Kev Lood

Registration number: 10409029

Trafalgar Entertainment Group Limited

Report and Consolidated Financial Statements

Period from 30 December 2018 to 28 December 2019

Directors	Sir H H Panter Dame R A Squire B G Egan A Thomson S Smith
Company secretary	H J Enright
Registered office	Ashcombe Court Woolsack Way Godalming GU7 1LQ
Independent Auditor	Ernst & Young LLP 1 More London Place London SE1 2AF

Strategic Report

for the period from 30 December 2018 to 28 December 2019

Overview of significant events

This is the second full year of trading for Trafalgar Entertainment Group Limited ("the Group") which from 4 April 2018 is majority owned by Barings Asset-Based Income Fund (US), LP. The principal activity of the Group is to acquire and manage companies involved in live entertainment and theatre-related activity. The Group currently owns seven UK based trading subsidiaries and its strategy is to continue to acquire and expand businesses in the field of arts and entertainment.

On 24 February 2019 the Group acquired the majority shareholding in London Theatre Direct Limited, an industry leader in theatre ticketing and digital technology.

On 18 April 2019 the Group acquired the share capital of Luke Shires Marketing Limited, a provider of theatrical marketing services.

On 16 September 2019 the Group incorporated Jonathan Church Theatre Productions Limited, a new production company.

On 1 November 2019 a Group company, Trafalgar Releasing Limited, acquired the share capital of More2Screen Limited, a distributor of theatrical content. More2Screen will continue to trade under its own brand as part of Trafalgar Releasing Limited.

The key activities of the Group's companies include live theatre productions, venue operations, ticketing, theatrical marketing, performing arts education and the broadcast of live entertainment.

Business review

Overview

Revenue for the period from 30 December 2018 to 28 December 2019 was £45.0 million (2018: £23.4 million). The Group recorded an operating loss in its second full year of trading of £3.9 million (2018: £5.0 million) which reflects the costs of establishing a new office in Woking, implementing a new group wide finance system and legal and advisory costs in connection with potential acquisitions. Excluding these costs at trading level, the Group made an operating profit of £2.5 million (2018: £29 thousand) before depreciation and amortisation.

Core activities and future developments

Key strategies for the Group are producing content for staging at both the Group's and third party venues, acquiring further venues in the UK and internationally, securing high quality content for broadcast and streaming, securing high quality ticketing inventory and expanding its network for the provision of high quality performing arts education in the UK and internationally.

Strategic Report

for the period from 30 December 2018 to 28 December 2019

Trafalgar Theatre Productions Limited (TTP) had another exciting year of activity. It was involved in 23 productions during the year (2018: 23 productions). TTP continued to provide content for the larger venue owned by Trafalgar Studios Limited (TSL), co-producing 6 productions for Studio 1. There is a strong pipeline in place for 2020.

Jonathan Church Theatre Productions Limited (JCTP) was incorporated on 16 September 2019 and spent the rest of the financial year setting-up operations. Trading commenced in January 2020. JCTP produce and general manage theatre productions in the West End, on tour and internationally.

Trafalgar Studios Limited (TSL) owns Trafalgar Studios located on Whitehall and almost immediately adjacent to Trafalgar Square. Trafalgar Studios consists of two auditoria under a single roof, a 410 seat capacity main theatre (Studio 1) with a more intimate venue seating 100 (Studio 2). The venues continue to focus on providing the highest quality service to producers and audiences and TSL continues to explore initiatives to enhance the customer experience. During the period TSL welcomed over 135,000 theatre goers through its doors (2018: 132,000).

In Studio 1, the highlights for the year were the TTP co-production of A Day in the Death of Joe Egg, whose title role was played by a disabled actor for the first time in the play's history and a virtually sold out run of Drag Pantomime, Cinderella.

Studio 2 continues to bring exciting and diverse content into its space, including the award winning The Fishermen.

2020 commences with the continuation of A Taste of Honey followed by On Blueberry Hill in Studio 1, following which both Studios will be closed to redevelop the space into a single 625 seat studio.

Trafalgar Releasing Limited (TRL) had a successful year of operations from the broadcast of 71 individual events (2018: 69 events). A wide variety of events were broadcast during the period including opera, ballet, music and theatre. Highlights for the year included Korean boy band BTS whose worldwide presentation of Bring the Soul set a new box office record for a global event cinema release.

In November 2019 TRL acquired More2Screen Limited (M2S), a competitor in the UK event cinema market. The acquisition amplifies TRL's presence in the theatre and classic arts spaces. M2S will continue to operate under the More2Screen brand, working closely with TRL's management team to grow further the theatre and classic arts business.

Stagecoach Theatre Arts Limited (STA) and its subsidiary companies had a productive first full year under the Group's ownership, selling 9 new franchises (six months ended 29 Dec18: 7), adding 113 new schools (six months ended 29 Dec18: 63) and growing its student population to just under 50,000 worldwide. During 2020 the company will continue to focus on accelerating growth in its key territories of the UK, Germany and Canada, and importantly look for new market opportunities worldwide.

London Theatre Direct (LTD) had a positive initial period since joining the Group on 24 February 2019, selling over 730,000 tickets and attracting nearly 12.3 million visitors to its site. In 2020 LTD will continue to focus on increasing traffic and conversion as well as increasing access to ticketing inventory and exploring new acquisition opportunities.

Luke Shires Marketing (LSM) joined the Group on 18 April 2019, and in the period to 28 December 19 agreed nine new production marketing contracts. LSM will continue to increase its presence in 2020 following an official brand re-launch in January.

Trafalgar Cinemas Limited (TCL) continues to focus on the development of a cinema and private members club on the site at Chiswick, with 2020 anticipated to be a year of construction with a view to opening in early 2021.

Financial position

The position of the Group as at the balance sheet date is set out in the consolidated statement of financial position on pages 13 and 14 and in the related notes on pages 20 to 74.

As at 28 December 2019 the Group had cash and cash equivalents of £10.3 million (2018: £16.9 million).

Strategic Report

for the period from 30 December 2018 to 28 December 2019

Code of Conduct and Corporate Sustainability

The Group maintains a code of conduct and adhering to a principled and ethical approach to doing business is one of our key business aims. We seek to incorporate the UN Global Compact's Ten Principles into our strategies, policies and procedures to set the stage for long-term sustainability.

Our People

The Group is committed to respecting our employees. We treat our employees fairly and honestly. We strive to maintain a safe, secure and healthy workplace, promoting equal opportunities in all aspects of employment. We also follow all applicable employment laws and regulations.

Environmental matters

The Group recognises that it has a responsibility to the environment beyond legal and regulatory requirements. We are committed to reducing our environmental impact and continually improving our environmental performance. We expect our, suppliers and other stakeholders to do the same. Group company, Trafalgar Studios received a Gold Recycling Standard for 2019 from First Mile for recycling 97% waste and also eliminated single use plastic cups. Other Group companies have implemented new recycling procedures.

Human Rights & Modern Slavery

The Group is committed to respecting human rights, and complying with The Modern Slavery Act 2015. We have zero tolerance to slavery and human trafficking and expect all of those in our supply chain to adhere to our values.

Anti-corruption and anti-bribery

The Group has a zero-tolerance approach to bribery and corruption. We are committed to acting professionally, fairly and with integrity in all our business dealings and relationships wherever we operate. We implement and enforce effective systems to counter bribery and corruption and have internal policies in place to educate our employees to recognise and deal with bribery and corruption.

Subsequent events

On 24 January 2020 the Group incorporated Trafalgar (FH) Limited as a wholly owned subsidiary, which on 5 February 2020 acquired the freehold to a property in south London for £2.7 million.

Strategic Report

for the period from 30 December 2018 to 28 December 2019

Principal risks and uncertainties

The principal risk to the business is a reduction in theatre, cinema and performing arts school attendance in the event of an economic downturn, continued uncertainty surrounding the United Kingdom's exit from the European Union and the recent novel coronavirus outbreak. However, the theatre market in particular has shown resilience in recent history during periods of recession and following terrorist attacks. Student numbers at our network performing arts schools continue to grow despite current economic uncertainty.The Group has identified a new and emerging risk relating to the coronavirus pandemic. There could be a potential impact on theatre going visitors to the UK, impacting the level of advance sales as consumers adopt a wait and see approach. It could also have an impact on future touring pipelines. The potential impacts of novel coronavirus are uncertain, however the Group has started contingency planning and has concluded that the Group has sufficient resources and support to continue in business despite impacts to the Group's trade and operations. The Group has performed analysis to consider potential downside scenarios, including considering the possible impact on revenue of significant restrictions on public movement and theatre, cinema and school closures, in the UK and internationally. The most significant downside scenario modelled is an extreme situation which assumes longer lasting closures and trade impacts than the stretch scenarios so far indicated by the UK government. The scenario is based on no revenue for the remainder of 2020 and limited reduction to costs not directly resulting from revenue. This modelling demonstrates that the support available to the Group from the majority shareholder would be sufficient to allow the Group to meet its liabilities even in this extreme scenario.

Another risk is the availability of suitable content for Trafalgar Studios and Trafalgar Releasing, which the Group seeks to mitigate through developing its own productions and through existing relationships with content providers.

The Group is seeking to expand through the acquisition of further complementary live entertainment businesses. While this strategy carries an element of risk, the Group's leadership team has significant experience both in structuring acquisitions and in successfully implementing post acquisition integration. This has been strengthened through the recruitment of high calibre people into other relevant senior roles in 2019.

There is a potential credit risk in that counterparties may not be able to pay amounts in full when due. However, TSL customers pay in advance of the relevant performance and the majority of the tickets are sold via ATG Tickets which is a long established organisation. The greatest potential credit risk lies within TRL and LTD in relation to collecting monies due from cinemas and partners respectively. TRL has increased its credit control resource since its acquisition with the result that debt is now being collected more quickly, and it has incurred no debt write-offs during its period of group ownership. LTD has also strengthened its credit control since joining the Group including taking the additional step of putting bonds in place with partners where deemed necessary. Stagecoach, by virtue of its close relationship with its franchisee network, does not consider credit risk a significant exposure for its business.

The Group's objectives when managing capital are to maximise shareholder value whilst safeguarding the Group's ability to continue as a going concern.

Approved by the Board on 16/3/20 and signed on its behalf by:

Dame R A Squire
Director

Directors Report
for the Period from 30 December 2018 to 28 December 2019

The directors present their report and the consolidated financial statements for the period from 30 December 2018 to 28 December 2019. The comparative period comprised the period from 31 December 2017 to 29 December 2018.

Directors of the Company
The directors, who held office during the period, were as follows:

Sir H H Panter
Dame R A Squire
B G Egan
A Thomson
S Smith

Going concern
The consolidated financial statements have been prepared on the going concern basis.

The Group has net assets of £56.0 million and net current assets of £0.4 million as at the period end date.

The majority shareholder has confirmed in writing to the Group that financial support will be available to assist the Company in meeting its liabilities for a period of at least twelve months from the date of approval of the financial statements. As noted in the Principal risks and uncertainties section of the Strategic Report the Group has performed analysis to consider potential downside scenarios resulting from the impacts of novel coronavirus on the Group's businesses, with the most significant downside scenario modelled, being an extreme situation which assumes longer lasting closures and trade impacts than the stretch scenarios so far indicated by the UK government, based on no revenue for the remainder of 2020 and limited reduction to costs not directly resulting from revenue. Having prepared forecasts beyond the 12 months subsequent to the date of signing which include consideration of this scenario analysis the consolidated financial statements and given the levels of shareholder funding provided during the period ended 28 December 2019 and still available since the balance sheet date, the directors consider that the Group has adequate resources to continue in operational existence for the foreseeable future. They therefore continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

Future developments
Information on future developments can be found in the Strategic report.

Dividend
The directors do not recommend payment of a dividend (2018 - nil).

Directors' third party indemnity provisions
Each Director has been provided with a qualifying third-party indemnity from the Company. The Company maintains Directors' and officers' liability insurance.

Disclosure of information to the auditor
Each director has taken 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 Group's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Directors Report
for the Period from 30 December 2018 to 28 December 2019 (continued)

Statement of Directors' Responsibilities
The directors are responsible for preparing the 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 International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 Group and of the profit or loss of the Group for that period. In preparing these financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Group's ability to continue as a going concern.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group 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 Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the relevant reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group and the undertakings included in the consolidation taken as a whole;
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Group and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- the Report and Consolidated Financial Statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Group's performance, business model and strategy.

