

**HTM TELEVISION LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

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**HTM TELEVISION LIMITED**

**COMPANY INFORMATION**

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<b>Directors</b>	J Mulville P Cohen A Dugdale Dr G G Mercurio
<b>Registered number</b>	09927545
<b>Registered office</b>	Hanover House 7 Savoy Court London United Kingdom WC2R 0EX
<b>Trading Address</b>	33 Oval Road London NW1 7EA
<b>Independent auditors</b>	Sopher + Co LLP Chartered Accountants & Statutory Auditors 5 Elstree Gate Elstree Way Borehamwood Hertfordshire WD6 1JD
<b>Bankers</b>	Coutts 44 Strand London WC2R 0QS
<b>Solicitors</b>	Harbottle & Lewis LLP Hanover House 14 Hanover Square London W1S 1HP

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HTM TELEVISION LIMITED

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**HTM TELEVISION LIMITED**

**GROUP BUSINESS HIGHLIGHTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

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HTM Television would like to highlight the following achievements:

- Profit after Tax of £1.2m.
- Delivered three programmes in the year: *Trigger Point S1*, *DI Ray S1* and *Bloodlands S2*.
- *Trigger Point* was ITV's highest rated Drama in 2022.
- *Trigger Point* and *DI Ray* both re-commissioned for second series and delivering in 2023.
- Two new commissions for ITV, *Payback* and *Breathtaking*, delivering in 2023.

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## HTM TELEVISION LIMITED

### GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

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#### Introduction

The directors present their Strategic Report for the year ended 31 December 2022.

#### Business review

HTM Television is a television production company that specialises in High-End drama. It is creatively led by Jed Mercurio, the creator and showrunner of *Line of Duty* and *Bodyguard*.

#### Content creation

HTM produced programmes for the BBC and ITV in 2022.

It delivered the first series of *Trigger Point* and *DI Ray* to ITV. *Trigger Point* was ITV's highest rated drama in 2022 and both series have been re-commissioned for second series, with *DI Ray* extending from four to six episodes.

The second series of *Bloodlands* was delivered to the BBC.

Two new dramas were commissioned by ITV. *Payback* started pre-production in 2022 and will be filmed in 2023, along with *Breathiking*, a three-part drama set in the NHS during the Covid pandemic.

#### COVID

Although the TV industry continued to be impacted by Covid in 2022, the costs incurred reduced as the year progressed, and we now expect the additional costs to be negligible going forward.

However, rights income will be affected for several years to come as the additional costs incurred due to Covid are shared by us, the broadcaster and the distributor through recoupable advances, which in turn reduces the net receipts owed to us as the producer.

#### Principal risks and uncertainties

##### Foreign exchange risk

The Group operates primarily within the UK and so has limited exposure to foreign exchange movements.

However, any material exposure is hedged on a case by case basis.

##### Credit risk

The Group's programming is conducted with established broadcasters. Therefore, the company does not have a significant exposure to credit defaults.

##### Liquidity risk

The Group has sufficient cash reserves to cover day to day working capital requirements. The working capital of the business is closely monitored to ensure these commitments are met.

#### Financial key performance indicators

HTM uses Profit after Tax as its key performance indicator.

Profit after tax was £1.2m in the period, £1.3m higher than 2021, due to increased production activity.

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**HTM TELEVISION LIMITED**

**GROUP STRATEGIC REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

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**Other key performance indicators**

We consider the amount of series in production and delivered during the year to be HTM's main non-financial key performance indicators.

There were four series in production in 2022, with three series delivered to broadcasters.

This report was approved by the board on 27 September 2023 and signed on its behalf.

**P Cohen**  
Director

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## HTM TELEVISION LIMITED

### DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

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The directors present their report and the financial statements for the year ended 31 December 2022.

#### Directors

The directors who served during the year were:

J Mulville  
P Cohen  
A Dugdale  
Dr G G Mercurio

#### Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group 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 for the Group's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group 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 the Group and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### Results and dividends

The profit for the year, after taxation, amounted to £1,220,540 (2021 - loss £69,285).

The directors do not recommend the payment of a dividend for the year (2021 - £Nil).

#### Future developments

The Group benefits from returning series, as well as a strong pipeline of new programmes which are in various stages of development.

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**HTM TELEVISION LIMITED**

**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**Disclosure of information to auditors**

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

- so far as the director is aware, there is no relevant audit information of which the Company and the Group'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 and the Group's auditors are aware of that information.

