Registered number: 09794211

IMMEDIATE MEDIA TV LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

COMPANY INFORMATION

Directors	Kevin Langford Stephen Lavin (resigned 8 January 2018) Andrew Gabriel (appointed 8 January 2018) Alex Bretherton (appointed 7 June 2018) Colin Wagstaffe (resigned 21 June 2018)
Registered number	09794211
Registered office	Vineyard House 44 Brook Green Hammersmith London W6 7BT

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STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018

Introduction

The Directors present the Strategic Report of Immediate Media TV Limited for the year to 31 December 2018.

Principal activites

The principal activity of the Company is the operation of TV and e-commerce businesses.

Business review

On 24 September 2015, Immediate Media Company London Limited acquired the shares of Immediate Media TV Limited (formerly Crossco 1410 Limited). On 30 November 2015 Immediate Media TV Limited acquired the trade and assets of the Jewellery Maker business. The Company therefore began to trade on 30th November 2015.

On 31 January 2017 the Company launched Sewing Quarter, the UK's first TV shopping channel dedicated to sewing, patchwork and quilting fans, delivering a TV and online experience designed to educate, inspire and entertain. In 2018 the customer base of Sewing Quarter grew significantly, and successfuly launched a new channel on Sky and a growing Facebook fan page.

The Company also continued to develop it's successful Jewellery Maker brand – the UK's only TV and online shopping brand devoted to people who make their own jewellery.

Financial key performance indicators

The main KPI's of the business relate to turnover, EBITDA and stock.

	2018 **£'000**	*2017* *£'000*
Turnover	**17,919**	*17,762*
EBITDA	**(3,736)**	*(3,669)*
Stock	**4,755**	*4,532*

Turnover and stock were higher in the year to 31 December 2018 than in the year to 31 December 2017 due to growth driven by the increaseing customer base of the Company's second channel, Sewing Quarter.

EBITDA is equal to operating profit before restructuring costs, amortisation and depreciation. The Company has made a loss owing to the continued investments it has made in the period in Sewing Quarter and other development activity.

The Company expects its business to continue to grow in future years.

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

Principal risks and uncertainties

The activities of Immediate Media TV Limited are largely within the United Kingdom, and the business is therefore exposed to the overall performance of the UK economy. The Company imports much of the product it sells and these items will be impacted by currency fluctuations that may arise as a consequence of Brexit. Management has implemented strategies to mitigate such fluctuation to the extent possible.

The Directors do not believe there is any significant credit risk with any trading partners that are material to the Company.

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

Kevin Langford
Director

Date: 26 April 2019

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018

The Directors present the Directors' Report report and the financial statements for the year ended 31 December 2018.

Dividends

No dividends have been declared or paid during the period (2017: £nil).

Policy and practice on payment of creditors

It is Company policy to adhere to the payment terms agreed with suppliers. Payments are contingent on the supplier providing the goods and services to the required standard.

Directors

The Directors who served during the year were:

Kevin Langford
Stephen Lavin (resigned 8 January 2018)
Andrew Gabriel (appointed 8 January 2018)
Alex Bretherton (appointed 7 June 2018)
Colin Wagstaffe (resigned 21 June 2018)

Directors' and Officers' insurance cover was in place throughout the financial period as appropriate.

Employees

People with disabilities are fully and fairly considered for vacancies arising within the Company and are given equal opportunities in relation to training, career development and promotion. If an employee becomes disabled while in the employment of the Company and as a result is unable to perform their existing job, every effort is made to offer suitable alternative employment and re-training.

Employee involvement

Employees attend quarterly update meetings where information is shared with regard to Group performance and organisational priorities. Feedback is encouraged during the quarterly update and on an ad-hoc basis. Further information is proivded via team meetings and the Group Intranet.

Political and charitable contributions

The Company made no political or charitable donations or incurred any political expenditure during the year (2017: £nil).