Directors Report

for the Period from 30 December 2018 to 28 December 2019 (continued)

Reappointment of the auditor

In accordance with section 485 of the Companies Act 2006, a resolution for the re-appointment of Ernst & Young LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Approved by the Board on 16/3/20 and signed on its behalf by:

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Dame R A Squire
Director

Independent Auditor's Report

to the Members of Trafalgar Entertainment Group Limited

Opinion

We have audited the financial statements of Trafalgar Entertainment Group Limited ('the parent company') and its subsidiaries (the 'group') for the year ended 28 December 2019 which the Consolidated Statement of Total Comprehensive Income, the Consolidated Statement of Financial Position, the Company Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows and the related notes 1 to 29, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the group's and of the parent company's affairs as at 28 December 2019 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance in with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements 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 Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

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

Other information

The other information comprises Strategic Report and the Directors' Report. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Independent Auditor's Report

to the Members of Trafalgar Entertainment Group Limited

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

We have nothing to report in this regard.

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 period 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

In the light of our 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 Strategic Report and the Directors Report.

We have nothing to report in respect of the following matters where 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 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Independent Auditor's Report
to the Members of Trafalgar Entertainment Group Limited

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.

Ernst & Young LLP

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Judith Smith (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor

1 More London Place
London
SE1 2AF

Date: 16/3/2020

Consolidated Statement of Total Comprehensive Income

for the Period from 30 December 2018 to 28 December 2019

	Note	*Period to 28 December 2019 £ 000*	*Period to 29 December 2018 £ 000*
Revenue	4	45,010	23,360
Cost of sales		(30,604)	(15,905)
Gross profit		14,406	7,455
Share of (loss)/profit from associates		(138)	101
Administrative expenses		(18,155)	(12,534)
Operating loss	5	(3,887)	(4,978)
Finance income	6	15	121
Finance costs	6	(430)	(168)
Loss before tax		(4,302)	(5,025)
Tax credit	10	516	309
Loss for the period		(3,786)	(4,716)
(Loss)/profit attributable to:			
Owners of the Company		(4,492)	(4,801)
Non-controlling interests		706	85
		(3,786)	(4,716)

The above results were derived from continuing operations.

There was no other comprehensive income during the period.

The notes on pages 20 to 74 form an integral part of these financial statements.

Consolidated Statement of Financial Position
as at 28 December 2019

	Note	2019 £ 000	2018 £ 000
Assets			
Non-current assets			
Property, plant and equipment	11	8,903	10,573
Right of use assets	12	6,921	-
Intangible assets	13	52,062	23,392
Equity accounted investments	14	451	408
Other non-current financial assets	15	5,953	-
		74,290	34,373
Current assets			
Short-term investments		493	935
Inventories	16	115	68
Trade and other receivables	18	10,662	10,749
Income tax asset		37	30
Cash and cash equivalents	19	10,336	16,877
		21,643	28,659
Total assets		95,933	63,032
Equity and liabilities			
Equity			
Share capital	20	48,163	42,047
Share premium	21	12,220	8,432
Retained earnings		(11,177)	(6,891)
Equity attributable to owners of the Company		49,206	43,588
Non-controlling interests		6,801	153
Total equity		56,007	43,741
Non-current liabilities			
Lease liabilities	22	6,795	3,432
Deferred income		272	-
Other non-current financial liabilities	15	7,767	-
Deferred tax liabilities	10	3,822	1,609
		18,656	5,041

The notes on pages 20 to 74 form an integral part of these financial statements.

Consolidated Statement of Financial Position
as at 28 December 2019

	Note	2019 £ 000	2018 £ 000
Current liabilities			
Trade and other payables	25	20,329	13,503
Lease liabilities	22	494	100
Income tax liability		-	56
Deferred income		447	591
		21,270	14,250
Total liabilities		39,926	19,291
Total equity and liabilities		95,933	63,032

Approved by the Board on 16/3/20 and signed on its behalf by:

Dame R A Squire
Director
Company registration number: 10409029

The notes on pages 20 to 74 form an integral part of these financial statements.

Company Statement of Financial Position
as at 28 December 2019

	Note	2019 £ 000	2018 £ 000
Assets			
Non-current assets			
Property, plant and equipment	11	283	71
Right of use assets	12	1,691	-
Intangible assets	13	178	-
Investments in subsidiaries	14	44,562	21,117
Other non-current financial assets	15	5,953	-
Deferred tax assets	10	833	712
		53,500	21,900
Current assets			
Trade and other receivables	18	9,303	11,826
Cash and cash equivalents	19	86	10,505
		9,389	22,331
Total assets		62,889	44,231
Equity and liabilities			
Equity			
Share capital	20	48,163	42,047
Share premium	21	12,220	8,432
Retained earnings		(10,268)	(7,706)
Total equity		50,115	42,773
Non-current liabilities			
Lease liabilities	22	1,631	-
Other non-current financial liabilities	15	7,346	-
		8,977	-
Current liabilities			
Trade and other payables	25	3,612	1,458
Lease liabilities	22	185	-
		3,797	1,458
Total liabilities		12,774	1,458
Total equity and liabilities		62,889	44,231

The loss attributable to the Company during the period was £2,562,000 (2018: £6,201,000).

Approved by the Board on 16/3/20 and signed on its behalf by:

Dame R A Squire - Director

Company registration number: 10409029

The notes on pages 20 to 74 form an integral part of these financial statements.

Consolidated Statement of Changes in Equity

for the Period from 30 December 2018 to 28 December 2019

	Share capital £ 000	Share premium £ 000	Retained earnings £ 000	Total £ 000	Non-controlling interests £ 000	Total equity £ 000
At 31 December 2017	20,375	-	(1,376)	18,999	172	19,171
(Loss)/profit for the period	-	-	(4,801)	(4,801)	85	(4,716)
Total comprehensive (loss)/income	-	-	(4,801)	(4,801)	85	(4,716)
New share capital subscribed	21,672	13,422	-	35,094	12	35,106
Share issue costs	-	(4,990)	-	(4,990)	-	(4,990)
Increase in non-controlling interest in subsidiaries that do not result in loss of control	-	-	-	-	170	170
Acquisition of non-controlling interests	-	-	(714)	(714)	(286)	(1,000)
At 29 December 2018	42,047	8,432	(6,891)	43,588	153	43,741
Adjustment on initial application of IFRS 9	-	-	206	206	-	206
Restated opening balance under IFRS 9	42,047	8,432	(6,685)	43,794	153	43,947
(Loss)/profit for the period	-	-	(4,492)	(4,492)	706	(3,786)
Total comprehensive (loss)/income	-	-	(4,492)	(4,492)	706	(3,786)
New share capital subscribed	6,116	3,788	-	9,904	-	9,904
Distribution of profit to non-controlling interests	-	-	-	-	(170)	(170)
Non-controlling interest arising on a business combination	-	-	-	-	6,112	6,112
At 28 December 2019	48,163	12,220	(11,177)	49,206	6,801	56,007

The notes on pages 20 to 74 form an integral part of these financial statements.

Company Statement of Changes in Equity
for the Period from 30 December 2018 to 28 December 2019

	Share capital *£ 000*	*Share premium* *£ 000*	*Retained earnings* *£ 000*	*Total* *£ 000*
At 31 December 2017	20,375	-	(1,505)	18,870
Loss for the period	-	-	(6,201)	(6,201)
Total comprehensive loss	-	-	(6,201)	(6,201)
New share capital subscribed	21,672	13,422	-	35,094
Share issue costs	-	(4,990)	-	(4,990)
At 29 December 2018	42,047	8,432	(7,706)	42,773
Loss for the period	-	-	(2,562)	(2,562)
Total comprehensive loss	-	-	(2,562)	(2,562)
New share capital subscribed	6,116	3,788	-	9,904
At 28 December 2019	48,163	12,220	(10,268)	50,115

The notes on pages 20 to 74 form an integral part of these financial statements.

Consolidated Statement of Cash Flows

for the Period from 30 December 2018 to 28 December 2019

	Note	*Period to 28 December 2019 £ 000*	*Period to 29 December 2018 £ 000*
Cash flows from operating activities			
Loss for the period		(3,786)	(4,716)
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	5	3,653	823
Finance income	6	(15)	(121)
Finance costs	6	430	168
Loss on sale of assets		1	-
Fair value movement on investments in shows		853	-
Share of loss/(profit) of equity accounted investees		138	(101)
Income tax expense	10	(516)	(309)
Fair value movement on options		287	-
Impairment of investments in associates		35	-
		1,080	(4,256)
Working capital adjustments			
Increase in inventories	16	(47)	(33)
Decrease/(increase) in trade and other receivables	18	1,890	(4,466)
Increase in trade and other payables and deferred income	25	2,866	4,916
Cash generated from operations		5,789	(3,839)
Income taxes paid	10	(277)	(82)
Net cash flow from/(used in) operating activities		5,512	(3,921)
Cash flows from investing activities			
Interest received	6	15	74
Acquisitions of property plant and equipment	11	(1,981)	(3,165)
Proceeds from sale of property plant and equipment		1	-
Acquisition of intangible assets	13	(295)	(20)
Proceeds from sale of intangible assets		56	-
Acquisition of subsidiaries net of cash acquired	15	(18,885)	(14,838)
Distribution of profit to non-controlling interests		(170)	(1,000)
Acquisition of short-term production investments		(1,163)	(144)
Acquisition of investments in joint ventures and associates	14	(275)	-
Distributions from associates		59	50
Distributions from productions		1,227	-
Net cash flows from investing activities		(21,411)	(19,043)

The notes on pages 20 to 74 form an integral part of these financial statements.

Consolidated Statement of Cash Flows

for the Period from 30 December 2018 to 28 December 2019

	Note	*Period to 28 December 2019 £ 000*	*Period to 29 December 2018 £ 000*
Cash flows from financing activities			
Proceeds from issue of ordinary shares, net of issue costs		9,904	30,116
Repayment of bank borrowing		-	(1,925)
Payment of interest on bank overdrafts		(2)	-
Payment of principal portion of lease liabilities	23	(116)	-
Payment of interest portion of lease liabilities	23	(375)	(168)
Proceeds from increase in NCI		-	170
Net cash flows from financing activities		9,411	28,193
Net (decrease)/increase in cash and cash equivalents		(6,488)	5,229
Cash and cash equivalents at the beginning of the period		16,877	11,601
Effect of exchange rate fluctuations on cash held		(53)	47
Cash and cash equivalents at the end of the period		10,336	16,877

The notes on pages 20 to 74 form an integral part of these financial statements.

Notes to the Financial Statements
for the Period from 30 December 2018 to 28 December 2019

1 General information

Trafalgar Entertainment Group Limited is a private company limited by shares, incorporated and domiciled in England and Wales under the Companies Act.

The address of its registered office is:
Ashcombe Court
Woolsack Way
Godalming
GU7 1LQ

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.

Basis of preparation
The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union for the Group and FRS101 for the Company. The Group financial statements comply with Article 4 of the EU IAS Regulation. The financial statements have been prepared on the historical cost basis.

The Company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own Statement of Comprehensive Income, Statement of Cashflows and related notes. The loss for the period ended 28 December 2019 of the Company was £2,562,000 (2018: £6,201,000).

The financial statements are presented in sterling (£) and all values are rounded to the nearest thousand pounds, unless otherwise stated.

Operating results
These financial statements cover a 52 week period from 30 December 2018 to 28 December 2019 (the last Saturday of the financial year). The normal accounting year comprises 52 weeks ending on the Saturday nearest 31 December. Periodically a 53 week period is necessary to realign the accounting year with the calendar. The comparative period comprised the 52 week period from 31 December 2017 to 29 December 2018.

Going concern
The financial statements have been prepared on the going concern basis. The Group has net assets of £56.0m and net current assets of £0.4m as at the period end date.

The majority shareholder has confirmed in writing to the Group that financial support will be available to assist the Company in meeting its liabilities for a period of at least twelve months from the date of approval of the financial statements. As noted in the Principal risks and uncertainties section of the Strategic Report the Group has performed analysis to consider potential downside scenarios resulting from the impacts of novel coronavirus on the Group's businesses, with the most significant downside scenario modelled, being an extreme situation which assumes longer lasting closures and trade impacts than the stretch scenarios so far indicated by the UK government, based on no revenue for the remainder of 2020 and limited reduction to costs not directly resulting from revenue. Having prepared forecasts beyond the 12 months subsequent to the date of signing which include consideration of this scenario analysis the consolidated financial statements and given the levels of shareholder funding provided during the period ended 28 December 2019 and still available since the balance sheet date, the directors consider that the Group has adequate resources to continue in operational existence for the foreseeable future. They therefore continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

Notes to the Financial Statements

for the Period from 30 December 2018 to 28 December 2019

2 Accounting policies (continued)

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and entities controlled by the Company. Control is achieved when the Company has the power over the investee, is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to use its power to affect its returns.

