

COMPANY REGISTRATION NUMBER: 5221898

**Love Productions Limited**  
**Financial Statements**  
**30 June 2018**

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# **Love Productions Limited**

## **Financial Statements**

**Year ended 30 June 2018**

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# Love Productions Limited

## Strategic Report

Year ended 30 June 2018

### PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company during the year was that of television production.

In 2018 Love Productions saw returns on its investment in the US, establishing itself as a global brand with offices in London, Bristol and LA. It expanded its client base outside of UK broadcasters, C4 and BBC to include, Netflix, Amazon, Discovery, Natgeo Wild and ABC. The company produced original programming in Mexico, Singapore, Nova Scotia, Indonesia, South Africa, Costa Rica and Spain as well as the US and UK.

A significant driver behind the company's growth in revenue has been the diversity of programming produced under the brand - from global competition series such as The Great British Bake Off to multi award winning documentary series on social issues such as 'Muslims Like Us', docusoaps, 'Made in Mexico', car building series, 'Bad Chad', passion pieces, 'The Biggest Little Railway', 'Battle of Britain' to series on Sewing, Pottery, Natural History and music projects such as 'Westside' for Netflix.

By continuing to protect and invest in its original formats in the UK, distribution of UK produced programming has grown year on year to now export UK programming to over 80 territories outside of the UK.

### FUTURE DEVELOPMENTS

Thanks to C4's long term commitment to The Great Bake Off brand in the UK, the company can concentrate on creating new original UK programming for export and further expanding the US arm.

### GOING CONCERN

The directors have undertaken a rigorous assessment of whether the company was a going concern when the accounts were prepared, considering all available information about the future, covering a period of 12 months from the date of the approval of the accounts.

The directors are not aware of any material uncertainty arising from their assessment that would cast doubt on the company's ability to continue as a going concern.

### PRINCIPAL RISKS AND UNCERTAINTIES

The company manages business and financial risk and uncertainties as a whole rather than each individual production. For this reason the directors believe that the company has reduced exposure to business and financial risks given the variety in its television series portfolio. The television industry is a volatile industry susceptible to changes in the global economy, as well as changes in legislation, regulation and government policy which may affect the industry. Any of these may adversely affect consumer demand for television programmes or the ability to successfully finance or market television productions.

This report was approved by the board of directors on 27/03/2019 and signed on behalf of the board by:



R McKerrow  
Director

# **Love Productions Limited**

## **Directors' Report**

**Year ended 30 June 2018**

The directors present their report and the financial statements of the group for the year ended 30 June 2018.

### **Directors**

The directors who served the company during the year were as follows:

R McKerrow	
J H Millichip	
D R Shorrocks	
C Cooper	
L E Kavanagh	(Appointed 3 October 2017)
A Beattie	(Retired 3 October 2017)

### **Dividends**

Particulars of recommended dividends are detailed in note 12 to the financial statements.

### **Financial instruments**

The company's principal financial instruments comprise bank balances, loans, trade creditors and trade debtors. The main purpose of these instruments is to raise funds for the company's operations and to finance the company's operations.

Due to the nature of the financial instruments used by the company, there is no exposure to price risk. The company's approach to managing other risks applicable to the financial instruments concerned is shown below.

In respect of bank balances the liquidity risk is managed by maintaining a balance sufficient to meet the funds required for the company's operations. The company makes use of money market facilities where funds are available.

Trade debtors are managed in respect of credit and cash flow risk by ensuring that amounts due are received in a timely manner.

Trade creditors' liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

### **Events after the end of the reporting period**

On 9 October 2018 Sky Plc was acquired by Comcast Corporation. As at this date, Comcast Corporation became the ultimate controlling party of Love Productions Limited.

### **Overseas branches**

The company is incorporated in the United Kingdom and has no overseas branches.

### **Disclosure of information in the strategic report**

In accordance with section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013, various matters previously dealt with in the Directors' Report are now included in the Strategic Report.

