

Registered number: 05378355

BABY NETWORK LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

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BABY NETWORK LIMITED

COMPANY INFORMATION

| | |
|-----------------------------|---|
| Directors | D Londono J Koeppen K Fink |
| Registered number | 05378355 |
| Registered office | 5 Elstree Gate Elstree Way Borehamwood Hertfordshire WD6 1JD |
| Trading Address | 3rd Floor 10 Hammersmith Grove London W6 7AP |
| Independent auditors | Sopher + Co LLP Chartered Accountants & Statutory Auditors 5 Elstree Gate Elstree Way Borehamwood Hertfordshire WD6 1JD |

BABY NETWORK LIMITED

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BABY NETWORK LIMITED

STRATEGIC REPORT
FOR THE YEAR ENDED 30 JUNE 2019

Introduction

Baby Network Limited produces and distributes the BabyTV channel which airs content targeted at infants and toddlers. BabyTV features commercial free short programs incorporating stories, songs, rhymes & unique characters. The Company also provides on demand; mobile and licensing and merchandising solutions. The Company was incorporated in 2005 and is based in London, United Kingdom. Baby Network Limited was acquired by The Walt Disney Company, this was concluded in March 2019.

Business review

The directors expect the general level of activity to grow, especially in the non-linear market. The Company continues to invest in its programming and launch new series which has enabled it to provide a comprehensive offering on multiple platforms. The Directors consider this investment, along with effective marketing strategies to promote the channel, and exploiting opportunities in high growth non-linear market as prerequisites for success in the medium to long-term future.

Principal risks and uncertainties

The Company uses various financial instruments which include cash, trade debtors, trade creditors and amounts due to group undertakings that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the company's operations. The existence of these financial instruments exposes the company to a number of financial risks, which are described in more detail below.

The main risks arising from the Company's financial instruments are currency risk and credit risk.

Currency risk

The Company is exposed to the risk of experiencing translation losses as a result of the fluctuations in foreign currencies. The Company undertakes transactions in a variety of currencies, with the majority occurring in US Dollars and Euros. Both costs and revenues are incurred in these currencies and as a result management does not use any hedging contracts to manage this risk and the company does not adopt a prescribed policy to eliminate currency exposures.

Credit risk

The Company's principal financial assets are amounts owed by trade debtors and cash.

The credit risk associated with cash is limited as the counterparties have high credit ratings assigned by international credit-rating agencies. The principal credit risk arises, therefore, from trade debtors.

In order to manage credit risk, the Company extends credit to only parent company approved operators.

Additionally, management regularly reviews debtors ageing reports and takes appropriate action.

Going concern

The Company has been both profitable and liquid and the Directors are therefore of the opinion that it is appropriate to prepare the financial statements on a going concern basis.

BABY NETWORK LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2019**

This report was approved by the board on

and signed on its behalf.


K Fink
Director

BABY NETWORK LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2019**

The directors present their report and the financial statements for the year ended 30 June 2019.

Results and dividends

The profit for the year, after taxation, amounted to £12,259,296 (2018 - £11,523,510).

The directors do not recommend a final dividend.

Directors

The directors who served during the year were:

L Talit (resigned 7 August 2018)
D Londono
J Koeppen
K Fink (appointed 7 August 2018)

Future developments

There are no plans that will significantly change the activities and risks of the company.

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'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's auditors are aware of that information.

Post balance sheet events

There have been no significant events affecting the Company 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

and signed on its behalf.



K Fink
Director

BABY NETWORK LIMITED

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 30 JUNE 2019**

The directors are responsible for preparing the Strategic Report, the 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 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 of the profit or loss of the Company for that period.

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

- select suitable accounting policies for the Company's financial statements 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 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

BABY NETWORK LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BABY NETWORK LIMITED

Opinion

We have audited the financial statements of Baby Network Limited (the 'Company') for the year ended 30 June 2019, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the 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 Company's affairs as at 30 June 2019 and of its 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 Company 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 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 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

BABY NETWORK LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BABY NETWORK LIMITED (CONTINUED)

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 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 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

BABY NETWORK LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BABY NETWORK 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 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 for our audit work, for this report, or for the opinions we have formed.