The results of subsidiaries acquired during the year are included within the Consolidated Statement of Comprehensive Income from the date the Company gains control. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the group are eliminated on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity.

Business combinations

Acquisitions of subsidiaries are accounted for using the acquisition method unless the subsidiary is used to produce a show over which the Group does not have control. The consideration transferred in a business combination is measured at fair value. Acquisition-related and setup costs are recognised in profit or loss as incurred and included in administrative expenses.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquired entity, and the fair value of the acquirer's previously held equity interest in the acquired entity (if applicable) over the net of the identifiable assets acquired as at the date of acquisition and the liabilities assumed. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Subsidiary audit exemption guarantee

During the year the Directors of the Company have given a parent company guarantee to all subsidiary companies for an exemption from being audited under section 479A of the Companies Act 2006 relating to subsidiary companies.

This guarantee has been given to the following subsidiary companies:

- Trafalgar Theatre Production Limited - 05642477
- Trafalgar Studios Limited - 10408631
- Moonlight Acquisition Limited - 10543116
- Trafalgar Releasing Limited - 07070980
- Trafalgar Cinemas Limited - 10866610
- Rainbow Education Limited - 11436506
- Stagecoach Theatre Arts Limited - 02924719
- Stagecoach Education Services Limited - 10110813
- Stagecoach Performing Arts Limited - 10266160
- RHUK18 Limited - 11483631
- London Theatre Direct Ltd - 03800560
- Luke Shires Marketing Ltd - 11862648
- More2Screen Limited - 05971704
- Jonathan Church Theatre Productions Limited - 12207823

Notes to the Financial Statements

for the Period from 30 December 2018 to 28 December 2019

2 Accounting policies (continued)

Adoption of new and revised standards

New standards, interpretations and amendments effective

The group has applied the following standards and amendments for the first time for their annual reporting period commencing 30 December 2018:

- IFRS 9 Financial Instruments

- IFRS 16 Leases

IFRS 9 Financial Instruments

IFRS 9 replaced IAS 39 Financial Instruments: Recognition and Measurement (IAS 39). The group has applied IFRS 9 from 30 December 2018 and elected not to restate comparative information on transition, with the impact of adoption recognised as an adjustment to the opening balance of retained earnings as at 30 December 2018, if required. The initial application of IFRS 9 did not have a significant impact on the group. The specific impacts relating to classification and measurement and impairment allowances are outlined below.

Classification and measurement

In terms of IAS 39, the group previously measured investment in productions at cost less any provision for impairment. The group has classified these investments as financial assets at fair value through profit and loss ("FVTPL") in terms of IFRS 9. IFRS 9 no longer permits cost measurement where fair value cannot be measured with sufficient reliability. The group, following the adoption of IFRS 9, assesses the likelihood of a production's ability to make a profit or a loss. If a profit or loss is probable, the investment in production is recorded at its fair value, with the adjustment to fair value being recorded in the Consolidated Statement of Total Comprehensive Income. The net income recognised on the adoption of IFRS 9 on investment in productions is £206,000 for the Group.

Impairment

The adoption of IFRS 9's impairment model resulted in a change in impairment allowances on trade receivables due to the requirement to consider forward-looking information when determining allowances. This approach is known as the expected credit loss model. The cumulative net impact on the group due to the application of the expected credit loss model was not material.

Notes to the Financial Statements

for the Period from 30 December 2018 to 28 December 2019

2 Accounting policies (continued)

IFRS 16 Leases

In the current year, the Group, for the first time, has applied IFRS 16 Leases (as issued by the IASB in January 2016) in advance of its effective date. IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to the lessee accounting by removing the distinction between operating and finance leases and requiring the recognition of a right-of-use asset and a lease liability at the lease commencement for all leases, except for short-term leases and leases of low value assets. Details of these new requirements are described in Note 23. The impact of the adoption of IFRS 16 on the Group's consolidated financial statements is described below.

The date of initial application of IFRS 16 for the Group is 30 December 2018.

The Group has applied IFRS 16 using the modified retrospective approach.

Impact of the new definition of a lease

The Group has made use of the practical expedient available on transition to IFRS 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with IAS 17 and IFRIC 4 will continue to be applied to leases entered into or modified before 30 December 2018.

The change in definition of a lease mainly relates to the concept of control. IFRS 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group applies the definition of a lease and related guidance set out in IFRS 16 to all lease contracts entered into or modified on or after 30 December 2018 (whether it is a lessor or a lessee in the lease contract). In preparation for the first-time application of IFRS 16, the Group has carried out an implementation project. The project has shown that the new definition in IFRS 16 will not change significantly the scope of contracts that meet the definition of a lease for the Group.

Impact on Lessee Accounting

Former operating leases

IFRS 16 changes how the Group accounts for leases previously classified as operating leases under IAS 17, which were off-balance-sheet.

Applying IFRS 16, for all leases (except as noted below), the Group:

a) recognises right-of-use assets and lease liabilities in the consolidated statement of financial position, initially measured at the present value of future lease payments;

b) recognises depreciation of right-of-use assets and interest on lease liabilities in the consolidated statement of profit or loss; and

c) separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within financing activities) in the consolidated statement of cash flows.

Notes to the Financial Statements
for the Period from 30 December 2018 to 28 December 2019

2 Accounting policies (continued)

Lease incentives (e.g. free rent period) are recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under IAS 17 they resulted in the recognition of a lease incentive liability, amortised as a reduction of rental expense on a straight-line basis.

Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36 Impairment of Assets. This replaces the previous requirement to recognise a provision for onerous lease contracts. For short term leases (lease term of 12 months or less) and leases of low-value assets (such as personal computers and office furniture), the Group has opted to recognise a lease expense on a straight-line basis as permitted by IFRS 16. This expense is presented within other expenses in the consolidated Statement of Total Comprehensive Income.

Former finance leases

The main difference between IFRS 16 and IAS 17 with respect to assets formerly held under a finance lease is the measurement of residual value guarantees provided by a lessee to a lessor. IFRS 16 requires that the Group recognises as part of its lease liability only the amount expected to be payable under a residual value guarantee, rather than the maximum amount guaranteed as required by IAS 17. This change did not have a material effect on the Group's consolidated financial statements.

Standards issued but not yet effective

At the date of authorisation of these financial statements, the following standards and interpretations relevant to Trafalgar Entertainment Group and which have not been applied in these financial statements, were in issue but were not yet effective. In some cases these standards and guidance have not been endorsed for use in the European Union. The Company plans to adopt these based of the effective dates shown below and does not currently plan on early adoption. The impact of the adoption of the these standards is not expected to be material.

Standard	*Effective date, annual period beginning on or after*
IFRIC 23 – Uncertainty over Income Tax Treatments	1 January 2019
Amendments to IFRS 9 – Prepayment Features with Negative Compensation	1 January 2019
Amendments to IAS 28 – Long-term Interests in Associates and Joint Ventures	1 January 2019
Annual improvements 2015-2017 cycle	1 January 2019
Amendments to References to the Conceptual Framework in IFRS Standards	1 January 2020

Notes to the Financial Statements

for the Period from 30 December 2018 to 28 December 2019

2 Accounting policies (continued)

Leases

The Group has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4. The accounting policies under IAS 17 and IFRIC 4 are disclosed separately if they are different from those under IFRS 16. The accounting policies in the paragraphs below represent the accounting policies related to leases in the prior period.

Assets held under finance leases are recognised as assets of the Group at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the Consolidated Statement of Financial Position as a finance lease obligation within Loans and Borrowings.

The finance element of the rental payment is charged to the Consolidated Statement of Comprehensive Income as interest payable in order to reflect the imputed cost of finance on the net obligation outstanding in each period.

For leases eligible for the short lease term or low asset value recognition exemptions of IFRS 16, rentals are charged to the Statement of Comprehensive Income on a straight-line basis over the lease term. Lease incentives are recognised as a liability and recognised as a reduction of rental expense on a straight-line basis over the lease term.

Notes to the Financial Statements
for the Period from 30 December 2018 to 28 December 2019

2 Accounting policies (continued)

Revenue recognition

Revenue comprises income from broadcasting of live events and pre-recorded content and associated activities, venue operation, ticketing operations, marketing operations, performing arts education, production-related services and fair value changes on investments in productions. All income is presented net of any returns. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

Broadcasting of live events and pre-recorded content and associated activities

For live events broadcast at cinemas all revenue is net of VAT and is recognised in the month of screening either by way of invoices issued to cinemas or by way of an income accrual bringing the total performance income to a forecast end result. The forecast is produced with reference to advance ticket sales and results received to date and revenue is updated as further results are received. Other turnover in relation to event cinema and associated activities represents amounts receivable from film, TV and DVD rights net of VAT recognised on invoicing for film income, on receipt for DVD rights and on signature of contract and delivery of materials for TV income.

Venue operation

Turnover primarily represents the Company's share of ticket revenue and income from providing theatre related services including venue use, bar and merchandise sales excluding value added tax, credit card commission and agent commission. Share of ticket revenue is recognised following the performance of the show to which tickets relate together with the associated theatre related revenue.

Ticketing Operation

Turnover is presented on an agency basis and represents the sale of tickets (excluding value added) tax, net of ticket purchase costs and venue commission payable (excluding value added tax). Revenue is recognised on the date on which the customer confirms their purchase or exchange.

Marketing Operation

Turnover represents service of marketing campaigns including provision of campaign strategies, sales and marketing, content and engagement and performance related bonuses and commission. Revenue for services provided is recognised evenly across the period the engagement relates to. Performance related bonuses and commission is recognised when targets are achieved.

Performing arts education

Revenue comprises mainly of franchising services, net of value added tax. Revenue is recognised as follows:

Notes to the Financial Statements

for the Period from 30 December 2018 to 28 December 2019

2 Accounting policies (continued)

Education - Continuing franchise fees

Continuing franchise fees from Stagecoach are earned as a percentage of the network fees earned by the franchisees at local schools and relate to the provision of ongoing services and support to the franchisees under the terms of the franchise agreements. Revenue is recognised as the services are provided to franchisees.

Education - Advertising, Marketing and Promotional Fees

Advertising, Marketing and Promotional Fees are earned as a percentage of the network fees earned by the franchisees at local schools and relate to the provision of marketing services at a local level alongside national marketing campaigns and brand development. Revenue is recognised evenly across the period the fee relates.

Education - Initial franchise fees

Revenue is recognised once the individual franchise agreement is signed and attendance on the franchisee training course for new franchisees has been completed, which is the date when the Group has performed all services and satisfied all conditions relating to setting up a new franchise agreement.

Education - Re-sale of territories fees

Revenue arises on the re-sale of territories by franchisees to new franchisees, by way of a "transfer fee" which is charged to the incumbent franchisee for the issuance of the legal paper work to allow the transfer of the franchise to take place. The incumbent franchisee is responsible for selling their territory to an approved and trained new franchisee and a fee is charged if training is required.

The work is performed and the revenue recognised in full at the point when the new franchisee has been trained and a sale and purchase agreement between the incumbent and new franchisee has been signed.

Education - Software Licence Fee

Revenue is recognised throughout the support year the services are provided to the franchisees.

Other revenue

Events & Theatre Production Activity, Managed Schools Activity and Other Income are recognised in line with performances when services are rendered.

Production-related services

Revenue is measured at fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty (Note 3).

Production profits are recognised only when it is probable that a post recoupment profit will be made and can be measured reliably.

Charges are made to the productions in respect of services provided (such as management and accounting fees), these are recognised net of sales taxes and as those services are provided.

Notes to the Financial Statements

for the Period from 30 December 2018 to 28 December 2019

2 Accounting policies (continued)

Arrangements containing leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset (or assets) and the arrangement conveys a right to use the asset (or assets), even if that asset is (or those assets are) not explicitly specified in an arrangement. If an arrangement is determined to contain a lease, the lease is accounted for in line with the accounting policies above.

Foreign currency transactions and balances

For event broadcast turnover invoiced in a foreign currency the invoiced amount is converted to pounds sterling based on the exchange rate as at the beginning of the relevant month. On settlement of each invoice any exchange rate difference is accounted for as an exchange gain or loss. Other transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Retirement benefits

Payments to defined contribution services are recognised as an expense in line with the employment during the period. Differences between contributions payable in the period and contributions actually paid are shown as accruals in the Consolidated Statement of Financial Position.

Tax

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

Current tax is based on taxable profit for the period calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is calculated on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the relevant tax bases used in the computation of taxable profit. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are generally recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that taxable profits will be available against which those temporary differences can be utilised except:
- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Notes to the Financial Statements
for the Period from 30 December 2018 to 28 December 2019

2 Accounting policies (continued)

Investments
Investments in subsidiaries are valued at cost less any provision for impairment.

