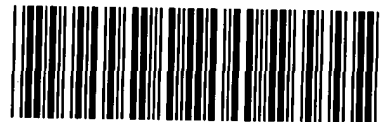


Company Registration No. 08442815 (England and Wales)

**TIVERTON 2 LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

TUESDAY



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# TIVERTON 2 LIMITED

## COMPANY INFORMATION

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|                                    |                                                                                                                   |
|------------------------------------|-------------------------------------------------------------------------------------------------------------------|
| <b>Directors</b>                   | R Allen-Turner<br>R Aslett<br>J Mowll<br>G Perkins<br>J Thoday<br>J Taylor<br>L Kennedy                           |
| <b>Company registration number</b> | 08442815                                                                                                          |
| <b>Registered office</b>           | 4a Exmoor Street<br>London<br>W10 6BD                                                                             |
| <b>Independent Auditor</b>         | Deloitte LLP<br>Statutory Auditor<br>1 New Street<br>London<br>United Kingdom<br>EC4A 3HQ                         |
| <b>Bankers</b>                     | The Royal Bank of Scotland Plc<br>62/63 Threadneedle Street<br>PO Box 412<br>London<br>United Kingdom<br>EC2R 8LA |

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# TIVERTON 2 LIMITED

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# TIVERTON 2 LIMITED

## STRATEGIC REPORT

### FOR THE YEAR ENDED 30 JUNE 2020

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The directors present the strategic report and audited financial statements for the year ended 30 June 2020.

#### **Review of the business**

The Tiverton 2 group of companies are principally engaged in television production and promoting live comedy tours and one-off performances.

The consolidated group achieved a turnover of £45,788,395, (2019: £52,778,179) and delivered an operating profit of £3,696,404 (2019: £4,466,491).

The group has a net asset position of £3,779,724 (2019: £45,098).

The Tiverton 2 group has continued the successful strategy of developing and maximising strong brands, achieved by: working with some of the best creative talent in the entertainment business; nurturing and developing new ideas and properties both on-screen and on-stage; delivering a strong television production and live events slate; retaining rights in TV programming; and by having a highly focused distribution team operating in the secondary TV market. This strategy requires a significant level of reinvestment of profits back into the creative process. The directors feel confident that the financial risks thereof are managed appropriately. The high level of investment made over recent years is expected to lead to improvements in the group's performance during the year to 30 June 2021 and beyond. We are proud to continue working with the talent that we do, and are extremely grateful to them and to all of our staff for all their hard work.

#### **Principal risks and uncertainties**

The principal risks faced by the company include competition from rival producers, retention and development of key talent, retention and exploitation of programming rights, competition from rival promoters in all markets and the cyclical nature of seasonal touring for our largest artists – i.e. having to schedule live performances around TV shows and other competing interests for our artists.

Key to the continued success of the Tiverton 2 group is its ability to secure commission and re-commissions of its programmes. The group tracks ratings undertaking further audience and market research where necessary and responds to rating performance by adapting programmes where required. The group's creative relationships with third parties and key talent are important to the performance of the group. These relationships are closely managed on a day-to-day basis.

#### Foreign exchange transactional currency exposure

The group is exposed to currency exchange risk due to a proportion of its receivables being denominated in non-sterling currencies. This exposure is managed on a majority of occasions as payments made out of the group relating to foreign currency are only made on receipt of payment and income is retranslated at the receipt rate. Balances of US dollars and Euros are maintained generally, reducing further the risk to the group.

#### Credit risk

Whilst a large percentage of the group's programming is conducted with established broadcasters, there is still a risk of credit defaults. The group actively manages its contracts across all divisions and routinely monitors the status of receivables.

#### Liquidity risk

The group is subject to day-to-day working capital requirements, and has access to an overdraft and revolving credit facility primarily for working capital requirements. The directors consider the risks associated with this facility are low considering the current and projected performance of the group. The risk is also reduced due to significant cash balances.

#### Brexit Risk

The Directors have considered the risks posed as a result of Brexit. The group does trade in the EU, predominately through distribution of television content, but the magnitude of the resulting revenues and profits is not material. As such the Directors have concluded that the potential impact of those risks on the group is low.

# **TIVERTON 2 LIMITED**

## **STRATEGIC REPORT (CONTINUED)**

### **FOR THE YEAR ENDED 30 JUNE 2020**

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#### **Key performance indicators**

The group's performance is managed by revenue type and division. Refer to note 3 for further information.

Key brands are constantly monitored and reviewed by tracking of financial performance, particularly in relation to revenues and gross margins; this is performed on a brand and revenue source basis.

In the current year turnover has decreased by 13.3% to £45.8m (2019: £52.8m) and the gross profit margin has increased to 28.6% (2019: 24.1%). The decrease in turnover was due to the impact of Covid-19 with restrictions being imposed which disrupted our ability to produce TV shows and perform in theatres. Production schedules have been amended, and live dates rearranged, such that the majority of the shortfall in revenues from this financial year will now be recognised in the subsequent financial year. The gross profit margin for the group is higher than the prior year due to a greater proportion of revenues recognised being TV related, in large part to lower live revenues which contribute a lower margin. The decrease in Live revenue has led to increased gross profit margins due to income being driven by companies which have a higher gross profit margins.

#### **Section 172 Statement**

The Board of Directors who have served during the year and up to the date of signing these financial statements are listed on page 6. The Directors are aware of their duty under section 172(1) of the Companies Act 2006.

The Directors consider that during the year ended 30 June 2020, that they have individually and collectively acted in a way which they consider, in good faith, would most likely promote the long-term success of the group and benefit its stakeholders.

This assessment was made with reference to the following criteria:

#### **The long-term consequences of decisions made**

The Directors have continued to build on long term sustained growth by nurturing and developing new ideas and properties both on-screen and on-stage; delivering a strong television production and live events slate; retaining rights in TV programming; and by having a highly focused distribution team operating in the secondary TV market. This strategy requires high level of investment made over recent years, which has historically proven to long term improvements in the group's performance. The Directors feel confident that the financial risks thereof are managed appropriately, whilst diversifying risk by maintaining IP rights to TV productions which ensure steady cashflow through the distribution channel.

The Directors have focused on recent years on the changing media landscape, particularly on how media is consumed, from historically being only linear programming moving to increasing demands on streaming platforms. By engaging with streaming services early on and delivering distribution content, Directors were able to form relationships such that the group were being commissioned content that was exclusive to these platforms.

The Board regularly look at long term growth of the group and how this can be achieved through acquisitions that support the business ambitions and goals as well as diversifying the brand base.

#### **The Company's employees**

The Board provide regular training programmes to employees such as management training in the interest of developing employee skills and cohesion amongst departments and unconscious bias in the workplace training. As well as internal training programmes the Directors provide financial support for employees to undertake professional qualifications and gain professional accreditation.

The Board aim for internal promotion where possible which is evidenced through a long history of development of junior staff to senior management and long service. This ensures Directors gain insight into all operation levels of the business through these long-standing relationships.

The Board are always looking to encourage engagement and conduct regular all-staff engagement survey on key topics. Off the back of feedback from survey's, town hall meetings have been implemented which enable Directors to ensure staff are informed of new projects, growth and goals, as well as to address any issues off the back of survey's conducted. Engagement is further developed through TV screenings and development lunches that ensure employees have a direct channel to the Directors.

# **TIVERTON 2 LIMITED**

## **STRATEGIC REPORT (CONTINUED)**

**FOR THE YEAR ENDED 30 JUNE 2020**

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### **Section 172 Statement (continued)**

#### **Business relationships with customers and suppliers**

The Directors have long standing relationships with major UK & US broadcasters and global distribution network for which we create television programmes and maintain these by delivering high standards of content which has led to recommissions of many of our programmes.

The Directors regularly attend trade fairs such as MIPCOM in order to build new client relationships and service existing ones. These events not only show presence in the industry but also engagement with customers to ensure we are aligning our business strategy to their needs.