**Subsequent events**

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

**Auditors**

Under section 487(2) of the Companies Act 2006, Sopher + Co LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This report was approved by the board on 27 September 2023 and signed on its behalf.

**P Cohen**

Director



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## HTM TELEVISION LIMITED

### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HTM TELEVISION LIMITED

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#### Opinion

We have audited the financial statements of HTM Television Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2022, which comprise the Group Statement of Comprehensive Income, the Group and Company Statements of Financial Position, the Group Statement of Cash Flows, the Group and Company Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2022 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

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

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

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

#### Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the

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## HTM TELEVISION LIMITED

### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HTM TELEVISION LIMITED (CONTINUED)

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work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

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

- the information given in the Group 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 Group Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Directors' Report.

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

- adequate accounting records have not been kept 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.

#### **Responsibilities of directors**

As explained more fully in the Directors' Responsibilities Statement set out on page 4, 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.

#### **Auditors' responsibilities for the audit of the financial statements**

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

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

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## HTM TELEVISION LIMITED

### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HTM TELEVISION LIMITED (CONTINUED)

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detailed below:

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

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

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

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

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

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

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

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

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

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

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

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HTM TELEVISION LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HTM TELEVISION LIMITED (CONTINUED)

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**Other matters**

The comparative figures and disclosures are unaudited.

**Use of our report**

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

Stephen Iseman FCA (Senior Statutory Auditor)

for and on behalf of

**Sopher + Co LLP**

Chartered Accountants

Statutory Auditors

5 Elstree Gate

Elstree Way

Borehamwood

Hertfordshire

WD6 1JD

27 September 2023

HTM TELEVISION LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 £	2021 £
Turnover	4	20,490,021	15,672,400
Cost of sales		(22,382,537)	(18,636,317)
<b>Gross loss</b>		<b>(1,892,516)</b>	<b>(2,963,917)</b>
Administrative expenses		(1,418,456)	(834,690)
<b>Operating loss</b>		<b>(3,310,972)</b>	<b>(3,798,607)</b>
Interest payable and similar expenses		(50,172)	(34,340)
<b>Loss before tax</b>		<b>(3,361,144)</b>	<b>(3,832,947)</b>
Taxation	9	4,581,684	3,763,662
<b>Profit/(loss) for the financial year</b>		<b>1,220,540</b>	<b>(69,285)</b>
<b>Other comprehensive income for the year</b>			
Exchange differences on translation of foreign subsidiaries		(17,430)	-
<b>Total comprehensive income for the year</b>		<b>1,203,110</b>	<b>(69,285)</b>
<b>Profit for the year attributable to:</b>			
Owners of the parent company		(1,220,540)	69,285

The notes on pages 17 to 25 form part of these financial statements.

**HTM TELEVISION LIMITED**  
**REGISTERED NUMBER:09927545**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2022**

	<b>Note</b>	<b>2022</b> <b>£</b>	2021 <b>£</b>
<b>Current assets</b>			
Work in progress		165,697	-
Debtors: amounts falling due within one year	13	16,023,581	20,298,392
Cash at bank and in hand		1,181,214	684,929
		<u>17,370,492</u>	<u>20,983,321</u>
<b>Current liabilities</b>			
Creditors: amounts falling due within one year	14	(16,657,576)	(21,473,515)
<b>Net assets/(liabilities)</b>		<u><u>712,916</u></u>	<u><u>(490,194)</u></u>
<b>Capital and reserves</b>			
Called up share capital	15	3	3
Share premium account		199,997	199,997
Foreign exchange reserve		(17,430)	-
Profit and loss account		530,346	(690,194)
		<u><u>712,916</u></u>	<u><u>(490,194)</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 27 September 2023.

**A Dugdale**  
Director

The notes on pages 17 to 25 form part of these financial statements.