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

Going concern

Notwithstanding net liabilities at 31 December 2018 of £19,545,000 (31 December 2017: £12,814,000) and net current liabilities of £24,291,000 (31 December 2017: £20,236,000), the Directors have prepared the financial statements on the going concern basis. The Directors have received confirmation from the Directors of Immediate Media Company London Limited, the parent company, that they will not demand immediate repayment of creditors owed to them but will continue to support the Company financially, at least for the next twelve months from the date of approving the accounts and the foreseeable future, to enable it to meet its liabilities as and when they fall due.

The Company is funded by loans held by another Group company, Immediate Media Company Limited, whose bank facility expires in March 2022. The financial covenants of this facility include cash flow cover and leverage. Immediate Media Company Limited is in compliance with its financial covenants.

The Group has prepared trading forecasts for the 12 month period ending 30 April 2020. These indicate that there is sufficient headroom against all covenants for a period of not less than 12 months from the date of approval of these financial statements. Based on this assessment, it is the Board's view that the Group will have adequate resources to continue as a going concern for the forseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

Disclosure of information to auditors

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Post balance sheet events

There have been no significant events affecting the Company since the year end.

Auditors

Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

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

Kevin Langford
Director

Date: 26 April 2019

Vineyard House
44 Brook Green
Hammersmith
London
W6 7BT

DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2018

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the audited financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Under company law the Directors must not approve the audited financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or to have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of finacial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF IMMEDIATE MEDIA TV LIMITED

Opinion

We have audited the financial statements of Immediate Media TV Limited ("the Company") for the year ended 31 December 2018 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and related notes, including the accounting policies in notes 1 and 2.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, such as recoverability of goodwill, intangible assets and inventories and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the Company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the Company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease their operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model, including the impact of Brexit, and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Company will continue in operation.

Strategic Report and Directors' Report

The Directors are responsible for the Strategic Report and the Directors' Report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the Strategic Report and the Directors' Report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the Strategic Report and the Directors' Report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 6, the Directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF IMMEDIATE MEDIA TV LIMITED

The purpose of our audit work and to whom we owe our responsibilities

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.

Frederic Caharel

Frederic Caharel (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London E14 5GL

Date: 26 April 2019

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 £000	*2017 £000*
Turnover		**17,919**	*17,762*
Cost of sales		**(8,616)**	*(8,407)*
Gross profit		**9,303**	*9,355*
Distribution costs		**(1,544)**	*(1,830)*
Administrative expenses		**(11,494)**	*(11,193)*
Operating loss	4	**(3,735)**	*(3,668)*
Restructuring costs		**(217)**	*(175)*
Amortisation of goodwill, other intangibles and depreciation		**(3,437)**	*(3,457)*
Total operating loss		**(7,389)**	*(7,300)*
Interest payable and expenses	8	**(742)**	*(742)*
Loss before tax		**(8,131)**	*(8,042)*
Tax on loss	9	**1,400**	*1,304*
Loss for the financial year		**(6,731)**	*(6,738)*

The notes on pages 12 to 29 form part of these financial statements.

There was no other comprehensive income for 2018 (2017:£Nil).

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Note	2018 £000	2017 £000
Fixed assets			
Intangible assets	10	**4,767**	*7,438*
Tangible assets	11	**368**	*422*
		5,135	*7,860*
Current assets			
Stocks	12	**4,755**	*4,532*
Debtors: amounts falling due within one year	13	**651**	*510*
Cash at bank and in hand	14	**508**	*963*
		5,914	*6,005*
Creditors: amounts falling due within one year	15	**(30,205)**	*(26,241)*
Net current liabilities		**(24,291)**	*(20,236)*
Total assets less current liabilities		**(19,156)**	*(12,376)*
Provisions for liabilities			
Deferred tax	16	**(370)**	*(428)*
Other provisions	17	**(19)**	*(10)*
		(389)	*(438)*
Net liabilities		**(19,545)**	*(12,814)*
Capital and reserves			
Profit and loss account		**(19,545)**	*(12,814)*
		(19,545)	*(12,814)*