# Love Productions Limited

## Directors' Report *(continued)*

Year ended 30 June 2018

### Directors' responsibilities statement

The directors are responsible for preparing the strategic report, directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and 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 judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

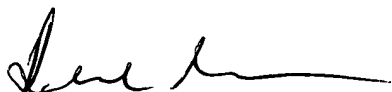
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies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

### Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

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

This report was approved by the board of directors on 27/03/2019..... and signed on behalf of the board by:



R McKerrow  
Director

# **Love Productions Limited**

## **Independent Auditor's Report to the Members of Love Productions Limited**

**Year ended 30 June 2018**

### **Opinion**

We have audited the financial statements of Love Productions Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 June 2018 which comprise the consolidated statement of comprehensive income, consolidated statement of financial position, company statement of financial position, consolidated statement of changes in equity, company statement of changes in equity, consolidated statement of cash flows 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 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 of the parent company's affairs as at 30 June 2018 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

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

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the 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.

# **Love Productions Limited**

## **Independent Auditor's Report to the Members of Love Productions Limited** *(continued)*

**Year ended 30 June 2018**

### **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. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

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

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

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the 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 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, 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.

# **Love Productions Limited**

## **Independent Auditor's Report to the Members of Love Productions Limited**

*(continued)*

**Year ended 30 June 2018**

### **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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's or the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group or the parent company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

# **Love Productions Limited**

## **Independent Auditor's Report to the Members of Love Productions Limited** *(continued)*

**Year ended 30 June 2018**

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### **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.

Stephen Joberns (Senior Statutory Auditor)

For and on behalf of  
Shipleys LLP  
Chartered accountants & statutory auditor  
10 Orange Street  
Haymarket  
London  
WC2H 7DQ

28/3/19

**Love Productions Limited**  
**Consolidated Statement of Comprehensive Income**  
**Year ended 30 June 2018**

	Note	2018 £	2017 £
<b>Turnover</b>	<b>4</b>	<b>61,055,535</b>	26,262,662
Cost of sales		(30,415,208)	(17,122,648)
<b>Gross profit</b>		<b>30,640,327</b>	9,140,014
Administrative expenses		(6,416,138)	(4,260,347)
<b>Operating profit</b>	<b>5</b>	<b>24,224,189</b>	4,879,667
Other interest receivable and similar income	<b>10</b>	5,723	2,324
<b>Profit before taxation</b>		<b>24,229,912</b>	4,881,991
Tax on profit	<b>11</b>	(4,272,235)	(818,807)
<b>Profit for the financial year</b>		<b>19,957,677</b>	4,063,184
Foreign currency retranslation		117,526	(283,361)
<b>Total comprehensive income for the year</b>		<b>20,075,203</b>	3,779,823

All the activities of the group are from continuing operations.

The notes on pages 14 to 26 form part of these financial statements.

**Love Productions Limited**  
**Consolidated Statement of Financial Position**  
**30 June 2018**

	Note	2018 £	2017 £
<b>Fixed assets</b>			
Tangible assets	13	862,090	150,309
<b>Current assets</b>			
Debtors	15	20,136,355	10,673,825
Cash at bank and in hand		12,855,326	883,608
		<u>32,991,681</u>	<u>11,557,433</u>
<b>Creditors: amounts falling due within one year</b>	16	14,149,266	7,078,440
<b>Net current assets</b>		<u>18,842,415</u>	<u>4,478,993</u>
<b>Total assets less current liabilities</b>		<u>19,704,505</u>	<u>4,629,302</u>
<b>Provisions</b>			
Other provisions	17	10,000	10,000
<b>Net assets</b>		<u>19,694,505</u>	<u>4,619,302</u>
<b>Capital and reserves</b>			
Called up share capital	21	11,034	11,034
Share premium account	22	114,526	114,526
Foreign currency translation	22	(360,619)	(478,145)
Profit and loss account	22	19,929,564	4,971,887
<b>Shareholders funds</b>		<u>19,694,505</u>	<u>4,619,302</u>

These financial statements were approved by the board of directors and authorised for issue on 27/03/2019, and are signed on behalf of the board by:



R McKerrow  
Director

Company registration number: 5221898

The notes on pages 14 to 26 form part of these financial statements.

