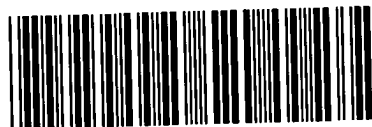


**PLAY SPORTS GROUP LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2018**

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COMPANIES HOUSE

## **PLAY SPORTS GROUP LIMITED**

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### **COMPANY INFORMATION**

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#### **DIRECTORS**

Andrew Croker (resigned 8 January 2019)  
Ralph Rivera (resigned 8 January 2019)  
Oliver Slipper (resigned 8 January 2019)  
Philip Smith (resigned 8 January 2019)  
Simon Wear  
Amy Wu (appointed 8 January 2019)  
Sameer Pabari (appointed 8 January 2019)

#### **COMPANY SECRETARY**

Peter Finney (resigned 8 January 2019)

#### **REGISTERED NUMBER**

10605512

#### **REGISTERED OFFICE**

30 Monmouth Street  
Bath  
BA1 2AP

#### **INDEPENDENT AUDITORS**

PricewaterhouseCoopers LLP  
Chartered Accountants & Statutory Auditors  
2 Glass Wharf  
Bristol  
BS2 0FR

## **PLAY SPORTS GROUP LIMITED**

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# PLAY SPORTS GROUP LIMITED

## GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

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### INTRODUCTION

The directors present their strategic report for the year ended 31 December 2018.

### BUSINESS REVIEW

#### *Revenue*

These financial statements illustrate the continued excellent progress made by the Group during 2018, with revenues for the year of £10.6m, up 96% on 2017. Billings (gross revenue billed to clients including media planning and buying activity where the group acts as agent rather than principal) were £15.5m, up 104% on 2017.

Strong revenue growth was delivered across all revenue streams, with Play Sports Network and Shift Active Media delivering year-on-year revenue growth of 97% and 83% respectively.

#### *Profitability and Cashflow*

Importantly, despite the continued investment into new channel launches and other growth initiatives, this revenue growth translated into profitability, with the Group delivering EBITDA (\*1) of £0.90m in the year (compared to an equivalent loss in 2017 of £0.03m).

Profitability also translated into cashflow with a £1.5m increase in cash and cash equivalents to £7.0m at the end of the year.

\*1 EBITDA is calculated as operating profit of £70,397 (2017: operating loss of £229,000), adjusted to exclude depreciation of £196,366 (2017: £109,268), amortisation of £106,477 (2017: £89,032) and a share based payment charge of £528,000 (2017: Nil).

#### *Key Operational Developments*

The group continued to invest for growth during the year, with the launch of a number of new channels including the Electric Mountain Bike Network (the Group's first channel dedicated to the growing e-Bike segment), GCN en Español (the first non-English language channel) and GCN Tech / GMBN Tech (two channels wholly dedicated to cycling equipment and technology).

These initiatives have enabled the Group to continue to develop its key brand partnerships and have underpinned the revenue growth in 2018 and the development of the revenue pipeline forward into 2019.

#### *Further Development of the Partnership with Discovery*

On 8 January 2019, Discovery Inc and other shareholders reached an agreement whereby Discovery acquired a controlling stake in Play Sports Group Limited, increasing its shareholding to 71%. This agreement included a further injection of £7.6m of capital to fund the future growth plans of the Group.

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

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**PRINCIPAL RISKS AND UNCERTAINTIES**

*General Economic and Political Risks*

The Group trades with brand partners and consumers located around the world and many of the services undertaken relate to marketing and promotional activity. Partners' marketing budgets may be affected by general uncertainty or adverse change in the economic environment (including as a result of the United Kingdom's planned exit from the European Union) and by related movements in exchange rates that impact on the relative cost of the Group's services and products in other territories.

*Execution of Investment Plans*

Management and Discovery continue to develop and implement investment plans to deploy capital to support the continued growth of the business. These plans include investments into a range of growth initiatives including, in some cases, the development of new activities and revenue streams. There is some inevitable uncertainty as to whether plans and assumptions developed by Management will come to fruition as expected. Clearly however, management and the Board are highly-focused on monitoring the progress of these initiatives and investments.

**FINANCIAL RISK MANAGEMENT**

Financial risks to which the Group could be exposed through its operations are mitigated by the significant cash balances held by the Group which, following the Discovery transaction on 8 January 2019, totaled over £13m.