The Board have controls in place to ensure suppliers are engaged with what we do as a business and also that we are able to maintain long standing relationships that are mutually beneficial. On choosing suppliers a procurement process is undertaken in which market reviews are analysed, quotes and references obtained. Directors agree terms with suppliers up front which includes payment terms, signing of NDA and a relevant service contract. These supplier relationships are then maintained by making introductions to employees who they will engage with, conducting regular review meetings and endeavouring to meet at regular intervals. The Board give regular feedback to suppliers and listen to corresponding feedback in order to maintain good working relationships.

#### **Our community and the environment**

The Board understand the importance of community engagement and have implemented a number of programmes aimed at reaching younger people in the local area, with the aim of engaging them in media career opportunities that often wouldn't be available to them. These programmes include a voluntary reading programme to primary school children and working with a local charity to put on a virtual work week programme with schools in the local area.

The group operates in the heart of West London, which has a diverse heritage of cultures within our local community. The Directors have also implemented a diversity and inclusion taskforce working on several initiatives as well as introducing sensitivity and unconscious bias training as part of effort to promote culture, respect and inclusion in the workforce. The virtual sessions will encourage a company culture that helps to dissolve many barriers to the media industry that is felt from people within our community from Black, Asian and Minority Ethnic backgrounds, who are widely under-represented.

The Directors are committed to minimising environmental impact and actively encourage new initiatives to reduce waste to lead to a more sustainable environment in and out of the workplace. The Directors implemented an environmental policy, looking to reduce office plastics by issuing staff members with metal reusable water bottles and removing single use plastic cups. Plastic bottles of water in meeting rooms and kitchens have also been replaced with reusable glass bottles for meeting rooms.

The group is an equal opportunities employer and is committed to eliminating discrimination and encouraging diversity amongst our workforce. Our aim is that our workforce will be truly representative of all sections of society and each employee feels respected and able to give of their best. As such the Board have reviewed recruitment practises and engaged recruitment partners that represent candidates who are underrepresented.

# TIVERTON 2 LIMITED

## STRATEGIC REPORT (CONTINUED)

**FOR THE YEAR ENDED 30 JUNE 2020**

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### Section 172 Statement (continued)

#### Maintaining high standards of business conduct

The Board always intends to operate in a responsible manner, having a good set of policies and procedures that underpin its corporate governance. These include:

**i. Authorised signatories**

The Board have a delegated authorised signatory process to ensure that heads of department and management are able to make day to day operational decisions which are communicated back to the Board through regular meetings. This not only ensures that delegation is assigned to the stakeholder on smaller operational decisions, but also the process is designed to engage the Board with bigger decisions that require the Board to sign off;

**ii. Anti- Bribery Policy**

The Board have a zero-tolerance stance in relation to bribery and corruption and have a clearly defined policy to provide information and guidance to those who work for the group, enabling them to recognise and deal with bribery and corruption issues. The group maintain accurate and transparent financial records and documentation of all gifts and payments given or received. The policy is regularly monitored by the Board, to insure accuracy and effectiveness;

**iii. Whistleblowing**

The Board are committed to protect employees who blow the whistle on criminal behaviour or other wrongdoing from victimisation or dismissal. As such the group have a whistleblowing policy in line with The Public Interest Disclosure Act 1998, and actively encourage employees to keep Directors or other key personnel informed of their concerns;

**iv. Anti-slavery**

The Board have a zero-tolerance approach to modern slavery, human trafficking and all forms of exploitation in any part of the groups business and operation activities or supply chain. The group are consciously committed to implementing controls and systems to ensure that exploitation of any form is not taking place; and

**v. Covid-19**

The Board are committed to ensuring that the safety of employees is the number one priority in the continued effort to maintain business operations. A strict Covid policy has been rolled out, in which employees are encouraged to work from home where possible. The group has rolled out internal track and trace in line with government guidelines and continuously monitors advice from Public Health England to ensure the policy is updated concurrently with the latest information.

The Directors align its company culture with its values of operating in a diverse and inclusive environment that adheres to good working practises and the highest level of conduct by themselves and their employees.

In considering stakeholders the Board discuss and review their needs during quarterly Board meetings along with how current policies and procedures fit with delivering good corporate governance that meets the needs of stakeholders.

The Board aims to treat all external stakeholders fairly and to engage in a collaborative fashion, as they are an integral key to successfully delivering corporate and strategic objectives across the group.

# TIVERTON 2 LIMITED

## STRATEGIC REPORT (CONTINUED)

**FOR THE YEAR ENDED 30 JUNE 2020**

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### Section 172 Statement (continued)

#### Fair dealing between members

All of our shareholders are members of the Board and are included in decision makings that impact the group. The Board regularly meet to discuss performance metrics and financials are communicated to shareholders through Annual General Meetings.

The Board are committed to the vision and strategy of the group while looking to maximise shareholder value, and as such receive and review the following in order to make informed decisions:

- Brand analysis and financial performance figures against budget;
- Growth trajectories alongside historical performance;
- Legal reviews of business matters;
- Operations update including health, safety and compliance information; and
- Investment and acquisition plans.

On behalf of the board



J Mowll

**Director**

26 February 2021



# TIVERTON 2 LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 30 JUNE 2020

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The directors present their annual report and audited financial statements for the year ended 30 June 2020.

#### Results and dividends

The results for the year are set out on page 12.

On 1 July 2020 a dividend of £3,000,000 (2019: £nil) representing 3.17p per share was declared to A Shareholders.

#### Financial Risk Management

The financial risks are outlined in the strategic report.

#### Directors

The directors who held office during the year and up to the date of signing of the financial statements were as follows:

R Allen-Turner

R Aslett

J Mowl

G Perkins

J Thoday

J Taylor

L Kennedy

(Appointed 25 October 2019)

#### Engagement with suppliers, customers and other stakeholders

The Directors acknowledge their responsibilities and duties in consideration of shareholders and stakeholders in decision making. Details of how the Board complied with Section 172 are set out on page 2 in the Strategic Report.

#### Future developments

The directors are not aware of any trends or factors, considering the impact of Covid-19, which are likely to have significant impact on the future development, performance and position of the company's business. The group continue to develop and produce TV productions that are commissioned and sold internationally.

#### Auditor

Each of the persons who is a Director at the date of approval of this report confirms 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 he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

The auditor, Deloitte LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

# **TIVERTON 2 LIMITED**

## **DIRECTORS' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 30 JUNE 2020**

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### **Directors' responsibilities statement**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 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 group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### **Post balance sheet events**

In November 2020, Tiverton secured a production financing, details of which are in note 24.

### **Going Concern**

The directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis in preparing the annual financial statements.

Further details regarding the adoption of the going concern basis can be found in the note 1 of the financial statements.

### **Carbon Reporting**

The group are exempt from carbon reporting requirements due to none of the subsidiaries meeting the criteria of a large company.

# TIVERTON 2 LIMITED

## DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2020

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On behalf of the board

A handwritten signature in black ink, appearing to read 'J Mowll', written in a cursive style.

J Mowll  
**Director**  
26 February 2021

# **TIVERTON 2 LIMITED**

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TIVERTON 2 LIMITED**

---

### **Independent auditor's report to the members of Tiverton 2 Limited**

#### **Report on the audit of the financial statements**

##### **Opinion**

In our opinion the financial statements of Tiverton 2 Limited (the 'parent company') and its subsidiaries (the 'group'):

- give a true and fair view of the state of the group's and of the parent company's affairs as at 30 June 2020 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated statement of comprehensive income;
- the consolidated and parent company balance sheets;
- the consolidated and parent company statements of changes in equity;
- the consolidated statement of cash flows; and
- the related notes 1 to 27.

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).

##### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

# **TIVERTON 2 LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF TIVERTON 2 LIMITED**

---

#### **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 auditor's 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 respect of these matters.

