining third-party confirmation of material bank balances.
- Documenting and verifying all significant related party and consolidated balances transactions.
- Reviewing documentation such as the company board minutes, correspondence with solicitors, for discussions of irregularities including fraud.
- Testing all material consolidation adjustments.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements even though we have properly planned and performed our audit in accordance with auditing standards. The primary responsibility for the prevention and detection of irregularities and fraud rests with the directors.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Russell Nathan (Senior Statutory Auditor)
For and on behalf of HW Fisher LLP

Chartered Accountants
Statutory Auditor

Acre House
11-15 William Road
London
NW1 3ER
United Kingdom
23 May 2022

BLUE ZOO PRODUCTIONS LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 AUGUST 2021

	Notes	2021 £	2020 £
Turnover	3	21,717,627	14,300,799
Cost of sales		(16,014,332)	(9,672,964)
Gross profit		5,703,295	4,627,835
Administrative expenses		(4,237,351)	(3,978,797)
Other operating income		242,359	106,257
Operating profit	4	1,708,303	755,295
Share of results of associates and joint ventures		4,353	102,297
Interest receivable and similar income	8	136,499	60,053
Interest payable and similar expenses	9	(1,937)	(3,535)
Fair value gains and losses on foreign exchange contracts		(94,088)	328,307
Profit before taxation		1,753,130	1,242,417
Tax on profit	10	527,927	(82,987)
Profit for the financial year		2,281,057	1,159,430
Profit for the financial year is attributable to:			
Owners of the parent company		2,283,840	1,170,460
- Non-controlling interests		(2,783)	(11,030)
		2,281,057	1,159,430
Total comprehensive income for the year is attributable to:			
- Owners of the parent company		2,283,840	1,170,460
- Non-controlling interests		(2,783)	(11,030)
		2,281,057	1,159,430

BLUE ZOO PRODUCTIONS LIMITED

GROUP BALANCE SHEET

AS AT 31 AUGUST 2021

	Notes	2021 £	£	2020 £	£
Fixed assets					
Tangible assets	12	1,133,857		812,469	
Investments	13	155,349		150,996	
		<u>1,289,206</u>		<u>963,465</u>	
Current assets					
Debtors	17	7,583,121		5,825,166	
Cash at bank and in hand		6,481,055		5,962,202	
		<u>14,064,176</u>		<u>11,787,368</u>	
Creditors: amounts falling due within one year	18	<u>(7,363,341)</u>		<u>(6,968,087)</u>	
Net current assets			6,700,835		4,819,281
Total assets less current liabilities			<u>7,990,041</u>		<u>5,782,746</u>
Creditors: amounts falling due after more than one year	19		-		(24,075)
Provisions for liabilities					
Deferred tax liability	21	253,355		114,043	
		<u>(253,355)</u>		<u>(114,043)</u>	
Net assets			<u>7,736,686</u>		<u>5,644,628</u>
Capital and reserves					
Called up share capital	24		613		612
Capital redemption reserve			173		173
Profit and loss reserves			7,733,237		5,638,397
Equity attributable to owners of the parent company			<u>7,734,023</u>		<u>5,639,182</u>
Non-controlling interests			2,663		5,446
			<u>7,736,686</u>		<u>5,644,628</u>

The financial statements were approved by the board of directors and authorised for issue on 23 May 2022 and are signed on its behalf by:

A. Shaw
Director

BLUE ZOO PRODUCTIONS LIMITED

COMPANY BALANCE SHEET

AS AT 31 AUGUST 2021

	Notes	2021 £	£	2020 £	£
Fixed assets					
Tangible assets	12	1,133,857		812,469	
Investments	13	44,148		44,147	
		<u>1,178,005</u>		<u>856,616</u>	
Current assets					
Debtors	17	7,040,977		5,011,727	
Cash at bank and in hand		2,484,692		3,059,244	
		<u>9,525,669</u>		<u>8,070,971</u>	
Creditors: amounts falling due within one year	18	<u>(2,608,146)</u>		<u>(3,082,977)</u>	
Net current assets			6,917,523		4,987,994
Total assets less current liabilities			<u>8,095,528</u>		<u>5,844,610</u>
Creditors: amounts falling due after more than one year	19		-		(24,075)
Provisions for liabilities					
Deferred tax liability	21	253,355		114,043	
		<u>(253,355)</u>		<u>(114,043)</u>	
Net assets			<u>7,842,173</u>		<u>5,706,492</u>
Capital and reserves					
Called up share capital	24	612		612	
Capital redemption reserve		173		173	
Profit and loss reserves		7,841,388		5,705,707	
Total equity			<u>7,842,173</u>		<u>5,706,492</u>

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £2,324,681 (2020 - £1,065,936 profit).

The financial statements were approved by the board of directors and authorised for issue on 23 May 2022 and are signed on its behalf by:

A. Shaw
Director

Company Registration No. 03960311

BLUE ZOO PRODUCTIONS LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 AUGUST 2021

	Share capital	Capital redemption reserve	Profit and loss reserves	Total controlling interest	Non-controlling interest	Total
Notes	£	£	£	£	£	£
Balance at 1 September 2019	612	173	4,548,907	4,549,692	16,476	4,566,168
Year ended 31 August 2020:						
Profit and total comprehensive income for the year	-	-	1,170,460	1,170,460	(11,030)	1,159,430
Dividends	-	-	(80,970)	(80,970)	-	(80,970)
Balance at 31 August 2020	612	173	5,638,397	5,639,182	5,446	5,644,628
Year ended 31 August 2021:						
Profit and total comprehensive income for the year	-	-	2,283,840	2,283,840	(2,783)	2,281,057
Issue of share capital	24	1	-	1	-	1
Dividends	11	-	(189,000)	(189,000)	-	(189,000)
Balance at 31 August 2021	613	173	7,733,237	7,734,023	2,663	7,736,686

BLUE ZOO PRODUCTIONS LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 AUGUST 2021

		Share capital	Capital redemption reserve	Profit and loss reserves	Total
	Notes	£	£	£	£
Balance at 1 September 2019		612	173	4,720,741	4,721,526
Year ended 31 August 2020:					
Profit and total comprehensive income for the year		-	-	1,065,936	1,065,936
Dividends	11	-	-	(80,970)	(80,970)
Balance at 31 August 2020		612	173	5,705,707	5,706,492
Year ended 31 August 2021:					
Profit and total comprehensive income for the year		-	-	2,324,681	2,324,681
Dividends	11	-	-	(189,000)	(189,000)
Balance at 31 August 2021		612	173	7,841,388	7,842,173

BLUE ZOO PRODUCTIONS LIMITED

GROUP STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 AUGUST 2021

	Notes	2021 £	£	2020 £	£
Cash flows from operating activities					
Cash generated from operations	30	1,948,342		3,190,102	
Interest paid		(1,937)		(3,535)	
Income taxes paid		(687,194)		(443,100)	
Net cash inflow from operating activities		1,259,211		2,743,467	
Investing activities					
Purchase of tangible fixed assets		(695,351)		(230,789)	
Proceeds on disposal of associates		-		(1)	
Interest received		50,785		41,676	
Dividends received		132,814		12,900	
Net cash used in investing activities		(511,752)		(176,214)	
Financing activities					
Proceeds from issue of shares	1	-		-	
Payment of finance leases obligations		(39,607)		(38,009)	
Dividends paid to equity shareholders		(189,000)		(80,970)	
Net cash used in financing activities		(228,606)		(118,979)	
Net increase in cash and cash equivalents		518,853		2,448,274	
Cash and cash equivalents at beginning of year		5,962,202		3,513,928	
Cash and cash equivalents at end of year		6,481,055		5,962,202	