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

Kevin Langford
Director

Date: 26 April 2019

The notes on pages 12 to 29 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD TO 31 DECEMBER 2018

	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000
At 1 January 2017	-	(6,076)	(6,076)
Comprehensive income for the year			
Loss for the year	-	(6,738)	(6,738)
Total comprehensive income for the year	-	(6,738)	(6,738)
At 1 January 2018	-	(12,814)	(12,814)
Comprehensive income for the year			
Loss for the year	-	(6,731)	(6,731)
Total comprehensive income for the year	-	(6,731)	(6,731)
At 31 December 2018	-	(19,545)	(19,545)

The notes on pages 12 to 29 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

1. General information

Immediate Media TV Limited (the "Company") is a company limited by shares and incorporated and domiciled in the UK. The Company was incorporated on 24 September 2015.

2. Accounting policies

2.1 *Basis of preparation of financial statements*

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Company management to exercise judgment in applying the Company's accounting policies (see note 3).

The presentation currency of these financial statements is sterling (£). All the amounts in the financial statements have been rounded to the nearest £1,000.

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

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

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Vancouver Topco Limited as at 31 December 2018 and these financial statements may be obtained from Registrar of Companies, Companies House, Cardiff, CF14 3UZ.

2. Accounting policies (continued)

2.3 Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and positions are set out in the Strategic Report on pages 1 and 2.

Notwithstanding net liabilities at 31 December 2018 of £19,545,000 (2017: £12,814,000) and net current liabilities of £24,291,000 (2017: £20,236,000), the Directors have prepared the financial statements on the going concern basis. The Directors have received confirmation from the Directors of Immediate Media Company London Limited, the parent company, that they will not demand immediate repayment of creditors owed to them but will continue to support the Company financially, at least for the next twelve months from the date of approving the accounts and the forseeable future, to enable it to meet its liabilities as and when they fall due. As with any company placing reliance on other group entities for financial support, the Directors acknowledge that there can be no certainty that this support will continue, although at the date of approval of these financial statements, they have no reason to believe that it will not do so.

On 15 March 2017 the debt facilities held at the balance sheet date by another Group company, Immediate Media Company Limited, were refinanced and rolled over into a new facility of £111 million. The total bank facility available to the Group at the balance sheet date is £92 million.

The financial covenants of this facility include cash flow cover and leverage. The Group has prepared trading forecasts for the 12 month period ending 30 April 2020; these indicate that there is sufficient headroom against all covenants for a period of not less than 12 months from the date of approval of these financial statements.

The Directors have reviewed the Group's forecasts and projections and, based on this assessment, have concluded that the Group has adequate resources to continue to provide financial support to the Company to enable it to meet its liabilities for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

2.4 Turnover

Turnover represents income generated from the sale of goods via television shopping channels and over the internet.

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, including postage and excluding discounts, rebates, value added tax and other sales taxes.

Turnover is recognised for the sale of goods when the risks of ownership have passed to the purchaser, which is considered to be when the order has been delivered. A provision is also made for anticipated returns.

All the material activites of the Company are based in the UK and therefore no segmental analysis of turnover has been provided.

2. Accounting policies (continued)

2.5 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Statement of Comprehensive Income over its useful economic life.

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Software and Development	-	3 years
Goodwill	-	6 years
Other intangible fixed assets	-	3 to 6 years

Amortisation is charged to the Statement of Comprehensive Income on a straight-line basis over the estimated useful lives of intangible assets.

At each reporting date the Company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount. The Company reviews the amortisation period and method when events and circumstances indicate thé the useful life may have changed since the last reporting date.

2. Accounting policies (continued)

2.6 Research and development costs

Software and development costs are recognised as an intangible asset when all the following criteria are demonstrated:

- the technical feasibility of completing the software so that it will be available for use or sale;
- the intention to complete the software and use or sell it;
- the ability to use the software or to sell it;
- how the software will generate probable future economic benefits;
- the availability of adequate resources to complete the development and to use or sell the software; and
- the ability to measure reliably the expenditure attributable to the software during its development.