**HTM TELEVISION LIMITED**  
**REGISTERED NUMBER:09927545**

**COMPANY STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2022**

	Note	2022 £	2021 £
<b>Fixed assets</b>			
Investments	11	6	4
<b>Current assets</b>			
Work in progress		165,697	-
Debtors: amounts falling due within one year	13	2,007,886	2,421,612
Cash at bank and in hand		94,024	5,454
		<u>2,267,607</u>	<u>2,427,066</u>
<b>Current liabilities</b>			
Creditors: amounts falling due within one year	14	(1,365,149)	(2,709,902)
<b>Net current assets/(liabilities)</b>		<u>902,458</u>	<u>(282,836)</u>
<b>Net assets/(liabilities)</b>		<u><u>902,464</u></u>	<u><u>(282,832)</u></u>
<b>Capital and reserves</b>			
Called up share capital	15	3	3
Share premium account	16	199,997	199,997
Profit and loss account carried forward		702,464	(482,832)
		<u><u>902,464</u></u>	<u><u>(282,832)</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 27 September 2023.

**A Dugdale**

Director

The notes on pages 17 to 25 form part of these financial statements.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Called up share capital	Share premium account	Foreign exchange reserve	Profit and loss account	Equity attributable to owners of parent Company	Total equity
	£	£	£	£	£	£
<b>At 1 January 2021</b>	3	199,997	-	(620,909)	(420,909)	(420,909)
Loss for the year	-	-	-	(69,285)	(69,285)	(69,285)
<b>At 1 January 2022</b>	3	199,997	-	(690,194)	(490,194)	(490,194)
Profit for the year	-	-	-	1,220,540	1,220,540	1,220,540
Exchange differences on translation of foreign subsidiaries	-	-	(17,430)	-	(17,430)	(17,430)
<b>At 31 December 2022</b>	<u>3</u>	<u>199,997</u>	<u>(17,430)</u>	<u>530,346</u>	<u>712,916</u>	<u>712,916</u>

The notes on pages 17 to 25 form part of these financial statements.



HTM TELEVISION LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2022

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
<b>At 1 January 2021</b>	<b>3</b>	<b>199,997</b>	<b>(776,663)</b>	<b>(576,663)</b>
Profit for the year	-	-	293,831	293,831
<b>At 1 January 2022</b>	<b>3</b>	<b>199,997</b>	<b>(482,832)</b>	<b>(282,832)</b>
Profit for the year	-	-	1,185,296	1,185,296
<b>At 31 December 2022</b>	<b>3</b>	<b>199,997</b>	<b>702,464</b>	<b>902,464</b>

The notes on pages 17 to 25 form part of these financial statements.

HTM TELEVISION LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2022

	2022 £	2021 £
<b>Cash flows from operating activities</b>		
Profit / (loss) for the financial year	1,220,540	(69,285)
<b>Adjustments for:</b>		
Interest paid	50,172	34,340
Taxation charge	(4,581,684)	(3,763,662)
Increase in work in progress	(165,697)	-
Decrease/(increase) in debtors	5,763,947	(15,098,448)
Increase in amounts owed by participating interests	(671,113)	-
(Decrease)/increase in creditors	(535,123)	1,696,774
Corporation tax received	3,763,662	-
Exchange differences on translation of foreign subsidiaries	(17,430)	-
<b>Net cash generated from/(used in) operating activities</b>	<b>4,827,274</b>	<b>(17,200,281)</b>
<b>Cash flows from financing activities</b>		
New secured loans	12,360,828	16,641,645
Repayment of loans	(16,641,645)	-
Interest paid	(50,172)	(34,340)
<b>Net cash (used in)/from financing activities</b>	<b>(4,330,989)</b>	<b>16,607,305</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>496,285</b>	<b>(592,976)</b>
Cash and cash equivalents at beginning of year	684,929	1,277,905
<b>Cash and cash equivalents at the end of year</b>	<b>1,181,214</b>	<b>684,929</b>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	1,181,214	684,929

The notes on pages 17 to 25 form part of these financial statements.

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**HTM TELEVISION LIMITED****CONSOLIDATED ANALYSIS OF NET DEBT  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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	At 1 January 2022 £	Cash flows £	At 31 December 2022 £
Cash at bank and in hand	684,929	496,285	1,181,214
Debt due within 1 year	(16,660,350)	4,290,480	(12,369,870)
	<u>(15,975,421)</u>	<u>4,786,765</u>	<u>(11,188,656)</u>

The notes on pages 17 to 25 form part of these financial statements.

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## HTM TELEVISION LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 1. General information

HTM Television Limited is a private limited liability company incorporated in England and Wales, with its registered office address at 7 Savoy Court, London, WC2R 0EX.

The Group is a content creator for broadcast media with some of the most popular television programmes running currently.

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

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements.