BLUE ZOO PRODUCTIONS LIMITED

COMPANY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2021

	Notes	2021 £	£	2020 £	£
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	31		(258,333)		966,540
Interest paid			(1,937)		(3,535)
Income taxes refunded			426,078		593,308
Net cash inflow from operating activities			<u>165,808</u>		<u>1,556,313</u>
Investing activities					
Purchase of tangible fixed assets		(695,351)		(230,789)	
Purchase of subsidiaries		-		(1)	
Purchase of associates		(1)		-	
Interest received		50,785		41,676	
Dividends received		132,814		12,900	
Net cash used in investing activities			<u>(511,753)</u>		<u>(176,214)</u>
Financing activities					
Payment of finance leases obligations		(39,607)		(38,009)	
Dividends paid to equity shareholders		(189,000)		(80,970)	
Net cash used in financing activities			<u>(228,607)</u>		<u>(118,979)</u>
Net (decrease)/increase in cash and cash equivalents			<u>(574,552)</u>		<u>1,261,120</u>
Cash and cash equivalents at beginning of year			3,059,244		1,798,124
Cash and cash equivalents at end of year			<u><u>2,484,692</u></u>		<u><u>3,059,244</u></u>

BLUE ZOO PRODUCTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2021

1 Accounting policies

Company information

Blue Zoo Productions Limited ("the company") is a private company limited by shares incorporated in England and Wales. The registered office is Acre House, 11-15 William Road, London, NW1 3ER, United Kingdom.

The group consists of Blue Zoo Productions Limited and all of its subsidiaries.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Basis of consolidation

The consolidated financial statements incorporate those of Blue Zoo Productions Limited and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries incorporated during the year are consolidated using the equity method. Their results are incorporated from the date of incorporation.

All financial statements are made up to 31 August 2021. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Entities in which the group holds an interest and which are jointly controlled by the group and one or more other venturers under a contractual arrangement are treated as joint ventures. Entities other than subsidiary undertakings or joint ventures, in which the group has a participating interest and over whose operating and financial policies the group exercises a significant influence, are treated as associates.

Investments in joint ventures and associates are carried in the group balance sheet at cost plus post-acquisition changes in the group's share of the net assets of the entity, less any impairment in value. The carrying values of investments in joint ventures and associates include acquired goodwill.

If the group's share of losses in a joint venture or associate equals or exceeds its investment in the joint venture or associate, the group does not recognise further losses unless it has incurred obligations to do so or has made payments on behalf of the joint venture or associate.

Unrealised gains arising from transactions with joint ventures and associates are eliminated to the extent of the group's interest in the entity.

1.3 Going concern

The directors have considered the effect of the Covid-19 outbreak on the group and company. The directors consider that the outbreak has not caused significant disruption to the group and company's business and are confident that the group and company can continue as a going concern for the period of at least twelve months from the date of the approval of these financial statements.

The directors have a reasonable expectation that the group and company has adequate resources to continue in operation for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

BLUE ZOO PRODUCTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

1 Accounting policies

(Continued)

1.4 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for services provided in the normal course of business, and is shown net of VAT.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

Amounts invoiced in excess of income are included within deferred income. Income recognised in excess of amounts invoiced is included within accrued income.

1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold land and buildings	25% on reducing balance
Plant and machinery	25% on reducing balance
Fixtures, fittings and equipment	10% on reducing balance

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

1.6 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The group considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Investments in associates are initially recognised at the transaction price (including transaction costs) and are subsequently adjusted to reflect the group's share of the profit or loss, other comprehensive income and equity of the associate using the equity method. Any difference between the cost of acquisition and the share of the fair value of the net identifiable assets of the associate on acquisition is recognised as goodwill. Any unamortised balance of goodwill is included in the carrying value of the investment in associates.

Losses in excess of the carrying amount of an investment in an associate are recorded as a provision only when the company has incurred legal or constructive obligations or has made payments on behalf of the associate.

In the parent company financial statements, investments in associates are accounted for at cost less impairment.

BLUE ZOO PRODUCTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

1 Accounting policies

(Continued)

Entities in which the group has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

1.7 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.8 Cash at bank and in hand

Cash at bank and in hand are basic financial assets and include cash in hand.