#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

#### **Report on other legal and regulatory requirements**

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

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

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

In the light of the knowledge and understanding of the group and of the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

# **TIVERTON 2 LIMITED**

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## **INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF TIVERTON 2 LIMITED**

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

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

### **Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Andrew Evans FCA (Senior Statutory Auditor)**

**for and on behalf of Deloitte LLP**

Statutory Auditor

London, United Kingdom

26 February 2021

# TIVERTON 2 LIMITED

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2020

|                                        | Notes | 2020<br>£         | 2019<br>£         |
|----------------------------------------|-------|-------------------|-------------------|
| Turnover                               | 3     | 45,788,395        | 52,778,179        |
| Cost of sales                          |       | (32,672,343)      | (40,066,368)      |
| <b>Gross profit</b>                    |       | <b>13,116,052</b> | <b>12,711,811</b> |
| Administrative expenses                |       | (9,625,078)       | (8,245,320)       |
| Other operating income                 | 3     | 205,430           | -                 |
| <b>Operating profit</b>                | 4     | <b>3,696,404</b>  | <b>4,466,491</b>  |
| Interest receivable and similar income | 8     | 31,254            | 9,458             |
| Interest payable and similar expenses  | 9     | (83,511)          | (42,103)          |
| <b>Profit before taxation</b>          |       | <b>3,644,147</b>  | <b>4,433,846</b>  |
| Tax credit/(charge)                    | 10    | 147,474           | (983,244)         |
| <b>Profit for the financial year</b>   | 22    | <b>3,791,621</b>  | <b>3,450,602</b>  |

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There is no other comprehensive income and therefore the combined statement has been shown on this page.

# TIVERTON 2 LIMITED

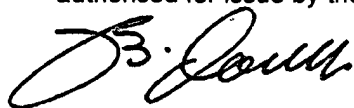
## CONSOLIDATED BALANCE SHEET

AS AT 30 JUNE 2020

|                                                       | Notes | 2020<br>£    | £         | 2019<br>£    | £        |
|-------------------------------------------------------|-------|--------------|-----------|--------------|----------|
| <b>Fixed assets</b>                                   |       |              |           |              |          |
| Tangible assets                                       | 12    |              | 105,668   |              | 135,404  |
| <b>Current assets</b>                                 |       |              |           |              |          |
| Debtors                                               | 16    | 31,389,790   |           | 33,202,696   |          |
| Cash at bank and in hand                              |       | 21,982,144   |           | 10,188,987   |          |
|                                                       |       | 53,371,934   |           | 43,391,683   |          |
| <b>Creditors: amounts falling due within one year</b> | 17    | (49,697,878) |           | (43,481,989) |          |
| <b>Net current assets/(liabilities)</b>               |       |              | 3,674,056 |              | (90,306) |
| <b>Total assets less current liabilities</b>          |       |              | 3,779,724 |              | 45,098   |
| <b>Capital and reserves</b>                           |       |              |           |              |          |
| Called up share capital                               | 21    |              | 10,090    |              | 10,012   |
| Share premium account                                 |       |              | 8,077     |              | 6,405    |
| Merger reserves                                       | 21    | (2,128,523)  |           | (2,128,523)  |          |
| Profit and loss account                               | 22    | 5,890,080    |           | 2,157,204    |          |
| <b>Total shareholders funds</b>                       |       |              | 3,779,724 |              | 45,098   |

The notes on pages 19 to 40 are an integral part of these financial statements.

The financial statements of Tiverton 2 Limited (08442815) were approved by the board of directors and authorised for issue by the board of directors on 26 February 2021 and are signed on its behalf by



J Mowll  
Director



# TIVERTON 2 LIMITED

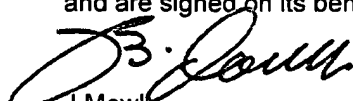
## COMPANY BALANCE SHEET

AS AT 30 JUNE 2020

|                                                       | Notes | 2020<br>£           | £             | 2019<br>£           | £                  |
|-------------------------------------------------------|-------|---------------------|---------------|---------------------|--------------------|
| <b>Fixed assets</b>                                   |       |                     |               |                     |                    |
| Investments                                           | 13    |                     | 9,491,602     |                     | 9,491,602          |
| <b>Current assets</b>                                 |       |                     |               |                     |                    |
| Debtors                                               | 16    | 5,900,688           |               | 7,338,082           |                    |
| Cash at bank and in hand                              |       | 3,977,226           |               | -                   |                    |
|                                                       |       | <u>9,877,914</u>    |               | <u>7,338,082</u>    |                    |
| <b>Creditors: amounts falling due within one year</b> | 17    | <u>(19,279,404)</u> |               | <u>(18,435,557)</u> |                    |
| <b>Net current liabilities</b>                        |       |                     | (9,401,490)   |                     | (11,097,475)       |
| <b>Total assets less current liabilities</b>          |       |                     | <u>90,112</u> |                     | <u>(1,605,873)</u> |
| <b>Capital and reserves</b>                           |       |                     |               |                     |                    |
| Called up share capital                               | 21    |                     | 10,090        |                     | 10,012             |
| Share premium account                                 |       |                     | 8,077         |                     | 6,405              |
| Profit and loss account                               | 22    |                     | 71,945        |                     | (1,622,290)        |
| <b>Total shareholders funds/(deficit)</b>             |       |                     | <u>90,112</u> |                     | <u>(1,605,873)</u> |

The company has elected to take the exemption under section 408 of the Companies Act 2006 not to present the company profit and loss account. The profit for the company for the year was £1,752,980 (2019: loss £325,129).

The financial statements were approved by the board of directors and authorised for issue on 26 February 2021 and are signed on its behalf by:

  
J Mowll  
Director

Company Registration No. 08442815

# TIVERTON 2 LIMITED

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2020

|                                                    | Notes  | Called up<br>share<br>capital<br>£ | Share<br>premium<br>account<br>£ | Merger<br>reserves<br>£ | Profit and<br>loss<br>reserves<br>£ | Total<br>£  |
|----------------------------------------------------|--------|------------------------------------|----------------------------------|-------------------------|-------------------------------------|-------------|
| <b>Balance at 1 July 2018</b>                      |        | 10,002                             | -                                | (2,128,523)             | (693,398)                           | (2,811,919) |
| <b>Year ended 30 June 2019:</b>                    |        |                                    |                                  |                         |                                     |             |
| Profit and total comprehensive income for the year |        | -                                  | -                                | -                       | 3,450,602                           | 3,450,602   |
| Issue of share capital                             | 21     | 10                                 | 6,405                            | -                       | -                                   | 6,415       |
| Other movements                                    |        | -                                  | -                                | -                       | (600,000)                           | (600,000)   |
| <b>Balance at 30 June 2019</b>                     |        | 10,012                             | 6,405                            | (2,128,523)             | 2,157,204                           | 45,098      |
| <b>Year ended 30 June 2020:</b>                    |        |                                    |                                  |                         |                                     |             |
| Profit and total comprehensive income for the year |        | -                                  | -                                | -                       | 3,791,621                           | 3,791,621   |
| Issue of share capital                             | 21     | 78                                 | 1,672                            | -                       | -                                   | 1,750       |
| Share Buy Back                                     |        | -                                  | -                                | -                       | (58,745)                            | (58,745)    |
| <b>Balance at 30 June 2020</b>                     | 21, 22 | 10,090                             | 8,077                            | (2,128,523)             | 5,890,080                           | 3,779,724   |

In the year ended 30 June 2019, Avalon Television Limited ("ATV"), a 100% subsidiary of Tiverton 2 Limited, purchased the remaining 25% of Avalon Factual Limited that it did not previously own for £600,000. This investment was not accounted for using the equity method, and therefore this transaction has been recorded as a debit to equity.