**Love Productions Limited**  
**Company Statement of Financial Position**  
**30 June 2018**

	Note	2018 £	2017 £
<b>Fixed assets</b>			
Tangible assets	13	214,797	108,129
Investments	14	501	501
		<u>215,298</u>	<u>108,630</u>
<b>Current assets</b>			
Debtors	15	20,764,561	12,447,282
Cash at bank and in hand		12,091,636	857,132
		<u>32,856,197</u>	<u>13,304,414</u>
<b>Creditors: amounts falling due within one year</b>	16	<u>12,230,757</u>	<u>6,849,605</u>
<b>Net current assets</b>		<u>20,625,440</u>	<u>6,454,809</u>
<b>Total assets less current liabilities</b>		<u>20,840,738</u>	<u>6,563,439</u>
<b>Provisions</b>			
Other provisions	17	10,000	10,000
<b>Net assets</b>		<u>20,830,738</u>	<u>6,553,439</u>
<b>Capital and reserves</b>			
Called up share capital	21	11,034	11,034
Share premium account	22	114,526	114,526
Profit and loss account	22	20,705,178	6,427,879
<b>Shareholders funds</b>		<u>20,830,738</u>	<u>6,553,439</u>

The profit for the financial year of the parent company was £19,277,299 (2017: £4,314,603).

These financial statements were approved by the board of directors and authorised for issue on 27/03/2019, and are signed on behalf of the board by:



R McKerrow  
Director

Company registration number: 5221898

The notes on pages 14 to 26 form part of these financial statements.

**Love Productions Limited**  
**Consolidated Statement of Changes in Equity**  
**Year ended 30 June 2018**

	Called up share capital £	Share premium account £	Foreign currency translation £	Profit and loss account £	Total £
<b>At 1 July 2016</b>	11,034	114,526	(194,784)	3,908,703	3,839,479
Profit for the year				4,063,184	4,063,184
Other comprehensive income for the year:					
Foreign currency retranslation	—	—	(283,361)	—	(283,361)
<b>Total comprehensive income for the year</b>	—	—	(283,361)	4,063,184	3,779,823
Dividends paid and payable <b>12</b>	—	—	—	(3,000,000)	(3,000,000)
<b>Total investments by and distributions to owners</b>	—	—	—	(3,000,000)	(3,000,000)
<b>At 30 June 2017</b>	11,034	114,526	(478,145)	4,971,887	<b>4,619,302</b>
Profit for the year				19,957,677	<b>19,957,677</b>
Other comprehensive income for the year:					
Foreign currency retranslation	—	—	117,526	—	<b>117,526</b>
<b>Total comprehensive income for the year</b>	—	—	117,526	19,957,677	<b>20,075,203</b>
Dividends paid and payable <b>12</b>	—	—	—	(5,000,000)	<b>(5,000,000)</b>
<b>Total investments by and distributions to owners</b>	—	—	—	(5,000,000)	<b>(5,000,000)</b>
<b>At 30 June 2018</b>	<u>11,034</u>	<u>114,526</u>	<u>(360,619)</u>	<u>19,929,564</u>	<u><b>19,694,505</b></u>

The notes on pages 14 to 26 form part of these financial statements.

**Love Productions Limited**  
**Company Statement of Changes in Equity**  
**Year ended 30 June 2018**

		Called up share capital £	Share premium account £	Profit and loss account £	Total £
<b>At 1 July 2016</b>		11,034	114,526	5,113,276	5,238,836
Profit for the year				4,314,603	4,314,603
<b>Total comprehensive income for the year</b>		—	—	4,314,603	4,314,603
Dividends paid and payable	<b>12</b>	—	—	(3,000,000)	(3,000,000)
<b>Total investments by and distributions to owners</b>		—	—	(3,000,000)	(3,000,000)
<b>At 30 June 2017</b>		11,034	114,526	6,427,879	<b>6,553,439</b>
Profit for the year				19,277,299	<b>19,277,299</b>
<b>Total comprehensive income for the year</b>		—	—	19,277,299	<b>19,277,299</b>
Dividends paid and payable	<b>12</b>	—	—	(5,000,000)	<b>(5,000,000)</b>
<b>Total investments by and distributions to owners</b>		—	—	(5,000,000)	<b>(5,000,000)</b>
<b>At 30 June 2018</b>		<u>11,034</u>	<u>114,526</u>	<u>20,705,178</u>	<u><b>20,830,738</b></u>

The notes on pages 14 to 26 form part of these financial statements.