1.9 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

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

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

BLUE ZOO PRODUCTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

1 Accounting policies

(Continued)

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Basic financial liabilities, including creditors and loans from fellow group companies that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

1.10 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

BLUE ZOO PRODUCTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

1 Accounting policies

(Continued)

1.11 Derivatives

The company enters into foreign exchange forward contracts in order to manage its exposure to foreign risk.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

1.12 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.13 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.14 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

BLUE ZOO PRODUCTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

1 Accounting policies

(Continued)

1.15 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

1.16 Government grants

Government grants relate to amounts received under the Coronavirus Job Retention Scheme, and are recognised at the fair value of the grant received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received. The income is recognised in other income on a systematic basis over the period in which the associated costs are incurred, using the accrual model.

1.17 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Revenue recognition

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

BLUE ZOO PRODUCTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

3 Turnover and other revenue

	2021	2020
	£	£
Turnover analysed by class of business		
Rendering of services	21,582,767	14,207,340
Royalties	134,860	93,459
	<u>21,717,627</u>	<u>14,300,799</u>
	2021	2020
	£	£
Other significant revenue		
Interest income	50,785	53
Dividends received	85,714	60,000
Grants received	13,309	77,057
	<u></u>	<u></u>
	2021	2020
	£	£
Turnover analysed by geographical market		
United Kingdom	21,174,809	13,317,684
Europe	215,747	151,867
Rest of the World	327,071	831,248
	<u>21,717,627</u>	<u>14,300,799</u>

4 Operating profit

	2021	2020
	£	£
Operating profit for the year is stated after charging/(crediting):		
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	(380,941)	95,762
Government grants	(13,309)	(77,057)
Depreciation of owned tangible fixed assets	351,751	239,483
Depreciation of tangible fixed assets held under finance leases	22,212	33,152
Operating lease charges	785,933	745,605
	<u></u>	<u></u>

5 Auditor's remuneration

	2021	2020
	£	£
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	27,020	24,075
Audit of the financial statements of the company's subsidiaries	7,750	12,310
	<u>34,770</u>	<u>36,385</u>

BLUE ZOO PRODUCTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

6 Employees

The average monthly number of persons (including directors) employed by the group and company during the year was:

	Group 2021 Number	2020 Number	Company 2021 Number	2020 Number
Permanent and fixed term production staff	301	225	300	224
Directors	4	4	4	4
Administration staff	2	2	2	2
Total	307	231	306	230

Their aggregate remuneration comprised:

	Group 2021 £	2020 £	Company 2021 £	2020 £
Wages and salaries	11,729,295	7,645,754	11,629,295	8,667,072
Social security costs	1,165,420	881,991	1,153,526	872,966
Pension costs	406,747	263,877	403,057	260,807
	9,175,377	8,791,622	13,185,878	9,800,840

7 Directors' remuneration

	2021 £	2020 £
Remuneration for qualifying services	425,672	410,318
Company pension contributions to defined contribution schemes	37,310	28,251
	462,982	438,569

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2021 £	2020 £
Remuneration for qualifying services	111,569	103,133
Company pension contributions to defined contribution schemes	8,800	20,351

BLUE ZOO PRODUCTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

8 Interest receivable and similar income

	2021	2020
	£	£
Interest income		
Interest on bank deposits	8	53
Interest receivable from group companies	50,777	-
	<u>50,785</u>	<u>53</u>
Total interest revenue	50,785	53
Income from fixed asset investments		
Income from shares in group undertakings	85,714	60,000
	<u>136,499</u>	<u>60,053</u>
Total income	136,499	60,053
Investment income includes the following:		
Interest on financial assets not measured at fair value through profit or loss	50,785	53
	<u>50,785</u>	<u>53</u>

9 Interest payable and similar expenses

	2021	2020
	£	£
Other finance costs:		
Interest on finance leases and hire purchase contracts	1,937	3,535
	<u>1,937</u>	<u>3,535</u>

10 Taxation

	2021	2020
	£	£
Current tax		
UK corporation tax on profits for the current period	(667,239)	93,070
	<u>(667,239)</u>	<u>93,070</u>
Deferred tax		
Origination and reversal of timing differences	139,312	(10,083)
	<u>139,312</u>	<u>(10,083)</u>
Total tax (credit)/charge	(527,927)	82,987
	<u>(527,927)</u>	<u>82,987</u>

