

Registered number: 04789044

HAT TRICK HOLDINGS LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

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HAT TRICK HOLDINGS LIMITED

COMPANY INFORMATION

Directors	J Mulville M Redhead N Forster P Mckenna P Cohen A Dugdale K Wilson
Registered number	04789044
Registered office	Hanover House 14 Hanover Square London W1S 1HP
Trading Address	33 Oval Road London NW1 7EA
Independent auditors	Sopher + Co LLP Chartered Accountants & Statutory Auditors 5 Elstree Gate Elstree Way Borehamwood Hertfordshire WD6 1JD
Bankers	Coutts 440 Strand London WC2R 0QS
Solicitors	Harbottle & Lewis LLP Hanover House 14 Hanover Square London W1S 1HP

HAT TRICK HOLDINGS LIMITED

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HAT TRICK HOLDINGS LIMITED

**BUSINESS HIGHLIGHTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

Hat Trick would like to highlight the following achievements:

- Adjusted Profit after Tax of £2.3m
- Derry Girls is both critically acclaimed and a ratings hit
- Hat Trick International made over £1m profit for the first time
- The 53rd and 54th series of Have I Got News For You were produced in the UK, whilst it continues to be popular in various territories (including Norway, Finland and Holland – where it recently moved channels)
- Rich House, Poor House is nominated for a number of awards, including a Grierson. Local versions commissioned for SBS 6 in Holland and Sat.1 in Germany
- Whose Line is it Anyway? now in its sixth series on the US channel The CW
- Our strength in long running UK series continues, with the sixth series of Room 101 and seventh series of Dinner Date being delivered

HAT TRICK HOLDINGS LIMITED

GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017

Introduction

The directors present their Strategic Report for the year ended 31 December 2017.

Business review

With a library of long-running, award-winning television programming, we are an industry-leading content creator and rights owner. Our goal remains simple; to make highly successful programmes for profit. We do this in two ways. We develop, create and exploit content in the areas of Comedy, Drama and Entertainment. We also use our substantial creative and business support experience to take investments in early-stage content creation companies with a view to helping them reach their full potential more quickly than they otherwise might be able to.

Content creation

Hat Trick produced programmes for BBC1, BBC2, ITVBe, Channel 4, Channel 5, Sky One and US channel The CW in 2017.

Derry Girls was broadcast in early 2018, and became a ratings hit with consolidated audiences of 2.5m, over twice the benchmark share and has been described as "very funny, probably the best thing on television at the moment".

Have I Got News For You continues to perform. The 53rd and 54th series were produced in 2017, with twenty more episodes commissioned for 2018.

Dinner Date has become a bedrock of the ITVBe schedule, with an eighth and ninth series being delivered in 2018.

Whose Line is it Anyway? now in its sixth series on The CW

Rich House, Poor House has been nominated for a number of awards, including a Grierson.

Rights exploitation

We continue to exploit the majority of our extensive programming catalogue in-house through Hat Trick International (HTI). HTI continues to benefit from Hat Trick's strong production pipeline, as well as through its relationships with other production companies.

Investments

Plum Pictures, a leading factual and features producer, continues to perform well, producing a number of programmes including *George Clarke's Amazing Spaces*, *Killer Women with Piers Morgan* and *Mafia Women with Trevor McDonald*.

Emporium Productions produced *WW2 Treasure Hunters* for AETN History, as well as continuing its relationship with CBS with the second series of *Murders and their Mothers* and *Click away from Murder*. 2017 saw an upswing in their commissions, including a multi-series originals commission from Netflix.

TWC (UK) Limited

The Writers' Company sold its future revenue stream, relating to various contracts with production companies, in 2017 and therefore has ceased trading.

HAT TRICK HOLDINGS LIMITED

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017**

Principal risks and uncertainties

Foreign exchange risk

The Group operates primarily within the UK and so has limited exposure to foreign exchange movements. However, any material exposure is hedged on a case by case basis.

Credit risk

A large percentage of the Group's programming is conducted with the BBC and other established broadcasters. Therefore, the company does not have a significant exposure to credit defaults.

Liquidity risk

The Group has sufficient cash reserves to cover the day to day working capital requirements. The working capital of the business is closely monitored to ensure these commitments are met.

Financial key performance indicators

Hat Trick uses Adjusted Profit after Tax (profit after tax, excluding amortisation & share options charge) as its key performance indicator.

Adjusted profit after tax was £2.3m in the period, £1.3m lower than the previous year, due to the timing of scripted productions.

