

Registration number: 10089966

HeyDay Television Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2020



HeyDay Television Limited

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HeyDay Television Limited

Company Information

Directors	D J Heyman
	D L M O'Donoghue
Registered office	1 Central St Giles St Giles High Street London WC2H 8NU United Kingdom
Auditors	Deloitte LLP Statutory Auditor London, UK

HeyDay Television Limited

Strategic Report for the Year Ended 31 December 2020

The directors present their strategic report for the year ended 31 December 2020.

In preparing this strategic report, the directors have complied with Section 414C of the Companies Act 2006.

Principal activity

The principal activity of the company is TV production.

Results

The loss for the period, after taxation, amounted to £2,263,000 (2019: £1,235,000).

The company has net liabilities of £2,054,000 (2019: net assets of £101,000) out of which £2,622,000 (2019: £4,460,000) is due to fellow group companies.

Enhanced business review

The company decreased turnover in 2020 to £nil (2019: £10,476,000) due to a decrease in production hours delivered. The loss before tax has increased from the prior period as a result of higher operating expenses and nil revenue in the current period.

The company's key financial and other performance indicators during the year were as follows:

	Unit	2020	2019
Operating margin	%	n/a	(11.80)
Gross margin	%	n/a	2.18
Net profit margin	%	n/a	(11.80)

The operating margin is the ratio of operating profit before exceptional items to sales expressed as a percentage.

HeyDay Television Limited

Strategic Report for the Year Ended 31 December 2020

Principal risks and uncertainties

The management of the business and the execution of the company's strategy are subject to the risks affecting the group companies which it provides services to. These are the competitive pressures within the entertainment industry, a challenging macroeconomic environment, rapid technological change and increased risk of piracy.

Market Risks

The company operates in an intensely competitive, consumer-driven and rapidly changing environment and competes with a growing number of companies that provide a broad range of communications products and services and entertainment, news and information products and services to consumers. Technological changes are further intensifying and complicating the competitive landscape for the company by challenging existing business models and affecting consumer behaviour.

Financial Risks

The company is fully supported within the group, which manages a mixture of debt and equity funding in order to minimise risk exposure and enable optimal business performance. Consequently, the company does not hold external debt and is resilient to risks arising from movements in interest rates. The group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates. The company enters into derivative financial instruments, from time to time, in order to mitigate the risks of changes in foreign currency exchange rates.

Policies have been implemented with the company to minimise liquidity risk, through maintenance of an internal reporting structure based on cash targets. Additionally, appropriate credit checks are carried out for all potential customers before contracts are entered into, with status monitoring taking place throughout.

Risks associated with the coronavirus outbreak

The COVID-19 pandemic has had, and will likely continue to have, a material adverse effect on our business and results of operations. The impacts of COVID-19 and measures to prevent its spread across the globe have impacted our results of operations during 2020 and our businesses in a number of ways. The production of our film and television has been disrupted, including from the suspension of studio production operations in the first half of 2020. Our studio production operations have resumed at a limited capacity.

We have implemented and will continue to implement cost savings initiatives across our business that have impacted and will continue to impact our results of operations. Certain costs have been incurred by our business in response to COVID-19.

We expect that the impacts of the COVID-19 pandemic will continue to have a material adverse impact on our results of operations over the near to medium term, although the extent of such impact will depend on restrictive governmental measures, further deterioration of the global economy and widespread availability of vaccines. This uncertainty makes it challenging for management to estimate with precision the future performance of our business.

Future developments


The impact of COVID-19 on our business also generally depends on the extent of restrictive governmental measures taken that affect day-to-day life and the length of time that such measures remain in place to respond to COVID-19, further deterioration of the global economy and the widespread availability of a vaccine. At this point, it is impossible to predict such extent and duration and the degree to which our results of operations will continue to be affected.

No other external factors are expected to impact the entity. The directors' expect no significant changes to the future activities of the business.

HeyDay Television Limited

Strategic Report for the Year Ended 31 December 2020

Approved by the Board on 10 June 2021 and signed on its behalf by:

DocuSigned by:

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D L M O'Donoghue
Director

HeyDay Television Limited

Directors' Report for the Year Ended 31 December 2020

The directors present their annual report on the affairs of the company, together with the audited financial statements and auditor's report for the year ended 31 December 2020.

Future developments

For future developments, please refer to the Strategic Report on page 3.

Important non adjusting events after the financial period

In February 2021, Universal Media Studios International Limited were issued 40,000 preference shares in the company for total consideration of \$4,000,000.

Financial risk management objectives and policies

For financial risk management objectives and policies please refer to the Strategic Report on page 3.