BLUE ZOO PRODUCTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

10 Taxation

(Continued)

The actual (credit)/charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2021 £	2020 £
Profit before taxation	1,753,130	1,242,417
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	333,095	236,059
Tax effect of expenses that are not deductible in determining taxable profit	12,409	3,301
Tax effect of income not taxable in determining taxable profit	(7,600)	-
Adjustments in respect of prior years	(165,549)	166,527
Group relief	(139,326)	-
Research and development tax credit	(20,612)	(83,290)
Dividend income	(11,400)	-
Television production tax profit adjustment	(594,738)	(205,701)
Other tax adjustment	65,794	(33,909)
Taxation (credit)/charge	(527,927)	82,987

11 Dividends

	2021 £	2020 £
Recognised as distributions to equity holders:		
Final paid	189,000	80,970

During the year £189,000 (2020: £80,970) worth of dividends were paid out to the shareholders.

BLUE ZOO PRODUCTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

12 Tangible fixed assets

Group	Freehold land and buildings	Plant and machinery	Fixtures, fittings and equipment	Total
	£	£	£	£
Cost				
At 1 September 2020	6,379	24,858	2,785,734	2,816,971
Additions	-	-	695,351	695,351
At 31 August 2021	6,379	24,858	3,481,085	3,512,322
Depreciation and impairment				
At 1 September 2020	6,134	23,872	1,974,496	2,004,502
Depreciation charged in the year	54	221	373,688	373,963
At 31 August 2021	6,188	24,093	2,348,184	2,378,465
Carrying amount				
At 31 August 2021	191	765	1,132,901	1,133,857
At 31 August 2020	245	986	811,238	812,469
Company				
	Freehold land and buildings	Plant and machinery	Fixtures, fittings and equipment	Total
	£	£	£	£
Cost				
At 1 September 2020	6,379	24,858	2,785,734	2,816,971
Additions	-	-	695,351	695,351
At 31 August 2021	6,379	24,858	3,481,085	3,512,322
Depreciation and impairment				
At 1 September 2020	6,134	23,872	1,974,496	2,004,502
Depreciation charged in the year	54	221	373,688	373,963
At 31 August 2021	6,188	24,093	2,348,184	2,378,465
Carrying amount				
At 31 August 2021	191	765	1,132,901	1,133,857
At 31 August 2020	245	986	811,238	812,469

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	Group 2021	2020	Company 2021	2020
	£	£	£	£
Computers	45,097	67,310	45,097	67,310

BLUE ZOO PRODUCTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

13 Fixed asset investments

		Group 2021	2020	Company 2021	2020
	Notes	£	£	£	£
Investments in subsidiaries	14	-	-	117	117
Investments in associates	15	155,349	150,996	44,031	44,030
		<u>155,349</u>	<u>150,996</u>	<u>44,148</u>	<u>44,147</u>

Movements in fixed asset investments Group

Shares in group
undertakings and
participating
interests
£

Cost or valuation

At 1 September 2020	150,996
Additions	1
Share of profit of associate	4,352
At 31 August 2021	<u>155,349</u>

Carrying amount

At 31 August 2021	155,349
At 31 August 2020	<u>150,996</u>

Movements in fixed asset investments Company

Shares in group
undertakings and
participating
interests
£

Cost or valuation

At 1 September 2020	44,147
Additions	1
At 31 August 2021	<u>44,148</u>

Carrying amount

At 31 August 2021	44,148
At 31 August 2020	<u>44,147</u>

BLUE ZOO PRODUCTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

14 Subsidiaries

Details of the company's subsidiaries at 31 August 2021 are as follows:

Name of undertaking	Registered office	Class of shares held	% Held Direct
Blue Pony Productions Limited	1	Ordinary	100.00
Blue Zoo Rights Limited	1	Ordinary	100.00
Blue Zoo Animation Limited	1	Ordinary	100.00
AnimDojo Limited	1	Ordinary	75.00
Mishmash Productions Limited	1	Ordinary	50.00
Big Tree City Limited	1	Ordinary	100.00

