

Registered number: 05378355

**BABY NETWORK LIMITED**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 SEPTEMBER 2021**

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**BABY NETWORK LIMITED**

**COMPANY INFORMATION**

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<b>Directors</b>	D Londono A Maier K Fink (resigned 30 September 2021)
<b>Registered number</b>	05378355
<b>Registered office</b>	5 Elstree Gate Elstree Way Borehamwood Hertfordshire WD6 1JD
<b>Trading Address</b>	3 Queen Caroline Street Hammersmith London W6 9PE
<b>Independent auditors</b>	Sopher + Co LLP Chartered Accountants & Statutory Auditors 5 Elstree Gate Elstree Way Borehamwood Hertfordshire WD6 1JD

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**BABY NETWORK LIMITED**

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## **BABY NETWORK LIMITED**

### **STRATEGIC REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2021**

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#### **Introduction**

Baby Network Limited produces and distributes the BabyTV channel which airs content targeted at under 4's. 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.

#### **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 the non-linear market as prerequisites for success in the medium to long-term future as traditional linear tv markets are being disrupted by large non-linear players.

#### **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.

#### ***Coronavirus COVID-19***

Covid-19 has had no impact on the Company.

Social distancing measures have not affected the day to day operations. Employees have been provided with all the necessary facilities to be able to work safely and so far no major problem has been reported.

#### **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.

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**BABY NETWORK LIMITED**

**STRATEGIC REPORT (CONTINUED)  
FOR THE PERIOD ENDED 30 SEPTEMBER 2021**

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**Financial key performance indicators**

The key performance indicator (KPI) of the Company is based around income and profits.

Given the straightforward nature of the business, the Company's Directors are of the opinion that analysis using any other KPIs is not necessary for an understanding of the development, performance and position of the business.

This report was approved by the board on 29 June 2022 and signed on its behalf.

**A Maier**

Director

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## BABY NETWORK LIMITED

### DIRECTORS' REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2021

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The Directors present their report and the financial statements for the period ended 30 September 2021.

#### Directors

The Directors who served during the period were:

D Londono

A Maier (appointed 13 May 2021)

K Fink (resigned 30 September 2021)

#### Results and dividends

The profit for the period, after taxation, amounted to £10,938,060 (2020 - £11,876,067).

Dividends amounting to £20,000,000 (2020 - £Nil) were declared and paid during the year. The Directors do not recommend a final dividend.

#### Directors' responsibilities statement

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.

#### Future developments

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

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**BABY NETWORK LIMITED**

**DIRECTORS' REPORT (CONTINUED)  
FOR THE PERIOD ENDED 30 SEPTEMBER 2021**

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**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**

The immediate parent undertaking of the Company, Elite Sports Limited, a company incorporated in Gibraltar is in the process of transferring its entire holding in the Company to a UK incorporated entity.

The Company is in the process of reorganising the treatment of programming and development expenditure, included within work in progress, to better integrate into the group corporate structure.

**Auditors**

The auditors, Sopher + Co LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 29 June 2022 and signed on its behalf.

**A Maier**  
Director

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## **BABY NETWORK LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BABY NETWORK LIMITED**

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#### **Opinion**

We have audited the financial statements of Baby Network Limited (the 'Company') for the period ended 30 September 2021, 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 September 2021 and of its profit for the period 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**

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

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

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



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## BABY NETWORK LIMITED

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

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#### 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 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 period 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 set out on page 3, 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.

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

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**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.

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

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the Company through discussions with directors and other management, and from our commercial knowledge and experience of the relevant sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the Company, including the Companies Act 2006, taxation legislation and data protection, anti-bribery, employment, environmental and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the Company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud;
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations; and
- understanding the design of the Company's remuneration policies.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC, relevant regulators and the Company's legal advisors.

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**BABY NETWORK LIMITED**

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

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There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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](http://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.

Sean Brennan FCCA (Senior Statutory Auditor)

for and on behalf of

**Sopher + Co LLP**

Chartered Accountants

Statutory Auditors

5 Elstree Gate

Elstree Way

Borehamwood

Hertfordshire

WD6 1JD

29 June 2022

**BABY NETWORK LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

	<b>Note</b>	<b>2021 £</b>	<b>2020 £</b>
Turnover	4	<b>15,492,403</b>	24,314,235
Cost of sales		<b>(4,143,003)</b>	(5,593,797)
<b>Gross profit</b>		<b>11,349,400</b>	18,720,438
Administrative expenses		<b>(3,020,426)</b>	(3,460,212)
<b>Operating profit</b>	5	<b>8,328,974</b>	15,260,226
Interest receivable and similar income		<b>21,068</b>	-
Interest payable and similar expenses	11	<b>(633)</b>	-
<b>Profit before tax</b>		<b>8,349,409</b>	15,260,226
Tax credit/(charge) on profit	12	<b>2,588,651</b>	(3,384,159)
<b>Profit for the financial period</b>		<b>10,938,060</b>	11,876,067

The notes on pages 12 to 23 form part of these financial statements.