Sean Brennan (Senior Statutory Auditor)

for and on behalf of
Sopher + Co LLP

Chartered Accountants
Statutory Auditors

5 Elstree Gate
Elstree Way
Borehamwood
Hertfordshire
WD6 1JD
Date:

BABY NETWORK LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2019**

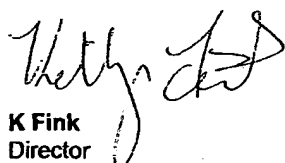
| | Note | 2019 £ | 2018 £ |
|--------------------------------------|------|-------------------|-------------------|
| Turnover | 4 | 21,046,866 | 21,352,078 |
| Cost of sales | | (3,968,371) | (3,607,563) |
| Gross profit | | 17,078,495 | 17,744,515 |
| Administrative expenses | | (1,387,001) | (2,066,724) |
| Exceptional other operating charges | | - | (1,128,150) |
| Operating profit | 5 | 15,691,494 | 14,549,641 |
| Tax on profit | 10 | (3,432,198) | (3,026,131) |
| Profit for the financial year | | 12,259,296 | 11,523,510 |

The notes on pages 11 to 19 form part of these financial statements.

BABY NETWORK LIMITED
REGISTERED NUMBER:05378355
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

| | Note | 2019 £ | 2018 £ |
|--|------|--------------------------|--------------------------|
| Fixed assets | | | |
| Tangible assets | 12 | 46,066 | 32,868 |
| Current assets | | | |
| Work in progress | 13 | 4,787,189 | 4,278,524 |
| Debtors: amounts falling due within one year | 14 | 9,726,274 | 8,359,808 |
| Cash at bank and in hand | | 14,159,598 | 4,564,859 |
| | | <u>28,673,061</u> | <u>17,203,191</u> |
| Creditors: amounts falling due within one year | 15 | (4,989,801) | (5,766,029) |
| Net current assets | | <u>23,683,260</u> | <u>11,437,162</u> |
| Net assets | | <u><u>23,729,326</u></u> | <u><u>11,470,030</u></u> |
| Capital and reserves | | | |
| Called up share capital | 17 | 100 | 100 |
| Profit and loss account | 18 | 23,729,226 | 11,469,930 |
| | | <u><u>23,729,326</u></u> | <u><u>11,470,030</u></u> |

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


K Fink
 Director

The notes on pages 11 to 19 form part of these financial statements.

BABY NETWORK LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019**

| | Called up share capital | Profit and loss account | Total equity |
|------------------------|------------------------------------|------------------------------------|---------------------|
| | £ | £ | £ |
| At 1 July 2017 | 100 | 9,998,527 | 9,998,627 |
| Profit for the year | - | 11,523,510 | 11,523,510 |
| Dividends paid | - | (10,052,107) | (10,052,107) |
| At 1 July 2018 | 100 | 11,469,930 | 11,470,030 |
| Profit for the year | - | 12,259,296 | 12,259,296 |
| At 30 June 2019 | 100 | 23,729,226 | 23,729,326 |

The notes on pages 11 to 19 form part of these financial statements.

BABY NETWORK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

1. General information

Baby Network Limited is a limited liability Company incorporated and domiciled in England and Wales, with its registered office address at 5 Elstree Gate, Elstree Way, Borehamwood, Hertfordshire WD6 1JD. Its principal place of business is at 3rd Floor, 10 Hammersmith Grove, London, W6 7AP.

The principal activity of the Company during the year was that of TV, distribution and licensing.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention 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 management to exercise judgment in applying the company's accounting policies (see note 3).

2.2 Revenue

Turnover comprises revenue recognised by the Company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

Income derived from channel subscriptions are based on monthly viewing totals remitted from broadcasters and are recognised on an accruals basis in the accounting period to which it relates.

Where advance payments against royalties are received under licence, in so far as the Company's obligations have been fulfilled, such advances are recognised at the point at which they become non-returnable.

Licensing and merchandising represent online applications and downloads, the sale of DVDs and other merchandise. Licensing income is recognised on a receipts basis while merchandise income is recognised on the date the goods are dispatched.

2.3 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.

At each reporting date the Company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

BABY NETWORK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

2. Accounting policies (continued)

2.3 Tangible fixed assets (continued)

Depreciation is provided on the following basis:

Fixtures and fittings - 33.33% 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 Statement of Comprehensive Income.

2.4 Work in progress

Work in progress is stated at the lower of cost and net realisable value. It represents costs incurred on productions and is written off over three years straight line from the date the production first airs.