1) Acre House, 11/15 William Road, London, NW1 3ER

15 Associates

Details of associates at 31 August 2021 are as follows:

Name of undertaking	Registered office	Class of shares held	% Held Direct
Videokid Games Limited	1	Ordinary	50
Alphablocks Limited	2	Ordinary	30
Forest Folk Productions Limited	2	Ordinary	50

1) Chesterfield House, 385 Euston Road, London, England, NW1 3AU

2) Acre House, 11/15 William Road, London, NW1 3ER

16 Financial instruments

	Group 2021 £	2020 £	Company 2021 £	2020 £
Carrying amount of financial assets				
Instruments measured at fair value through profit or loss	164,559	338,137	-	-

BLUE ZOO PRODUCTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

17 Debtors

	Group 2021	2020	Company 2021	2020
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	1,946,889	1,072,449	1,038,335	425,436
Corporation tax recoverable	3,610,851	2,241,805	795,910	540,136
Amounts owed by group undertakings	-	-	3,391,809	2,340,177
Amounts owed by undertakings in which the company has a participating interest	972,224	1,047,802	972,224	1,047,802
Derivative financial instruments	164,559	338,137	-	-
Other debtors	95,875	141,302	89,557	140,877
Prepayments and accrued income	792,723	983,671	753,142	517,299
	<u>7,583,121</u>	<u>5,825,166</u>	<u>7,040,977</u>	<u>5,011,727</u>

18 Creditors: amounts falling due within one year

	Notes	Group 2021	2020	Company 2021	2020
		£	£	£	£
Obligations under finance leases	20	24,075	39,607	24,075	39,607
Trade creditors		611,076	402,316	555,490	364,497
Corporation tax payable		56,209	41,596	-	-
Other taxation and social security		804,907	845,357	804,907	843,894
Other creditors		2,873,532	2,039,791	61,348	155,800
Accruals and deferred income		2,993,542	3,599,420	1,162,326	1,679,179
		<u>7,363,341</u>	<u>6,968,087</u>	<u>2,608,146</u>	<u>3,082,977</u>

19 Creditors: amounts falling due after more than one year

	Notes	Group 2021	2020	Company 2021	2020
		£	£	£	£
Obligations under finance leases	20	-	24,075	-	24,075
		<u>-</u>	<u>24,075</u>	<u>-</u>	<u>24,075</u>

20 Finance lease obligations

	Group 2021	2020	Company 2021	2020
	£	£	£	£
Future minimum lease payments due under finance leases:				
Within one year	24,075	39,607	24,075	39,607
In two to five years	-	24,075	-	24,075
	<u>24,075</u>	<u>63,682</u>	<u>24,075</u>	<u>63,682</u>

BLUE ZOO PRODUCTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

20 Finance lease obligations

(Continued)

Finance lease payments represent rentals payable by the company or group for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 36 months. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

21 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the group and company, and movements thereon:

	Liabilities 2021 £	Liabilities 2020 £
Group		
Accelerated capital allowances	253,355	129,001
Tax losses	-	(14,958)
	<u>253,355</u>	<u>114,043</u>
	<u><u>253,355</u></u>	<u><u>114,043</u></u>
	Liabilities 2021 £	Liabilities 2020 £
Company		
Accelerated capital allowances	253,355	129,001
Tax losses	-	(14,958)
	<u>253,355</u>	<u>114,043</u>
	<u><u>253,355</u></u>	<u><u>114,043</u></u>
	Group 2021 £	Company 2021 £
Movements in the year:		
Liability at 1 September 2020	114,043	114,043
Charge to profit or loss	139,312	139,312
	<u>253,355</u>	<u>253,355</u>
	<u><u>253,355</u></u>	<u><u>253,355</u></u>

22 Retirement benefit schemes

	2021 £	2020 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	406,747	263,877
	<u>406,747</u>	<u>263,877</u>

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

BLUE ZOO PRODUCTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

23 Share-based payment transactions

Group and Company	Number of share options		Weighted average exercise price	
	2021 Number	2020 Number	2021 £	2020 £
Outstanding at 1 September 2020 and 31 August 2021	6,824	6,824	9.60	9.60
Exercisable at 31 August 2021	-	-	-	-

On 28 November 2014, the company granted share options under the new EMI scheme of 6,824 at an exercise price of £9.60 each. The contractual life of these options is 10 years. The options may not be exercised in whole or in part until an exit event has taken place.

