

Registered number: 06515277

DIAGONAL VIEW LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

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DIAGONAL VIEW LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2017**

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

Directors

The directors who served during the year were:

D Gibbs (appointed 30 March 2017)
J M Hardie (resigned 30 March 2017)
M Heiman
A J King (resigned 30 March 2017)
J West (appointed 30 March 2017)
A P Williams (resigned 30 March 2017)
A Zappia (appointed 30 March 2017)

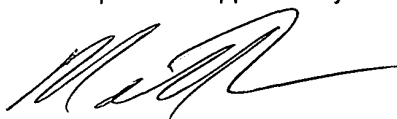
Disclosure of information to auditor

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 auditor is 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 auditor is aware of that information.

In preparing this report the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

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



M Heiman
Director

Date: 19/12/17

DIAGONAL VIEW LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 MARCH 2017

The directors are responsible for preparing 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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.

DIAGONAL VIEW LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF DIAGONAL VIEW LIMITED

We have audited the financial statements of Diagonal View Limited for the year ended 31 March 2017, set out on pages 5 to 19. The relevant financial reporting framework that has been applied in their preparation is applicable law and the 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'.

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.

Respective responsibilities of Directors and Auditor

As explained more fully in the Directors' responsibilities statement on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2017 and of its loss 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.

Opinion on other matter 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 Directors' report for the financial year for which the financial statements are prepared is consistent with those financial statements and this report has been prepared in accordance with applicable legal requirements.

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

DIAGONAL VIEW LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF DIAGONAL VIEW LIMITED
(CONTINUED)**

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, 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.



Martin Israel (Senior statutory auditor)

for and on behalf of
Crowe Clark Whitehill LLP

Statutory Auditor

St Bride's House
10 Salisbury Square
London
EC4Y 8EH

Date: 19 DECEMBER 2017

DIAGONAL VIEW LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2017**

	Note	2017 £	2016 £
Turnover	4	3,695,610	3,872,032
Cost of sales		(1,678,489)	(1,831,199)
Gross profit		2,017,121	2,040,833
Administrative expenses		(2,300,593)	(1,910,875)
Operating (loss)/profit	5	(283,472)	129,958
Interest payable and expenses		(2,723)	(2,283)
(Loss)/profit before tax		(286,195)	127,675
(Loss)/profit for the financial year		(286,195)	127,675

There was no other comprehensive income for 2017 (2016: £NIL).

The notes on pages 8 to 19 form part of these financial statements.

DIAGONAL VIEW LIMITED
REGISTERED NUMBER: 06515277

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2017

	Note	2017 £	2016 £
Fixed assets			
Tangible assets	8	54,068	58,883
Investments	9	425	-
		<u>54,493</u>	<u>58,883</u>
Current assets			
Debtors: amounts falling due within one year	10	425,811	532,211
Cash at bank and in hand	11	-	94,371
		<u>425,811</u>	<u>626,582</u>
Creditors: amounts falling due within one year	12	(1,134,876)	(771,610)
Net current liabilities		<u>(709,065)</u>	<u>(145,028)</u>
Total assets less current liabilities		<u>(654,572)</u>	<u>(86,145)</u>
Creditors: amounts falling due after more than one year	13	(145,500)	(456,792)
Net liabilities		<u><u>(800,072)</u></u>	<u><u>(542,937)</u></u>
Capital and reserves			
Called up share capital	15	359	339
Share premium account		908,167	879,127
Profit and loss account		(1,708,598)	(1,422,403)
		<u><u>(800,072)</u></u>	<u><u>(542,937)</u></u>

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



M Heiman
Director

Date: 19/12/17

The notes on pages 8 to 19 form part of these financial statements.

DIAGONAL VIEW LIMITED

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

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 April 2015	339	879,127	(1,550,078)	(670,612)
Profit for the year	-	-	127,675	127,675
	<hr/>	<hr/>	<hr/>	<hr/>
At 1 April 2016	339	879,127	(1,422,403)	(542,937)
Loss for the year	-	-	(286,195)	(286,195)
Shares issued during the year	20	29,040	-	29,060
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2017	359	908,167	(1,708,598)	(800,072)

The notes on pages 8 to 19 form part of these financial statements.

DIAGONAL VIEW LIMITED

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

1. General information

The company is a private company (limited by shares) and its principal activity during the year was online video production.

The company's principal place of business and its registered office are located at Grant Way, Isleworth, Middlesex TW7 5QD, England, United Kingdom.