**Love Productions Limited**  
**Consolidated Statement of Cash Flows**  
**Year ended 30 June 2018**

	2018 £	2017 £
<b>Cash flows from operating activities</b>		
Profit for the financial year	19,957,677	4,063,184
<i>Adjustments for:</i>		
Depreciation of tangible assets	137,422	54,095
Other interest receivable and similar income	(5,723)	(2,324)
Tax on profit	4,272,235	818,807
Foreign currency movement	117,526	(283,361)
<i>Changes in:</i>		
Trade and other debtors	(9,146,879)	(7,137,359)
Trade and other creditors	5,466,616	1,553,116
Cash generated from operations	20,798,874	(933,842)
Interest received	5,723	2,324
Tax paid	(1,835,495)	(829,897)
Net cash from/(used in) operating activities	<u>18,969,102</u>	<u>(1,761,415)</u>
<b>Cash flows from investing activities</b>		
Purchase of tangible assets	(851,369)	(118,086)
Net cash used in investing activities	<u>(851,369)</u>	<u>(118,086)</u>
<b>Cash flows from financing activities</b>		
Proceeds from loans from group undertakings	(1,146,015)	1,198,325
Dividends paid	(5,000,000)	(3,000,000)
Net cash used in financing activities	<u>(6,146,015)</u>	<u>(1,801,675)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>11,971,718</b>	<b>(3,681,176)</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>883,608</b>	<b>4,564,784</b>
<b>Cash and cash equivalents at end of year</b>	<b><u>12,855,326</u></b>	<b><u>883,608</u></b>

The notes on pages 14 to 26 form part of these financial statements.

**Love Productions Limited**  
**Notes to the Financial Statements**  
**Year ended 30 June 2018**

**1. General information**

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is Grant Way, Isleworth, TW7 5QD.

**2. Statement of compliance**

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

**3. Accounting policies**

**Basis of preparation**

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain assets and liabilities as specified in the accounting policies below.

The financial statements are prepared in sterling, which is the functional currency of the entity.

**Disclosure exemptions**

The parent company satisfies the criteria of being a qualifying entity as defined in FRS 102. As such, advantage has been taken of the following reduced disclosures available under FRS 102:

- (a) No cash flow statement has been presented for the company.
- (b) Disclosures in respect of financial instruments have not been presented.
- (c) No disclosure has been given for the aggregate remuneration of key management personnel.

**Consolidation**

The financial statements consolidate the financial statements of Love Productions Limited and all of its subsidiary undertakings.

The results of subsidiaries acquired or disposed of during the year are included from or to the date that control passes.

The parent company has applied the exemption contained in section 408 of the Companies Act 2006 and has not presented its individual profit and loss account.

**Love Productions Limited**  
**Notes to the Financial Statements** *(continued)*  
**Year ended 30 June 2018**

**3. Accounting policies** *(continued)*

**Judgements and key sources of estimation uncertainty**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome.

The key assumptions and other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

**Allowance for doubtful debts**

The group maintains allowances for doubtful accounts for estimated losses resulting from the subsequent inability of customers to make required payments. If the financial conditions of customers were to deteriorate, resulting in an impairment of their ability to make payments, then additional allowances may be required in future periods.

**Revenue**

Revenue is recognised by reference to percentage completion of the production as set out in the "revenue recognition" policy below.

**Revenue recognition**

Turnover represents the revenue receivable on contracts for the production of television programmes and distribution of programme rights, net of value added tax.

For productions, revenue is recognised based on the stage of completion in accordance with the underlying contract. Where productions are in progress at the year end, and where the amounts invoiced is greater than the value of work carried out the excess is shown as deferred income, where costs incurred exceed amounts invoiced the associated revenue is recognised as accrued income.