The following principal accounting policies have been applied:

##### 2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022

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**2. Accounting policies (continued)**

**2.3 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 profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

**2.4 Revenue**

Turnover comprises of production fees receivable and amounts receivable for the exploitation of rights and royalties net of VAT.

Production turnover and gross profit are recognised over the period of production on a stage of completion and straight line basis respectively.

Sums receivable from distribution by related parties are recognised when receivable. Where third party distributors are used, turnover is recognised on a receivable basis in accordance with distribution statements, unless an advance is received, in which case turnover is then recognised on the later of the license period start date or completion of all deliverables.

Royalties receivable are accounted for on a royalty earnings basis as part of turnover. Nonreturnable, recoupable advances are accounted for on a completion of delivery requirements.

**2.5 Finance costs**

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

**2.6 Borrowing costs**

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022

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**2. Accounting policies (continued)**

**2.7 Pensions**

**Defined contribution pension plan**

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

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

**2.8 Taxation**

Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

**2.9 Valuation of investments**

Investments in subsidiaries are measured at cost less accumulated impairment.

**2.10 Stocks**

Project development costs, carried forward under work in progress, represent costs incurred on projects in development and are stated at the lower of cost and estimated net realisable value.

**2.11 Debtors**

Short-term debtors are measured at transaction price, less any impairment.

**2.12 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.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

**2.13 Creditors**

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

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2. Accounting policies (continued)

2.14 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the reporting date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the reporting date.

2.15 Financial instruments

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and loans to and from related parties.

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

In preparing these financial statements, the directors have made the following estimates in relation to assessing the stage of completion for each production.

4. Turnover

Analysis of turnover by country of destination:

	2022 £	2021 £
United Kingdom	19,141,586	15,672,400
Rest of the world	1,348,436	-
	<u>20,490,022</u>	<u>15,672,400</u>

5. Operating loss

The operating loss is stated after charging:

	2022 £	2021 £
Exchange differences	<u>(11,506)</u>	<u>4,690</u>

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NOTES TO THE FINANCIAL STATEMENTS  
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6. Auditors' remuneration

During the year, the Group obtained the following services from the Company's auditors:

	2022 £	2021 £
Audit of the consolidated and parent Company's financial statements	15,500	-
Taxation compliance services	5,500	2,600
Other services	3,450	3,250
	<u>24,450</u>	<u>5,850</u>

7. Employees

Staff costs were as follows:

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Wages and salaries	626,408	341,829	626,408	341,829
Social security costs	77,604	40,048	77,604	40,048
Cost of defined contribution scheme	27,137	16,800	27,137	16,800
	<u>731,149</u>	<u>398,677</u>	<u>731,149</u>	<u>398,677</u>

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

	Group 2022 No.	Group 2021 No.	Company 2022 No.	Company 2021 No.
Management	4	4	4	4
Production, development and writing	5	4	5	4
	<u>9</u>	<u>8</u>	<u>9</u>	<u>8</u>



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8. Interest payable and similar expenses

	2022 £	2021 £
Other loan interest payable	<u>50,172</u>	<u>34,340</u>

Bank loan interest payable amounting to £335,991 (2021 - £81,560) are recognised as production costs and included under cost of sales accordingly.

9. Taxation

	2022 £	2021 £
<b>Corporation tax</b>		
Current tax on profits for the year	<u>(4,581,684)</u>	<u>(3,763,662)</u>

**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2021 - lower than) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	2022 £	2021 £
Loss on ordinary activities before tax	<u>(3,361,144)</u>	<u>(3,832,947)</u>
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2021 - 19%)	(638,617)	(728,260)
<b>Effects of:</b>		
Expenses not deductible for tax purposes	2,821	1,581
Utilisation of tax losses	(89,585)	(58,025)
Unrelieved tax losses carried forward	724,678	784,704
High-End Television Tax Credits	(4,580,981)	(3,763,662)
<b>Total tax charge for the year</b>	<u>(4,581,684)</u>	<u>(3,763,662)</u>

**Factors that may affect future tax charges**

The Group has estimated losses of £9m (2021 - £4.5m) available to carry forward against future profits. A deferred tax asset has not been recognised within the financial statements on the grounds that there is insufficient evidence that this amount will prove recoverable.

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FOR THE YEAR ENDED 31 DECEMBER 2022**

**10. Parent company profit for the year**

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements. The profit after tax of the parent Company for the year was £1,185,296 (2021 - £293,831).