# TIVERTON 2 LIMITED

## COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2020

|                                                   | Notes  | Called up<br>share<br>capital<br>£ | Share<br>premium<br>account<br>£ | Profit and<br>loss<br>reserves<br>£ | Total<br>£  |
|---------------------------------------------------|--------|------------------------------------|----------------------------------|-------------------------------------|-------------|
| <b>Balance at 1 July 2018</b>                     |        | 10,002                             | -                                | (1,297,161)                         | (1,287,159) |
| <b>Year ended 30 June 2019:</b>                   |        |                                    |                                  |                                     |             |
| Loss and total comprehensive expense for the year |        | -                                  | -                                | (325,129)                           | (325,129)   |
| Issue of share capital                            | 21     | 10                                 | 6,405                            | -                                   | 6,415       |
| <b>Balance at 30 June 2019</b>                    |        | 10,012                             | 6,405                            | (1,622,290)                         | (1,605,873) |
| <b>Year ended 30 June 2020:</b>                   |        |                                    |                                  |                                     |             |
| Profit for the year                               |        | -                                  | -                                | 1,752,980                           | 1,752,980   |
| Issue of share capital                            | 21     | 78                                 | 1,672                            | -                                   | 1,750       |
| Share Buy back                                    |        | -                                  | -                                | (58,745)                            | (58,745)    |
| <b>Balance at 30 June 2020</b>                    | 21, 22 | 10,090                             | 8,077                            | 71,945                              | 90,112      |

# TIVERTON 2 LIMITED

## CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2020

|                                                                | Notes | 2020<br>£         | £ | 2019<br>£        | £ |
|----------------------------------------------------------------|-------|-------------------|---|------------------|---|
| <b>Net cash flows from operating activities</b>                |       |                   |   |                  |   |
| Cash generated from group operations                           | 27    | 9,687,799         |   | 3,879,099        |   |
| Taxation paid                                                  |       | (389,161)         |   | (461,311)        |   |
|                                                                |       |                   |   |                  |   |
| <b>Net cash outflow from operating activities</b>              |       | <b>9,298,638</b>  |   | <b>3,417,788</b> |   |
| <b>Cash flow from investing activities</b>                     |       |                   |   |                  |   |
| Purchase of tangible fixed assets                              |       | (24,448)          |   | (88,531)         |   |
| Loss on disposal of tangible fixed assets                      |       | (152)             |   | 4,740            |   |
| Purchase of shares in subsidiary from non-controlling interest |       | -                 |   | (600,000)        |   |
| Interest received                                              |       | 31,254            |   | 9,458            |   |
|                                                                |       |                   |   |                  |   |
| <b>Net cash generated from/(used in) investing activities</b>  |       | <b>6,654</b>      |   | <b>(674,333)</b> |   |
| <b>Cash flow from financing activities</b>                     |       |                   |   |                  |   |
| Proceeds from issue of shares                                  |       | (1,750)           |   | -                |   |
| Proceeds of new bank loans                                     |       | 4,990,750         |   | -                |   |
| Interest paid                                                  |       | (83,511)          |   | (42,103)         |   |
| Share Buy Back                                                 |       | (58,745)          |   | -                |   |
|                                                                |       |                   |   |                  |   |
| <b>Net cash generated from/(used in) financing activities</b>  |       | <b>4,846,744</b>  |   | <b>(42,103)</b>  |   |
| <b>Net increase in cash and cash equivalents</b>               |       | <b>14,152,036</b> |   | <b>2,701,352</b> |   |
| Cash and cash equivalents at beginning of year                 |       | 4,309,754         |   | 1,608,402        |   |
|                                                                |       |                   |   |                  |   |
| <b>Cash and cash equivalents at end of year</b>                |       | <b>18,461,790</b> |   | <b>4,309,754</b> |   |
| <b>Relating to:</b>                                            |       |                   |   |                  |   |
| Cash at bank and in hand                                       |       | 21,982,144        |   | 10,188,987       |   |
| Bank overdrafts included in creditors payable within one year  |       | (3,520,354)       |   | (5,879,233)      |   |

# TIVERTON 2 LIMITED

## CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

### Net Debt Reconciliation

|                          | As at 1 July<br>2019 | Cashflows         | New Finance<br>Leases | As at 30 June<br>2020 |
|--------------------------|----------------------|-------------------|-----------------------|-----------------------|
|                          | £                    | £                 | £                     | £                     |
| Cash at bank and in hand | 10,188,987           | 11,793,157        |                       | 21,982,144            |
| Bank Overdrafts          | (5,879,233)          | 2,358,879         | -                     | (3,520,354)           |
|                          | <u>4,309,754</u>     | <u>14,152,036</u> | <u>-</u>              | <u>18,461,790</u>     |
| Bank Loans               | -                    | (4,990,750)       | -                     | (4,990,750)           |
| Net Debt                 | <u>4,309,754</u>     | <u>9,161,286</u>  | <u>-</u>              | <u>13,471,040</u>     |

# TIVERTON 2 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

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### **1 Accounting policies**

#### **1.1 General Information**

Tiverton 2 Limited ("the company") and its subsidiaries (together "the group") are principally engaged in television production and promoting live comedy tours and one-off performances in the UK. The company is a private company limited by shares incorporated and registered in England and Wales. The registered office is 4a Exmoor Street, London W10 6BD.

The group consists of Tiverton 2 Limited and all of its subsidiaries included in note 14.

#### **1.2 Statement of compliance**

The group and individual financial statements of Tiverton 2 Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

#### **1.3 Summary of significant accounting policies**

##### **(a) Basis of preparation**

These consolidated and separate financial statements are prepared on a going concern basis, under the historical cost convention.

The group has applied the amendments to FRS 102 issued by the FRC in December 2017 with effect from 1 June 2019. The transitional provisions relating to the triennial review amendments have not resulted in any restatements of comparative information by the group.

# TIVERTON 2 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2020

### 1 Accounting policies

(Continued)

#### 1.3 Summary of significant accounting policies (Continued)

##### (b) Going concern

The group's business activities, together with the factors likely to affect its future development and performance are set out in the Strategic Report. The group continues to be profitable as shown in the consolidated profit and loss account for the year ended 30 June 2020, and the group's forecast and projections indicate the group will continue to be profitable and cashflow positive throughout the current financial year and beyond.

In reaching their decision to prepare the financial statements on a going concern basis, the directors considered the impact of the current economic climate on both the company and the group of which it is a member, as well as the following areas:

- In general the group is cash positive, cash generative, profitable and has net current assets;
- The group derives most of its revenues from television production and distribution of television content. The television production business requires some prefunding of productions, however we have significant cash reserves available (£18.5m net of loans as at 30 June 2020) to ensure funding for the foreseeable future;
- The group has access to £5m of funding from its revolving credit facility which is currently undrawn, that could be used to fund the working capital needs of the business;
- The group has a number of TV productions on its slate that are already contracted beyond the 12 month assessment window;
- The group is closely linked to the Martinhoe Holdings Limited group with shared directors and shared ultimate control. Where necessary cash can be moved between the groups to maintain necessary levels of working capital within each;
- The brand names represented in the group are all considered strong within the industry, representing both leading talent and producing successful television productions;
- The group also maintains the ability to reduce both its payroll and property costs in line with any fluctuations in business. Staffing levels are dependent and linked to ongoing productions. Bonuses payments are in the most part discretionary, whilst contractual bonus payments are directly linked to profitability and hence are reduced in times of reduced profitability. The UK property is managed on a modular basis allowing reductions in floor space and costs if necessary; and
- The group is currently in a net current asset/(liability) position of £3,674,056 (2019: (£90,306)).

In addition to these factors, specific consideration has been made with respect to the potential continuing impact of Covid-19, and how future restrictions might impact the economy, but also the ability of the group to trade and hence derive profits and cash.

In order to do this, sensitivity analyses were performed to understand the impact on the group's cashflow that would arise as a result of a 'reasonable worst case' scenario and a 'worst case' scenario. Under the reasonable worst case scenario, the group continued to be cashflow positive without any need for mitigating actions. Under the worst case scenario, minor mitigating actions that are easily within the Boards control were required in the outer months of the assessment period. Ultimately, the output of this analysis demonstrated that under both scenarios the group continued as a going concern, and there is no material uncertainty about the group's ability to trade and meets its liabilities as they fall due for the next 12 months.

Having given due consideration to the anticipated future performance of the company, taking into account the sensitivity analysis outlined above, the directors have been able to form a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

# TIVERTON 2 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

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### 1 Accounting policies

(Continued)

#### 1.3 Summary of significant accounting policies (Continued)

##### (c) Basis of consolidation

The group consolidated financial statements include the financial statements of the Company and all of its subsidiary undertakings made up to 30 June 2020.