Short-term investments - Investments in shows and co-production agreements
Investments in shows are stated at fair value with gains and losses recognised in the statement of comprehensive income.

In the prior year investments in shows were stated at cost less amounts recouped to date and provision for any amounts which the directors do not believe are recoverable.

Depending on the nature of the entity and the extent to which the Group exerts control over it, for consolidation purposes a co-production may be classified as a subsidiary, a joint venture, an associate or an investment. In accordance with IFRS 10 this classification is determined by the extent to which control exists by reference to the individual co-production agreements and whether the relevant group company has authoritative veto over the other co-producers and other investors in the production.

Investments in associates and joint ventures
An associate is an entity over which the Group has significant influence, significant influence is the power to participate in the financial and operational policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exits only when decisions about relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method an investment in an associate or joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit and loss and other comprehensive income of the associate or joint venture. The carrying value of investments in associates and joint ventures is assessed for impairment annually and adjusted if necessary.

Property, plant and equipment
Property, plant and equipment is stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Depreciation
Depreciation is recorded within administrative expenses in the Statement of Total Comprehensive Income.

Depreciation is provided at rates calculated to write off the cost of fixed assets on a straight-line basis over their expected useful lives as follows:

Asset class - owned	*Depreciation method and rate*
Land and buildings	50 years straight line
Furniture, fittings and equipment	3 to 10 years, or over the period to the end of the lease of the property if this is shorter, straight line

Notes to the Financial Statements
for the Period from 30 December 2018 to 28 December 2019

2 Accounting policies (continued)

Asset class - right of use	*Depreciation method and rate*
Land and buildings	Over the remaining period of the lease, straight line
Furniture, fittings and equipment	Over the remaining period of the lease, straight line
Vehicles	3 years, straight line

Intangible assets - film distribution rights

Film distribution rights are finite lived intangible assets and are amortised across three years, with 50% amortised in the year of release and 25% amortised in each of the two subsequent years. Amortisation is included within administrative expenses in the Statement of Total Comprehensive Income. An impairment review is carried out at the end of each year to ascertain whether future revenues justify the carried balance. In the event that this is not the case then the minimum guarantee is impaired either fully or in part.

Intangible assets - goodwill

Goodwill is not amortised, but is assessed annually for impairment and stated at cost less any accumulated impairment.

Intangible assets - computer software and developed technology

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Costs that are directly associated with the production of identifiable and unique software products controlled by the Group, and that it is estimated will generate economic benefits exceeding costs are recognised as intangible assets.

Computer software is a finite lived intangible asset and is stated at cost less amortisation and amortised on a straight line basis over its estimated useful life, not exceeding five years. Amortisation is included within administrative expenses in the Statement of Total Comprehensive Income.

Developed technologies acquired in business combinations are initially recognised at fair value and are included in computer software. These are considered finite lived intangible assets and amortised on a straight line basis over their estimated useful life of five years. Amortisation is included within administrative expenses in the Statement of Total Comprehensive Income.

Intangible assets - brand/ domain name

Brands acquired in business combinations are initially recognised at fair value. These are considered finite lived intangible assets and amortised on a straight line basis over the estimated useful life of each brand. Amortisation is included within administrative expenses in the Statement of Total Comprehensive Income.

Intangible assets - relationships

Customer and supplier relationship intangible assets acquired in business combinations are initially recognised at fair value. These are considered finite lived intangible assets and amortised on a straight line basis over their estimated useful life of 6 to 7 years. Amortisation is included within administrative expenses in the Statement of Total Comprehensive Income.

Impairment of tangible and intangible assets

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated based on future cashflows with a suitable range of discount rates and the expectations of future performance.

Notes to the Financial Statements
for the Period from 30 December 2018 to 28 December 2019

2 Accounting policies (continued)

Inventories
Inventories 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 purchases on a first in, first out basis.

At each reporting date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the Statement of Total Comprehensive Income.

Provisions
Provisions are recognised where an event has taken place that gives the Group 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 made, they are charged to the provision carried in the Statement of Financial Position.

Deferred income
Amounts received by the Group for service to be performed in the future are classified as deferred income and recognised in the Consolidated Statement of Comprehensive Income in line with when the service is performed.

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.

Financial instruments

Initial recognition
Financial assets and financial liabilities comprise all assets and liabilities reflected in the statement of financial position, excluding property, plant and equipment, right of use assets, intangible assets, deferred tax assets, prepayments and deferred tax liabilities.

The group recognises financial assets and financial liabilities in the statement of financial position when, and only when, the group becomes party to the contractual provisions of the financial instrument.

Financial assets are initially recognised at fair value. Financial liabilities are initially recognised at fair value, representing the proceeds received net of premiums, discounts and transaction costs that are directly attributable to the financial liability.

All regular way purchases and sales of financial assets and financial liabilities classified as fair value through profit or loss ("FVTPL") are recognised on the trade date, i.e. the date on which the group commits to purchase or sell the financial assets or financial liabilities. All regular way purchases and sales of other financial assets and financial liabilities are recognised on the settlement date, i.e. the date on which the asset or liability is received from or delivered to the counterparty. Regular way purchases or sales are purchases or sales of financial assets that require delivery within the time frame generally established by regulation or convention in the market place.

Subsequent to initial measurement, financial assets and financial liabilities are measured at either amortised cost or fair value.

Notes to the Financial Statements

for the Period from 30 December 2018 to 28 December 2019

2 Accounting policies (continued)

Financial instruments (continued)

Classification and measurement

Financial instruments are classified at inception into one of the following categories, which then determine the subsequent measurement methodology:-

Financial assets are classified into one of the following two categories:-
- financial assets at amortised cost;
- financial assets at fair value through the profit or loss (FVTPL).

Financial liabilities are classified into the following category:-
- financial liabilities at amortised cost
- financial liabilities at fair value through the profit or loss (FVTPL).

The classification and the basis for measurement are subject to the group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets, as detailed below:-

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:-
- the assets are held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

If either of the above two criteria is not met, the financial assets are classified and measured at fair value through the profit or loss (FVTPL).

If a financial asset meets the amortised cost criteria, the group may choose to designate the financial asset at FVTPL. Such an election is irrevocable and applicable only if the FVTPL classification significantly reduces a measurement or recognition inconsistency.

Financial assets at fair value through the profit or loss (FVTPL)

Financial assets not otherwise classified above are classified and measured as FVTPL.

Financial liabilities at amortised cost

All financial liabilities, other than those classified as financial liabilities at FVTPL, are measured at amortised cost using the effective interest rate method.

Financial liabilities at fair value through the profit or loss

Financial liabilities not measured at amortised cost are classified and measured at FVTPL. This classification includes derivative liabilities.

Notes to the Financial Statements

for the Period from 30 December 2018 to 28 December 2019

2 Accounting policies (continued)

Financial instruments (continued)

Derecognition

Financial assets

The group derecognises a financial asset when;
- the contractual rights to the cash flows from the financial asset expire,
- it transfers the right to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred; or
- the group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset and the sum of the consideration received is recognised as a gain or loss in the Statement of Total Comprehensive Income.

Financial liabilities

The group derecognises a financial liability when its contractual obligations are discharged, cancelled, or expire.

Impairment of financial assets

Measurement of Expected Credit Losses

The group recognises loss allowances for expected credit losses (ECL) on financial instruments that are not measured at FVPTL, namely:

- Accounts and other receivables

The group classifies its financial instruments into stage 1, stage 2 and stage 3, based on the applied impairment methodology, as described below:

Stage 1: for financial instruments where there has not been a significant increase in credit risk since initial recognition and that are not credit-impaired on origination, the group recognises an allowance based on the 12-month ECL.

Stage 2: for financial instruments where there has been a significant increase in credit risk since initial recognition but they are not credit-impaired, the group recognises an allowance for the lifetime ECL.

Stage 3: for credit-impaired financial instruments, the group recognises the lifetime ECL.

The group measures loss allowances at an amount equal to the lifetime ECL.

Provisions for credit-impairment are recognised in the statement of income and are reflected in accumulated provision balances against each relevant financial instruments balance.

Evidence that the financial asset is credit-impaired include the following;

- Significant financial difficulties of the borrower or issuer;
- A breach of contract such as default or past due event;
- The restructuring of the loan or advance by the group on terms that the group would not consider otherwise;
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- The disappearance of an active market for the security because of financial difficulties; or
- There is other observable data relating to a group of assets such as adverse changes in the payment status of borrowers or issuers in the group, or economic conditions that correlate with defaults in the group.

Notes to the Financial Statements
for the Period from 30 December 2018 to 28 December 2019

2 Accounting policies (continued)

Financial instruments (continued)
For trade receivables, the group applies the simplified approach, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates are based on the payment profiles of sales for each company since joining the group to 28 December 2019 and the corresponding historical credit losses experienced within this period. As more information becomes available, the Group will assess payment profiles of sales over a period of 36 months. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The group has identified the GDP and the unemployment rate of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

Derivative financial instruments
Derivative financial instruments are contracts, the value of which is derived from one or more underlying financial instruments or indices, and include futures, forwards, swaps and options in the interest rate, foreign exchange, equity and credit markets.

Derivative financial instruments are recognised in the statement of financial position at fair value. Fair values are derived from prevailing market prices, discounted cash flow models or option pricing models as appropriate.

In statement of financial position, derivative financial instruments with positive fair values (unrealised gains) are included as assets and derivative financial instruments with negative fair values (unrealised losses) are included as liabilities.

The changes in the fair values of derivative financial instruments entered into for trading purposes are included in trading income.

Accounting estimates and assumptions
The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of certain financial assets, liabilities, income and expenses.

Provisions for impairment
In determining impairment of financial assets, judgement is required in the estimation of the amount and timing of future cash flows as well as an assessment of whether the credit risk on the financial asset has increased significantly since initial recognition and incorporation of forward-looking information in the measurement of ECL.

Notes to the Financial Statements

for the Period from 30 December 2018 to 28 December 2019

2 Accounting policies (continued)

Financial instruments (continued)

Fair value of financial assets and liabilities

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as brands, developed technologies, relationships and call option, and significant liabilities, such as deferred consideration and put options.

Involvement of external valuers is determined annually. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

At each reporting date, the Group fair values assets and liabilities which are required to be remeasured or re-assessed as per the Group's accounting policies.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above. Fair-value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed, are summarised in Note 26.

Notes to the Financial Statements
for the Period from 30 December 2018 to 28 December 2019

3 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies (which are described in note 2), the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

Critical judgements

Control over special purpose production companies

There are five entities for which the entire share capital is owned by Trafalgar Theatre Productions Limited but the directors have assessed that the definition of control not has been met. Whilst the entire share capital is owned by the Group, the nature of these entities is that they are special purpose vehicles, set up to aid the co-production by the Group of shows. Each entity has a separate agreement with respect to the operation of the production. These have been accounted for in accordance with the Group's accounting policies for investments in shows and co-production agreements.

Joe Egg West End Limited is considered an associate. KI Pal Limited, Admission Play Limited, KI Tour 2018 Limited and TTP Productions Limited are not considered to be entities over which any control or significant influence is exerted by the Group. Accordingly, the Group has equity accounted for Joe Egg West End Limited and has not included the results of the other special purpose vehicles within its consolidated results.

For the shows produced through these companies, an investment has been made by Trafalgar Theatre Productions Limited into the show however the definition of control has not been met as all four productions were bought in as existing productions with pre-cast lead roles attached and the key creative teams who direct the vision of the production. Therefore, Trafalgar Theatre Productions had little creative influence over the production and with minor investments did not have significant exposure to variable returns.

Recognition of deferred tax asset

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

Notes to the Financial Statements

for the Period from 30 December 2018 to 28 December 2019

3 Critical accounting judgements and key sources of estimation uncertainty (continued)

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period, are discussed below.

Impairment of goodwill

Goodwill is assessed for impairment on an annual basis using an estimation of the future cashflows with a suitable range of discount rates and the expectations of future performance. As noted in the principal risks and uncertainties section of the Strategic Report the potential impacts of novel coronavirus are uncertain. If these impacts were to significantly affect the future cashflows of the cash generating units to which the goodwill relates there is a risk that the goodwill could be impaired. Based on scenario analysis performed by the Group, with the most significant downside scenario modelled being no revenue for the remainder of 2020 and limited reduction to costs not directly resulting from revenue (an extreme situation which assumes longer lasting closures and trade impacts than the stretch scenarios so far indicated by the UK government), the directors do not currently expect any such impairments to occur. If such impairments were to arise as a result of the impacts of novel coronavirus they would be recorded in future periods as the pandemic emerged subsequent to period end.