Research and development

The company continues to invest in development through a mixture of broadcaster funded and in-house supported projects.

Dividends

The directors did not declare an interim dividend for the year (2019: £nil).

The directors did not declare payment of a final dividend (2019: £nil).

Directors of the company

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

D J Heyman

J L Wachtel (resigned 8 December 2020)

D L M O'Donoghue (appointed 8 December 2020)

Directors' indemnities

The company has made no qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

HeyDay Television Limited

Directors' Report for the Year Ended 31 December 2020

Going concern

The directors have reviewed the current financial performance and position of the company and the uncertainties surrounding the impact of COVID-19, including a stress test assessment of the cash requirements of the business under a prolonged period of lockdown with limited revenue. Although negatively impacted, the directors expect that our existing cash and cash equivalents will be sufficient for us to meet our current and long-term liquidity and capital requirements. In the first half 2021, the company received a capital injection of \$4,000,000 by way of preference shares. The directors also took actions to conservatively manage cash through reductions in costs and capital expenditures in 2020. The directors further highlight that the company has received confirmation that Comcast Corporation intends to support the Company for a period of at least 15 months from the date of signing of these financial statements.

As a result, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future, notwithstanding net liabilities of £2,054,000, and hence continue to adopt the going concern basis of accounting in preparing the financial statements.

Further details regarding the adoption of the going concern basis can be found in the accounting policies in note 2 to the financial statements.

Disclosure of information to the auditors

Each of the persons who is a director at the date of approval of this report confirms that:

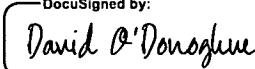
- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Reappointment of auditors

Deloitte LLP has indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting. This information is given and should be interpreted in accordance with the provisions of Section 487 of the Company's Act 2006.

Approved by the Board on 10 June 2021 and signed on its behalf by:

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D L M O'Donoghue

HeyDay Television Limited

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities 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 company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements 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 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.

HeyDay Television Limited

Independent Auditor's Report to the Members of HeyDay Television Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of HeyDay Television Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its loss 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 profit and loss account;
- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 16.

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 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

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 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.

HeyDay Television Limited

Independent Auditor's Report to the Members of HeyDay Television Limited

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 this regard.

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 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 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. This description forms part of our auditor's report.

HeyDay Television Limited

Independent Auditor's Report to the Members of HeyDay Television Limited

Extent to which the audit was considered capable of detecting irregularities, including fraud

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 detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and those charged with governance about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements . These included UK Companies Act, pensions legislation, tax legislation.
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team including relevant internal specialists such as tax regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud relates to the valuation of capitalised development costs (intangibles). In order to address this risk, we have tested the design and implementation of key controls, and traced a sample of capitalised costs to external support.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

HeyDay Television Limited

Independent Auditor's Report to the Members of HeyDay Television Limited

Report on other legal and regulatory requirements

Opinion on other matter prescribed by the Companies Act 2006

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

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

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:

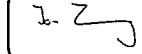
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law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

We have nothing to report in 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.

DocuSigned by:



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Jon Young (Senior Statutory Auditor)
For and on behalf of Deloitte LLP,
Statutory Auditor

London, UK

10 June 2021

HeyDay Television Limited**Profit and Loss Account for the Year Ended 31 December 2020**

	Note	2020 £ 000	2019 £ 000
Turnover	3	-	10,476
Cost of sales		<u>60</u>	<u>(10,248)</u>
Gross profit		60	228
Administrative expenses		<u>(2,322)</u>	<u>(1,463)</u>
Operating loss	4	<u>(2,262)</u>	<u>(1,235)</u>
Loss before taxation		(2,262)	(1,235)
Tax (expense) / credit	7	<u>-</u>	<u>-</u>
Loss for the financial year	13	<u><u>(2,262)</u></u>	<u><u>(1,235)</u></u>

The above results were derived from continuing operations.

HeyDay Television Limited

Statement of Other Comprehensive Income for the Year Ended 31 December 2020

	31 December 2020 £ 000	31 December 2019 £ 000
Loss for the year	(2,262)	(1,235)
Foreign exchange differences on a net investment in a foreign operation	<u>107</u>	<u>84</u>
Total comprehensive loss for the year	<u>(2,155)</u>	<u>(1,151)</u>

HeyDay Television Limited
(Registration number: 10089966)
Balance Sheet as at 31 December 2020