Software and development costs which do not meet the above criteria are recognised in the Statement of Comprehensive Income as an expense as incurred.

Capitalised development costs are not treated as a realised loss for the purpose of determining the Company's distributable profits as the costs meet the conditions requiring them to be treated as an asset in accordance with FRS 102 Section 18.

2.7 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

Long-term leasehold property	- Over the term of the lease
Plant and machinery	- 3 years
Fixtures and fittings	- 3 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

2. Accounting policies (continued)

2.8 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.9 Cash and cash equivalents

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

2.10 Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

2. Accounting policies (continued)

2.11 Foreign currency translation

Functional and presentation currency

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

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 Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

2.12 Finance costs

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

2.13 Operating leases: the Company as lessee

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

2.14 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

2. Accounting policies (continued)

2.15 Provisions for liabilities

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

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

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

2.16 Business Combinations

Business combinations are accounted for using the purchase method as at the acquisition date, which is the date on which control is transferred to the Company.

At the acquisition date, the Company recognises goodwill at the acquisition date as:

• the fair value of the consideration (excluding contingent consideration) transferred; plus

• estimated amount of contingent consideration (see below); plus

• the fair value of the equity instruments issued; plus

• directly attributable transaction costs; less

• the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities and contingent liabilities assumed.

Consideration which is contingent on future events is recognised based on the estimated amount if the contingent consideration is probable and can be measured reliably. Any subsequent changes to the amount are treated as an adjustment to the cost of the acquisition.

2. Accounting policies (continued)

2.17 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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

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

The Company acquired the trade and assets of the Jewellery Maker business on 30 November 2015. At acquisition, management has estimated the fair value of the acquired assets and liabilities. Following the adoption of FRS102 management has also estimated, in line with the standard's requirements, a deferred tax provision in relation to acquired assets where relevant.

On the acquisition of assets and their recognition in the balance sheet, management has estimated the useful life of the asset and amortises the assets over the useful life. Carrying values are reviewed at each balance sheet date.

On the acquisition of the Jewellery Maker business, a fair value adjustment was made in relation to slow moving stock. At 31 December 2018 the balance sheet includes a net value of £48,000 (2017: £37,000) of stock which was acquired at the time of the acquisition. The fair value adjustment in relation to this remaining stock was a reduction of £46,000 (2017: £104,000). The fair value adjustment has been calculated based on an analysis of the aging of the stock and the rate of sale of that stock in the period prior to the acquisition, and taking into account the costs that would be required to sell the stock and the price that would likely be achieved on any sale.

Management capitalises certain development costs in line with the Research and development costs policy and Intangible assets policy. Management has exercised judgement in determining what proportion of individual staff members' time is allocated to specific projects, and at what date the business will start to amortise these assets.

4. Operating loss

The operating loss is stated after charging:

	2018 **£000**	*2017* *£000*
Goodwill amortisation	**891**	*891*
Other intangible assets amortisation	**2,313**	*2,304*
Depreciation	**233**	*262*
Exchange differences	**51**	*94*
Restructuring costs	**217**	*175*
Other operating lease rentals	**174**	*138*

5. Auditor's remuneration

	2018 **£000**	*2017* *£000*
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	**20**	*12*

The Company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the intermediate parent company, Vancouver Topco Limted.

6. Employees

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

	2018 £000	*2017 £000*
Wages and salaries	4,122	*3,681*
Social security costs	374	*357*
Cost of defined contribution scheme	100	*59*
	4,596	*4,097*

The average monthly number of persons employed (full-time equivalent, including Directors), during the year was as follows:

	2018 No.	*2017 No.*
Administration	28	*27*
Production	49	*49*
Warehouse	62	*53*
	139	*129*

7. Directors' remuneration

	2018 £000	*2017 £000*
Directors' emoluments	662	*196*
Company contributions to defined contribution pension schemes	26	*2*
	688	*198*

During the year retirement benefits were accruing to 2 Directors (2017: 1) in respect of defined contribution pension schemes.