24 Share capital

	2021 Number	2020 Number	2021 £	2020 £
Ordinary share capital Issued and fully paid				
Ordinary Shares of £0.01 each	61,200	61,200	612	612

25 Financial commitments, guarantees and contingent liabilities

The company forms part of an unlimited multilateral guarantee with one of its wholly owned subsidiaries, Blue Pony Productions Limited

26 Operating lease commitments

Lessee

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group		Company	
	2021 £	2020 £	2021 £	2020 £
Within one year	484,921	734,901	484,921	734,901
Between two and five years	-	811,719	-	811,719
	484,921	1,546,620	484,921	1,546,620

Included in the operating lease commitment is an estimated amount for service charge, based on the charges in the year.

BLUE ZOO PRODUCTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

27 Events after the reporting date

100% of the share capital of Blue Zoo Productions Limited was acquired by a newly incorporated company, Blue Zoo Media Group Limited, which was incorporated on 7 December 2021.

28 Related party transactions

During the year £189,000 (2020: £80,970) worth of dividends were paid to the directors.

29 s479A Parent Company Guarantee

For the financial year ended 31 August 2021, the below subsidiaries are exempt from the requirements stipulating that they be audited since they fulfil all the conditions for exemption under section 479A of the Companies Act 2006.

The name of the subsidiaries are as follows:

- Animdojo Limited (Company number 11171406)
- Blue Zoo Animation Studio Ltd (Company number 11870014)
- Mishmash Productions Limited (Company number 09313015)

The outstanding liabilities at the balance sheet date of the above subsidiary undertakings have been guaranteed by Blue Zoo Productions Limited pursuant to s479A to s479C of the Companies Act 2006.

30 Cash generated from group operations

	2021 £	2020 £
Profit for the year after tax	2,281,057	1,159,430
Adjustments for:		
Share of results of associates and joint ventures	(4,353)	(102,297)
Taxation (credited)/charged	(527,927)	82,987
Finance costs	1,937	3,535
Investment income	(136,499)	(60,053)
Fair value gains and losses on foreign exchange contracts	94,088	(328,307)
Depreciation and impairment of tangible fixed assets	373,963	272,635
Movements in working capital:		
(Increase)/decrease in debtors	(609,587)	167,695
Increase in creditors	475,663	1,994,477
Cash generated from operations	1,948,342	3,190,102

BLUE ZOO PRODUCTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

31 Cash (absorbed by)/generated from operations - company

	2021 £	2020 £
Profit for the year after tax	2,324,681	1,065,936
Adjustments for:		
Taxation (credited)/charged	(542,540)	41,391
Finance costs	1,937	3,535
Investment income	(136,499)	(60,053)
Depreciation and impairment of tangible fixed assets	373,963	272,635
Movements in working capital:		
Increase in debtors	(1,820,576)	(619,071)
(Decrease)/increase in creditors	(459,299)	262,167
Cash (absorbed by)/generated from operations	(258,333)	966,540

32 Analysis of changes in net funds - group

	1 September 2020 £	Cash flows £	31 August 2021 £
Cash at bank and in hand	5,962,202	518,853	6,481,055
Obligations under finance leases	(63,682)	39,607	(24,075)
	<u>5,898,520</u>	<u>558,460</u>	<u>6,456,980</u>

33 Analysis of changes in net funds - company

	1 September 2020 £	Cash flows £	31 August 2021 £
Cash at bank and in hand	3,059,244	(574,552)	2,484,692
Obligations under finance leases	(63,682)	39,607	(24,075)
	<u>2,995,562</u>	<u>(534,945)</u>	<u>2,460,617</u>

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.