**BABY NETWORK LIMITED**  
**REGISTERED NUMBER:05378355**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 SEPTEMBER 2021**

	Note	2021 £	2020 £
<b>Fixed assets</b>			
Tangible fixed assets		7,536	79,836
<b>Current assets</b>			
Stocks	15	6,035,270	5,906,803
Debtors: amounts falling due within one year	16	10,591,155	10,196,123
Cash at bank and in hand		11,889,512	22,981,500
		<u>28,515,937</u>	<u>39,084,426</u>
Creditors: amounts falling due within one year	17	(1,980,020)	(3,558,869)
<b>Net current assets</b>		26,535,917	35,525,557
<b>Net assets</b>		<u><u>26,543,453</u></u>	<u><u>35,605,393</u></u>
<b>Capital and reserves</b>			
Called up share capital	20	100	100
Profit and loss account	21	26,543,353	35,605,293
		<u><u>26,543,453</u></u>	<u><u>35,605,393</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 29 June 2022.

**A Maier**  
Director

The notes on pages 12 to 23 form part of these financial statements.

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**BABY NETWORK LIMITED****STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

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	<b>Called up share capital</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	<b>£</b>	<b>£</b>	<b>£</b>
At 1 October 2020	100	35,605,293	35,605,393
Profit for the period	-	10,938,060	10,938,060
Dividends: Equity capital	-	(20,000,000)	(20,000,000)
<b>At 30 September 2021</b>	<b>100</b>	<b>26,543,353</b>	<b>26,543,453</b>

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

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	<b>Called up share capital</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	<b>£</b>	<b>£</b>	<b>£</b>
At 1 July 2019	100	23,729,226	23,729,326
Profit for the period	-	11,876,067	11,876,067
<b>At 30 September 2020</b>	<b>100</b>	<b>35,605,293</b>	<b>35,605,393</b>

The notes on pages 12 to 23 form part of these financial statements.

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## BABY NETWORK LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2021

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#### 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 period 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 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 management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

##### 2.2 Financial Reporting Standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d).

This information is included in the consolidated financial statements of Elite Sports Limited as at 30 September 2020 and these financial statements may be obtained from 57/63 Line Wall Road, PO Box 199, Gibraltar.

##### 2.3 Foreign currency translation

###### Functional and presentation currency

The Company's functional and presentational currency is GBP.

###### 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.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

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## BABY NETWORK LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2021

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#### 2. Accounting policies (continued)

##### 2.4 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 nonreturnable.

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.

##### 2.5 Interest income

Interest income is recognised in profit or loss using the effective interest method.

##### 2.6 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

##### 2.7 Pensions

###### Defined contribution pension plan

The Company operates 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 profit or loss 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.



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## BABY NETWORK LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2021

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## 2. Accounting policies (continued)

### 2.8 Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in 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 operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting 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; and
- 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 except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

### 2.9 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, using the straight-line method.

Depreciation is provided on the following basis:

Fixtures and fittings	-	33%
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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 profit or loss.

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## BABY NETWORK LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2021

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## 2. Accounting policies (continued)

### 2.10 Work in progress

Work in progress is stated at the lower of cost and net realisable value. It represents costs incurred on productions, including dubbing expenses and are written off between one and three years 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.

### 2.11 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the reporting date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

### 2.12 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.

### 2.13 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.

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**BABY NETWORK LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 SEPTEMBER 2021**

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**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:

	2021 £	2020 £
United Kingdom	994,597	1,272,787
Rest of Europe	7,131,686	8,628,451
Rest of the world	7,366,119	14,412,997
	<u>15,492,402</u>	<u>24,314,235</u>

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**BABY NETWORK LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 SEPTEMBER 2021**

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**5. Operating profit**

The operating profit is stated after charging:

	2021 £	2020 £
Depreciation of tangible fixed assets	72,300	18,003
Exchange differences	1,303,333	370,375
Defined contribution pension	<u>32,623</u>	<u>19,380</u>

**6. Auditors' remuneration**

	2021 £	2020 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	35,750	32,500
All other services	4,500	1,500
	<u>40,250</u>	<u>34,000</u>

**7. Employees**

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

	2021 £	2020 £
Wages and salaries	628,672	644,594
Social security costs	59,332	94,272
Cost of defined contribution scheme	32,623	19,380
	<u>720,627</u>	<u>758,246</u>

The average monthly number of employees, including the Directors, during the period was as follows:

	2021 No.	2020 No.
Directors	2	3
Management and administration	5	4
	<u>7</u>	<u>7</u>

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**BABY NETWORK LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
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**8. Directors' remuneration**

	2021 £	2020 £
Directors' emoluments	<u>151,998</u>	<u>97,805</u>

**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 £151,998 (2020 - £97,805).

The reason for the increase was due to changes in key management over the period.