At each reporting date, work in progress is assessed for impairment. If work in progress is impaired, the carrying amount is reduced to its net realisable value. The impairment loss is recognised immediately in profit or loss.

2.5 Basic financial instruments

Basic financial instruments include trade and other debtors, trade and other creditors, cash and cash equivalents, and loans to or from related parties.

Trade debtors, other debtors and loans to related parties are recognised initially at the transaction price less attributable transaction costs. Trade creditors, other creditors and loans from related parties are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade and other debtors, and loans to related parties.

Interest bearing borrowings classified as basic financial instruments are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, they are stated at amortised cost using the effective interest method.

Cash and cash equivalents comprise cash balances and call deposits.

2.6 Foreign currency translation

The Company's functional and presentational currency is £ sterling.

Foreign currency transactions are translated into the functional currency using the month end exchange rates. At each period end foreign currency monetary items are translated using the closing rate. Exchange gains and losses are recognised in the Statement of Comprehensive Income.

2.7 Dividends

Equity dividends are recognised when they become legally payable.

BABY NETWORK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

2. Accounting policies (continued)

2.8 Pensions

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

The contributions are recognised as an expense in the 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 Company in independently administered funds.

2.9 Taxation

Tax is recognised in the profit and loss account. The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the Statement of Financial Position date.

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:

- 1) 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; and
- 2) Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the Statement of Financial Position date.

2.10 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

BABY NETWORK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

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

In the application of the Company's accounting policies described above, management is required to make judgements, estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may be different. These estimates are reviewed on an ongoing basis. Revisions to these estimates are recognised in the period in which the estimate is revised if the revision only affects that period, or in the period of revision and future periods if the revision affects both future and current periods.

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

- When determining whether there are indicators of impairment of the Company's tangible and intangible assets, factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset.

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

- Tangible assets are depreciated over their useful lives taking into account residual values, where appropriate.

- Work in progress is written down over its expected useful life of the programmes produced, which has been estimated as 3 years.

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.

4. Turnover

Analysis of turnover by country of destination:

| | 2019 £ | 2018 £ |
|-------------------|-------------------|-------------------|
| United Kingdom | 911,348 | 900,820 |
| Rest of Europe | 7,424,645 | 7,364,246 |
| Rest of the world | 12,710,872 | 13,087,012 |
| | <u>21,046,865</u> | <u>21,352,078</u> |

BABY NETWORK LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

5. Operating profit

The operating profit is stated after charging:

| | 2019 £ | 2018 £ |
|---------------------------------------|-------------------|-------------------|
| Depreciation of tangible fixed assets | 23,400 | 22,229 |
| Exchange differences | (528,816) | (222,947) |
| Defined contribution pension cost | 33,281 | 45,906 |
| | <u> </u> | <u> </u> |

6. Auditors' remuneration

| | 2019 £ | 2018 £ |
|--|---------------|---------------|
| The audit of the Company's annual Financial Statements | 27,500 | 15,000 |
| All other services | 2,763 | 1,954 |
| | <u>30,263</u> | <u>16,954</u> |

7. Employees

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

| | 2019 £ | 2018 £ |
|-------------------------------------|----------------|------------------|
| Wages and salaries | 831,863 | 1,117,299 |
| Social security costs | 88,548 | 145,769 |
| Cost of defined contribution scheme | 33,281 | 45,906 |
| | <u>953,692</u> | <u>1,308,974</u> |

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

| | 2019 No. | 2018 No. |
|-------------------------------|-------------|-------------|
| Directors | 3 | 3 |
| Management and administration | 10 | 12 |
| | <u>13</u> | <u>15</u> |

BABY NETWORK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

8. Directors' remuneration

| | 2019 | 2018 |
|-----------------------|----------------|----------------|
| | £ | £ |
| Directors' emoluments | 129,897 | 297,919 |

9. Key management compensation

Key management includes the directors and members of senior management. Compensation paid or payable to key management during the year totalled £165,108 (2018 - £458,459).

The reason for the decrease was due to changes in key management over the year.