Revenues relating to exploitation of programme rights are recognised in accordance with the underlying contract.

Revenue from the rendering of services is measured by reference to the stage of completion of the service transaction at the end of the reporting period provided that the outcome can be reliably estimated. When the outcome cannot be reliably estimated, revenue is recognised only to the extent that expenses recognised are recoverable.

**Income tax**

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

# Love Productions Limited

## Notes to the Financial Statements *(continued)*

Year ended 30 June 2018

### 3. Accounting policies *(continued)*

#### Income tax *(continued)*

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other 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. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

#### Foreign currencies

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to the profit and loss account.

#### Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

#### Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses.

#### Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Leasehold property	-	Over the life of the lease
Plant and Machinery	-	25% reducing balance
Fixtures and fittings	-	25% reducing balance
Equipment	-	33% straight line

#### Investments

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

#### Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

# **Love Productions Limited**

## **Notes to the Financial Statements** *(continued)*

**Year ended 30 June 2018**

### **3. Accounting policies** *(continued)*

#### **Provisions**

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

#### **Financial instruments**

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 entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

#### **Defined contribution plans**

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

# Love Productions Limited

## Notes to the Financial Statements *(continued)*

Year ended 30 June 2018

### Trade and other debtors

Trade and other debtors are initially recognised at the transaction price and thereafter stated at amortised cost using the effective interest rate method, less impairment losses for bad and doubtful debts except where the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less impairment for bad and doubtful debts.

### Trade and other creditors

Trade and other creditors are initially recognised at the transaction price and are thereafter stated at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

### Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, demand deposits with banks and other short term highly liquid investments with original maturities of three months or less and bank overdrafts.

## 4. Turnover

Turnover arises from:

	2018 £	2017 £
Television production	48,883,153	21,447,209
Production development	55,000	19,000
Secondary sales	12,114,755	4,803,713
Other production	2,627	(7,260)
	<u>61,055,535</u>	<u>26,262,662</u>

The turnover is attributable to the one principal activity of the group. An analysis of turnover by the geographical markets that substantially differ from each other is given below:

	2018 £	2017 £
United Kingdom	47,309,322	20,334,811
Overseas	13,746,213	5,927,851
	<u>61,055,535</u>	<u>26,262,662</u>

## 5. Operating profit

Operating profit or loss is stated after charging/crediting:

	2018 £	2017 £
Depreciation of tangible assets	<u>137,422</u>	<u>54,095</u>

# Love Productions Limited

## Notes to the Financial Statements *(continued)*

Year ended 30 June 2018

### 6. Auditor's remuneration

	2018	2017
	£	£
Fees payable for the audit of the financial statements	<u>14,000</u>	<u>10,500</u>
Fees payable to the company's auditor and its associates for other services:		
Taxation advisory services	3,500	2,850
Other non-audit services	<u>6,550</u>	<u>4,250</u>
	<u>10,050</u>	<u>7,100</u>

### 7. Staff costs

The average number of persons employed by the group during the year, including the directors, amounted to:

	2018	2017
	No.	No.
Production staff	69	49
Administrative staff	27	19
	<u>96</u>	<u>68</u>

The aggregate payroll costs incurred during the year, relating to the above, were:

	2018	2017
	£	£
Wages and salaries	3,816,488	2,551,789
Social security costs	315,353	202,603
Other pension costs	61,120	53,262
	<u>4,192,961</u>	<u>2,807,654</u>

### 8. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services was:

	2018	2017
	£	£
Remuneration	378,830	242,552
Company contributions to defined contribution pension plans	<u>17,750</u>	<u>10,000</u>
	<u>396,580</u>	<u>252,552</u>

The number of directors who accrued benefits under company pension plans was as follows:

	2018	2017
	No.	No.
Defined contribution plans	<u>2</u>	<u>1</u>

# Love Productions Limited

## Notes to the Financial Statements *(continued)*

Year ended 30 June 2018

### 8. Directors' remuneration *(continued)*

Remuneration of the highest paid director in respect of qualifying services:

	2018 £	2017 £
Aggregate remuneration	192,495	178,742
Company contributions to defined contribution pension plans	10,000	10,000
	<u>202,495</u>	<u>188,742</u>

### 9. Profit for the year of the parent company

The profit for the financial year of the parent company was £19,277,299 (2017: £4,314,603).