The Group is exposed to credit risk through its dealings with customers. The Group closely monitors its exposure and, where appropriate, seeks to implement billing and credit terms that reduce this risk. Similarly, the Group is exposed to foreign exchange risk where it trades with customers in foreign currency. The Group limits this exposure through trading in sterling wherever possible and restricting any alternative arrangements to US Dollars or Euros.

**CONCLUSIONS**

In summary, 2018 was an exceptional year with the delivery of a number of important growth initiatives and further strong development in key financial metrics including revenue, profitability and cash. The development in the Discovery partnership that was concluded after the year end greatly enhances the strategic position, financial strength and growth potential of the Group.

This report was approved by the board on 23 May 2019

and signed on its behalf.

  
**Simon Wear**  
Director

## **PLAY SPORTS GROUP LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2018**

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The directors present their report and the audited financial statements for the year ended 31 December 2018.

#### **PRINCIPAL ACTIVITIES**

The principal activity of Play Sports Group Limited during the financial year under review was that of the holding company of its two trading subsidiaries, Play Sports Network Limited and Shift Active Media Limited. The principal activity of Shift Active Media Limited is that of media representation services and the principal activity of Play Sports Network Limited is that of online sports and lifestyle video channels.

#### **RESULTS AND DIVIDENDS**

The loss for the year, after taxation, amounted to £22,820 (2017: loss £229,686).

The Company has not declared any dividends during the current or prior financial year.

#### **DIRECTORS**

The directors who served during the year were:

Andrew Croker  
Ralph Rivera  
Oliver Slipper  
Philip Smith  
Simon Wear

#### **PRINCIPAL RISKS AND UNCERTAINTIES**

#### **MATTERS COVERED IN THE STRATEGIC REPORT**

The Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 requires a Strategic Report to be prepared. Where mandatory disclosures in the Directors' Report are considered by the directors to be of strategic importance, these have been provided in the Strategic Report.

#### **DISCLOSURE OF INFORMATION TO AUDITORS**

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

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

#### **POST BALANCE SHEET EVENTS**

On 8 January 2019, DNI Europe Holdings Limited ("DNI") entered into agreements to acquire a number of A Ordinary and B Ordinary shares and to invest £7.6 million in a subscription for further C Ordinary Shares. The effect of these transactions was for DNI's shareholding to increase to 71% of the total issued share capital of the company. Accordingly, Play Sports Group Limited is now under the control of DNI and the ultimate controlling party is Discovery, Inc., a US corporation listed on NASDAQ.

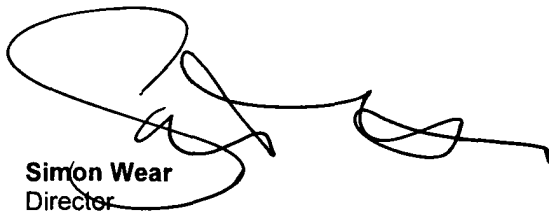
**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**INDEPENDENT AUDITORS**

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

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



**Simon Wear**  
Director

Date: 23 May 2019

30 Monmouth Street  
Bath  
BA1 2AP

**DIRECTORS' RESPONSIBILITIES STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and the applicable law.) 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 company and of the profit or loss of the group and company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006.



**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF PLAY SPORTS GROUP LIMITED**

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**OPINION**

In our opinion Play Sports Group Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2018 and of the Group's loss and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the group and parent company statements of financial position as at 31 December 2018; the group statement of comprehensive income, the group statement of cash flows, and the group and parent company statements of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

**BASIS FOR OPINION**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Independence**

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

**CONCLUSIONS RELATING TO GOING CONCERN**

ISAs (UK) require us to report to you when:

- 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.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the group's trade, customers, suppliers and the wider economy.

**REPORTING ON OTHER INFORMATION**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. 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

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF PLAY SPORTS GROUP LIMITED  
(CONTINUED)**

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our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or apparent material misstatement, 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISA's (UK) require us also to report certain opinions and matters as described below.