10. Taxation

| | 2019 | 2018 |
|-------------------------------------|------------------|------------------|
| | £ | £ |
| Corporation tax | | |
| Current tax on profits for the year | 3,020,804 | 2,928,453 |
| Foreign tax on income for the year | 1,071,097 | 964,572 |
| Double tax relief | (659,703) | (866,894) |
| Total current tax | 3,432,198 | 3,026,131 |

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2018 - higher than) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

| | 2019 | 2018 |
|--|-------------------|-------------------|
| | £ | £ |
| Profit on ordinary activities before tax | 15,691,494 | 14,549,641 |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%) | 2,981,384 | 2,764,432 |
| Effects of: | | |
| Expenses not deductible for tax purposes | 316 | 215,889 |
| Capital allowances for year in excess of depreciation | 2,936 | 3,910 |
| Changes in provisions leading to an increase/(decrease) in the tax charge | 36,168 | (55,778) |
| Foreign tax on income | 1,071,097 | 964,572 |
| Double taxation relief | (659,703) | (866,894) |
| Total tax charge for the year | 3,432,198 | 3,026,131 |

BABY NETWORK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

10. Taxation (continued)

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

11. Exceptional items

| | 2019 £ | 2018 £ |
|---------------------------|-----------|-----------|
| Corporate finance charges | - | 1,128,150 |

During 2018 the Company incurred corporate finance fees relating to potential restructuring.

12. Tangible fixed assets

| | Fixtures and fittings £ |
|-------------------------------------|-------------------------------|
| Cost | |
| At 1 July 2018 | 101,408 |
| Additions | 36,598 |
| At 30 June 2019 | 138,006 |
| Depreciation | |
| At 1 July 2018 | 68,540 |
| Charge for the year on owned assets | 23,400 |
| At 30 June 2019 | 91,940 |
| Net book value | |
| At 30 June 2019 | 46,066 |
| At 30 June 2018 | 32,868 |

13. Work in progress

| | 2019 £ | 2018 £ |
|------------------|-----------|-----------|
| Work in progress | 4,787,189 | 4,278,524 |

BABY NETWORK LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

14. Debtors

| | 2019 £ | 2018 £ |
|------------------------------------|------------------|------------------|
| Trade debtors | 2,556,499 | 3,049,993 |
| Amounts owed by group undertakings | 1,658,424 | 1,014,314 |
| Other debtors | 4,568 | - |
| Prepayments and accrued income | 5,506,783 | 4,295,500 |
| | <u>9,726,274</u> | <u>8,359,807</u> |

15. Creditors: Amounts falling due within one year

| | 2019 £ | 2018 £ |
|------------------------------------|------------------|------------------|
| Trade creditors | 282,740 | 555,633 |
| Amounts owed to group undertakings | 1,054 | 136,628 |
| Corporation tax | 1,224,234 | 1,006,907 |
| Other taxation and social security | - | 52,486 |
| Accruals and deferred income | 3,481,773 | 4,014,374 |
| | <u>4,989,801</u> | <u>5,766,028</u> |

16. Financial instruments

| | 2019 £ | 2018 £ |
|---|-------------------|-------------------|
| Financial assets | | |
| Financial assets measured at fair value through profit or loss | 14,159,598 | 4,564,859 |
| Financial assets that are debt instruments measured at amortised cost | 9,718,207 | 8,359,807 |
| | <u>23,877,805</u> | <u>12,924,666</u> |
| Financial liabilities | | |
| Financial liabilities measured at amortised cost | 3,720,321 | 3,860,943 |

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 trade & other debtors, amounts owed by group undertakings and accrued income.

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

BABY NETWORK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

17. Share capital

| | 2019 £ | 2018 £ |
|--|------------|------------|
| Allotted, called up and fully paid | | |
| 100 (2018 - 100) Ordinary shares of £1.00 each | <u>100</u> | <u>100</u> |

18. Reserves

Profit and loss account

The profit and loss reserve contains the cumulative balance of retained profit and losses since the Company started trading.

19. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £33,281 (2018 - £45,906). There were no outstanding contributions payable to the fund at the end of the year (2018 - £nil).

20. Related party transactions

During the year the Company made total sales of £5,371,122 (2018 - £6,229,566) to, and purchases of £814,532 (2018 - £1,901,838) from, other entities of The Walt Disney Company group..

At the Statement of Financial Position date the company was owed £1,708,087 (2018 - £768,355) by other entities of The Walt Disney Company Group, which is included in amounts owed by group entities and accrued income.

21. Controlling party

The immediate parent undertaking of the Company is Elite Sports Limited, a company incorporated in Gibraltar. The Directors consider the ultimate controlling party to be The Walt Disney Company, a company incorporated in the United States of America.