### 10. Other interest receivable and similar income

	2018 £	2017 £
Interest on cash and cash equivalents	<u>5,723</u>	<u>2,324</u>

### 11. Tax on profit

#### Major components of tax expense

	2018 £	2017 £
<b>Current tax:</b>		
UK current tax expense	4,531,724	907,826
Adjustments in respect of prior periods	(600)	(84,319)
Total UK current tax	<u>4,531,124</u>	<u>823,507</u>
Foreign current tax income	<u>48,217</u>	<u>—</u>
Total current tax	<u>4,579,341</u>	<u>823,507</u>
<b>Deferred tax:</b>		
Origination and reversal of timing differences	<u>(307,106)</u>	<u>(4,700)</u>
Tax on profit	<u>4,272,235</u>	<u>818,807</u>

# Love Productions Limited

## Notes to the Financial Statements (continued)

Year ended 30 June 2018

### 11. Tax on profit (continued)

#### Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is lower than (2017: lower than) the standard rate of corporation tax in the UK of 76% (2017: 19.76%).

	2018 £	2017 £
Profit on ordinary activities before taxation	<u>24,229,912</u>	<u>4,881,991</u>
Profit on ordinary activities by rate of tax	<u>4,603,683</u>	<u>964,227</u>
Adjustment to tax charge in respect of prior periods	(600)	(84,319)
Effect of expenses not deductible for tax purposes	<u>41,816</u>	<u>15,918</u>
Effect of capital allowances and depreciation	<u>(142,378)</u>	<u>4,892</u>
Children's television tax credit	–	(126,868)
Deferred tax movement	<u>(307,106)</u>	<u>(4,700)</u>
Overseas losses	<u>3,720</u>	<u>49,657</u>
Effect of different tax rates	<u>73,100</u>	<u>–</u>
Tax on profit	<u>4,272,235</u>	<u>818,807</u>

### 12. Dividends

Dividends paid during the year (excluding those for which a liability existed at the end of the prior year):

	2018 £	2017 £
Dividends on equity shares	<u>5,000,000</u>	<u>3,000,000</u>

### 13. Tangible assets

Group	Land and buildings £	Plant and machinery £	Fixtures and fittings £	Equipment £	Total £
<b>Cost</b>					
At 1 July 2017	19,600	243,539	29,663	284,419	<b>577,221</b>
Additions	–	449,925	130,071	271,373	<b>851,369</b>
Disposals	(19,600)	–	–	–	<b>(19,600)</b>
Other movements	–	(140)	(301)	(318)	<b>(759)</b>
<b>At 30 June 2018</b>	<u>–</u>	<u>693,324</u>	<u>159,433</u>	<u>555,474</u>	<u><b>1,408,231</b></u>
<b>Depreciation</b>					
At 1 July 2017	19,600	182,392	10,442	214,478	<b>426,912</b>
Charge for the year	–	56,416	14,792	66,214	<b>137,422</b>
Disposals	(19,600)	–	–	–	<b>(19,600)</b>
Other movements	–	638	233	536	<b>1,407</b>
<b>At 30 June 2018</b>	<u>–</u>	<u>239,446</u>	<u>25,467</u>	<u>281,228</u>	<u><b>546,141</b></u>
<b>Carrying amount</b>					
<b>At 30 June 2018</b>	<u>–</u>	<u>453,878</u>	<u>133,966</u>	<u>274,246</u>	<u><b>862,090</b></u>
At 30 June 2017	<u>–</u>	<u>61,147</u>	<u>19,221</u>	<u>69,941</u>	<u><b>150,309</b></u>