	Note	2020 £ 000	2019 £ 000
Fixed assets			
Tangible assets	8	184	167
Current assets			
Work in progress	9	2,744	3,680
Debtors	10	565	227
Cash at bank and in hand		99	1,947
		<u>3,408</u>	<u>5,854</u>
Creditors: Amounts falling due within one year	11	<u>(5,646)</u>	<u>(5,920)</u>
Net current liabilities		<u>(2,238)</u>	<u>(66)</u>
Total assets less current liabilities		<u>(2,054)</u>	<u>101</u>
Net (liabilities)/assets		<u>(2,054)</u>	<u>101</u>
Capital and reserves			
Called up share capital	12	3,673	3,673
Retained earnings	13	<u>(5,727)</u>	<u>(3,572)</u>
Shareholder's funds		<u>(2,054)</u>	<u>101</u>

The financial statements have been approved and authorised for issue by the Board on 10 June 2021 and signed on its behalf by:

DocuSigned by:

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D L M O'Donoghue
 Director

HeyDay Television Limited**Statement of Changes in Equity for the Year Ended 31 December 2020**

	Share capital £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2019	3,673	(2,421)	1,252
Loss for the year	-	(1,235)	(1,235)
Other comprehensive loss	-	84	84
Total comprehensive loss	-	(1,151)	(1,151)
At 31 December 2019	<u>3,673</u>	<u>(3,572)</u>	<u>101</u>

	Share capital £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2020	<u>3,673</u>	<u>(3,572)</u>	<u>101</u>
Loss for the year	-	(2,262)	(2,262)
Other comprehensive income	-	107	107
Total comprehensive loss	-	(2,155)	(2,155)
At 31 December 2020	<u>3,673</u>	<u>(5,727)</u>	<u>(2,054)</u>

The notes on pages 17 to 27 form an integral part of these financial statements.

HeyDay Television Limited**Statement of Cash Flows for the Year Ended 31 December 2020**

		31 December 2020 £ 000	31 December 2019 £ 000
	Note		
Cash flows from operating activities			
Loss for the year		(2,263)	(1,235)
Adjustments to cash flows from non-cash items			
Depreciation of tangible assets	4	124	141
Amortisation of work in progress	4	(60)	10,116
Foreign exchange (gains) / losses		90	(21)
		<u>(2,109)</u>	<u>9,001</u>
Working capital adjustments			
Decrease/(increase) in work in progress	9	1,016	(11,795)
(Increase)/decrease in trade debtors	10	(337)	623
Decrease in trade creditors	11	<u>(367)</u>	<u>(1,677)</u>
Net cash flow from operating activities		<u><u>(1,797)</u></u>	<u><u>(3,848)</u></u>
Cash flows from investing activities			
Acquisitions of tangible assets		<u>(143)</u>	<u>(9)</u>
Net cash flows from investing activities		<u><u>(143)</u></u>	<u><u>(9)</u></u>
Net (decrease)/increase in cash and cash equivalents		<u><u>(1,940)</u></u>	<u><u>(3,857)</u></u>
Cash and cash equivalents at 1 January		<u>1,947</u>	<u>5,728</u>
Effect of exchange rate fluctuations on cash held		<u>92</u>	<u>76</u>
Cash and cash equivalents at 31 December		<u><u>99</u></u>	<u><u>1,947</u></u>

The notes on pages 17 to 27 form an integral part of these financial statements.

HeyDay Television Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

1 General information

The Company's principal activity is TV production. The Company is a private company limited by share capital, incorporated in United Kingdom under Companies Act 2006 and registered in England & Wales.

The address of its registered office is 1 Central St Giles, St Giles High Street, London, WC2H 8NU.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' issued by the Financial Reporting Council.

Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

The functional currency of HeyDay Television Limited is pounds sterling because that is the currency of the primary economic environment in which the company operates.

Going concern

Given the integrated nature of the Group's financial planning and treasury functions, the impact of COVID-19 on the Company's operations and funding requirements has been assessed at the Group level. The uncertainty around COVID-19 makes it challenging for management to estimate with precision the future performance of our business but we expect the impact of COVID-19 to continue in 2021 and to have a material adverse impact on our results of operations over the near to medium term. We have reviewed the current financial performance and position of the company and the uncertainties surrounding the impact of COVID-19, including a stress test assessment of the cash requirements of the business under a prolonged period of lockdown with limited revenue. Although negatively impacted, the directors expect that our existing cash and cash equivalents will be sufficient for us to meet our current and long-term liquidity and capital requirements.

We further highlight that the company has received confirmation that Comcast Corporation intends to support the Company for a period of at least 15 months from the date of signing of these financial statements.

On the basis of our assessment, we have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future, not withstanding net liabilities of £2,054,000, and hence continue to adopt the going concern basis of accounting in preparing the financial statements.