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 policies applied under the previous accounting framework are not materially different to FRS 102 and no restatement to previously reported amounts is considered necessary following the adoption of FRS 102.

The following principal accounting policies have been applied:

2.2 Investment in associates

Investments in associates are held at cost less impairment.

2.3 Going concern

The directors consider the going concern basis to be appropriate having paid due regard to the company's projected results during the twelve months from the date the financial statements are approved and the anticipated cash flows, availability of bank facilities and mitigating actions that can be taken during that period.

Furthermore the directors have received confirmation from its parent undertaking, Sky UK Limited ("UK"), that UK will not demand repayment of any amounts owed by the company to UK where such repayment would prevent the company from continuing to settle its liabilities as they fall due for a period of twelve months from the date these financial statements are approved. In addition, UK will provide support to the company, if required, to enable the company to meet its working capital requirements for the twelve months from the date these financial statements are approved, provided UK remains a shareholder of the company during such period.

DIAGONAL VIEW LIMITED

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

2. Accounting policies (continued)

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.5 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:

Computer equipment	- 33.33% on cost
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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 the Statement of comprehensive income.

2.6 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

DIAGONAL VIEW LIMITED

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

2. Accounting policies (continued)

2.7 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.8 Creditors

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

2.9 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.

2.10 Operating leases

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

DIAGONAL VIEW LIMITED

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

2. Accounting policies (continued)

2.11 Taxation

Tax is recognised in the Statement of comprehensive income, 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 Statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; 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.

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

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities affected in future periods.

The key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements include estimation, where applicable, for items relating to the carrying value of trade debtors and income recognition.

4. Turnover

The whole of the company's turnover is attributable to its principal activity.

DIAGONAL VIEW LIMITED

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

5. Operating (loss)/profit

The operating (loss)/profit is stated after charging:

	2017 £	2016 £
Depreciation of tangible fixed assets	40,336	29,487
Auditor's remuneration	12,750	8,750
Exchange differences	16,002	(6,177)
Operating lease rentals: Land and buildings	139,739	133,096
Defined contribution pension scheme cost	1,024	-
	<u>1,024</u>	<u>-</u>

6. Employees

Staff costs were as follows:

	2017 £	2016 £
Wages and salaries	1,770,467	1,416,181
Social security costs	186,225	131,192
Cost of defined contribution pension scheme	1,024	-
	<u>1,957,716</u>	<u>1,547,373</u>

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

	2017 No.	2016 No.
Directors	4	4
Other	59	46
	<u>63</u>	<u>50</u>

During the year directors' emoluments were £206,510 (2016: £195,833) and the highest paid director received remuneration of £106,510 (2016: £100,000).

The directors are the key management of the company.

DIAGONAL VIEW LIMITED

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

7. Taxation

	2017 £	2016 £
Total current tax	<u>-</u>	<u>-</u>

Factors affecting tax charge for the year

There is no liability to corporation tax in respect of the current year as a result of the taxable losses arising.

Factors that may affect future tax charges

At 31 March 2017 the company had trading tax losses carried forward of approximately £2,000,000 (2016: £1,450,000). A deferred tax asset has not been provided in respect of those losses because of the current uncertainty as to their utilisation.

8. Tangible fixed assets

	Computer equipment £
Cost	
At 1 April 2016	160,178
Additions	35,521
At 31 March 2017	<u>195,699</u>
Depreciation	
At 1 April 2016	101,295
Charge for the year on owned assets	40,336
At 31 March 2017	<u>141,631</u>
Net book value	
At 31 March 2017	<u>54,068</u>
At 31 March 2016	<u>58,883</u>

DIAGONAL VIEW LIMITED

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

9. Fixed asset investments

	Investments in associate £
Cost	
Additions	425
At 31 March 2017	<u>425</u>
Net book value	
At 31 March 2017	<u>425</u>
At 31 March 2016	<u>-</u>

Investment in associated undertaking

At 31 March the company owned 42.5% of the issued ordinary share capital of Popcorn Digital Limited ("PDL").

PDL's first accounting period ends on 30 November 2017.