Valuation of assets and liabilities acquired through acquisitions

Assets acquired through acquisitions have been included at fair value which is calculated based on assumptions about the future performance of the acquired business. If the impacts of novel coronavirus were to significantly affect the future cashflows relating to assets acquired, in particular intangible assets, there is a risk that some of the assets could be impaired. Based on scenario analysis performed by the Group the directors do not currently expect any such impairments to occur.

Valuation of options

The Group engaged an independent consultant to produce a valuation of put and call options on non-controlling interest acquired as part of the acquisition of London Theatre Direct. The options are fair valued at each reporting date until expiry using estimated future cashflows, risk free rate and annualised volatility.

Useful lives of computer software

Computer software acquired through business combinations and shown within intangible assets represent a forward facing customer relationship management solution. It is assumed to have a useful life of five years and the directors feel this is an appropriate method of amortisation (Note 13).

Useful lives of property, plant and equipment

The Company was incorporated on 4th October 2016 and the tangible fixed assets acquired by the Group are all new or nearly new with the exception of the venues at Trafalgar Studios. Theatres are known to be structures that last for many years and prior to the acquisition of Trafalgar Studios the venues were externally valued and the building and plant's condition were assessed by industry professionals prior to the acquisition and are periodically reviewed. Most equipment held within the Group has been acquired since the date of incorporation and relates to information technology and is assumed to have a useful life of 3 years which the directors feel is appropriate.

Carrying values of investments in shows

Investments in shows are carried at fair value and assessed on an ongoing basis with reference to variables such as the amount and frequency of investments returned to date, critical and audience reception to the show, the weekly profitability of each show and where known the level and composition of advance ticket sales.

Depreciation and Amortisation rates

Depreciation and amortisation rates are based on management's estimate of the useful economic lives for each asset and reviewed at least annually (Note 2).

Notes to the Financial Statements
for the Period from 30 December 2018 to 28 December 2019

4 Revenue

The analysis of the Group's revenue for the period from continuing operations is as follows:

	Period to 28 December 2019 £ 000	*Period to 29 December 2018 £ 000*
Venue income	1,979	1,860
Ticketing income	9,436	78
Productions income	6,326	1,511
Event cinema income	20,613	16,854
Franchise support and provision of educational services	7,018	3,057
Marketing income	269	-
Fair value movements on investment in productions	(631)	-
	45,010	23,360

5 Operating loss

Arrived at after charging:

	Period to 28 December 2019 £ 000	*Period to 29 December 2018 £ 000*
Depreciation expense	702	187
Amortisation expense	2,951	636
Auditor's remuneration	258	148
Expenses relating to short-term leases	45	342

6 Finance income and costs

	Period to 28 December 2019 £ 000	*Period to 29 December 2018 £ 000*
Finance income		
Interest income on bank deposits	15	74
Foreign exchange gains	-	47
Total finance income	15	121

Notes to the Financial Statements
for the Period from 30 December 2018 to 28 December 2019

6 Finance income and costs (continued)

	Period to 28 December 2019 £ 000	*Period to 29 December 2018 £ 000*
Finance costs		
Interest on bank overdrafts and borrowings	(2)	(43)
Interest on lease liabilities	(375)	(125)
Foreign exchange losses	(53)	-
Total finance costs	(430)	(168)
Net finance costs	(415)	(47)

7 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	Period to 28 December 2019 £ 000	*Period to 29 December 2018 £ 000*
Wages and salaries	10,004	7,460
Social security costs	887	870
Pension costs, defined contribution scheme	316	163
Other short-term employee benefits	115	71
	11,322	8,564

The average number of persons employed by the Group during the period, analysed by category, was as follows:

	Period to 28 December 2019 No.	*Period to 29 December 2018 No.*
Production	34	6
Management, administration and support	117	96
Other departments	38	38
	189	140

Notes to the Financial Statements

for the Period from 30 December 2018 to 28 December 2019

8 Directors' remuneration

The directors' remuneration for the period was as follows:

	Period to 28 December 2019 £ 000	*Period to 29 December 2018 £ 000*
Remuneration	701	1,167
Contributions paid to defined contribution pension schemes	13	12
	714	1,179

During the period the number of directors who were receiving benefits was as follows:

	Period to 28 December 2019 No.	*Period to 29 December 2018 No.*
Accruing benefits under defined contribution pension scheme	1	1

In respect of the highest paid director:

	Period to 28 December 2019 £ 000	*Period to 29 December 2018 £ 000*
Remuneration	371	583

During the period ended 28 December 2019, B G Egan and A Thompson received no remuneration for their roles as directors of the Group.

9 Auditor's remuneration

	Period to 28 December 2019 £ 000	*Period to 29 December 2018 £ 000*
Audit of these financial statements	258	148
Non-audit services		
Financial statements preparation	36	32
Tax compliance services	28	16
Transaction advisory services	60	238
	124	286

Notes to the Financial Statements

for the Period from 30 December 2018 to 28 December 2019

10 Income tax

Tax credited in the statement of total comprehensive income:

	Period to 28 December 2019 £ 000	*Period to 29 December 2018 £ 000*
Current taxation		
UK corporation tax	(37)	(14)
UK corporation tax adjustment to prior periods	14	(9)
	(23)	(23)
Foreign tax	76	139
Total current income tax	53	116
Deferred taxation		
Arising from origination and reversal of temporary differences	(569)	(425)
Tax credit in the statement of total comprehensive income	(516)	(309)

The tax on loss for the period is lower than the standard rate of corporation tax in the UK (2018 - lower than the standard rate of corporation tax in the UK).

The differences are reconciled below:

	Period to 28 December 2019 £ 000	*Period to 29 December 2018 £ 000*
Loss before tax	(4,302)	(5,025)
Corporation tax at standard rate of 19% (2018: 19%)	(817)	(955)
Increase/(decrease) in current tax from adjustment for prior periods	14	(9)
Decrease from effect of different UK tax rates on some earnings	(37)	(16)
Expenses not deductible	210	606
Effect of foreign tax rates	13	15
Deferred tax movement from unrecognised temporary difference from a prior period	31	-
Deferred tax movement relating to changes in tax rates or laws	70	50
Total tax credit	(516)	(309)

Notes to the Financial Statements
for the Period from 30 December 2018 to 28 December 2019

10 Income tax (continued)

Factors that may affect the Group's future tax charges include the impact of corporate restructuring and/or refinancing, future planning activities, corporate acquisitions and disposals, the use of brought forward tax losses and changes in legislation and tax rates. The Finance Act 2016 provides for reductions in the main rate of corporation tax from 19% to 17% from 1 April 2020. The current loss before tax is primarily due to a substantial element of setup and acquisition costs which are expected to decrease in future years and with the growth of the existing business and anticipated acquisitions of further profit-making businesses the Group expects to be making taxable profits in the near future against which the carried forward losses will be utilised.

Deferred tax

Group

Deferred tax assets and liabilities

2019	*Liability £ 000*
Accelerated tax depreciation	(39)
Tax losses carry-forwards	870
Provisions	11
Other items	(4,664)
	(3,822)

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

2018	*Liability £ 000*
Accelerated tax depreciation	(33)
Tax losses carry-forwards	731
Provisions	18
Other items	(2,325)
	(1,609)

Notes to the Financial Statements

for the Period from 30 December 2018 to 28 December 2019

10 Income tax (continued)

Deferred tax movement during the period:

	At 30 December 2018 £ 000	Recognised in statement of comprehensive income £ 000	Acquired with subsidiary £ 000	At 28 December 2019 £ 000
Accelerated tax depreciation	(33)	(6)	-	(39)
Tax losses carry-forwards	731	139	-	870
Provisions	18	(7)	-	11
Other items	(2,325)	440	(2,779)	(4,664)
Net tax assets	(1,609)	566	(2,779)	(3,822)

Company

Deferred tax assets and liabilities

2019	*Asset £ 000*
Accelerated tax depreciation	(15)
Tax losses carry-forwards	836
Other items	12
	833

2018	*Asset £ 000*
Accelerated tax depreciation	(1)
Tax losses carry-forwards	705
Other items	8
	712

Deferred tax movement during the period:

	At 30 December 2018 £ 000	Recognised in statement of comprehensive income £ 000	At 28 December 2019 £ 000
Accelerated tax depreciation	(1)	(14)	(15)
Tax losses carry-forwards	705	131	836
Other items	8	4	12
Net tax assets	712	121	833

Notes to the Financial Statements
for the Period from 30 December 2018 to 28 December 2019

11 Property, plant and equipment

Group

	Land and buildings £ 000	*Furniture, fittings and equipment £ 000*	*Total £ 000*
Cost			
At 31 December 2017	7,457	203	7,660
Additions	2,463	702	3,165
Acquired through business combinations	-	29	29
At 29 December 2018	9,920	934	10,854
Additions	1,569	412	1,981
Acquired through business combinations	-	3	3
Disposals	-	(29)	(29)
Transfer between PPE classes	519	(519)	-
Transfers to right of use assets	(3,537)	-	(3,537)
At 28 December 2019	8,471	801	9,272
Depreciation			
At 31 December 2017	80	14	94
Charge for period	129	58	187
At 29 December 2018	209	72	281
Charge for period	78	119	197
Eliminated on disposal	-	(27)	(27)
Transfer to right of use assets	(82)	-	(82)
At 28 December 2019	205	164	369
Carrying amount			
At 28 December 2019	8,266	637	8,903
At 29 December 2018	9,711	862	10,573
At 31 December 2017	7,377	189	7,566

Included within the net book value of land and buildings above is £8,266,000 (2018 - £6,256,000) in respect of freehold land and buildings and £nil (2018 - £3,455,000) in respect of long leasehold land and buildings.

Notes to the Financial Statements

for the Period from 30 December 2018 to 28 December 2019

11 Property, plant and equipment (continued)

Assets held under finance leases and hire purchase contracts

The net carrying amount of property, plant and equipment includes the following amounts in respect of assets held under finance leases and hire purchase contracts:

	2019 *£ 000*	*2018* *£ 000*
Land and buildings	-	3,455

Company

	Furniture, fittings and equipment *£ 000*	*Total* *£ 000*
Cost		
At 31 December 2017	6	6
Additions	75	75
At 29 December 2018	81	81
Additions	250	250
At 28 December 2019	331	331
Depreciation		
At 31 December 2017	1	1
Charge for period	9	9
At 29 December 2018	10	10
Charge for period	38	38
At 28 December 2019	48	48
Carrying amount		
At 28 December 2019	283	283
At 29 December 2018	71	71
At 31 December 2017	5	5

Notes to the Financial Statements
for the Period from 30 December 2018 to 28 December 2019

12 Right of use assets

Group	*Office equipment £ 000*	*Property £ 000*	*Motor vehicles £ 000*	*Total £ 000*
Cost				
Cost on adoption of IFRS 16 at 30 December 2018	6	2,695	126	2,827
Transfer from property, plant and equipment due to IFRS 16 adoption	-	3,537	-	3,537
Additions	14	999	-	1,013
Additions acquired through business combinations	-	131	-	131
At 28 December 2019	20	7,362	126	7,508
Depreciation				
Charge for the period	5	436	64	505
Transfer from property, plant and equipment due to IFRS 16 adoption	-	82	-	82
At 28 December 2019	5	518	64	587
Carrying amount				
At 28 December 2019	15	6,844	62	6,921

Notes to the Financial Statements
for the Period from 30 December 2018 to 28 December 2019

12 Right of use assets (continued)

Company

	Office equipment £ 000	*Property £ 000*	*Total £ 000*
Cost			
Cost on adoption of IFRS 16 at 30 December 2018	-	868	868
Additions	14	999	1,013
At 28 December 2019	14	1,867	1,881
Depreciation			
Charge for the period	3	187	190
At 28 December 2019	3	187	190
Carrying amount			
At 28 December 2019	11	1,680	1,691

Notes to the Financial Statements
for the Period from 30 December 2018 to 28 December 2019

13 Intangible assets

Group

	Goodwill £ 000	Brand/ Domain name £ 000	Relationships £ 000	Film distribution rights £ 000	Computer software and developed technology £ 000	Total £ 000
Cost						
At 31 December 2017	5,527	-	-	535	-	6,062
Additions	-	-	-	20	-	20
Acquired through business combinations	3,470	14,100	-	-	738	18,308
At 29 December 2018	8,997	14,100	-	555	738	24,390
Additions	-	-	-	117	178	295
Acquired through business combinations	15,030	4,562	8,545	-	3,245	31,382
Disposals	(56)	-	-	-	-	(56)
At 28 December 2019	23,971	18,662	8,545	672	4,161	56,011
Amortisation						
At 31 December 2017	-	-	-	362	-	362
Amortisation charge	-	353	-	151	132	636
At 29 December 2018	-	353	-	513	132	998
Amortisation charge	-	1,072	949	120	810	2,951
At 28 December 2019	-	1,425	949	633	942	3,949
Carrying amount						
At 28 December 2019	23,971	17,237	7,596	39	3,219	52,062
At 29 December 2018	8,997	13,747	-	42	606	23,392
At 31 December 2017	5,527	-	-	173	-	5,700

Notes to the Financial Statements

for the Period from 30 December 2018 to 28 December 2019

13 Intangible assets (continued)

The amortisation charges for the period on the Group's intangible film distribution rights are included within cost of sales. The amortisation charges on brands, relationships and computer software and developed technology are included within administrative expenses.