HeyDay Television Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

Critical accounting judgements

In preparing these financial statements, the directors have made the following judgements:

Management makes an estimate of the recoverable value of its trade debtors given. When assessing impairment of debtors, management considers the credit-worthiness of the borrower, the existing and future trading cashflows, the economic environment in which the business operates and historical repayment experience. Refer to note 10 for the carrying amount of debtors.

Determining whether there are indicators of impairment of the company's WIP in development and investments. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset.

Key sources of estimation uncertainty

Estimates are used in determining the ultimate revenue on secondary sales of titles which impacts the level or amortisation on Television Costs. Refer to the accounting policy for Work in Progress in Note 2 for more detail. The carrying amount is £2,744,000 (2019 £3,680,000).

Turnover

Turnover comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the company's activities. Turnover is shown net of sales/value added tax, returns, rebates and discounts and after eliminating sales within the company.

The company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the company's activities.

Finance income and costs policy

Interest receivable is recognised as interest accrues, using the effective interest rate method. All interest receivable is recognised in the profit and loss account.

Interest payable is recognised as interest accrues. All interest payable is recognised in the profit and loss account.

Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rate on the date when the fair value is re-measured.

Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

Tax

Tax is recognised in the profit or loss account, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

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 taxable income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

HeyDay Television Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

Tangible assets

Tangible assets are stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Residual value represents the estimated amount which would currently be obtained from disposal of an asset after deducting estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Long leasehold land and buildings	Over the period of the lease

Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Trade debtors are derecognised when the contractual rights to the cash flows from the trade debtor expire or are settled

Work in progress

Work in progress is a reflection of the costs directly incurred in programme creation, which are held on the balance sheet until successful delivery of a project.

The company uses a long term contract accounting method for work in progress with respect to its programme creation. This basis considers all expected revenue streams, costs of production, distribution and exploitation in order to estimate a profit margin for the project. Costs are recognised proportionally in line with the anticipated margin. The assumptions on which the original model was based are reviewed periodically by management's review of impairment.

Estimates are used in determining the ultimate revenue on sales of titles which impacts the level of amortisation of work in progress assets.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities. Trade creditors are recognised at the transaction price. Trade creditors are derecognised only when the obligation specified in the contract has been discharged, cancelled or expires.

HeyDay Television Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

HeyDay Television Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

3 Revenue

The analysis of the company's turnover for the year from continuing operations is as follows:

	2020 £ 000	2019 £ 000
Rendering of services	-	10,476

An analysis of turnover by geographical market is given below:

	2020 £ 000	2019 £ 000
UK	-	10,026
USA	-	65
Rest of World	-	385
	-	10,476

4 Operating profit

Arrived at after charging/(crediting)

	2020 £ 000	2019 £ 000
Depreciation expense	124	141
Amortisation expense	(60)	10,116
Foreign exchange losses/(gains)	107	(53)

5 Auditors' remuneration

	31 December 2020 £ 000	31 December 2019 £ 000
Audit of the financial statements	18	17

6 Staff numbers and costs

The aggregate payroll costs paid by other companies, and recharged to the company, were as follows:

HeyDay Television Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

	2020 £ 000	2019 £ 000
Wages and salaries	1,073	477
Social security costs	89	75
Pension costs, defined contribution scheme	12	36
	<u>1,174</u>	<u>588</u>

The average number of persons working for the company during the year was 4 (2019: 5). These people were contractually employed by Universal Media Studios International Limited.

The directors did not receive any remuneration through the company in the current year (2019: Nil).

7 Taxation

The differences between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax 19% (2019 - 19%) to the profit before tax is as follows:

	2020 £ 000	2019 £ 000
Loss before tax	<u>(2,262)</u>	<u>(1,235)</u>
Corporation tax at standard rate	(430)	(235)
Increase (decrease) from tax losses for which no deferred tax asset was recognised	413	208
Other timing differences not recognised	<u>17</u>	<u>27</u>
Total tax charge/(credit)	<u>-</u>	<u>-</u>

Deferred tax

There are deferred tax assets of £1,065,797 (2019 - £653,572) relating to unused tax losses and £20,562 (2019 - 3,027) relating to other timing differences, which are not recognised on the Balance Sheet.

The rate of UK corporation tax that was in effect at the balance sheet date was 19%.

On 3 March 2021 the UK government announced an intention to increase the UK corporation tax rate to 25% with effect from 1 April 2023. This will impact the value of our UK deferred tax balances, and the tax charged on UK profits generated in 2023 and subsequently. The impact of this is not expected to be significant.