Any subsidiary undertakings sold or acquired during the year are included up to, or from, the dates of change of control. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

##### (d) Exceptions for qualifying entities under FRS 102

Tiverton 2 Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect to the financial statements. The company has taken advantage of the following exceptions:

(i) from preparing a statement of cash flows, on the basis that it is a qualifying entity and consolidated statement of cash flows, included in these financial statements, includes the company's cash flows; and

(ii) from the financial instrument disclosures, required under FRS 102 paragraphs 11.39 to 11.48A and paragraphs 12.26 to 12.29 as the information is provided in the consolidated financial statement disclosures.

##### (e) Foreign currency

###### (i) Functional and presentation currency

The group financial statements are presented in pounds sterling. The company's functional and presentation currency is the pound sterling.

###### (ii) 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 the profit and loss account.



# TIVERTON 2 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

### 1 Accounting policies

(Continued)

#### 1.3 Summary of significant accounting policies (Continued)

##### (f) Turnover

Revenue is measured at the fair value of the consideration received or receivable and represents the amount receivable for services rendered net of value added taxes. Revenue is recognised to the extent it is probable that the economic benefits will flow to the group and the revenue can be reliably measured.

Profit is recognised on long-term contracts, if the final outcome can be assessed with reasonable certainty, by including in the profit and loss account turnover and related costs as contract activity progresses. Turnover is calculated by reference to the value of work performed to date as a proportion of the total contract value.

Turnover and costs are recognised by the different divisions as follows:

Turnover and related costs on television productions are recognised as production activity progresses to reflect the proportion of work carried out during the year. Profit is recognised once the total outcome can be assessed with reasonable certainty;

Distribution turnover and related costs are recognised when a contractual arrangement is in place and the underlying programme is delivered; and

Promotions turnover and related costs are recognised on the activity date of the performance.

##### (g) Interest

Interest receivable and payable are recognised in the profit and loss account using the effective interest method.

#### 1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price and costs directly attributable to bringing the asset to its working condition for its intended use. Depreciation is provided on all tangible fixed assets, other than investment properties and freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset over its expected useful life, as follows:

|                          |                            |
|--------------------------|----------------------------|
| Computer equipment       | straight-line over 4 years |
| Improvements to property | straight-line over 4 years |
| Production equipment     | straight-line over 4 years |

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 recognised in the profit and loss account.

#### 1.6 Investments

Except as stated below, fixed asset investments are shown at cost less provision for impairment. Current asset investments are stated at the lower of cost and net realisable value.

In the company balance sheet, for investments in subsidiaries acquired for consideration including the issue of shares qualifying for merger relief, cost is measured by reference to the nominal value only of the shares issued. Any premium is ignored.

# TIVERTON 2 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

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### 1 Accounting policies

(Continued)

#### 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 group has elected to apply the provisions of Section 11 and 12 of FRS 102 in respect of financial instruments.

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

Financial assets and liabilities are offset and 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.

##### **Impairment of financial assets**

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

#### 1.9 Financial instruments (continued)

##### **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 receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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.

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the profit or loss account using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

#### 1.10 Equity instruments

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

# TIVERTON 2 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 JUNE 2020

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#### 1 Accounting policies

(Continued)

##### 1.11 Related party transactions

The group discloses transactions with related parties which are not wholly-owned within the same group. Related Party transactions were made on terms equivalent to those that prevail in arm's length transactions.

##### 1.12 Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

###### (i) Current tax

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Tax credits in relation to High-End Television Tax Relief, where successfully applied for, are included within cost of sales.

###### (ii) Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements. Neither is deferred tax recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold.

Deferred tax is recognised in respect of the retained earnings of overseas subsidiaries and associates only to the extent that, at the balance sheet date, dividends have been accrued as receivable or a binding agreement to distribute past earnings in future has been entered into by the subsidiary or associate.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

##### 1.13 Retirement benefits

The group operates a defined contribution pension scheme. Contributions payable to the group's pension scheme are charged to the profit and loss account in the period to which they relate.

Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet. The assets of the plan are held separately from the group in an independently administered fund.

# TIVERTON 2 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2020

### 1 Accounting policies

(Continued)

#### 1.14 Government grants

Government grants are recognised based on the accrual model and are measured at the fair value of the asset received or receivable. Grants are classified as relating either to revenue or to assets. Grants relating to revenue are recognised in income over the period in which the related costs are recognised.

Grants relating to assets are recognised over the expected useful life of the asset. Where part of a grant relating to an asset is deferred, it is recognised as deferred income. Government grants in respect of the Coronavirus Job Retention Scheme (CJRS) are recognised based on the accrual model and are measured at the fair value of the asset received or receivable. Grants are classified as relating to revenue. Grants relating to revenue are recognised in income over the period in which the related costs are recognised.

#### 1.15 Finance costs

Finance costs of financial liabilities are recognised in the profit and loss account over the term of such instruments at a constant rate on the carrying amount.

Finance costs which are directly attributable to the construction of tangible fixed assets are capitalised as part of the cost of those assets. The commencement of capitalisation begins when both finance costs and expenditures for the asset are being incurred and activities that are necessary to get the asset ready for use are in progress. Capitalisation ceases when substantially all the activities that are necessary to get the asset ready for use are complete.

### 2 Critical accounting judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

No other material judgements or estimates have been used in the preparation of the group or Companies financial statements.

### 3 Turnover and other revenue

Analysis of turnover by category:

|                                                 | 2020<br>£         | 2019<br>£         |
|-------------------------------------------------|-------------------|-------------------|
| <b>Turnover</b>                                 |                   |                   |
| Creation and exploitation of television content | 36,874,280        | 46,900,950        |
| Tour Promotion                                  | 8,914,115         | 5,877,229         |
|                                                 | <u>45,788,395</u> | <u>52,778,179</u> |

# TIVERTON 2 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2020

### 3 Turnover and other revenue (Continued)

#### Other Income

|                            |         |   |
|----------------------------|---------|---|
| Government Grants received | 205,430 | - |
|----------------------------|---------|---|

Analysis of turnover by geographical market:

|               | 2020<br>£         | 2019<br>£         |
|---------------|-------------------|-------------------|
| UK            | 31,821,029        | 42,638,386        |
| Rest of world | 13,967,366        | 10,139,793        |
|               | <u>45,788,395</u> | <u>52,778,179</u> |

### 4 Operating profit

|                                                                     | 2020<br>£ | 2019<br>£ |
|---------------------------------------------------------------------|-----------|-----------|
| Operating profit for the year is stated after charging/(crediting): |           |           |
| Exchange losses/(gains)                                             | 86,309    | (79,554)  |
| Research and development costs                                      | -         | 1,394     |
| Government grants                                                   | (205,430) | -         |
| Depreciation of tangible fixed assets                               | 54,033    | 52,134    |
| Profit on disposal of tangible fixed assets                         | (151)     | (4,740)   |
| Amortisation of intangible assets                                   | 1,516     | 250,678   |
| Operating lease charges                                             | 33,000    | 33,000    |

### 5 Auditor's remuneration

|                                                            | 2020<br>£      | 2019<br>£     |
|------------------------------------------------------------|----------------|---------------|
| Fees payable to the company's auditor and associates:      |                |               |
| <b>For audit services</b>                                  |                |               |
| Audit of the financial statements of the group and company | 50,000         | 50,000        |
| Audit of the financial statements of related parties       | 50,000         | 50,000        |
|                                                            | <u>128,280</u> | <u>84,200</u> |
| <b>For other services</b>                                  |                |               |

Fees for other services are comprised of Tax compliance services £18,200 (2019: £15,350), Tax Advisory services £55,230 (2019: £31,300) and fees for services to related parties £54,850 (2019: £37,550).

Fees in related parties relate to services provided to the Martinhoe Holdings Limited group, who share the same ultimate shareholders as Tiverton 2 Limited (see note 25).

# TIVERTON 2 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

### 6 Employees

The average monthly number of persons employed by the group during the year was:

|                       | 2020<br>Number | 2019<br>Number |
|-----------------------|----------------|----------------|
| Directors             | 8              | 7              |
| Distribution          | 3              | 3              |
| Promotion             | 16             | 15             |
| Television production | 30             | 25             |
|                       | <u>57</u>      | <u>50</u>      |

Their aggregate remuneration comprised:

|                       | 2020<br>£        | 2019<br>£        |
|-----------------------|------------------|------------------|
| Wages and salaries    | 3,904,979        | 3,765,300        |
| Social security costs | 475,939          | 471,523          |
| Pension costs         | 74,870           | 97,625           |
|                       | <u>4,455,788</u> | <u>4,334,448</u> |

The parent company had 0 (2019: 0) employees during the year.