Other key performance indicators

We consider the number of series in production and delivered in the year to be Hat Trick's main non-financial key performance indicators.

There were fourteen series in production in 2017, with ten series delivered to broadcasters.

This report was approved by the board on 21 May 2018 and signed on its behalf.



P Cohen
Director

HAT TRICK HOLDINGS LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017

The directors present their report and the financial statements for the year ended 31 December 2017.

Directors

The directors who served during the year were:

J Mulville
M Redhead
N Forster
P McKenna
P Cohen
A Dugdale
K Wilson

Results and dividends

The profit for the year, after taxation, amounted to £2,983,745 (2016 - £3,578,261).

The directors have paid a dividend of £2,000,096 (2016 - £3,499,553). The directors do not recommend the payment of a final dividend.

Future developments

Hat Trick benefits from a raft of returning series, as well as a strong pipeline of new programming in various stages of development.

Directors' responsibilities statement

The directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group 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 for the Group's financial statements and then apply them consistently;
- make judgments 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 financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

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

HAT TRICK HOLDINGS LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017**

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditors are aware of that information.

Post balance sheet events

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

Auditors

Under section 487(2) of the Companies Act 2006, Sopher + Co LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This report was approved by the board on 21 May 2018 and signed on its behalf.



P Cohen
Director

HAT TRICK HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF HAT TRICK HOLDINGS LIMITED

Opinion

We have audited the financial statements of Hat Trick Holdings Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2017, which comprise the Group Statement of Comprehensive Income, the Group and Company Statements of Financial Position, the Group Statement of Cash Flows, the Group and Company Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2017 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the parent Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material

HAT TRICK HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF HAT TRICK HOLDINGS LIMITED (CONTINUED)

misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Group 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 Group Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which 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 on page 4, 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 Group's and 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 Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

HAT TRICK HOLDINGS LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF HAT TRICK HOLDINGS LIMITED
(CONTINUED)**

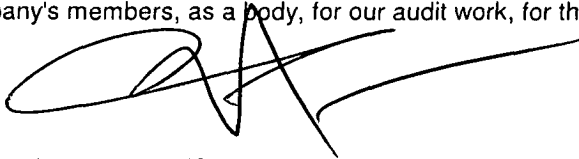
Auditors' responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

Use of our report

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



Stephen Iseman FCA (Senior Statutory Auditor)

for and on behalf of
Sopher + Co LLP

Chartered Accountants
Statutory Auditors

5 Elstree Gate
Elstree Way
Borehamwood
Hertfordshire
WD6 1JD

21 May 2018

HAT TRICK HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017

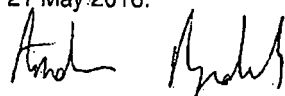
	Note	2017 £	2016 £
Turnover	4	29,689,264	35,961,915
Cost of sales		(20,367,819)	(27,269,842)
Gross profit		9,321,445	8,692,073
Administrative expenses		(7,949,768)	(7,966,439)
Other operating income	5	1,122,956	1,017,040
Operating profit	6	2,494,633	1,742,674
Share of profit of associates		529,359	367,988
Total operating profit		3,023,992	2,110,662
Interest receivable and similar income	10	5,770	4,811
Interest payable and expenses	11	(11,038)	(42,996)
Profit before taxation		3,018,724	2,072,477
Tax on profit	12	(34,979)	1,505,784
Profit for the financial year		2,983,745	3,578,261
Other comprehensive income			
Foreign exchange reserve movement		(4,056)	11,281
Share option reserve movement		(653,066)	-
Other comprehensive income for the year		(657,122)	11,281
Total comprehensive income for the year		2,326,623	3,589,542

The notes on pages 16 to 36 form part of these financial statements.

HAT TRICK HOLDINGS LIMITED
REGISTERED NUMBER:04789044
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	Note	2017 £	2016 £
Fixed assets			
Intangible assets	14	-	-
Tangible assets	16	954,949	685,010
Fixed asset investments	17	1,021,071	666,306
		<u>1,976,020</u>	<u>1,351,316</u>
Current assets			
Stocks	19	51,675	49,713
Debtors: amounts falling due within one year	20	7,554,936	11,046,652
Bank and cash balances		4,961,802	2,470,480
		<u>12,568,413</u>	<u>13,566,845</u>
Current liabilities			
Creditors: amounts falling due within one year	22	(9,299,743)	(9,947,141)
Net current assets		<u>3,268,670</u>	<u>3,619,704</u>
Total assets less current liabilities		<u>5,244,690</u>	<u>4,971,020</u>
Creditors: amounts falling due after more than one year	23	(353,821)	(406,678)
Net assets		<u>4,890,869</u>	<u>4,564,342</u>
Capital and reserves			
Called up share capital	29	61,428	61,428
Share premium account	30	2,110,534	2,110,534
Capital redemption reserve	30	50,260	50,260
Other reserves	30	786,103	1,439,169
Profit and loss account	30	1,882,544	902,951
Equity attributable to owners of the parent Company		<u>4,890,869</u>	<u>4,564,342</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 21 May 2018.



