Company Registration No. 07106615 (England and Wales)

GINX TV LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

GINX TV LIMITED

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GINX TV LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2018

	Notes	2018 £	2018 £	2017 £	2017 £
Fixed assets					
Intangible assets	3		163,827		196,592
Tangible assets	4		154,831		210,993
Investments	5		1,000		1,000
			319,658		408,585
Current assets					
Debtors	7	742,701		1,122,268	
Cash at bank and in hand		341,561		505,989	
		1,084,262		1,628,257	
Creditors: amounts falling due within one year	8	(1,588,474)		(1,145,848)	
Net current (liabilities)/assets			(504,212)		482,409
Total assets less current liabilities			(184,554)		890,994
Creditors: amounts falling due after more than one year	9		-		(250,740)
Net (liabilities)/assets			(184,554)		640,254
Capital and reserves					
Called up share capital	10		29,872		29,872
Share premium account			9,228,971		9,228,971
Other reserves			241,452		208,460
Profit and loss reserves			(9,684,849)		(8,827,049)
Total equity			(184,554)		640,254

The directors of the company have elected not to include a copy of the profit and loss account within the financial statements.

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the board of directors and authorised for issue on 30/09/2019 and are signed on its behalf by:

Henry Chamberlain

Henry Chamberlain
Director

Company Registration No. 07106615

GINX TV LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2018

	Share capital	Share premium account	Other reserves	Profit and loss reserves	Total
	£	£	£	£	£
Balance at 1 January 2017	29,872	9,228,971	-	(7,055,570)	2,203,273
Year ended 31 December 2017:					
Loss and total comprehensive income for the year	-	-	-	(1,771,479)	(1,771,479)
Transfers	-	-	208,460	-	208,460
Balance at 31 December 2017	29,872	9,228,971	208,460	(8,827,049)	640,254
Year ended 31 December 2018:					
Loss and total comprehensive income for the year	-	-	-	(857,800)	(857,800)
Warrants issued in the year	-	-	32,992	-	32,992
Balance at 31 December 2018	29,872	9,228,971	241,452	(9,684,849)	(184,554)

1 Accounting policies

Company information

Ginx TV Limited is a private company limited by shares incorporated in England and Wales. The registered office is Unit 8 Acorn Production Centre, 105 Blundell Street, London, N7 9BN. The company registration no. is 07106615.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

The company has taken advantage of the exemption under section 399 of the Companies Act 2006 not to prepare consolidated accounts, on the basis that the group of which this is the parent qualifies as a small group. The financial statements present information about the company as an individual entity and not about its group.

1.2 Going concern

As at 31 December 2018 the company had retained losses of £9,684,849 after losses for the year of £857,800. The directors have prepared cash flow forecasts for the 16 months to 31 December 2020 based on secured and anticipated channel distribution contracts, as well as anticipated programme, channel and advertising revenues and expected costs .

These forecasts indicate that the company is able to operate within its available cash balances and include enough operating flexibility to adjust costs accordingly should there be a delay in any anticipated revenues crystallising.

Furthermore, in the near term the company will seek further investment to finance a digital expansion plan.

The cash flow forecast does not factor in the repayment of the loan notes as the directors are confident that the holders of these will not demand repayment should the company not be in a position to repay them. As a result the directors have concluded that the company will have sufficient funds to meet its liabilities as they fall due for at least the next 12 months and that the going concern basis remains appropriate.

1.3 Turnover

Turnover is recognised at the fair value of the consideration receivable for services provided in the normal course of business, and is shown net of VAT and other sales related taxes.

1 Accounting policies **(Continued)**

1.4 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of unincorporated businesses over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 10 years.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold improvements	5 years straight line
Plant and machinery	2-5 years straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.6 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.7 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

1 Accounting policies **(Continued)**

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.8 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.9 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1 Accounting policies **(Continued)**

1.10 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.11 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.12 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.13 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.14 Share-based payments

1 Accounting policies **(Continued)**

The company operates equity-settled share-based remuneration plans for the remuneration of some of its employees. The company award share options to certain employees including directors to acquire shares of the company. Additionally, the company has issued warrants to providers of loan finance.

Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted using either the fair value of the services received or the Black-Scholes model if that fair value cannot be estimated reliably. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest. A corresponding adjustment is made to equity.

When the terms and conditions of equity-settled share-based payments at the time they were granted are subsequently modified, the fair value of the share-based payment under the original terms and conditions and under the modified terms and conditions are both determined at the date of the modification. Any excess of the modified fair value over the original fair value is recognised over the remaining vesting period in addition to the grant date fair value of the original share-based payment. The share-based payment expense is not adjusted if the modified fair value is less than the original fair value.

Cancellations or settlements (including those resulting from employee redundancies) are treated as an acceleration of vesting and the amount that would have been recognised over the remaining vesting period is recognised immediately.

The company has elected not to apply Section 26 Share-based payment to equity instruments granted before the start of the first reporting period that complied with this accounting standard.

1.15 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

1.16 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

2 Employees

The average monthly number of persons (including directors) employed by the company during the year was 26 (2017 - 24).