Deferred tax assets and liabilities on timing differences and tax losses have been calculated at the rate at which they are expected to reverse. There is no expiry date on timing differences or tax losses.

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Notes to the Financial Statements for the Year Ended 31 December 2020

8 Tangible assets

	Land and buildings £ 000	Total £ 000
Cost or valuation		
At 1 January 2020	304	304
Additions	143	143
Foreign exchange movements	<u>(10)</u>	<u>(10)</u>
At 31 December 2020	<u>437</u>	<u>437</u>
Depreciation		
At 1 January 2020	137	137
Charge for the year	124	124
Foreign exchange movements	<u>(8)</u>	<u>(8)</u>
At 31 December 2020	<u>253</u>	<u>253</u>
Carrying amount		
At 31 December 2020	<u>184</u>	<u>184</u>
At 31 December 2019	<u>167</u>	<u>167</u>

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Notes to the Financial Statements for the Year Ended 31 December 2020

9 Work in Progress

	Production WIP £ 000	Development WIP £ 000	Total £ 000
Cost			
1 January 2020	18,272	952	19,224
Additions/Transfers	(2,589)	1,574	(1,015)
Foreign exchange movements	-	19	19
At 31 December 2020	<u>15,683</u>	<u>2,545</u>	<u>18,228</u>
Amortisation			
At 1 January 2020	(15,544)	-	(15,544)
Amortisation Charge / Recovery	60	-	60
At 31 December 2020	<u>(15,484)</u>	<u>-</u>	<u>(15,484)</u>
Carrying amount			
At 31 December 2020	<u>199</u>	<u>2,545</u>	<u>2,744</u>
At 31 December 2019	<u>2,728</u>	<u>952</u>	<u>3,680</u>

10 Debtors

	Note	2020 £ 000	2019 £ 000
Trade debtors		15	194
Owed by related parties	14	236	7
Prepayments		266	9
VAT Receivable		<u>48</u>	<u>17</u>
Total current trade and other receivables		<u>565</u>	<u>227</u>

The balance of owed by related parties includes £14,000 from other NBCUniversal group companies and £222,000 from subsidiaries.

Interest will be received at market rate from group undertakings on balances which are not trade in nature. These balances are repayable on demand.

HeyDay Television Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

11 Creditors

	Note	2020 £ 000	2019 £ 000
Due within one year			
Trade creditors		70	8
Other payables		-	12
Accruals and deferred income		2,719	1,433
Owed to related parties	14	<u>2,857</u>	<u>4,467</u>
		<u>5,646</u>	<u>5,920</u>

Interest will be paid at market rate to group undertakings on balances which are not trade in nature. These balances are repayable on demand.

The balance of owed to related parties includes £2,330,000 to Universal Media Studios International Limited and £528,000 to other related parties.

12 Share capital

Allotted, called up and fully paid shares

	31 December 2020		31 December 2019	
	No. 000	£ 000	No. 000	£ 000
Ordinary shares of £0.01 each	-	-	-	-
Preference of £0.01 each	<u>50</u>	<u>0.50</u>	<u>50</u>	<u>0.50</u>
	<u>50</u>	<u>-</u>	<u>50</u>	<u>-</u>

13 Reserves

Profit and loss account

The profit and loss account reserve represents cumulative profits or losses net of dividends paid and other adjustments.

HeyDay Television Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

14 Related party transactions

	(Income)/ Expensed 2020 £000	Receivable/ (payable) at 31 December 2020 £000
Universal Media Studios International Ltd		
Administration costs	953	(661)
Development and Production funding	-	(1,669)
HTVP Limited		
Production fee	(41)	222
Production services provided	-	
Universal Television Enterprises LLC		
Payroll costs	551	(526)
Universal City Studios LLP		
Administration costs	9	(1)
NBCUniversal International Ltd		
Administration costs	6	14

Universal Media Studios International Ltd, which has 50% control of HeyDay Television Limited, is a 100% owned subsidiary of NBCUniversal Media LLC.

HTVP Limited is a 100% owned subsidiary of HeyDay Television Limited.

Universal City Studios LLC, NBCUniversal International Limited and Universal Television Enterprises LLC are 100% owned subsidiaries of NBCUniversal Media LLC.

15 Relationship between entity and parents

The company is 50% owned by Universal Media Studios International Limited, a company incorporated in England and Wales. The remaining 50% of the company is owned by various third parties. There is no ultimate controlling party.

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Notes to the Financial Statements for the Year Ended 31 December 2020

16 Subsequent events

In February 2021, Universal Media Studios International Limited were issued 40,000 preference shares in the company for total consideration of \$4,000,000.