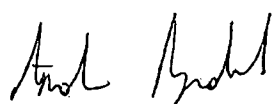
A Dugdale
Director

The notes on pages 16 to 36 form part of these financial statements.

HAT TRICK HOLDINGS LIMITED
REGISTERED NUMBER:04789044
COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	Note	2017 £	2016 £
Fixed assets			
Investments	17	20,160,871	20,060,871
Current assets			
Cash at bank and in hand	43	43	
Current liabilities			
Creditors: amounts falling due within one year	22	(6,852,832)	(4,747,676)
Net current liabilities		(6,852,789)	(4,747,633)
Net assets		13,308,082	15,313,238
Capital and reserves			
Called up share capital	29	61,428	61,428
Share premium account	30	2,110,534	2,110,534
Capital redemption reserve	30	50,260	50,260
Profit and loss account	30	11,085,860	13,091,016
		13,308,082	15,313,238

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 21 May 2018.



A Dugdale
Director

The notes on pages 16 to 36 form part of these financial statements.

HAT TRICK HOLDINGS LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Called up share capital	Share premium account	Capital redemption reserve	Other reserves	Profit and loss account	Total equity
	£	£	£	£	£	£
At 1 January 2017	61,428	2,110,534	50,260	1,439,169	902,951	4,564,342
Profit for the year	-	-	-	-	2,983,745	2,983,745
Foreign exchange reserve movement	-	-	-	-	(4,056)	(4,056)
Share option reserve movement	-	-	-	(653,066)	-	(653,066)
Dividends: Equity capital	-	-	-	-	(2,000,096)	(2,000,096)
At 31 December 2017	61,428	2,110,534	50,260	786,103	1,882,544	4,890,869

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Called up share capital	Share premium account	Capital redemption reserve	Other reserves	Profit and loss account	Total equity
	£	£	£	£	£	£
At 1 January 2016 (as previously stated)	61,428	2,110,534	50,260	1,439,169	524,414	4,185,805
Prior year adjustment	-	-	-	-	288,548	288,548
At 1 January 2016 (as restated)	61,428	2,110,534	50,260	1,439,169	812,962	4,474,353
Profit for the year	-	-	-	-	3,578,261	3,578,261
Foreign exchange reserve movement	-	-	-	-	11,281	11,281
Dividends: Equity capital	-	-	-	-	(3,499,553)	(3,499,553)
At 31 December 2016	61,428	2,110,534	50,260	1,439,169	902,951	4,564,342

The notes on pages 16 to 36 form part of these financial statements.

HAT TRICK HOLDINGS LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Called up share capital	Share premium account	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 January 2017	61,428	2,110,534	50,260	13,091,016	15,313,238
Loss for the year	-	-	-	(5,060)	(5,060)
Dividends: Equity capital	-	-	-	(2,000,096)	(2,000,096)
At 31 December 2017	61,428	2,110,534	50,260	11,085,860	13,308,082

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Called up share capital	Share premium account	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 January 2016	61,428	2,110,534	50,260	16,595,629	18,817,851
Loss for the year	-	-	-	(5,060)	(5,060)
Dividends: Equity capital	-	-	-	(3,499,553)	(3,499,553)
At 31 December 2016	61,428	2,110,534	50,260	13,091,016	15,313,238

The notes on pages 16 to 36 form part of these financial statements.