3 Intangible fixed assets

	Goodwill
	£
Cost	
At 1 January 2018 and 31 December 2018	327,652
Amortisation and impairment	
At 1 January 2018	131,060
Amortisation charged for the year	32,765
At 31 December 2018	163,825
Carrying amount	
At 31 December 2018	163,827
At 31 December 2017	196,592

4 Tangible fixed assets

	Land and buildings	Plant and machinery etc	Total
	£	£	£
Cost			
At 1 January 2018	95,177	737,894	833,071
Additions	26,500	40,619	67,119
At 31 December 2018	121,677	778,513	900,190
Depreciation and impairment			
At 1 January 2018	39,708	582,370	622,078
Depreciation charged in the year	25,021	98,260	123,281
At 31 December 2018	64,729	680,630	745,359
Carrying amount			
At 31 December 2018	56,948	97,883	154,831
At 31 December 2017	55,469	155,524	210,993

5 Fixed asset investments

	2018	2017
	£	£
Investments	1,000	1,000

6 Subsidiaries

Details of the company's subsidiaries at 31 December 2018 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct	% Held Indirect
The Poker Channel Limited	Unit 8 Acorn Production Centre, r/o 105 Blundell Street, London N7 9BN	TV channel operation	Ordinary	100.00	

The aggregate capital and reserves and the result for the year of the subsidiaries noted above was as follows:

Name of undertaking	Profit/(Loss)	Capital and Reserves
	£	£
The Poker Channel Limited	-	1,000

7 Debtors

	2018	2017
Amounts falling due within one year:	£	£
Trade debtors	371,315	223,171
Corporation tax recoverable	17,597	-
Other debtors	60,306	239,718
Prepayments and accrued income	293,483	659,379
	742,701	1,122,268

8 Creditors: amounts falling due within one year

	2018	2017
	£	£
Redeemable loan notes	812,416	235,000
Obligations under finance leases	9,853	22,137
Trade creditors	346,578	379,186
Other taxation and social security	79,561	31,711
Other creditors	101,761	105,011
Accruals and deferred income	238,305	372,803
	1,588,474	1,145,848

9 Creditors: amounts falling due after more than one year

	2018	2017
	£	£
Redeemable loan notes	-	239,389
Obligations under finance leases	-	11,351
	-	250,740

In December 2017 the company issued loan notes with a face value of £450,724 which are redeemable 18 months from issue and bear interest at 12%. Each loan note holder received share warrants as disclosed in note 11.

10 Called up share capital

	2018	2017
	£	£
Ordinary share capital		
Allotted, called up and fully paid		
1,736,358 Ordinary Shares of 1p each	17,364	17,364
525,400 Ordinary 'A' Shares of 1p each	5,254	5,254
525,400 Ordinary 'B' Shares of 1p each	5,254	5,254
200,000 Ordinary 'C' Shares of 1p each	2,000	2,000
	29,872	29,872

The company has four classes of shares: ordinary shares of £0.01 each, ordinary A shares of £0.01 each, ordinary B shares of £0.01 each which all have equal rights to receive dividends or capital repayments and each of which represents one vote at shareholder meetings; and ordinary C shares of £0.01 each which have limited rights as described in the company's articles; in particular they carry no right to dividends or to participate in any other distributions made to members either by way of income or a return of capital.

11 Share-based payment transactions

Share options

During 2016 the company settled services worth £800,000 receivable over a 2 year period commencing June 2016 through the issue of shares. The services are being recognised in profit and loss as they are being received. The shares issued as a result of this transaction have been recognised in equity at the value of the services received with any premium recognised in share premium reserve.

Share warrants

During the year the company issued warrants to subscribe for ordinary shares to the holders of loan notes. The number of shares shall be determined by dividing the aggregate amount of the loan notes by the exercise price of the warrant.

The exercise price shall be the higher of:
a) £2.00 per share, and
b) the highest price paid per share of any subsequent equity fund raising less 33% discount.

The warrants shall lapse if unexercised on the tenth anniversary of grant or if earlier on (i) the sale of the entire share capital of the company or (ii) those current eligible shareholders exercise their right under the shareholders agreement to acquire at least 75% of the issued share capital.

The fair value of warrants issued in the year amounting to £32,992 has been recognised respectively in other reserves and deducted from the loan notes issued.

12 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, as follows:

	2018	2017
	£	£
Land and buildings	197,550	276,570

13 Audit report information

As the profit and loss account has been omitted from the filing copy of the financial statements the following information in relation to the audit report on the statutory financial statements is provided in accordance with s444(5B) of the Companies Act 2006:

The auditor's report was unqualified.

Material uncertainty related to going concern
In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in note 1.2 of the financial statements concerning the company's ability to continue as a going concern. The company incurred a net loss of £857,800 for the year ended 31 December 2018 and at that date, the company had retained losses of £9,684,849 and net liabilities of £184,554. However, losses at the current levels indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

The senior statutory auditor was Paul Maberly FCA.
The auditor was Mercer & Hole.