### 7 Directors' remuneration

The directors for Tiverton 2 Limited are the same directors for Martinhoe Limited, a related company. The remuneration for their role as directors is paid through Martinhoe group and it is not possible to determine the level of this remuneration that relates to Tiverton 2 group. The total remuneration (inclusive of pension contributions) received by the directors for their role at both Tiverton 2 group and Martinhoe group was £3,569,668 (2019: £2,142,221).

#### Compensation to key management

Compensation to key management is as follows

|                                                               | 2020<br>£        | 2019<br>£        |
|---------------------------------------------------------------|------------------|------------------|
| Remuneration for qualifying services                          | 1,084,556        | 1,039,352        |
| Company pension contributions to defined contribution schemes | 18,812           | 18,812           |
|                                                               | <u>1,103,368</u> | <u>1,058,164</u> |

Company Pension contributions to defined contribution schemes.

The number of key management for whom retirement benefits are accruing under defined contribution schemes amounted to 4 (2019: 4).

Key management personnel are employees that have significant influence, such as directors of subsidiaries that are not directors of the group.

# TIVERTON 2 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

### 8 Interest receivable and similar income

|                           | 2020   | 2019  |
|---------------------------|--------|-------|
|                           | £      | £     |
| <b>Interest income</b>    |        |       |
| Interest on bank deposits | 31,254 | 9,458 |

### 9 Interest payable and similar expenses

|                                                                      | 2020   | 2019   |
|----------------------------------------------------------------------|--------|--------|
|                                                                      | £      | £      |
| <b>Interest on financial liabilities measured at amortised cost:</b> |        |        |
| Interest on bank overdrafts and loans                                | 81,995 | 42,103 |
| Other interest on financial liabilities                              | 1,516  | -      |
|                                                                      | 83,511 | 42,103 |

### 10 Taxation

|                                                    | 2020      | 2019    |
|----------------------------------------------------|-----------|---------|
|                                                    | £         | £       |
| (a) Tax expense included in profit and loss        |           |         |
| <b>Current tax</b>                                 |           |         |
| UK corporation tax on profits for the current year | 329,669   | 837,921 |
| Adjustments in respect of prior year               | (480,782) | 142,281 |
| Total current tax                                  | (151,113) | 980,202 |
| <b>Deferred tax</b>                                |           |         |
| Origination and reversal of timing differences     | 3,639     | 3,042   |
| Total deferred tax                                 | 3,639     | 3,042   |
| Total tax credit/(charge)                          | (147,474) | 983,244 |

# TIVERTON 2 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 JUNE 2020

#### 10 Taxation

(Continued)

##### (b) Reconciliation of tax charge

Tax assessed for the year is lower than the standard rate of corporation tax in the UK for the year ended 30 June 2020 of 19% (2019: 19%). The differences are explained below:

|                                                                                      | 2020<br>£ | 2019<br>£ |
|--------------------------------------------------------------------------------------|-----------|-----------|
| Profit on ordinary activities before taxation                                        | 3,644,147 | 4,433,846 |
| Expected tax charge based on the standard rate of corporation tax of 19% (2019: 19%) | 692,388   | 842,432   |
| Tax effect of expenses that are not deductible in determining taxable profit         | 8,184     | 64,876    |
| Tax effect of income not taxable in determining taxable profit                       | (349,431) | (13,038)  |
| Adjustments in respect of prior years                                                | (480,782) | 142,281   |
| Permanent capital allowances in excess of depreciation                               | (7,402)   | (16,829)  |
| Depreciation on assets not qualifying for tax allowances                             | 10,266    | 1,044     |
| Adjustments in respect of financial assets                                           | 29        | -         |
| Other non-reversing timing differences                                               | (20,726)  | (37,522)  |
| Tax (credit)/charge for the year                                                     | (147,474) | 983,244   |

##### (c) Tax rate changes

The standard rate of corporation tax in the UK changed from 20% to 19% with effect from 1 April 2017.

#### 11 Intangible fixed assets

| Group                           | Goodwill<br>£ | Total<br>£ |
|---------------------------------|---------------|------------|
| <b>Cost</b>                     |               |            |
| At 1 July 2019 and 30 June 2020 | 5,700,273     | 5,700,273  |
| <b>Amortisation</b>             |               |            |
| At 1 July 2019 and 30 June 2020 | 5,700,273     | 5,700,273  |
| <b>Carrying amount</b>          |               |            |
| At 30 June 2020                 | -             | -          |
| At 30 June 2019                 | -             | -          |

The company had no other intangible fixed assets at 30 June 2020 or 30 June 2019.



# TIVERTON 2 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

### 12 Tangible fixed assets

| Group                              | Improvements<br>to property<br>£ | Production<br>equipment<br>£ | Motor<br>Vehicles<br>£ | Total<br>£ |
|------------------------------------|----------------------------------|------------------------------|------------------------|------------|
| <b>Cost</b>                        |                                  |                              |                        |            |
| At 1 July 2019                     | 11,794                           | 549,014                      | 45,987                 | 606,795    |
| Additions                          | -                                | 24,448                       | -                      | 24,448     |
| Disposals                          | -                                | (7,363)                      | -                      | (7,363)    |
| At 30 June 2020                    | 11,794                           | 566,099                      | 45,987                 | 623,880    |
| <b>Depreciation and impairment</b> |                                  |                              |                        |            |
| At 1 July 2019                     | 8,014                            | 439,270                      | 24,107                 | 471,391    |
| Depreciation charged in the year   | 567                              | 47,690                       | 5,776                  | 54,033     |
| Eliminated in respect of disposals | -                                | (7,212)                      | -                      | (7,212)    |
| At 30 June 2020                    | 8,581                            | 479,748                      | 29,883                 | 518,212    |
| <b>Carrying amount</b>             |                                  |                              |                        |            |
| At 30 June 2020                    | 3,213                            | 86,351                       | 16,104                 | 105,668    |
| At 30 June 2019                    | 3,780                            | 109,744                      | 21,880                 | 135,404    |

The company had no tangible fixed assets at 30 June 2020 or 30 June 2019.

### 13 Fixed asset investments

|                             | Notes | Group<br>2020<br>£ | 2019<br>£ | Company<br>2020<br>£ | 2019<br>£ |
|-----------------------------|-------|--------------------|-----------|----------------------|-----------|
| Investments in subsidiaries | 14    | -                  | -         | 9,491,602            | 9,491,602 |

In the opinion of the directors, the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet.

# TIVERTON 2 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2020

### 14 Subsidiaries

Details of the company's subsidiaries at 30 June 2020 are as follows:

| Name of undertaking and country of incorporation or residency |    | Nature of business                  | Class of shareholding | % Held |
|---------------------------------------------------------------|----|-------------------------------------|-----------------------|--------|
| Tiverton Holdings Limited † 08119354                          | UK | Intermediary holding company        | Ordinary Shares       | 100.00 |
| Avalon Entertainment Limited* † 05991699                      | UK | Intermediary holding company        | Ordinary Shares       | 100.00 |
| Avalon Promotions Limited* † 02475367                         | UK | Provision of services to performers | Ordinary Shares       | 100.00 |
| Funnyfriend Limited* † 03039621                               | UK | Provision of services to performers | Ordinary Shares       | 100.00 |
| Avalon Motion Pictures Limited* † 04285611                    | UK | TV Production                       | Ordinary Shares       | 100.00 |
| Avalon Television Limited* † 02856604                         | UK | TV Production                       | Ordinary Shares       | 100.00 |
| Tinderbox Television Limited* † 05278958                      | UK | TV Production                       | Ordinary Shares       | 100.00 |
| Avalon Distribution Limited* † 06641887                       | UK | TV Distribution                     | Ordinary Shares       | 100.00 |
| Avalon Factual Limited* † 07923558                            | UK | TV Production                       | Ordinary Shares       | 100.00 |
| Flame Television Production Limited* † 03863614               | UK | TV Production                       | Ordinary Shares       | 100.00 |
| Liberty Bell Productions Limited* † 04454622                  | UK | TV Production                       | Ordinary Shares       | 100.00 |
| Topical Television Limited* † 02657408                        | UK | TV Production                       | Ordinary Shares       | 100.00 |
| Half Inch Recordings Limited* 05021050                        | UK | Dormant                             | Ordinary Shares       | 100.00 |
| JSTO Touring Limited* 05412136                                | UK | Dormant                             | Ordinary Shares       | 100.00 |
| JSTO Limited* 04425397                                        | UK | Dormant                             | Ordinary Shares       | 100.00 |
| TV Recordings Limited* 04168101                               | UK | Dormant                             | Ordinary Shares       | 100.00 |
| Cliffcouch Limited* 05865389                                  | UK | Dormant                             | Ordinary Shares       | 100.00 |
| Avalon SI Productions Limited* 05319921                       | UK | TV Production                       | Ordinary Shares       | 100.00 |
| Brightwater Productions Limited* 03890352                     | UK | Dormant                             | Ordinary Shares       | 100.00 |
| Sketch Productions Limited* 05164675                          | UK | Dormant                             | Ordinary Shares       | 100.00 |

\*Indirect holding

† These non-dormant companies have elected to make use of the audit exemption. Under section 479A of the Companies Act 2006, in order to fulfil the conditions set out in the regulations, the company has given statutory guarantee of all outstanding liabilities to which the subsidiaries are subject at the end of the financial year to 30 June 2020.

The registered office of all of the company's subsidiaries, detailed above, is 4a Exmoor Street, London W10 6BD.

# TIVERTON 2 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

### 14 Subsidiaries

(Continued)

#### Guarantees

The company will guarantee the debts and liabilities of its UK subsidiaries at the reporting date in accordance with section 479C of the Companies Act 2006. The company has assessed the probability of loss under these guarantees as remote.

### 15 Financial instruments

|                                                           | Group<br>2020<br>£ | 2019<br>£         | Company<br>2020<br>£ | 2019<br>£         |
|-----------------------------------------------------------|--------------------|-------------------|----------------------|-------------------|
| <b>Carrying amount of financial assets</b>                |                    |                   |                      |                   |
| Debt instruments measured undiscounted amounts receivable | 27,564,600         | 22,677,999        | 5,900,688            | 7,338,082         |
| Equity instruments measured at cost less impairment       | -                  | -                 | 9,491,602            | 9,491,602         |
|                                                           | <u>          </u>  | <u>          </u> | <u>          </u>    | <u>          </u> |
| <b>Carrying amount of financial liabilities</b>           |                    |                   |                      |                   |
| Measured at cost                                          | 15,049,385         | 34,155,614        | 19,279,404           | 18,435,557        |
|                                                           | <u>          </u>  | <u>          </u> | <u>          </u>    | <u>          </u> |

Financial assets measured at undiscounted amounts comprise of trade debtors, other debtors, amounts owed by related parties, and accrued income.

Financial liabilities measured at cost comprise of trade creditors, other creditors, accruals and amounts owed to related parties.

# TIVERTON 2 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

### 16 Debtors

|                                             | Group<br>2020     | 2019              | Company<br>2020  | 2019             |
|---------------------------------------------|-------------------|-------------------|------------------|------------------|
|                                             | £                 | £                 | £                | £                |
| <b>Amounts falling due within one year:</b> |                   |                   |                  |                  |
| Trade debtors                               | 5,007,527         | 3,414,940         | -                | -                |
| Corporation tax recoverable                 | 2,433,179         | -                 | -                | -                |
| VAT recoverable                             | 513,383           | 419,851           | -                | -                |
| Amounts owed by group undertakings          | -                 | -                 | 3,289,627        | 4,728,079        |
| Amounts owed by related parties             | 9,520,912         | 2,904,443         | 2,600,000        | 2,600,000        |
| Withholding Tax                             | 86,857            | 63,526            | -                | -                |
| Other debtors                               | 98,542            | 2,909,939         | 11,061           | 10,003           |
| Prepayments and accrued income              | 13,710,676        | 23,475,311        | -                | -                |
|                                             | <u>31,371,076</u> | <u>33,188,010</u> | <u>5,900,688</u> | <u>7,338,082</u> |
| <b>Amounts falling due after one year:</b>  |                   |                   |                  |                  |
| Deferred tax asset (note 18)                | <u>18,714</u>     | <u>14,686</u>     | <u>-</u>         | <u>-</u>         |
| <b>Total debtors</b>                        | <u>31,389,790</u> | <u>33,202,696</u> | <u>5,900,688</u> | <u>7,338,082</u> |

Amounts owed by group undertakings and participating interest are unsecured, interest free, have no fixed payment date and are repayable on demand.

Included in other debtors are recoupable deficits on TV productions.

# TIVERTON 2 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 JUNE 2020

#### 17 Creditors: amounts falling due within one year

|                                    | Group<br>2020<br>£ | 2019<br>£         | Company<br>2020<br>£ | 2019<br>£         |
|------------------------------------|--------------------|-------------------|----------------------|-------------------|
| Bank loans and overdrafts          | 8,512,500          | 5,879,233         | 4,992,266            | 3,582,669         |
| Trade creditors                    | 197,809            | 449,512           | -                    | -                 |
| Amounts owed to group undertakings | -                  | -                 | 14,166,688           | 14,162,438        |
| Amounts owed to related parties    | 1,982,201          | 2,456,435         | 76,925               | 622,500           |
| Corporation tax payable            | -                  | 645,720           | -                    | -                 |
| Other taxation and social security | 755,628            | 998,879           | -                    | -                 |
| Other creditors                    | 2,012              | 1,537             | -                    | -                 |
| Accrued Expenses                   | 12,867,363         | 25,368,897        | 43,525               | 67,950            |
| Deferred income                    | 25,380,365         | 7,681,776         | -                    | -                 |
|                                    | <u>49,697,878</u>  | <u>43,481,989</u> | <u>19,279,404</u>    | <u>18,435,557</u> |

A cross guarantee and debenture exists between the company, its ultimate parent company Tiverton 2 Limited and the following group companies: Tiverton Holdings Limited, Avalon Entertainment Limited, Avalon Factual Holdings Limited, Avalon Television Limited, Flame Television Production Limited, Liberty Bell Productions Limited, Tinderbox Television Limited, Topical Television Limited, Avalon Distribution Limited and Avalon Promotions Limited to secure bank overdraft and loan facilities available to these companies.

During the year the group renegotiated its revolving credit facility. The facility is now for £5m (2019: £4m) and expires June 2024.

The Group has utilised the Government's VAT deferral scheme and will ensure the balance is paid as it falls due.

Amounts owed to group undertakings and related parties are unsecured, interest free, have no fixed payment date and are repayable on demand.

There are no other amounts disclosed within this note that are secured.

#### 18 Deferred taxation

Deferred tax assets and liabilities are offset where the group or company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

|                                | Liabilities<br>2020<br>£ | Liabilities<br>2019<br>£ | Assets<br>2020<br>£ | Assets<br>2019<br>£ |
|--------------------------------|--------------------------|--------------------------|---------------------|---------------------|
| Group                          |                          |                          |                     |                     |
| Decelerated capital allowances | -                        | -                        | 18,714              | 14,686              |
|                                | <u>-</u>                 | <u>-</u>                 | <u>18,714</u>       | <u>14,686</u>       |

# TIVERTON 2 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

### 18 Deferred taxation

(Continued)

|                                      | Group   | Company | Group     | Company |
|--------------------------------------|---------|---------|-----------|---------|
|                                      | £       | £       | £         | £       |
| Movements in the year:               | Asset   |         | Liability |         |
| Balance at 1 July 2019               | 14,686  | -       | -         | -       |
| Charge to other comprehensive income | (3,456) | -       | -         | -       |
| Other                                | 7,484   | -       | -         | -       |
| Balance at 30 June 2020              | 18,714  | -       | -         | -       |

### 19 Government grants

The group claimed government assistance in the year through the Coronavirus Job Retention Scheme to the value of £205,430 (2019:£0).