HAT TRICK HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017

	2017 £	2016 £
Cash flows from operating activities		
Profit for the financial year	2,983,745	3,578,261
Adjustments for:		
Depreciation of tangible assets	301,639	248,765
Interest paid	11,038	42,996
Interest received	(5,770)	(4,811)
Taxation charge	34,979	(1,505,784)
(Increase)/decrease in stocks	(1,962)	92,453
Decrease in debtors	2,272,042	1,243,043
Increase in amounts owed by associates	(76,000)	(49,600)
(Decrease)/increase in creditors	(726,192)	3,691,449
Corporation tax received	1,435,318	1,285,145
Net share of profits and losses of participating interests	(529,359)	(367,988)
Exchange differences on translation of foreign subsidiaries	(4,056)	11,281
Share option charge	(653,066)	-
Dividends received from associates	187,500	387,500
Net cash generated from operating activities	5,229,856	8,652,710
Cash flows from / (used in) investing activities		
Purchase of tangible fixed assets	(571,578)	(216,959)
Purchase of share in joint ventures	(100,000)	(125,403)
Interest received	5,770	4,811
Hire Purchase interest paid	(7,581)	(10,772)
Net cash used in investing activities	(673,389)	(348,323)

HAT TRICK HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017

	2017 £	2016 £
Cash flows used in financing activities		
Repayment of loans	(46,927)	(4,334,056)
Repayment of/new finance leases	(14,665)	(11,474)
Dividends paid	(2,000,096)	(3,499,553)
Interest paid	(3,457)	(32,224)
Net cash used in financing activities	(2,065,145)	(7,877,307)
Net increase in cash and cash equivalents	2,491,322	427,080
Cash and cash equivalents at beginning of year	2,470,480	2,043,400
Cash and cash equivalents at the end of year	4,961,802	2,470,480
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	4,961,802	2,470,480

The notes on pages 16 to 36 form part of these financial statements.

HAT TRICK HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

1. General information

The group is an industry leading content creator and rights owner with a library of long running award winning television programmes.

The company is incorporated in England and Wales and its trading address is 33 Oval Road, London, NW1 7EA.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of Group and its own subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

2.3 Participating interests

An entity is treated as a joint venture where the Group is a party to a contractual agreement with one or more parties from outside the Group to undertake an economic activity that is subject to joint control.

An entity is treated as an associated undertaking where the Group exercises significant influence in that it has the power to participate in the operating and financial policy decisions.

In the consolidated accounts, interests in associated undertakings are accounted for using the equity method of accounting. Under this method an equity investment is initially recognised at the transaction price (including transaction costs) and is subsequently adjusted to reflect the investors share of the profit or loss, other comprehensive income and equity of the associate. The Consolidated Statement of Comprehensive Income includes the Group's share of the operating results, interest, pre-tax results and attributable taxation of such undertakings applying accounting policies consistent with those of the Group. In the Consolidated Statement of Financial Position, the interests in associated undertakings are shown as the Group's share of the identifiable net assets, including any unamortised premium paid on acquisition.

Any premium on acquisition is dealt with in accordance with the goodwill policy.

HAT TRICK HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

2. Accounting policies (continued)

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding Value Added Tax.

Turnover comprises production fees and amounts receivable for the exploitation of rights and royalties net of VAT.

Production turnover and gross profit are recognised over the period of production on a stage of completion and straight line basis respectively.

Fees in respect of services provided are recognised over the period of the service agreement on a stage of completion basis.

Sums receivable from distribution by related parties are recognised when receivable. Where third party distributors are used, turnover is recognised on a receivable basis in accordance with distribution statements, unless an advance is received, in which case turnover is then recognised on the later of the license period start date or completion of all deliverables.

Royalties receivable are accounted for on a royalty earnings basis as part of turnover. Non-returnable, recoupable advances are accounted for on a completion of delivery requirements.

2.5 Intangible assets

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities.

Goodwill is amortised over its useful life of ten years.

2.6 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives.

Depreciation is provided on the following basis:

Short-term leasehold property	- over the period of the lease
Plant and machinery	- 25% straight line
Motor vehicles	- 25% straight line
Fixtures and fittings	- 25% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated Statement of Comprehensive Income.

HAT TRICK HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

2. Accounting policies (continued)

2.7 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to the Consolidated Statement of Comprehensive Income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.8 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Participating interests

The Group's share of profits less losses of associated undertakings is included in the Consolidated Statement of Comprehensive Income and the Group's share of their net assets is included in the Consolidated Statement of Financial Position. These amounts are taken from the latest financial statements of the undertakings concerned and unaudited management information for the remaining months to December 2017. Joint ventures are accounted for using the gross equity method.

Other investments

Investments held as fixed assets are shown at cost less any provision for impairment.

2.9 Work in progress

Project development costs, carried forward under work in progress, represent costs incurred on projects in development and are stated at the lower of cost and estimated net realisable value.

2.10 Debtors

Short term debtors are measured at transaction price, less any impairment.

2.11 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.12 Employee share ownership plan

The Group issues equity-settled share-based payments to certain employees. These share options are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of the grant. The fair value of the share options issued is expensed on a straight line basis over the period to when management estimates the options will be exercised as adjusted for known vesting conditions.