10. Debtors

	2017 £	2016 £
Trade debtors	70,135	222,472
Prepayments and accrued income	355,676	309,739
	<u>425,811</u>	<u>532,211</u>

11. Cash and cash equivalents

	2017 £	2016 £
Cash at bank and in hand	-	94,371
Less: bank overdrafts	(58,027)	-
	<u>(58,027)</u>	<u>94,371</u>

DIAGONAL VIEW LIMITED

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

12. Creditors: Amounts falling due within one year

	2017 £	2016 £
Bank overdrafts	58,027	-
Trade creditors	190,181	317,512
Amounts owed to group undertakings	521,896	-
Other taxation and social security	153,708	68,696
Accruals and deferred income	211,064	385,402
	<u>1,134,876</u>	<u>771,610</u>

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

	2017 £	2016 £
Other creditors	145,500	456,792
	<u>145,500</u>	<u>456,792</u>

DIAGONAL VIEW LIMITED

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

14. Financial instruments

	2017 £	2016 £
Financial assets		
Financial assets measured at fair value through profit or loss	-	94,371
Financial assets that are debt instruments measured at amortised cost	70,135	222,472
	<u>70,135</u>	<u>316,843</u>
Financial liabilities		
Financial liabilities measured at fair value through profit or loss	58,027	-
Financial liabilities measured at amortised cost	190,181	317,512
	<u>248,208</u>	<u>317,512</u>

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

Financial assets measured at amortised cost comprise trade debtors.

Financial liabilities measured at amortised cost comprise trade creditors.

15. Share capital

	2017 £	2016 £
Shares classified as equity		
Allotted, called up and fully paid		
35,325 (2016 - 33,274) Ordinary shares of £0.01 each	353	333
482 Ordinary Non-voting shares of £0.01 each	5	5
665 (2016 - 665) Ordinary A Non-voting shares of £0.001 each	1	1
	<u>359</u>	<u>339</u>

DIAGONAL VIEW LIMITED

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

15. Share capital (continued)

During the year, following the exercise of certain share options, 2,051 Ordinary £0.01 shares were issued for total cash consideration of £29,060.

At 31 March 2016 the company had outstanding share options granted to employees as follows:

1,845 options exercisable at £15.75

946 options exercisable at £203.36 (of which 240 were granted to A J King, a director)

240 options exercisable at £310.00 (all of which were granted to A J King, a director)

172 options exercisable at £290.52

206 options exercisable at £0.01

At 31 March 2017 no share options were outstanding as a result of the options outstanding at 31 March 2016 being exercised (see above) or lapsing during the year.

All of A J King's share options lapsed during the year.

DIAGONAL VIEW LIMITED

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

16. Related party transactions

Independent Television News Limited ("ITN")

ITN was a shareholder of the company until 30 March 2017.

During the year the company was charged £258,164 (2016: £262,197) in respect of services provided by ITN.

At 31 March 2017 a trading balance of £115,739 (2016: £299,471) was owed by the company to ITN. The amount owed is included within current liabilities.

At 31 March 2017 a loan balance of £Nil (2016: £260,000) was owed by the company to ITN. The amount owed is included within non-current liabilities.

All amounts owed to ITN attract no interest.

M Heiman ("MH")

MH is a director of the company and a shareholder until 30 March 2017.

During the year MH was paid a salary of £100,000 (2016: £100,000).

At 31 March 2017 a trading balance of £2,996 (2016: £14,045) was owed by the company to MH. The amount owed is included within current liabilities.

At 31 March 2017 a loan balance of £145,500 (2016: £196,792) was owed by the company to MH. The amount owed is included within non-current liabilities.

All amounts owed to MH attract no interest.

Sky UK Limited ("UK")

UK became the company's immediate parent undertaking on 30 March 2017.

During the year the company charged UK £10,000 (2016: £Nil) in respect of services provided.

At 31 March 2017 a loan balance of £521,896 (2016: £Nil) was owed by the company to UK. The amount owed is included within current liabilities.

The amount owed is repayable on demand and attracts interest at LIBOR plus 2% per annum.

Popcorn Digital Limited ("PD")

PD is an associated undertaking of the company.

During the year revenue chargeable to PD of £29,043 accrued and is included within current assets and costs payable to PD of £21,021 accrued and is included within current liabilities.

DIAGONAL VIEW LIMITED

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

17. Ultimate parent undertaking

The company is a subsidiary undertaking of Sky UK Limited ("UK") and UK is a wholly-owned subsidiary undertaking of Sky plc ("Sky"). Both UK and Sky are incorporated in the United Kingdom and are registered in England and Wales.

Sky is the largest and smallest group of which the the company is a member and for which group financial statements are prepared.

The consolidated financial statements of Sky are available to the public and may be obtained from the Company Secretary, Sky plc, Grant Way, Isleworth, Middlesex, TW7 5QD.