**11. Fixed asset investments**

**Company**

	<b>Investments in subsidiary companies £</b>
<b>Cost</b>	
At 1 January 2022	4
Additions	2
	<hr/>
At 31 December 2022	<u>6</u>

**Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

<b>Name</b>	<b>Class of shares</b>	<b>Holding</b>
HTM (USG) Limited	Ordinary	100 %
HTM (Breathtaking) Limited	Ordinary	100 %
HTM (Bloodlands) Limited	Ordinary	100 %
HTM Television Inc.	Ordinary	100 %
HTM (TP) Limited	Ordinary	100 %
HTM (DI Ray) Limited	Ordinary	100 %
HTM (Payback) Limited	Ordinary	100 %

All of the above companies have their registered office at 7 Savoy Court, London, WC2R 0EX apart from HTM Television Inc. whose registered address is at 3500 S Dupony HWY, Dover, Kent, DE, 19901.

**12. Stocks**

	<b>Group 2022 £</b>	<b>Group 2021 £</b>	<b>Company 2022 £</b>	<b>Company 2021 £</b>
Work in progress	<u>165,697</u>	<u>-</u>	<u>165,697</u>	<u>-</u>

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13. Debtors

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Trade debtors	276,754	6,078	207,127	2,460
Amounts owed by group undertakings	-	-	162,309	1,903,300
Amounts owed by joint ventures and associated undertakings	46,059	-	46,059	-
Other debtors	2,606,257	821,749	1,542,806	46,746
Prepayments and accrued income	8,512,827	15,208,191	49,585	469,106
Tax recoverable	4,581,684	4,262,374	-	-
	<u>16,023,581</u>	<u>20,298,392</u>	<u>2,007,886</u>	<u>2,421,612</u>

14. Creditors: Amounts falling due within one year

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Bank loans	12,360,828	16,641,645	-	-
Trade creditors	809,466	487,599	244,896	115,843
Amounts owed to group undertakings	-	-	519,076	-
Other taxation and social security	1,264,940	157,097	21,202	10,710
Other creditors	485,479	2,369,152	29,042	2,260,777
Accruals and deferred income	1,736,863	1,818,022	550,933	322,572
	<u>16,657,576</u>	<u>21,473,515</u>	<u>1,365,149</u>	<u>2,709,902</u>

15. Share capital

	2022 £	2021 £
<b>Allotted, called up and fully paid</b>		
1 (2021 - 1) Ordinary share of £3.00	<u>3</u>	<u>3</u>

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NOTES TO THE FINANCIAL STATEMENTS  
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16. Reserves

**Share premium account**

This reserve represents the amount above the nominal value received for issued share capital, less transaction costs.

**Profit and loss account**

This reserve represents the cumulative balance of retained profits and losses to the reporting date, all of which are distributable.

17. Pension commitments

The Group contributes to a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £27,137 (2021 - £16,800). Contributions totalling £17,008 (2021 - £8,357) were payable to the fund at the reporting date and are included in creditors.

18. Related party transactions

During the year, the Group entered into transactions on an arms length basis, in the ordinary course of the business, and had balances at the year end with the following parties.

	Year ended 31 Dec 2022 Sales £	Year ended 31 Dec 2022 Purchases £	Year ended 31 Dec 2022 Debtor/ (Creditor) £	Year ended 31 Dec 2021 Sales £	Year ended 31 Dec 2021 Purchases £	Year ended 31 Dec 2021 Debtor/ (Creditor) £
Hat Trick Productions Limited	317,442	1,923,610	(11,802)	-	1,603,133	2,470,275
Hat Trick International Limited	4,479,463	-	-	801,200	-	-
	<u>4,796,905</u>	<u>1,923,610</u>	<u>(11,802)</u>	<u>801,200</u>	<u>1,603,133</u>	<u>2,470,275</u>

During the year the group paid £350,000 (2021 - £350,000) to Dr G G Mercurio, a director of the company for consultancy fees.

The Company has taken advantage of the exemption under FRS102 33.1A Related Party Disclosures not to disclose transactions entered into between two or more members of a group, provided that any subsidiary undertaking which is a party to the transaction is wholly owned by a member of that group.

**Key management personnel**

During the year, the Group paid remuneration totalling £195,300 (2021 - £63,205) to its key management personnel.



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