Acquisition during the period
The brands, relationships and computer software and developed technology recognised in intangible assets were acquired through business combinations.

Estimated useful lives of finite intangible assets are as follows:

Brands	5 - 20 years
Relationships	6 - 7 years
Computer software and developed technology	5 years

As at 28 December 2019, these assets were tested for impairment.

Goodwill impairment review
The Group annually assesses the carrying value of goodwill for impairment in line with the accounting policies set out in note 2.

A detailed review of the components making up the carrying value of these balances has been undertaken whereby the carrying amount of the cash generating units (CGUs), including goodwill, has been compared to the value in use of the CGU to which each component has been allocated.

The components that make up the goodwill balance are as follows:

- £3,414,000 allocated and assessed against the Stagecoach CGU
- £3,004,000 allocated and assessed against the Trafalgar Releasing CGU
- £2,523,000 allocated and assessed against the Trafalgar Theatre Productions CGU
- £14,599,000 allocated and assessed against the London Theatre Direct CGU
- £431,000 allocated and assessed against the More2Screen CGU

Value in use was determined by discounting the estimated future cash flows generated from that CGU and was based on the following key assumptions;

- cash flows were projected based on five year forecasts taking into account actual operating results for historic years;
- the fifth year forecast for CGU represents the stable long term position for the business;
- the cash flows were discounted to their Net Present Value using an adjusted weighted average cost of capital (WACC) specific to the CGU;
- sensitivity analysis was performed by applying a range of WACCs and growth rates for the CGU.

No goodwill acquired through business combinations is expected to be deductible for tax purposes.

No impairment of the Group's goodwill has been recognised (2018: nil).

Notes to the Financial Statements
for the Period from 30 December 2018 to 28 December 2019

13 Intangible assets (continued)

Company

	Computer software £ 000	Total £ 000
Cost or valuation		
At 30 December 2018	-	-
Additions	178	178
At 28 December 2019	178	178
Amortisation		
At 30 December 2018	-	-
Amortisation charge	-	-
At 28 December 2019	-	-
Carrying amount		
At 28 December 2019	178	178
At 29 December 2018	-	-

14 Investments

Summary of the Company investments

Subsidiaries	£ 000
Cost	
At 31 December 2017	3,600
Additions	17,517
At 29 December 2018	21,117
Additions	23,445
At 28 December 2019	44,562
Carrying amount	
At 28 December 2019	44,562
At 29 December 2018	21,117
At 31 December 2017	3,600

The Directors are of the opinion the investments are not worth less than their carrying value.

Notes to the Financial Statements
for the Period from 30 December 2018 to 28 December 2019

14 Investments (continued)

Group subsidiaries

Details of the Group subsidiaries as at 28 December 2019 are as follows:

Name of subsidiary	*Principal activity*	*Registered office*	*Proportion of ownership interest and voting rights held 2019*	*2018*
Trafalgar Theatre Productions Limited*	Show production and management	Ashcombe Court Woolsack Way Godalming GU7 1LQ United Kingdom	100%	100%
Trafalgar Studios Limited*	Venue operations	Ashcombe Court Woolsack Way Godalming GU7 1LQ United Kingdom	100%	100%
Moonlight Acquisitions Limited*	Holding company	Ashcombe Court Woolsack Way Godalming GU7 1LQ United Kingdom	100%	100%
Trafalgar Releasing Limited	Event broadcasting	Ashcombe Court Woolsack Way Godalming GU7 1LQ United Kingdom	100%	100%
Rainbow Education Limited*	Holding company	Ashcombe Court Woolsack Way Godalming GU7 1LQ United Kingdom	100%	100%
Stagecoach Theatre Arts Limited	Operation of Franchisee Network in relation to the provision of education to children	Ashcombe Court Woolsack Way Godalming GU7 1LQ United Kingdom	100%	100%
Stagecoach Education Services Limited	Operation of Stagecoach franchise schools and the provision of educational holiday camps.	Ashcombe Court Woolsack Way Godalming GU7 1LQ United Kingdom	100%	100%

Notes to the Financial Statements
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14 Investments (continued)

Name of subsidiary	*Principal activity*	*Registered office*	*Proportion of ownership interest and voting rights held* 2019	2018
Trafalgar Cinemas Limited*	Venue operation	Ashcombe Court Woolsack Way Godalming GU7 1LQ United Kingdom	100%	100%
Trafalgar Entertainment Asia-Pacific Pty Limited*	Venue sourcing	Angel Place Level 27 123 Pitt Street Sydney NSW 2000 Australia	100%	100%
Stagecoach Performing Arts Limited (Dormant)	Did not trade during the year	Ashcombe Court Woolsack Way Godalming GU7 1LQ United Kingdom	100%	100%
Stagecoach Theatre Arts Schools GmbH	Operating and franchising part-time performing arts schools for young people aged between 4 and 18	Manizer Landstrabe, 50 F60325 Frankfurt Germany	100%	100%
Stagecoach Theatre Arts (Canada) Limited	Operating and franchising part-time performing arts schools for young people aged between 4 and 18	1100-1959 Upper Water Street Halifax Nova Scotia B3J 3N2 Canada	100%	100%
Stagecoach Theatre Arts Schools Limited	Operating and franchising part-time performing arts schools for young people aged between 4 and 18	22 pth St 1000 Cambell Mithun Tower Minneapolis MN 554020000 USA	100%	100%
RHUK18 Limited	Theatrical production	55 Strand 8th Floor London WC2N 5LR United Kingdom	77%	77%
London Theatre Direct Ltd*	Sale of theatre tickets	55 Strand London WC2R 0LQ United Kingdom	51%	-%

Notes to the Financial Statements
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14 Investments (continued)

Name of subsidiary	*Principal activity*	*Registered office*	*Proportion of ownership interest and voting rights held* 2019	2018
Luke Shires Marketing Ltd*	Provision of marketing campaigns	Ashcombe Court Woolsack Way Godalming GU7 1LQ United Kingdom	100%	-%
More2Screen Limited	Intellectual property holding company	Ashcombe Court Woolsack Way Godalming GU7 1LQ United Kingdom	100%	-%
Jonathan Church Theatre Productions Limited*	Show production and management	Ashcombe Court Woolsack Way Godalming GU7 1LQ United Kingdom	100%	-%

All of the above listed ownership interests held are in Ordinary Share classes.

* indicates direct investment of Trafalgar Entertainment Group Limited

Notes to the Financial Statements
for the Period from 30 December 2018 to 28 December 2019

14 Investments (continued)

Group associates

	£ 000
Cost	
At 31 December 2017	408
At 30 December 2018	408
Additions	275
Impairment	(35)
At 28 December 2019	648
Group share of associate results	
Group share of profit/(loss)	101
Distributions from associate	(101)
At 29 December 2018	-
Group share of profit/(loss)	(138)
Distributions from associate	(59)
At 28 December 2019	(197)
Carrying amount	
At 28 December 2019	451
At 29 December 2018	408
At 31 December 2017	408

Notes to the Financial Statements
for the Period from 30 December 2018 to 28 December 2019

14 Investments (continued)

Details of the Group's associates as at 28 December 2019 are as follows:

Name of associate	*Principal activity*	*Registered office*	*Proportion of ownership interest and voting rights held by the Group* 2019	2018
Rocky Horror Company Limited	Show production	Regina House 124 Finchley Road London NW3 5JS England and Wales	33.33%	33.33%
Joe Egg West End Limited	Show production	Ashcombe Court Woolsack Way Godalming Surrey GU7 1LQ England and Wales	39%	0%

As disclosed in note 3, Trafalgar Theatre Productions Limited owns the entire share capital of Joe Egg West End Limited but the directors have assessed that the definition of control has not been met and as such this entity has been accounted for as an associate and equity accounted. Trafalgar Theatre Productions Limited contributed 39% of the capitalisation in the production.

Both associates' principal place of business is 55 The Strand, London, WC2N 5LR.

Notes to the Financial Statements
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14 Investments (continued)

Rocky Horror Company Limited

	2019 £ 000	2018 £ 000
Current assets	488	864
Current liabilities	(487)	(863)
Equity	1	1
Group share in equity - 33.33%	-	-
Revenue	(1,106)	(1,397)
Profit/(loss)	179	306
Movement in investment carrying value		
Opening carrying value	408	408
Group share of profit/(loss)	59	101
Less distributions from associate	(59)	(101)
Closing carrying value	408	408

Joe Egg West End Limited

	2019 £ 000
Current assets	12
Current liabilities	-
Equity	12
Group share in equity - 39%	5
Revenue	(438)
Profit/(loss)	(506)
Movement in investment carrying value	
Investment in associate	275
Impairment	(35)
Group share of profit/(loss)	(197)
Closing carrying value	43

Notes to the Financial Statements

for the Period from 30 December 2018 to 28 December 2019

14 Investments (continued)

Aggregate financial information for associates

	2019 £ 000	2018 £ 000
Group share of profit or loss from continuing operations	(138)	101

The most recent financial year end of Rocky Horror Company Ltd is 30 September 2019, and it is the results to this date that have been included in these accounts. This is the most accurate information available at the time of preparing these accounts and represents a full 12 months of activity.

Joe Egg West End Limited is the production company for A day in the Death of Joe Egg that played in Trafalgar Studio 1. The production closed on 30 November 2019. The company has had no further activity subsequent to closing.

15 Acquisition of subsidiaries

London Theatre Direct Ltd

On 24 February 2019, the Group acquired 51% of the issued share capital of London Theatre Direct Ltd, obtaining control. The principal activity of London Theatre Direct Ltd is the sale of theatre tickets.

The fair value of the identifiable assets acquired and liabilities assumed are as set out in the table below:

	2019 £ 000
Assets and liabilities acquired	
Financial assets	3,217
Right of use assets	131
Property, plant and equipment	1
Identifiable intangible assets	15,367
Financial liabilities	(3,628)
Deferred tax liability	(2,612)
Total identifiable assets	12,476
Non controlling interest at acquisition	(6,112)
Goodwill	14,599
Total consideration	20,963
Satisfied by:	
Cash	19,857
Other	1,106
Total consideration transferred	20,963
Cash flow analysis:	
Cash consideration	19,857
Less: cash and cash equivalent balances acquired	(1,737)
Net cash outflow arising on acquisition	18,120

Notes to the Financial Statements

for the Period from 30 December 2018 to 28 December 2019

15 Acquisition of subsidiaries (continued)

The fair value of the identifiable assets includes amounts attributable to non-controlling interests amounting to £6,112,000. The total purchase consideration amounted to £20,963,000, representing consideration paid of £19,857,000, the fair value of a written call option of £7,153,000 and the fair value of a written put option of £8,259,000. The options were granted to the former owners of London Theatre Direct Ltd for the acquisition of the minority interest and are exercisable three years from the date of acquisition. Stamp duty of £115,000 was paid. The acquisition resulted in a goodwill addition of £14,599,000. The fair value of the call option was £5,953,000 and the fair value of the put option was £7,346,000 at 28 December 2019. These amounts are included in other non-current financial assets and other non-current financial liabilities, respectively, on the face of the Consolidated Statement of Financial Position. All changes in the fair value of the put and call option are recorded within administrative expenses.

The group has written call and put options over the non-controlling interest in London Theatre Direct, which permits the holders to put or call the shares in the subsidiary back to the group three years after acquisition date. The amount that may become payable under the options on exercise are initially recognised at the present value of the redemption amount within Other non-current financial assets and Other non-current financial liabilities. The fair value of the call and the put options at acquisition date were derived using the Black-Scholes model. The options were valued using a strike price of £22.1m and a risk-free interest rate of 0.8%, adjusted for a put/call parity.

The options were revalued at 28 December 2019, with fair value changes of £287,000 recorded through profit and loss in line with IFRS 9.

Acquisition-related costs (included in administrative expenses) amount to £449,000.

For the period between the date of acquisition and the balance sheet date London Theatre Direct Ltd contributed £9,370,000 revenue and £2,674,000 of profit, which is included in the Group's loss for the period.