Fair value is measured by use of the Black-Scholes pricing model. The principal assumptions made in the model are described in note 31.

HAT TRICK HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

2. Accounting policies (continued)

2.13 Financial instruments

The Group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties and loans to related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Income Statement.

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

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

2.14 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

HAT TRICK HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

2. Accounting policies (continued)

2.15 Foreign currency translation

Functional and presentation currency

The group's functional and presentational currency is £ Sterling.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

2.16 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in the Consolidated Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Group in independently administered funds.

2.17 Interest income

Interest income is recognised in the Consolidated Statement of Comprehensive Income using the effective interest method.

2.18 Borrowing costs

All borrowing costs are recognised in the Consolidated Statement of Comprehensive Income in the year in which they are incurred.

HAT TRICK HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

2. Accounting policies (continued)

2.19 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except that a change attributable to an item of income and expense recognised as Other Comprehensive Income or to an item recognised directly in equity is also recognised under Other Comprehensive Income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company and the group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have made the following judgements:

- a) Determine whether leases entered into by the Group as a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- b) Determine whether there are indicators of impairment of the Group's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset.
- c) Determine at the year end the fair value of share options granted. The shares of the Group are not actively traded in a market and therefore directors use their judgement to ensure they adopt the most appropriate valuation method to determine fair value. Vesting conditions are taken into account when estimating the fair value of the share options.

In preparing these financial statements, the directors have considered the following key sources of estimation uncertainty:

Tangible and intangible assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and estimated disposal values.

HAT TRICK HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

4. Turnover

Analysis of turnover by country of destination:

	2017 £	2016 £
United Kingdom	19,763,964	19,570,471
Rest of Europe	1,720,011	1,931,112
Rest of the world	8,205,289	14,460,332
	<u>29,689,264</u>	<u>35,961,915</u>

5. Other operating income

	2017 £	2016 £
Occupancy and personnel cost recharges	<u>1,122,956</u>	<u>1,017,040</u>

6. Operating profit

The operating profit is stated after charging:

	2017 £	2016 £
Depreciation of tangible fixed assets	301,639	248,765
Exchange differences	48,072	(126,245)
Other operating lease rentals	694,854	613,364
Defined contribution pension cost	<u>216,658</u>	<u>188,338</u>

7. Auditors' remuneration

	2017 £	2016 £
Fees payable to the Group's auditor in respect of:		
The auditing of accounts of the Group pursuant to legislation	35,797	40,563
Tax compliance services	<u>10,000</u>	<u>10,000</u>
	<u>45,797</u>	<u>50,563</u>

HAT TRICK HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

8. Employees

Staff costs, including directors' remuneration, were as follows:

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Wages and salaries	3,984,549	4,492,419	-	-
Social security costs	575,772	543,381	-	-
Cost of defined contribution pension schemes	216,658	188,338	-	-
	4,776,979	5,224,138	-	-

The average monthly number of employees, including the directors, during the year was as follows:

	2017 No.	2016 No.
Management	7	7
Administration	43	37
Production, development and writing	24	29
	74	73

9. Directors' remuneration

	2017 £	2016 £
Directors' emoluments	1,000,817	970,413
Company contributions to defined contribution pension schemes	51,496	49,635
	1,052,313	1,020,048

During the year retirement benefits were accruing to 4 directors (2016 - 4) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £385,195 (2016 - £382,375).

10. Interest receivable

	2017 £	2016 £
Other interest receivable	5,770	4,811

HAT TRICK HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

11. Interest payable and similar charges

	2017 £	2016 £
Bank interest payable	-	32,224
Finance leases and hire purchase contracts	7,581	10,772
Other interest payable	3,457	-
	<u>11,038</u>	<u>42,996</u>

12. Taxation

	2017 £	2016 £
Corporation tax		
Current tax on profits for the year	(220,151)	(1,723,437)
Adjustments in respect of previous periods	(69,916)	(137)
	<u>(290,067)</u>	<u>(1,723,574)</u>
Share of tax of associates	87,095	98,362
	<u>(202,972)</u>	<u>(1,625,212)</u>
Foreign tax		
Foreign tax on income for the year	90,233	103,246
Total current tax	<u>(112,739)</u>	<u>(1,521,966)</u>
Deferred tax		
Origination and reversal of timing differences	147,718	16,182
Taxation on profit on ordinary activities	<u>34,979</u>	<u>(1,505,784)</u>