# Love Productions Limited

## Notes to the Financial Statements *(continued)*

Year ended 30 June 2018

### 13. Tangible assets *(continued)*

Company	Land and buildings £	Plant and machinery £	Fixtures and fittings £	Equipment £	Total £
<b>Cost</b>					
At 1 July 2017	19,600	235,782	12,913	266,746	<b>535,041</b>
Additions	–	50,031	16,965	109,313	<b>176,309</b>
Disposals	(19,600)	–	–	–	<b>(19,600)</b>
<b>At 30 June 2018</b>	<u>–</u>	<u>285,813</u>	<u>29,878</u>	<u>376,059</u>	<u><b>691,750</b></u>
<b>Depreciation</b>					
At 1 July 2017	19,600	182,392	10,442	214,478	<b>426,912</b>
Charge for the year	–	25,693	3,584	40,364	<b>69,641</b>
Disposals	(19,600)	–	–	–	<b>(19,600)</b>
<b>At 30 June 2018</b>	<u>–</u>	<u>208,085</u>	<u>14,026</u>	<u>254,842</u>	<u><b>476,953</b></u>
<b>Carrying amount</b>					
<b>At 30 June 2018</b>	<u>–</u>	<u>77,728</u>	<u>15,852</u>	<u>121,217</u>	<u><b>214,797</b></u>
At 30 June 2017	<u>–</u>	<u>53,390</u>	<u>2,471</u>	<u>52,268</u>	<u><b>108,129</b></u>

### 14. Investments

The group has no investments.

Company	Other investments other than loans £
<b>Cost</b>	
At 1 July 2017	<b>5,500</b>
Disposals	<b>(4,999)</b>
<b>At 30 June 2018</b>	<u><b>501</b></u>
<b>Impairment</b>	
At 1 July 2017	<b>4,999</b>
Disposals	<b>(4,999)</b>
<b>At 30 June 2018</b>	<u><b>–</b></u>
<b>Carrying amount</b>	
<b>At 30 June 2018</b>	<u><b>501</b></u>
At 30 June 2017	<u><b>501</b></u>

# Love Productions Limited

## Notes to the Financial Statements *(continued)*

Year ended 30 June 2018

### 14. Investments *(continued)*

#### Subsidiaries, associates and other investments

Details of the investments in which the parent company has an interest of 20% or more are as follows:

	Class of share	Percentage of shares held
<b>Subsidiary undertakings</b>		
Love Productions Inc	Ordinary	100

Love Productions Inc is a company incorporated in the US and its principal activity is that of television production.

Love Sport Productions Ltd was dissolved on 26 November 2016. An impairment for the value of the investment of £4,999 was included in the prior year financial statements.

### 15. Debtors

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Trade debtors	16,502,797	9,544,289	14,128,247	8,778,532
Amounts owed by group undertakings	–	–	3,735,399	2,943,123
Deferred tax asset	318,320	4,836	4,836	4,836
Prepayments and accrued income	3,099,999	845,290	2,835,613	510,643
Other debtors	215,239	279,410	60,466	210,148
	<u>20,136,355</u>	<u>10,673,825</u>	<u>20,764,561</u>	<u>12,447,282</u>

The debtors above include the following amounts falling due after more than one year:

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Deferred tax asset	<u>318,320</u>	<u>4,836</u>	<u>4,836</u>	<u>4,836</u>

### 16. Creditors: amounts falling due within one year

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Trade creditors	585,578	183,473	585,578	184,177
Amounts owed to group undertakings	133,932	1,279,947	133,932	1,279,947
Accruals and deferred income	8,114,514	3,808,926	6,212,731	3,769,805
Corporation tax	3,037,023	286,798	3,031,723	288,949
Social security and other taxes	2,266,793	1,326,727	2,266,793	1,326,727
Other creditors	11,426	192,569	–	–
	<u>14,149,266</u>	<u>7,078,440</u>	<u>12,230,757</u>	<u>6,849,605</u>

# Love Productions Limited

## Notes to the Financial Statements *(continued)*

Year ended 30 June 2018

### 17. Provisions

#### Group and company

At 1 July 2017 and 30 June 2018

Warranties  
£  
10,000

### 18. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Included in debtors (note 15)	<u>318,320</u>	<u>4,836</u>	<u>4,836</u>	<u>4,836</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Accelerated capital allowances	(134,490)	4,836	4,836	4,836
Unused tax losses	487,642	–	–	–
Other deferred tax assets	24,231	–	–	–
Other deferred tax liabilities	<u>(59,063)</u>	<u>–</u>	<u>–</u>	<u>–</u>
	<u>318,320</u>	<u>4,836</u>	<u>4,836</u>	<u>4,836</u>

### 19. Employee benefits

#### Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £61,120 (2017: £53,262).