If the acquisition of the above company had been completed on the first day of the financial year, Group revenues for the period would have been £46,289,000 and the Group loss would have been £3,475,000.

Notes to the Financial Statements
for the Period from 30 December 2018 to 28 December 2019

15 Acquisition of subsidiaries (continued)

More2Screen Limited

On 18 November 2019, the Group acquired 100% of the issued share capital of More2Screen Limited, obtaining control. The principal activity of More2Screen Limited is live event broadcasting.

The fair value of the identifiable assets acquired and liabilities assumed are as set out in the table below:

	2019 *£000*
Assets and liabilities acquired	
Financial assets	940
Property, plant and equipment	3
Identifiable intangible assets	985
Financial liabilities	(491)
Deferred tax liability	(167)
Total identifiable assets	1,270
Goodwill	431
Total consideration	1,701
Satisfied by:	
Cash	1,280
Contingent consideration arrangement*	421
Total consideration transferred	1,701
Cash flow analysis:	
Cash consideration	1,280
Less: cash and cash equivalent balances acquired	(515)
Net cash outflow arising on acquisition	765

Acquisition-related costs (included in administrative expenses) amount to £63,000.

Following acquisition the trading assets were transferred to Trafalgar Releasing Limited. More2Screen Limited contributed £- revenue and £- to the Group's loss for the period between the date of acquisition and the balance sheet date.

If the acquisition of More2Screen Limited had been completed on the first day of the financial year, Group revenues for the period would have been £46,593,000 and the Group loss would have been £3,672,000.

*Contingent consideration arrangement is included in other non-current financial liabilities on the Consolidated Statement of Financial Position.

Notes to the Financial Statements
for the Period from 30 December 2018 to 28 December 2019

16 Inventories

	Group		Company	
	2019	*2018*	*2019*	*2018*
	£ 000	*£ 000*	*£ 000*	*£ 000*
Finished goods and goods for resale	115	68	-	-

17 Non adjusting events after the financial period

On 24 January 2020 the Group incorporated Trafalgar (FH) Limited as a wholly owned subsidiary, which on 5 February 2020 acquired the freehold to a property in south London for £2.7 million.

18 Trade and other receivables

	Group		Company	
	2019	*2018*	*2019*	*2018*
	£ 000	*£ 000*	*£ 000*	*£ 000*
Trade receivables	4,337	4,942	108	164
Allowance for expected credit losses	(50)	-	-	-
Allowance for bad debts	-	(101)	-	-
Net trade receivables	4,287	4,841	108	164
Receivables from related parties	-	-	8,812	9,090
Loans to related parties	-	-	-	2,298
Accrued income	3,111	3,539	-	-
Prepayments	972	1,041	104	68
VAT Receivable	-	-	103	61
Other receivables*	2,292	1,328	176	145
	10,662	10,749	9,303	11,826
Less non-current portion	-	-	-	(2,298)
	10,662	10,749	9,303	9,528

*Included in other receivables is cash in transit of £1,204,000 (2018: £nil).

Details of non-current trade and other receivables

Company

£Nil (2018 - £2,297,608) of Loans to related parties is classified as non current. The long term loan to related parties was settled in full on 2 May 2019.

Notes to the Financial Statements

for the Period from 30 December 2018 to 28 December 2019

18 Trade and other receivables (continued)

Impairment

Set out below is the movement in the allowance for expected credit losses of trade receivables and contract assets:

	2019 *£ 000*	*2018* *£ 000*
At 29 December 2018	101	139
Provision for expected credit losses/doubtful debt	5	32
Reversal of previous provision	(56)	(70)
At 28 December 2019	50	101

19 Cash and cash equivalents

	Group		*Company*	
	2019 *£ 000*	*2018* *£ 000*	*2019* *£ 000*	*2018* *£ 000*
Cash in hand	19	20	-	-
Cash at bank	10,317	16,857	86	10,505
	10,336	16,877	86	10,505

Included within cash at bank is £500,000 (2018: nil) held in a ring fenced account as a bond on behalf of a partner.

20 Share capital

Authorised, allotted, called up and fully paid shares

	2019		*2018*	
	No. 000	*£ 000*	*No. 000*	*£ 000*
A Ordinary Shares of £1 each	45,490	45,490	39,693	39,693
B Ordinary Shares of £1 each	2,479	2,479	2,163	2,163
C Ordinary Shares of £0.00 each	13,309	13	10,444	13
Deferred Shares of £0.00 each	181,074	181	181,074	181
	242,351	48,163	233,373	42,050

New shares issued

During the year the Company made the following changes to its share capital:

- Issued 5,796,671 £1 A Ordinary shares in the year for a total consideration of £9,388,470, giving rise to a share premium of £3,591,799. Further information can be found in note 21.
- Issued 315,831 £1 B Ordinary shares in the year for a total consideration of £511,530, giving rise to a share premium of £195,699. Further information can be found in note 21.
- Issued 2,865,355 £0.001 C Ordinary shares for a total consideration of £2,865.36.

Notes to the Financial Statements

for the Period from 30 December 2018 to 28 December 2019

20 Share capital (continued)

Rights, preferences and restrictions

A and B Ordinary Shares have the following rights, preferences and restrictions:
The A Shares and B Shares shall have the same rights and restrictions other than as set out in the articles of association which can be found at Companies House.

A summary of the restrictions are as follows:

Until such time as each holder of B shares has been paid back in full the total of its respective Subscription Amount, any profits available for distribution which the Company may decide to distribute shall be applied in distributing such profits amongst the holders of B shares only.

Once each holder of B Shares has been paid back in full the total of its respective Subscription Amount, any profits available which the Company may decide to distribute shall be applied in distributing such profits amongst all the shareholders (pari passu as if the A shares and B shares constituted one class of shares) pro rata to their respective shareholdings.

At a general meeting, on a show of hands every shareholder who is present in person or by proxy shall have one vote, unless the proxy himself is a shareholder entitled to vote; on a poll every shareholder present in person or by proxy shall have one vote for each share of which he is the holder; and on a vote on a written resolution every shareholder has one vote for each share of which he is the holder.

C Ordinary Shares have the following rights, preferences and restrictions:

The C Ordinary Shares shall not confer on the holders thereof the right to receive notice of or to attend, speak or vote at general meetings of the Company nor to receive or vote on proposed written resolutions of the Company. The C Ordinary Shares shall not carry any right to receive dividends or other distributions.

C shares are management sweet equity, which are allocated according to the board's discretion. C shares only have value on a share or asset sale by the current majority shareholder, and then only to the extent that the IRR of the A & B shares exceeds 10%, in which case the C shares receive 20% of any proceeds after the A & B shares have recouped 10%.

Deferred Shares have the following rights, preferences and restrictions:

The Deferred Shares shall not confer on the holders thereof the right to receive notice of or to attend, speak or vote at general meetings of the Company nor to receive or vote on proposed written resolutions of the Company. The Deferred Shares shall not carry any right to receive dividends or other distributions.

As part of its capital restructuring in April 2018, the Company offered some of its existing shareholders the opportunity to roll over their existing shareholding through converting their old B shares partially into new B shares at an exchange ratio reflecting the uplift in value of the new B shares, and partially into Deferred Shares. Deferred Shares hold no voting or economic rights.

21 Reserves

Share premium account

The share premium account represents the excess of the issue price over the par value on shares issued, less transaction costs arising on issue.

During the year Trafalgar Entertainment Group issued 5,796,671 A Ordinary Shares with a par value of £1 each at a cost of £1.6196 per share and 315,831 B Ordinary Shares with a par value of £1 each at a cost of £1.6196 per share, creating a share premium of £3,787,498.

All other reserves are as stated in the consolidated statement of changes in equity.

Notes to the Financial Statements

for the Period from 30 December 2018 to 28 December 2019

22 Lease liabilities

	Group		Company	
	2019	*2018*	*2019*	*2018*
	£ 000	*£ 000*	*£ 000*	*£ 000*
Non-current lease liabilities				
Lease liabilities	6,795	3,432	1,631	-

	Group		Company	
	2019	*2018*	*2019*	*2018*
	£ 000	*£ 000*	*£ 000*	*£ 000*
Current lease liabilities				
Lease liabilities	494	100	185	-

23 Leases

Group

Reconciliation of lease liabilities on adoption of IFRS 16

	£ 000
Operating lease obligations at 29 December 2018 *(restated)*	5,931
Minimum lease payments (notional amount) on lease liabilities at 29 December 2018	10,817
Relief option for short-term leases	(88)
Relief option for leases of low-value assets	(2)
Other	21
Gross lease liabilities at 30 December 2018	16,679
Discounting	(10,419)
Lease liabilities at 30 December 2018	6,260
Present value of lease liabilities at 30 December 2018	(3,532)
Additional lease liabilities as a result of the initial application of IFRS 16 at 30 December 2018	2,728

The opening operating lease obligations at 30 December 2018 has been restated by £4,350,000 to include obligations in relation to one lease which was erroneously missed from the disclosure in the prior year financial statements. There is no impact on the statement of total comprehensive income or statement of financial position.

The lease liabilities were discounted at the borrowing rate as at 30 December 2018. The weighted average discount rate was 6.64%.

Notes to the Financial Statements

for the Period from 30 December 2018 to 28 December 2019

23 Leases (continued)

Total cash outflows related to leases

Total cash outflows related to leases are presented in the table below:

Payment	*2019* *£ 000*
Payment of principal portion of lease liabilities	116
Payment of interest portion of lease liabilities	375
Low value leases	8
Short term leases	45
Total cash outflow	544

Set out below are the carrying amounts of lease liabilities (included under interest-bearing loans and borrowings) and the movements during the period:

	2019 *£ 000*
As at 30 December 2018	6,261
Additions	1,144
Accretion of interest	375
Payments	(491)
Carrying lease liabilities at 28 December 2019	7,289
Current	494
Non-current	6,795

The maturity analysis of lease liabilities are disclosed in Note 26 Financial Instruments.

The following are the amounts recognised in profit or loss:

	2019 *£ 000*
Depreciation expense of right of use assets	505
Interest expense on lease liabilities	375
Expense relating to short-term leases	45
Expense relating to leases of low-value assets	8
	933

Notes to the Financial Statements
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24 Pension and other schemes

Defined contribution pension scheme

The Group operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the Group to the scheme and amounted to £316,426 (2018 - £163,471).

Contributions totalling £108,463 (2018 - £73,541) were payable to the scheme at the end of the period and are included in other payables in Note 25.

25 Trade and other payables

	Group		*Company*	
	2019 *£ 000*	*2018* *£ 000*	*2019* *£ 000*	*2018* *£ 000*
Trade payables	5,689	1,123	362	100
Accrued expenses	12,223	11,192	591	1,056
Amounts due to related parties	-	-	2,450	-
Social security and other taxes	1,589	999	135	254
Other payables	828	189	74	48
	20,329	13,503	3,612	1,458

The fair value of the trade and other payables classified as financial instruments are disclosed in the financial instruments note.

The Group's exposure to market and liquidity risks related to trade and other payables is disclosed in Note 26 Financial Instruments.

26 Financial instruments

Group

Fair value measurement

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities.

Assets	Valuation date	2019 Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
		£000	*£000*	*£000*	*£000*
Call option	28 December 2019	5,953	-	-	5,953
Investments in productions	28 December 2019	493	-	-	493

Notes to the Financial Statements
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26 Financial instruments (continued)

Liabilities	Valuation date	2019 Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
		£000	*£000*	*£000*	*£000*
Put option	28 December 2019	7,346	-	-	7,346
Deferred consideration	28 December 2019	421	-	-	421

There were no transfers between Level 1 and Level 2 during 2019 or 2018.

In the prior year, there were no financial assets or liabilities at fair value.