HAT TRICK HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

12. Taxation (continued)**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2016 - lower than) the composite rate of corporation tax in the UK of 19.247% (2016 - 20%). The differences are explained below:

	2017 £	2016 £
Profit on ordinary activities before tax	<u>3,018,724</u>	<u>2,072,477</u>
Profit on ordinary activities multiplied by the composite rate of corporation tax in the UK of 19.247% (2016 - 20%)	581,014	414,495
Effects of:		
Expenses not deductible for tax purposes	42,091	35,564
Capital allowances for year in excess of depreciation	(2,045)	(390)
Utilisation of tax losses	(33,487)	-
Adjustments to tax charge in respect of prior periods	(69,916)	(137)
Foreign tax charge	90,233	103,246
High-end Television Tax Relief	(607,409)	(1,981,604)
Tax relief from enhanced tax credits	-	(93,140)
Non-tax chargeable credit for employee options	(125,715)	-
Unrelieved tax losses carried forward	12,495	-
Deferred tax	<u>147,718</u>	<u>16,182</u>
Total tax charge for the year	<u>34,979</u>	<u>(1,505,784)</u>

13. Dividends

	2017 £	2016 £
Dividends paid on equity shares	<u>2,000,096</u>	<u>3,499,553</u>

HAT TRICK HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

14. Intangible assets

Group and Company

	Goodwill £
Cost	
At 1 January 2017	22,708,166
At 31 December 2017	<u>22,708,166</u>
Amortisation	
At 1 January 2017	22,708,166
At 31 December 2017	<u>22,708,166</u>
Net book value	
At 31 December 2017	<u>-</u>
At 31 December 2016	<u>-</u>

15. Parent company profit for the year

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements. The loss after tax of the parent Company for the year was £5,060 (2016 - loss £5,060).

HAT TRICK HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

16. Tangible fixed assets

Group

	Short-term leasehold property £	Plant and machinery £	Motor vehicles £	Total £
Cost				
At 1 January 2017	842,155	3,493,164	83,244	4,418,563
Additions	378,815	192,763	-	571,578
At 31 December 2017	<u>1,220,970</u>	<u>3,685,927</u>	<u>83,244</u>	<u>4,990,141</u>
Depreciation				
At 1 January 2017	566,833	3,106,022	60,698	3,733,553
Charge for the year on owned assets	66,961	198,404	20,811	286,176
Charge for the year on financed assets	-	15,463	-	15,463
At 31 December 2017	<u>633,794</u>	<u>3,319,889</u>	<u>81,509</u>	<u>4,035,192</u>
Net book value				
At 31 December 2017	<u>587,176</u>	<u>366,038</u>	<u>1,735</u>	<u>954,949</u>
At 31 December 2016	<u>275,322</u>	<u>387,142</u>	<u>22,546</u>	<u>685,010</u>

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2017 £	2016 £
Furniture, fittings and equipment	<u>27,061</u>	<u>42,524</u>

HAT TRICK HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

17. Fixed asset investments

Group

	Investments in associates £	Other fixed asset investments £	Investment in joint ventures £	Total £
Cost				
At 1 January 2017	592,765	25,000	73,541	691,306
Additions	-	-	100,000	100,000
Dividend received	(187,500)	-	-	(187,500)
Share of profit / (loss)	472,070	-	(29,805)	442,265
At 31 December 2017	877,335	25,000	143,736	1,046,071
Impairment				
At 1 January 2017	-	25,000	-	25,000
At 31 December 2017	-	25,000	-	25,000
Net book value				
At 31 December 2017	877,335	-	143,736	1,021,071
At 31 December 2016	592,765	-	73,541	666,306

HAT TRICK HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

17. Fixed asset investments (continued)

Company

	Investments in subsidiary companies £	Investment in joint ventures £	Total £
Cost			
At 1 January 2017	19,935,469	125,402	20,060,871
Additions	-	100,000	100,000
At 31 December 2017	<u>19,935,469</u>	<u>225,402</u>	<u>20,160,871</u>
Net book value			
At 31 December 2017	<u>19,935,469</u>	<u>225,402</u>	<u>20,160,871</u>
At 31 December 2016	<u>19,935,469</u>	<u>125,402</u>	<u>20,060,871</u>

HAT TRICK HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

18. Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Direct subsidiary undertakings

Name	Class of shares	Holding	Principal activity
Hat Trick Productions Limited	Ordinary	100 %	Creation of content for broadcast media
TWC (UK) Limited	Ordinary	100 %	Writers' agency