### 20 Retirement benefit schemes

|                                                                      | 2020   | 2019   |
|----------------------------------------------------------------------|--------|--------|
|                                                                      | £      | £      |
| Defined contribution schemes                                         |        |        |
| Charge to profit and loss in respect of defined contribution schemes | 74,870 | 97,625 |

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

# TIVERTON 2 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2020

### 21 Share capital

|                                         | Group and company |               |
|-----------------------------------------|-------------------|---------------|
|                                         | 2020              | 2019          |
|                                         | £                 | £             |
| <b>Ordinary share capital</b>           |                   |               |
| <b>Issued and fully paid</b>            |                   |               |
| 945,200 ordinary A shares of 1p each    | 9,452             | 9,452         |
| 45,000 ordinary B shares of 1p each     | 450               | 450           |
| 10,000 ordinary D shares of 1p each     | 100               | 100           |
| 10,103 ordinary E shares of 0.001p each | 10                | 10            |
| 78,058 Ordinary Z shares of 0.001p each | 78                | -             |
|                                         | <u>10,090</u>     | <u>10,012</u> |

# TIVERTON 2 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 JUNE 2020

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#### 21 Share capital

(Continued)

The rights in relation to the different classes of shares are as follows:

##### Capital

On return of assets on a liquidation or a winding-up, reduction of capital, or otherwise the assets of the company remaining after payment of such of its liabilities as it is necessary to discharge to effect the distribution ("Net Proceeds") shall be distributed as follows:

- to each of the holders of the A Shares and the B Shares in proportion to the number of A Shares or B Shares held by them respectively up to the amount of the E Threshold Value;
- thereafter, the balance of the Net Proceeds, if any, shall be distributed to each of the holders of the A Shares, the B Shares and the E Shares in proportion to the number of A Shares, B Shares or E Shares held by them respectively up to the amount of the D Threshold Value;
- thereafter, the balance of the Net Proceeds, if any, shall be distributed to each of the holders of the A Shares, the B Shares, the D Shares and the E Shares in proportion to the number of A Shares, B Shares, D Shares or E Shares held by them respectively

If the Exit Price per Share is greater than the Z Share Starting Price (the amount of such excess being the "Z Share Growth Amount"), there shall be distributed to the Z Shareholder an amount equal to the Z Share Growth Amount per Z Share held and the amount of the Net Proceeds which would otherwise have been distributed to the holders of the A Shares, the B Shares, the D Shares and the E Shares pursuant to above shall be reduced accordingly.

A D Shareholder or E Shareholder shall not be entitled to receive any sale proceeds in respect of any of his D Shares or E Shares which are Unvested Shares.

In the event of a Sale, the proceeds of such sale shall be distributed between the Selling Shareholders in the manner set out above as if the same constituted a liquidation of the company.

##### Voting in General Meetings

The holders of the A Shares shall be entitled to receive notice of and to attend and vote at general meetings of the company; every holder of A Shares who (being an individual) is present in person or by proxy or (being a corporation) is present by a duly authorised representative or by proxy, shall have one vote on a show of hands and on a poll every holder of A Shares so present shall have one vote for each A Share held by him.

The holders of all other Shares shall not be entitled to receive notice of, nor to attend or vote at general meetings of the company.

##### Income

No dividend shall be payable on any Shares in respect of any financial period of the company unless there are sufficient profits of the company available for distribution.

The A Shares, the B Shares, D Shares and the E Shares shall be treated as separate classes of Shares for the purposes of all distributions and accordingly the company or the Board (as the case may be, as required pursuant to the Companies Act) shall not be under any obligation to make any distribution to one class of Shares if it makes a distribution to another class of Shares, nor shall the company or the Board be under any obligation to pay the same amount by way of dividend on each class of Shares and any distribution shall be treated as separate classes of Shares.

Any distribution payable to the holders of the B Shares, D Shares, E Shares or the Z Shares shall not be paid in respect of any Unvested Shares.



# TIVERTON 2 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

### 21 Share capital

(Continued)

#### Merger Reserves

Merger reserves are a direct result of the last group reconstruction of Martinhoe Limited and Tiverton 2 Limited in March 2013. The group reconstruction was accounted for using merger accounting principles since the new shareholders of the company are the same as the former shareholders and the rights of each shareholder, relative to the others, are unchanged.

### 22 Profit and loss reserves

|                              | Group<br>2020<br>£ | 2019<br>£        | Company<br>2020<br>£ | 2019<br>£          |
|------------------------------|--------------------|------------------|----------------------|--------------------|
| At the beginning of the year | 2,157,204          | (693,398)        | (1,622,290)          | (1,297,161)        |
| Profit/(Loss) for the year   | 3,791,621          | 3,450,602        | 1,752,980            | (325,129)          |
| Other Movements              | -                  | (600,000)        | -                    | -                  |
| Share Buy Back               | (58,745)           | -                | (58,745)             | -                  |
| At the end of the year       | <u>5,890,080</u>   | <u>2,157,204</u> | <u>71,945</u>        | <u>(1,622,290)</u> |

### 23 Operating lease commitments

At the reporting end date the group had total outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

|                 | Group<br>2020<br>£ | 2019<br>£     | Company<br>2020<br>£ | 2019<br>£ |
|-----------------|--------------------|---------------|----------------------|-----------|
| Within one year | <u>33,000</u>      | <u>33,000</u> | <u>-</u>             | <u>-</u>  |

### 24 Events after the reporting date

In November 2020, Tiverton secured a production financing loan of \$18m (£13.9m), as at the reporting date \$9.2m is drawn but is unutilised.

# TIVERTON 2 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2020

### 25 Related party transactions

#### Transactions with related parties

During the year, Martinhoe Holdings Limited group companies entered into transactions and arrangements on normal commercial terms with Tiverton 2 Limited which shared the same ultimate shareholders as Martinhoe Holdings Limited.

|                            | Sale of goods |           | Purchase of goods |            |
|----------------------------|---------------|-----------|-------------------|------------|
|                            | 2020          | 2019      | 2020              | 2019       |
|                            | £             | £         | £                 | £          |
| <b>Group</b>               |               |           |                   |            |
| Martinhoe Holdings Limited | 4,356,740     | 3,773,870 | 21,346,826        | 13,416,040 |

#### Company

The company has the following year-end transactions and balances with related parties:

|                                                                      | 2020             | 2019             |
|----------------------------------------------------------------------|------------------|------------------|
|                                                                      | £                | £                |
| Amounts falling due within one year from related party undertakings: |                  |                  |
| Martinhoe Holdings Limited                                           | 2,600,000        | 2,600,000        |
|                                                                      | <u>2,600,000</u> | <u>2,600,000</u> |
| Amounts due to related party undertakings within one year:           |                  |                  |
| Avalon Management Group Limited                                      | (76,925)         | (625,000)        |
|                                                                      | <u>(76,925)</u>  | <u>(625,000)</u> |

No guarantees have been given or received.

Amounts owed by group undertakings and participating interests are unsecured, interest free and have no fixed repayment date and are repayable on demand.

Details of key management personnel can be found on page 28.

### 26 Ultimate controlling party

Tiverton 2 Limited is the ultimate parent company of the group and the highest level legal entity preparing consolidated financial statements. J Thoday is the ultimate controlling party.

# TIVERTON 2 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2020

### 27 Cash generated from group operations

|                                                      | 2020<br>£        | 2019<br>£        |
|------------------------------------------------------|------------------|------------------|
| Operating Profit                                     | 3,696,404        | 4,466,491        |
| Adjustments for:                                     |                  |                  |
| Amortisation and impairment of intangible assets     | 1,516            | 250,678          |
| Depreciation and impairment of tangible fixed assets | 54,033           | 52,134           |
| Movements in working capital:                        |                  |                  |
| Decrease/(increase) in debtors                       | 1,707,531        | (16,289,550)     |
| Increase in creditors                                | 4,228,315        | 15,399,346       |
| <b>Cash generated from operations</b>                | <b>9,687,799</b> | <b>3,879,099</b> |