The highest paid Director received remuneration of £302,000 (2017: £196,000). The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £4,000 (2017: £2,000).

Two Directors received no remuneration (2017: £nil) in respect of their qualifying services as Directors of the Company. The Directors are remunerated by the parent company Immediate Media Company London Limited. It is not possible to accurately determine the allocation of remuneration of the Directors related to the Company.

8. Interest payable and similar expenses

	2018 £000	*2017 £000*
Loans from group undertakings	**742**	*742*
	742	*742*

9. Taxation

	2018 £000	*2017 £000*
Corporation tax		
UK group relief receivable	**(1,309)**	*(1,314)*
Adjustments in respect of previous periods	**(33)**	*29*
Total current tax	**(1,342)**	*(1,285)*
Deferred tax		
Origination and reversal of timing differences	**(48)**	*(13)*
Changes to tax rates	**(10)**	*(6)*
Total deferred tax	**(58)**	*(19)*
Taxation on loss on ordinary activities	**(1,400)**	*(1,304)*

9. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than *(2017 - lower than)* the standard rate of corporation tax in the UK of 19.00% (2017: *19.25%)*. The differences are explained below:

	2018 £000	*2017* *£000*
Loss on ordinary activities before tax	**(8,131)**	*(8,042)*
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2017 - 19.25%)	**(1,545)**	*(1,548)*
Effects of:		
Disallowed expenditure	**(1)**	*2*
Other permanent differences	**237**	*207*
Other timing differences	**(58)**	*(30)*
Other tax adjustments	**-**	*25*
Adjustment in respect of prior year - current tax	**(33)**	*29*
Adjustment in respect of prior year - deferred tax	**10**	*17*
Change in tax rates	**(10)**	*(6)*
Total tax credit for the year	**(1,400)**	*(1,304)*

Factors that may affect future tax charges

A reduction in the UK corporation tax rate from 19% to 17% (effective from 1 April 2020) was substantively enacted on 15 September 2016. The deferred tax liability at 31 December 2018 has been calculated based on these rates.

The Company has no deferred tax assets that are not fully recognised (2017: £nil).

10. *Intangible assets*

	Goodwill £000	Software and development £000	Other intangibles £000	Total £000
Cost				
At 1 January 2018	5,345	5,299	3,320	13,964
Additions	-	533	-	533
At 31 December 2018	5,345	5,832	3,320	14,497
Amortisation				
At 1 January 2018	1,856	3,395	1,275	6,526
Charge for the year	891	1,711	602	3,204
At 31 December 2018	2,747	5,106	1,877	9,730
Net book value				
At 31 December 2018	2,598	726	1,443	4,767
At 31 December 2017	*3,489*	*1,904*	*2,045*	*7,438*

Included within Software and development is £4,700,000 relating to Crystal software, part of the trade and assets purchased on the acquisition of Jewellery Maker.

Capitalised development costs are not treated as a realised loss for the purpose of determining the Company's distributable profits as the costs meet the conditions requiring them to be treated as an asset in accordance with FRS 102 Section 18.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

11. Tangible fixed assets

	Computer hardware £000	Leasehold improvements £000	Fixtures and fittings £000	Total £000
Cost				
At 1 January 2018	299	376	171	846
Additions	53	38	88	179
At 31 December 2018	352	414	259	1,025
Depreciation				
At 1 January 2018	166	197	61	424
Charge for the year on owned assets	107	63	63	233
At 31 December 2018	273	260	124	657
Net book value				
At 31 December 2018	79	154	135	368
At 31 December 2017	*133*	*179*	*110*	*422*

12. Stocks

	2018 £000	*2017 £000*
Finished goods and goods for resale	4,755	*4,532*
	4,755	*4,532*

Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the year amounted to £8,496,218 (2017: £8,928,060).