Description of significant unobservable inputs to valuation:
The significant unobservable inputs used in the fair value measurements categorised within Level 3 of the fair value hierarchy, together with a quantitative sensitivity analysis as at 28 December 2019 are shown below:

	Valuation technique	Significant unobservable inputs	Range (weighted average)	Sensitivity of the input to fair value
Financial assets				
Call option	Black Scholes model	Probability adjusted EBITDA	2019: £3.1 - £6.6m	10% increase in probability-adjusted EBITDA would reduce the fair value of the call option by £559,000
				10% decrease in probability-adjusted EBITDA would increase the fair value of the call option by £630,000
		Volatility	2019: 55%	10% increase in assumed volatility would increase the fair value by £1,120,000
				10% decrease in assumed volatility would decrease the fair value by £1,152,000

Notes to the Financial Statements
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26 Financial instruments (continued)

	Valuation technique	Significant unobservable inputs	Range (weighted average)	Sensitivity of the input to fair value
Financial liabilities				
Deferred consideration	DCF method	Discount rate	2019: 16%	2% decrease in discount rate would result in an increase in fair value of the contingent consideration by £16,000
				2% increase in discount rate would result in an decrease in fair value of the contingent consideration by £15,000
		Forecast gross profit	2019: £2.6m	10% decrease in assumed forecast gross profit results in a decrease in the fair value of the contingent consideration by £217,000
				5% increase in assumed forecast gross profit results in a increase in the fair value of the contingent consideration by £16,000
Put option	Black Scholes model	Probability adjusted EBITDA	2019: £3.1 - £6.6m	10% increase in probability-adjusted EBITDA would increase the fair value of the put option by £1,330,000
				10% decrease in probability-adjusted EBITDA would decrease the fair value of the put option by £1,258,000
		Volatility	2019: 55%	10% increase in assumed volatility would increase the fair value by £1,120,000
				10% decrease in assumed volatility would decrease the fair value by £1,152,000

The above financial assets and liabilities were acquired during the current financial period. Fair value losses of £287,000 have been recognised in the Statement of Total Comprehensive Income relating to the options. No gains or losses have been recognised in the period relating to the deferred consideration.

Notes to the Financial Statements

for the Period from 30 December 2018 to 28 December 2019

26 Financial instruments (continued)

Reconciliation of fair value measurement of derivative assets and liabilities:

	Financial assets	Financial liabilities	
	Call option	Put Option	Deferred Consideration
	£000s	*£000s*	*£000s*
As at 30 December 2018	-	-	-
Additions	7,153	8,259	421
Remeasurement recognised in statement of total comprehensive income during the period	(1,200)	(913)	-
As at 28 December 2019	5,953	7,346	421

Financial assets

Financial assets at fair value through profit or loss

Derivative held for trade

	Carrying value		*Fair value*	
	2019	*2018*	*2019*	*2018*
	£ 000	*£ 000*	*£ 000*	*£ 000*
Call option	5,953	-	5,953	-

Valuation methods and assumptions

Call option:
The Group has written Call and Put options over the non-controlling interest in London Theatre Direct Ltd. Details of the valuation method and assumptions can be found in Note 15. During the period there was an adjustment to reduce the fair value of the Call option by £1,200,000.

Loans and receivables at amortised cost

	Carrying value	
	2019	*2018*
	£ 000	*£ 000*
Trade and other receivables	10,662	10,749

Management assessed that the fair values of trade and other receivables approximate their carrying amounts largely due to the short-term maturities of these instruments.

Notes to the Financial Statements
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26 Financial instruments (continued)

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

2019	*Current* *£ 000*	*30-60 days* *£ 000*	*61-90 days* *£ 000*	*>90 days* *£ 000*	*Total* *£ 000*
Gross trade receivables	3,200	717	178	242	4,337
Expected credit loss	-	-	(2)	(48)	(50)
Total net of expected credit loss	3,200	717	176	194	4,287

2018	*Current* *£ 000*	*30-60 days* *£ 000*	*61-90 days* *£ 000*	*>90 days* *£ 000*	*Total* *£ 000*
Gross trade receivables	3,746	701	140	355	4,942
Bad debt allowances	-	-	-	(101)	(101)
Total net of bad debt allowances	3,746	701	140	254	4,841

Financial liabilities

Derivative financial liabilities at fair value through profit and loss held for trading

	Carrying value		*Fair value*	
	2019	*2018*	*2019*	*2018*
	£ 000	*£ 000*	*£ 000*	*£ 000*
Put option	7,346	-	7,346	-
Deferred consideration	421	-	421	-
	7,767	-	7,767	-

Valuation methods and assumptions

Put option:
The Group has written Call and Put options over the non-controlling interest in London Theatre Direct Ltd. Details of the valuation method and assumptions can be found in Note 15. During the period there was an adjustment to reduce the fair value of the Put option by £913,000.

Deferred consideration:
In the event the operations of More2Screen Limited achieve certain performance criteria during the period 1 November 2019 to 31 December 2022, as specified in an 'earn out' clause in the sale agreement, additional cash consideration will be payable. At the time of the purchase the fair value of the consideration was determined to be £421,000. It has been recognised as a financial liability at fair value through profit or loss. The contingent consideration is discounted at a weight average cost of capital of 16%. There has been no change to fair value as at 28 December 2019.

Notes to the Financial Statements
for the Period from 30 December 2018 to 28 December 2019

26 Financial instruments (continued)

Financial liabilities at amortised cost

	Carrying value	
	2019	*2018*
	£ 000	*£ 000*
Trade and other payables	18,740	12,504

Management assessed that the fair values of trade and other payables approximate their carrying amounts largely due to the short-term maturities of these instruments.

Description of instruments
Trade and other payables:
The Group's trade and other payables are due on normal commercial terms.

Financial risk review

Maturity analysis for financial liabilities
The following table sets out the remaining contractual maturities of the Group's financial liabilities by type.

2019 *Non-derivative liabilities*	*Carrying amount* *£ 000*	*Gross nominal inflow/-outflow* *£ 000*	*Less than 1 month* *£ 000*	*1-3 months* *£ 000*	*3 months - 1 year* *£ 000*	*1-5 years* *£ 000*	*More than 5 years* *£ 000*
Trade and other payables	18,740	18,740	5,660	610	12,470	-	-
Deferred income	719	719	362	47	37	273	-
Finance lease liabilities	7,289	17,759	20	212	496	2,176	14,855

2018 *Non-derivative liabilities*	*Carrying amount* *£ 000*	*Gross nominal inflow/-outflow* *£ 000*	*Less than 1 month* *£ 000*	*1-3 months* *£ 000*	*3 months - 1 year* *£ 000*	*1-5 years* *£ 000*	*More than 5 years* *£ 000*
Trade and other payables	10,749	10,749	218	10,053	478	-	-
Deferred income	590	590	-	569	21	-	-
Finance lease liabilities	3,532	10,817	-	52	53	432	10,280

Notes to the Financial Statements

for the Period from 30 December 2018 to 28 December 2019

26 Financial instruments (continued)

Financial risk review (continued)

Capital risk management

Capital management

For the purpose of the Group's capital management, capital includes issued capital, share premium and all other equity reserves attributable to the equity holders of the parent company. The primary objective to of the Group's capital management is to maximise shareholder value. When the parent company issues new capital it invites all equity holders to participate to avoid any dilution of shareholdings. During the year the company issued capital in line with its capital management policy (see note 20 and 28).

Company

This note presents information about the company's exposure to financial risks and the company's management of capital.

Company

Financial assets

Financial assets at fair value through profit or loss

Derivative held for trade

	Carrying value		*Fair value*	
	2019	*2018*	*2019*	*2018*
	£ 000	*£ 000*	*£ 000*	*£ 000*
Call option	5,953	-	5,953	-

Valuation methods and assumptions

Call option:

The Company has written Call and Put options over the non-controlling interest in London Theatre Direct Ltd. Details of the valuation method and assumptions can be found in Note 15. During the period there was an adjustment to reduce the fair value of the Call option by £1,200,000.

Loans and receivables at amortised cost

	Carrying value	
	2019	*2018*
	£ 000	*£ 000*
Trade and other receivables	9,200	11,765

Management assessed that the fair values of trade and other receivables approximate their carrying amounts largely due to the short-term maturities of these instruments.

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26 Financial instruments (continued)

Financial liabilities

Derivative financial liabilities at fair value through profit and loss held for trading

	Carrying value		*Fair value*	
	2019	*2018*	*2019*	*2018*
	£ 000	*£ 000*	*£ 000*	*£ 000*
Put option	7,346	-	7,346	-
Deferred consideration	421	-	421	-
	7,767	-	7,767	-

Valuation methods and assumptions

Put option:
The Company has written Call and Put options over the non-controlling interest in London Theatre Direct Ltd. Details of the valuation method and assumptions can be found in Note 15. During the period there was an adjustment to reduce the fair value of the Put option by £913,000.

Deferred consideration:
In the event the operations of More2Screen Limited achieve certain performance criteria during the period 1 November 2019 to 31 December 2022, as specified in an 'earn out' clause in the sale agreement, additional cash consideration will be payable. At the time of the purchase the fair value of the consideration was determined to be £421,000. It has been recognised as a financial liability at fair value through profit or loss. The contingent consideration is discounted at a weight average cost of capital of 16%. There has been no change to fair value as at 28 December 2019.

Financial liabilities at amortised cost

	Carrying value	
	2019	*2018*
	£ 000	*£ 000*
Trade and other payables	3,477	1,204

Description of instruments

Trade and other payables:
The Company's trade and other payables are all due on normal commercial terms.

Management assessed that the fair values of trade and other payables approximate their carrying amounts largely due to the short-term maturities of these instruments.

Notes to the Financial Statements

for the Period from 30 December 2018 to 28 December 2019

27 Financial risk management and impairment of financial assets

The Group's activities expose it to a variety of financial risks including credit risk and currency risk. The Group's overall risk management programme focusses on minimising potential adverse effects on the Group's financial performance.

The Group considers a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Credit risk exists within Trafalgar Releasing Ltd and More2Screen Limited, however this risk is mitigated given that debtor balances are largely offset by corresponding creditor balances which are only payable in the event that the relevant debtor is collected. Within Trafalgar Studios tickets are purchased in advance of the performance taking place and so the credit risk within this entity is limited.

Credit risk also exists within Stagecoach Theatre Arts Ltd. The majority of the customers have been transacting with the company for several years, with losses rarely occurring and most customers paying by direct debit.The company works closely with its franchisees and assesses receivables using the ECL model as prescribed by IFRS 9. All receivables which management consider to be irrecoverable are fully provided for and all other trade receivables are considered to be recoverable. Luke Shires Marketing Limited invoices in advance of work performed and risk is therefore limited to the period of work performed falling within credit payment terms, if any.

Credit risk exists within London Theatre Direct as a result of its significant trading volumes. London Theatre Direct has mitigated this risk by implementing a strict credit policy and by putting bonds in place with partners where deemed necessary.

Currency risk is present within Trafalgar Releasing Ltd with around 50% of screen revenues generated in the UK and the remainder overseas. Overseas screenings are all invoiced in either Euros or USD and so currency risk is limited to those two currencies. Stagecoach Theatre Arts limited has operations in Germany and Canada, presenting Euro and CAD currency risk. Management consider these operations not significant to the Group and will continue to consider and evaluate options to mitigate currency risk as these businesses grow.

Notes to the Financial Statements
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28 Related party transactions

Key management personnel compensation

	2019 *£ 000*	*2018* *£ 000*
Salaries and other short term employee benefits	2,723	3,472
Post-employment benefits	89	46
	2,812	3,518

During the period Trafalgar Theatre Productions Ltd charged £120,000 (2018: £112,500) of management fees to and had income of £59,317 (2018: £101,441) (shown as income from associates) from Rocky Horror Company Ltd, and RHUK18 Limited paid £406,597 (2018: nil) of royalties and share of merchandise income to Rocky Horror Company Limited. As at 28 December 2019 £25,626 (2018: 22,077) was due to Rocky Horror Company Limited from RHUK18 Limited. Sir H H Panter is a director of Rocky Horror Company Ltd.

During the period Trafalgar Entertainment Group Ltd paid NWH Consulting Ltd £1,481 (2018: £32,693) in respect of consultancy services. N W H Humby is a director of Trafalgar Releasing Ltd and a director of NWH Consulting Ltd.

During the period the Group made payments of £2,858 (2018: £300) to Concord Theatricals Limited (CTL) for the license of a theatrical performance catalogue and broadcast royalties. The ultimate controlling party of CTL is Concord. Concord became a related party following Barings Asset-Based Income Fund (US), LP acquiring the controlling stake in the Group and shares mutual Directors.

During the period both Sir H H Panter and Dame R A Squire paid for and were issued with 299,376 A ordinary shares each and H J Enright paid for and was issued with 58,415 A ordinary shares.

Trafalgar Theatre Productions Ltd was owed £nil (2018: £40,684) by DB Productions Limited in relation to the production of Apologia. DB Productions Limited filed for voluntary liquidation on 20 November 2019. Sir H H Panter was a director of DB Productions Ltd in the year.

In the prior period Theatre Co-Productions (Sales and Marketing) Ltd held a minority shareholding in Trafalgar Entertainment Group Ltd. This shareholding was sold on 5 April 2018. Sir H H Panter and Dame R A Squire are directors of Theatre Co-Productions (Sales and Marketing) Ltd.

29 Ultimate controlling party

Barings Asset-Based Income Fund (US), LP is considered to be the ultimate controlling party by virtue of its 82.98% holding in the issued share capital of Trafalgar Entertainment Group Limited.

Trafalgar Entertainment Group Limited heads the smallest and largest Group into which these results are consolidated.