### 20. Financial instruments

The carrying amount for each category of financial instrument is as follows:

#### Financial assets that are debt instruments measured at amortised cost

	Group	
	2018	2017
	£	£
Financial assets that are debt instruments measured at amortised cost	<u>32,290,060</u>	<u>10,483,694</u>

#### Financial liabilities measured at amortised cost

	Group	
	2018	2017
	£	£
Financial liabilities measured at amortised cost	<u>11,679,850</u>	<u>4,896,400</u>

# Love Productions Limited

## Notes to the Financial Statements *(continued)*

Year ended 30 June 2018

### 21. Called up share capital

Issued, called up and fully paid

	2018		2017	
	No.	£	No.	£
Ordinary A shares of £1 each	7,724	7,724	7,724	7,724
Ordinary B shares of £1 each	3,310	3,310	3,310	3,310
	<u>11,034</u>	<u>11,034</u>	<u>11,034</u>	<u>11,034</u>

### 22. Reserves

Share premium account - This reserve records the amount above the nominal value received for shares issued, less transaction costs.

Profit and loss account - This reserve records retained earnings and accumulated losses.

Foreign currency translation - This reserve records foreign exchange movement arising on the retranslation of foreign subsidiaries to the functional currency of the company.

### 23. Operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Not later than 1 year	540,000	169,928	199,263	169,928
Later than 1 year and not later than 5 years	1,259,900	189,897	79,246	189,897
	<u>1,799,900</u>	<u>359,825</u>	<u>278,509</u>	<u>359,825</u>

# Love Productions Limited

## Notes to the Financial Statements *(continued)*

Year ended 30 June 2018

### 24. Related party transactions

#### Company

The company is under the control of Sky Ventures Limited by virtue of Sky Ventures Limited having ownership of 70% of the issued ordinary share capital in the company.

During the year, 3 directors received dividends from the company amounting to £1,393,300. In 2017, 2 directors received dividends from the company amounting to £815,590.

During the year, Sky Ventures Limited received dividends from the company amounting to £3,500,091 (2017: £2,112,236).

At the year end, the company was owed £Nil (2017: £4,732) from a director.

Sky Limited (formerly Sky Plc) process payroll on behalf of the company and recharges these costs to the company. In the prior year, Sky Limited (formerly Sky Plc) processed payroll and VAT on behalf of the company and recharged these costs to the company. At the year end £133,932 (2017: £1,279,947) remained due to Sky Limited (formerly Sky Plc).

During the year the company made sales of £149,638 to Love Productions Inc. In addition the company provided finance and support to Love Productions Inc and at the year end the company was owed £3,735,398 (2017: £2,943,123) from Love Productions Inc.

The directors are regarded as key management. Key management remuneration paid in the year totalled £396,580 (2017: £252,552).

### 25. Controlling party

In the opinion of the directors the immediate parent undertaking is Sky Ventures Ltd, a company incorporated in England and Wales. During the period the company was ultimately controlled by Sky Limited (formerly Sky Plc). The only group in which the results of the company are consolidated is that headed by Sky Limited (formerly Sky Plc).

The consolidated financial statements of the Group are available to the public and may be obtained from the Company Secretary, Sky Limited (formerly Sky Plc), Grant Way, Isleworth, Middlesex, TW7 5QD.

On 9 October 2018 Sky Limited (formerly Sky Plc) was acquired by Comcast Corporation. As at this date, Comcast Corporation became the ultimate controlling party of Love Productions Limited.