In the year to December 2018, provisions of £780,000 (2017: £509,000) were made in relation to stock that was deemed obsolete or difficult to sell. There was an offsetting reduction in the carried forward stock provision (as at 31 December 2017) during the period equal to £827,000 (2017: £760,000) due to the sale or disposal of previously provided stock.

13. Debtors

	2018 £000	2017 £000
Other debtors	408	283
Prepayments and accrued income	243	227
	651	510

14. Cash and cash equivalents

	2018 £000	2017 £000
Cash at bank and in hand	508	963
	508	963

15. Creditors: Amounts falling due within one year

	2018 £000	2017 £000
Trade creditors	341	570
Amounts owed to group undertakings	27,990	24,435
Other taxation and social security	381	332
Other creditors	73	76
Accruals and deferred income	1,420	828
	30,205	26,241

Included in amounts owed to group undertakings is £16,722,046 (2017: £15,980,116) owed to the parent company, Immediate Media Company London Limited, which was advanced to fund the purchase of the trade and assets of the Jewellery Maker business. This loan accrues interest at 5% per annum.

All remaining amounts owed to group undertakings are non-interest bearing amounts owed to Immediate Media Company London Limited, which are repayable on demand.

16. Deferred taxation

	2018 £000	2017 £000
At beginning of period	(428)	*(447)*
Charged to profit or loss	58	*19*
At end of period	**(370)**	*(428)*

The amount of the net reversal of deferred tax expected to occur next year is £79,638 (2017: £83,775) relating to the reversal of existing timing differences on tangible and intangible fixed assets and employee benefits.

The Company has no deferred tax assets that are not fully recognised.

The provision for deferred taxation is made up as follows:

	2018 £000	2017 £000
Accelerated capital allowances	(113)	*(76)*
Fair values in business combinations	(258)	*(352)*
Pension contributions	1	-
	(370)	*(428)*

17. Provisions

	Annual leave provision £000
At 1 January 2018	10
Charged to profit or loss	19
Utilised in year	(10)
At 31 December 2018	**19**

The annual leave provision represents holiday balances accrued as a result of services rendered in the current period and which employees are entitled to carry forward. The provision is measured as the salary cost payable for the period of absence.

18. Share capital

On incorporation on 24 September 2015, the Company issued one £1 share to Immediate Media Company London Limited.

	2018	*2017*
	£	*£*
Allotted, called up and fully paid		
1 *(2017 - 1)* Ordinary share of £1.00	**1**	*1*

19. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £99,717 (2017: £59,290).

Contributions totalling £20,391 (2017: £10,952) were payable to the fund at the reporting date and are included in creditors.

20. Commitments under operating leases

At 31 December 2018 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2018	*2017*
	£000	*£000*
Within one year	**213**	*171*
In the second the fifth years inclusive	**326**	*539*
	539	*710*

During the year £174,000 was recognised as an expense in the profit and loss account in respect of operating leases (2017: £138,000).

21. Related party transactions

The Company is a wholly owned subsidiary of Immediate Media Company London Limited and has taken exemption under FRS 102 1.12(e) from disclosing transactions and balances with wholly owned entities which form part of the group headed by Vancouver Topco Limited.

22. Parent undertaking and controlling party

The ultimate controlling party of the Company is Burda Gesellschaft mit beschränkter Haftung (Hubert Burda Media), registered address Haupstraße 130, 77652 Offenburg, Germany.

The group in which the results of the Company are consolidated is Vancouver Topco Limited, a company registered in England and Wales. Copies of the group financial statements of Vancouver Topco Limited are available to the public and can be obtained from the Registrar of Companies, Companies House, Cardiff, CF14 3UZ.

The immediate parent undertaking of the Company is Immediate Media Company London Limited. Copies of the financial statements of Immediate Media Company London Limited are available to the public and can be obtained from the Registrar of Companies, Companies House, Cardiff, CF14 3UZ.