**10. Interest receivable**

	2021 £	2020 £
Other interest receivable	<u>21,068</u>	<u>-</u>

**11. Interest payable and similar expenses**

	2021 £	2020 £
Bank interest payable	<u>633</u>	<u>-</u>

**BABY NETWORK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
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**12. Taxation**

	2021 £	2020 £
<b>Corporation tax</b>		
Current tax on profits for the year	220,030	3,108,839
Adjustments in respect of previous periods	(2,365,002)	-
Double taxation relief	(220,030)	(509,577)
<b>Foreign tax</b>		
Foreign tax on income for the year	226,721	784,897
<b>Total current tax</b>	<u>(2,138,281)</u>	<u>3,384,159</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(450,370)	-
<b>Total deferred tax</b>	<u>(450,370)</u>	<u>-</u>
<b>Taxation on (loss)/profit on ordinary activities</b>	<u>(2,588,651)</u>	<u>3,384,159</u>

**Factors affecting tax charge for the period**

The tax assessed for the period is lower than (2020 - higher than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021 £	2020 £
Profit on ordinary activities before tax	<u>8,349,409</u>	<u>15,260,226</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	1,586,388	2,899,443
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	569	(27)
Capital allowances for period in excess of depreciation	11,382	(210)
Adjustments to tax charge in respect of prior periods	(2,365,001)	-
Short term timing difference leading to an increase (decrease) in taxation	(450,370)	-
Changes in provisions leading to an increase (decrease) in the tax charge	7,671	209,933
Foreign tax on income	226,721	784,897
Double taxation relief	(220,030)	(509,577)
Group relief	(1,385,981)	(300)
<b>Total tax (credit)/charge for the period</b>	<u>(2,588,651)</u>	<u>3,384,159</u>

**BABY NETWORK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 SEPTEMBER 2021**

**12. Taxation (continued)**

**Factors that may affect future tax charges**

There were no factors that may affect future tax charges.

**13. Dividends**

	2021 £	2020 £
Dividends paid	<u>20,000,000</u>	<u>-</u>

**14. Tangible fixed assets**

	Fixtures and fittings £
<b>Cost or valuation</b>	
At 1 October 2020	189,779
Disposals	(158,873)
At 30 September 2021	<u>30,906</u>
<b>Depreciation</b>	
At 1 October 2020	109,943
Charge for the period on owned assets	72,300
Disposals	(158,874)
At 30 September 2021	<u>23,369</u>
<b>Net book value</b>	
At 30 September 2021	<u>7,537</u>
<b>At 30 September 2020</b>	<u>79,836</u>

**15. Work in progress**

	2021 £	2020 £
Work in progress	<u>6,035,270</u>	<u>5,906,803</u>

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**BABY NETWORK LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
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**16. Debtors**

	2021 £	2020 £
Trade debtors	2,217,851	3,898,969
Amounts owed by group undertakings	3,649,102	2,808,137
Other debtors	2,290,885	644
Prepayments and accrued income	1,982,947	3,488,373
Deferred taxation	450,370	-
	<u>10,591,155</u>	<u>10,196,123</u>

**17. Creditors: Amounts falling due within one year**

	2021 £	2020 £
Trade creditors	584,664	-
Corporation tax	-	633,784
Other taxation and social security	72,955	5,844
Accruals and deferred income	1,322,401	2,919,241
	<u>1,980,020</u>	<u>3,558,869</u>

**18. Financial instruments**

The Company only enters into transactions that result in the recognition of basic financial assets and basic financial liabilities. It does not have financial assets and liabilities measured at fair value.



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**BABY NETWORK LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 SEPTEMBER 2021**

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**19. Deferred taxation**

	2021 £
Charged to profit or loss	450,370
<b>At end of year</b>	<b>450,370</b>

The deferred tax asset is made up as follows:

	2021 £	2020 £
Accelerated capital allowances	12,229	-
Origination and reversal of timing differences	438,141	-
	<u>450,370</u>	<u>-</u>

**20. Share capital**

	2021 £	2020 £
<b>Allotted, called up and fully paid</b>		
100 (2020 - 100) Ordinary shares of £1.00 each	<u>100</u>	<u>100</u>

**21. Reserves****Profit and loss account**

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

**22. 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 £32,623 (2020 - £19,380).

There were no outstanding contribution payable to the fund at the end of the year (2020 - £nil).

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**BABY NETWORK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 SEPTEMBER 2021**

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**23. Related party transactions**

The Company forms part of a wholly-owned group and accordingly has taken advantage of the exemption allowed under section 33.11A of FRS 102 not to disclose transactions with other group companies.

**24. 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, which owns a 100% shareholding. The Company is incorporated in the United States of America. The registered office of the parent undertaking and address from which consolidated accounts can be obtained is 500 South Buena Vista Street, Burbank, CA 91521, United States of America.

**25. Post balance sheet events**

The immediate parent undertaking of the Company, Elite Sports Limited, a company incorporated in Gibraltar is in the process of transferring the entire holding in the Company to a UK incorporated entity.

The Company is in the process of reorganising the treatment of programming and development expenditure, included within work in progress, to better integrate into the group corporate structure.

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