Indirect Subsidiary undertakings

Name	Class of shares	Holding	Principal activity
Hat Trick International Limited	Ordinary	100 %	Distribution of content
Hat Trick Television Limited	Ordinary	100 %	Creation of content for broadcast media
Hat Trick (DG) Limited	Ordinary	100 %	Creation of content for broadcast media
Hat Trick (Trollope) Limited	Ordinary	100 %	Creation of content for broadcast media
Hat Trick (Warren) Limited (previously known as Hat Trick (LTBOS) Limited)	Ordinary	100 %	Creation of content for broadcast media
Hat Trick Holdings Inc	Ordinary	100 %	Creation of content for broadcast media
Hat Trick Entertainment Inc	Ordinary	100 %	Creation of content for broadcast media
Hat Trick East Inc	Ordinary	100 %	Creation of content for broadcast media
Hat Trick (FTM) Limited (previously known as Hat Trick (WL) Limited)	Ordinary	100 %	Creation of content for broadcast media
Hat Trick (Flack) Limited	Ordinary	100 %	Creation of content for broadcast media

All of the above companies have their registered office at Hanover House, 14 Hanover Square, London W1S 1HP apart from Hat Trick Holdings Inc., Hat Trick East Inc. and Hat Trick Entertainment Inc. whose registered address is 16000 Ventura Blvd., Suite 900, Encino, CA 91436.

Participating interests

Joint ventures

Name	Class of shares	Holding	Principal activity
Toff Media Limited	Ordinary	50 %	Creation of content for broadcast media
HTM Television Limited	Ordinary	50 %	Creation of content for broadcast media

Associates

Name	Class of shares	Holding	Principal activity
Plum Pictures Limited	Ordinary	25 %	Creation of content for broadcast media
Emporium Limited	Ordinary	49 %	Creation of content for broadcast media

HAT TRICK HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

19. Work in progress

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Work in progress	<u>51,675</u>	<u>49,713</u>	<u>-</u>	<u>-</u>

20. Debtors

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Trade debtors	3,081,695	4,637,856	-	-
Amounts owed by joint ventures and associated undertakings	125,600	49,600	-	-
Other debtors	205,389	185,068	-	-
Prepayments and accrued income	3,360,116	4,096,321	-	-
Tax recoverable	619,204	1,767,159	-	-
Deferred taxation	162,932	310,649	-	-
	<u>7,554,936</u>	<u>11,046,653</u>	<u>-</u>	<u>-</u>

The carrying value of all debtor balances above equates to fair value. No balances were impaired at the year end (2016 – same).

21. Cash at bank and in hand

Included within the Consolidated Statement of Financial Position figure of £4,961,802 (2016 - £2,470,480) are sums amounting to £Nil (2016 - £47,045) held on behalf of writers, where fees have been received but not paid over to the writers as at 31 December 2017.

HAT TRICK HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

22. Creditors: Amounts falling due within one year

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Bank loans	-	46,927	-	-
Trade creditors	369,592	254,048	-	-
Amounts owed to group undertakings	-	-	6,847,829	4,742,675
Corporation tax	86,722	-	-	-
Other taxation and social security	610,497	927,278	-	-
Obligations under finance lease and hire purchase contracts	17,857	14,665	-	-
Other creditors	50,783	127,036	-	-
Accruals and deferred income	8,164,292	8,577,189	5,003	5,000
	9,299,743	9,947,143	6,852,832	4,747,675

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

23. Creditors: Amounts falling due after more than one year

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Net obligations under finance leases and hire purchase contracts	15,488	33,345	-	-
Accruals	338,333	373,333	-	-
	353,821	406,678	-	-

24. Deferred taxation

Group

	2017 £	2016 £
At beginning of year	310,649	326,832
Charged to profit or loss	(147,718)	(16,183)
At end of year	162,931	310,649

HAT TRICK HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

24. Deferred taxation (continued)

The deferred tax asset is made up as follows:

	Group 2017 £	Group 2016 £
Decelerated capital allowances	13,572	22,816
Share option reserves	149,360	287,833
	<u>162,932</u>	<u>310,649</u>

The net deferred tax asset expected to reverse next year is £13,000. This primarily relates to the reversal of existing timing differences on acquired tangible fixed assets and capital allowances through depreciation, offset by expected tax deductions when payment are made to utilise provisions.

25. Pension commitments

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £216,658 (2016 - £188,338). Contributions totalling £8,770 (2016 - £8,604) were payable to the fund at the balance sheet date and are included in creditors.

26. Commitments under operating leases

At 31 December 2017 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2017 £	Group 2016 £
Not later than 1 year	775,500	594,000
Later than 1 year and not later than 5 years	2,376,000	2,376,000
Later than 5 years	2,970,000	3,564,000
	<u>6,121,500</u>	<u>6,534,000</u>

HAT TRICK HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

27. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	Group 2017 £	Group 2016 £
Within one year	17,857	14,665
Between 1-5 years	15,479	17,857
Over 5 years	-	15,487
	<u>33,336</u>	<u>48,009</u>

28. Financial instruments

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Financial assets				
Financial assets measured at fair value through profit or loss	4,961,802	2,470,480	43	43
Financial assets that are debt instruments measured at amortised cost	<u>4,993,324</u>	<u>7,496,295</u>	<u>-</u>	<u>-</u>
Financial liabilities				
Financial liabilities measured at amortised cost	<u>(6,199,455)</u>	<u>(5,930,308)</u>	<u>(6,852,829)</u>	<u>(4,747,675)</u>

Financial assets measured at fair value through profit or loss comprise of cash at bank and in hand.

Financial assets measured at amortised cost comprise of trade debtors, other debtors and accrued income.

Financial liabilities measured at amortised cost comprise of trade creditors, other creditors, accruals and amounts owed to group undertakings.

29. Share capital

	2017 £	2016 £
Allotted, called up and fully paid		
61,428 Ordinary shares of £1 each	<u>61,428</u>	<u>61,428</u>

HAT TRICK HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

30. Reserves

Share premium account

This reserve represents the amount above the nominal value received for issued share capital, less transaction costs.

Capital redemption reserve

This reserve records the nominal value of shares repurchased by the group.

Other reserves

This reserve records all changes in relation to the enterprise management share option scheme implemented by the group.

Profit and loss account

This reserve represents the cumulative balance of retained profits and losses to the Statement of Financial Position date.

31. Share based payments

Equity-settled share option scheme

The company has implemented two Enterprise Management Incentive share option schemes, one on the 30th November 2006 and the other on 25th January 2011. All share options granted after 25th January 2011, which includes all the options granted in 2011, will be under the new scheme.

Share options granted under these schemes are only exercisable on or after the earlier of an exit event and any date(s) as specified in the option agreement. Under both scheme rules, an exit event is defined as the earlier of a share sale, a listing or a trade sale.

At 31 December 2017, 15,257 (2016 - 12,560) options were outstanding. If the options remain unexercised after a period of 10 years they expire. Options are forfeited if the employee leaves the group before they have been exercised.

The weighted average remaining contractual life of the share options outstanding at the end of the period was 3 years.

The aggregate of the estimated fair value of the share options granted is £1,537,180, resulting in a net credit charge of £411,256 (2016 - £nil) in the profit and loss account.

This is based on the Black – Scholes model using the following assumptions:

Weighted average share price at grant	£117.25
Weighted average exercise price	£ 1.00
Expected volatility	93%
Risk-free rate	2.13%

HAT TRICK HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

32. Related party transactions

During the year, the group entered into transactions on an arms length basis, in the ordinary course of the business, and had balances at the year end with the following parties.

	Year ended 31 Dec 2017 Sales £	Year ended 31 Dec 2017 Debtor/ (Creditor) £	Year ended 31 Dec 2016 Sales £	Year ended 31 Dec 2016 Debtor/ (Creditor) £
Plum Pictures Limited	3,184,146	(472,174)	2,053,750	(150,196)
Emporium Productions Limited	737,971	(35,714)	357,650	62,318
HTM Television Limited.	7,500	125,600	-	49,600
	<u>3,929,617</u>	<u>(382,288)</u>	<u>2,411,400</u>	<u>(38,278)</u>

During the year, format fees and royalties of £115,893 (2016 - £96,795) were paid to J Mulville, a director of the company.

During the year the company paid dividends of £1,020,040 (2016 - £1,784,756) to J Mulville, a director of the company.

At the balance sheet date the group was owed £8,418 (2016 - £21,092) by J Mulville included in other debtors.

During the year the company paid dividends amounting to £200,016 (2016 - £349,967) to P McKenna, a director of the company.

The company has taken advantage of not disclosing transactions among wholly-owned members in the group as permitted under FRS 102 s33.1A

Key management personnel

During the year, the group paid remuneration totalling £2,071,924 (2016 - £1,985,421) to its key management personnel.

33. Ultimate controlling party

The directors regard J Mulville, a director of the company, as the ultimate controlling party.