***Strategic Report and Directors' Report***

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 year ended 31 December 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

**RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT**

**Responsibilities of the directors for the financial statements**

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

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

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

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

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

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF PLAY SPORTS GROUP LIMITED  
(CONTINUED)**

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**Use of this report**

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

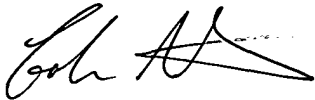
**OTHER REQUIRED REPORTING**

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



Colin Bates (Senior statutory auditor)  
for and on behalf of

**PricewaterhouseCoopers LLP**

Chartered Accountants

Statutory Auditors

2 Glass Wharf

Bristol

BS2 0FR

Date: *23 May 2019*

**PLAY SPORTS GROUP LIMITED**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Note	2018 £	2017 £
Turnover	4	10,624,740	5,408,311
Cost of sales		(5,734,169)	(3,216,542)
<b>GROSS PROFIT</b>		<b>4,890,571</b>	<b>2,191,769</b>
Administrative expenses		(4,317,392)	(2,623,613)
Exceptional administrative expenses	12	(528,000)	-
Other operating income	5	25,218	202,756
<b>OPERATING PROFIT/(LOSS)</b>	6	<b>70,397</b>	<b>(229,088)</b>
Interest payable and expenses	10	(22,187)	(18,239)
<b>PROFIT/(LOSS) BEFORE TAXATION</b>		<b>48,210</b>	<b>(247,327)</b>
Tax on profit/(loss)	11	(71,030)	17,641
<b>LOSS FOR THE FINANCIAL YEAR</b>		<b>(22,820)</b>	<b>(229,686)</b>

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

The notes on pages 16 to 36 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2018

	Note	2018 £	2017 £
<b>FIXED ASSETS</b>			
Intangible assets	14	869,267	975,744
Tangible assets	15	1,802,246	1,197,873
Investment property	17	-	483,700
		<u>2,671,513</u>	<u>2,657,317</u>
<b>CURRENT ASSETS</b>			
Stocks	18	417,974	367,506
Debtors: amounts falling due within one year	19	1,497,948	1,105,556
Cash at bank and in hand		6,966,635	5,431,080
		<u>8,882,557</u>	<u>6,904,142</u>
Creditors: amounts falling due within one year	20	(3,462,504)	(1,952,809)
<b>NET CURRENT ASSETS</b>		<u>5,420,053</u>	<u>4,951,333</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>8,091,566</u>	<u>7,608,650</u>
Creditors: amounts falling due after more than one year	21	(645,925)	(691,335)
<b>PROVISIONS FOR LIABILITIES</b>			
Deferred taxation	25	(119,971)	(96,825)
<b>NET ASSETS</b>		<u>7,325,670</u>	<u>6,820,490</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	26	2,618	2,618
Share premium account	27	5,973,013	5,973,013
Share based payments reserve	27	528,000	-
Merger relief reserve	27	549,942	549,942
Merger reserve	27	1,485,454	1,485,454
Profit and loss account	27	(1,213,357)	(1,190,537)
<b>TOTAL EQUITY</b>		<u>7,325,670</u>	<u>6,820,490</u>

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

Simon Wear  
Director

Date:

23 May 2019

The notes on pages 16 to 36 form part of these financial statements.

**PLAY SPORTS GROUP LIMITED**  
**REGISTERED NUMBER:10605512**

**COMPANY STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2018**

	Note	2018 £	2017 £
<b>FIXED ASSETS</b>			
Investments	16	2,941,880	2,413,880
<b>CURRENT ASSETS</b>			
Debtors: amounts falling due within one year	19	84,690	-
Cash at bank and in hand		4,109,322	4,157,445
		<u>4,194,012</u>	<u>4,157,445</u>
Creditors: amounts falling due within one year	20	(120,490)	(45,800)
<b>NET CURRENT ASSETS</b>		<u>4,073,522</u>	<u>4,111,645</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>7,015,402</u>	<u>6,525,525</u>
<b>NET ASSETS</b>		<u>7,015,402</u>	<u>6,525,525</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	26	2,618	2,618
Share premium account	27	5,973,013	5,973,013
Share based payments reserve	27	528,000	-
Merger relief reserve	27	549,942	549,942
Profit and loss account	27	(38,171)	(48)
<b>TOTAL EQUITY</b>		<u>7,015,402</u>	<u>6,525,525</u>

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

  
**Simon Wear**  
 Director

Date: **23 May 2019**

The notes on pages 16 to 36 form part of these financial statements.

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of comprehensive income in these financial statements. The loss after tax of the parent Company for the year was £38,123 (2017: loss £48).

**PLAY SPORTS GROUP LIMITED**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Called up share capital £	Share premium account £	Share based payments reserve £	Merger relief reserve £	Merger reserve £	Profit and loss account £	Total equity £
<b>At 1 January 2017</b>	<b>1,880</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,485,454</b>	<b>(960,851)</b>	<b>526,483</b>
Loss for the year	-	-	-	-	-	(229,686)	(229,686)
Merger relief reserve arising	-	-	-	549,942	-	-	549,942
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>549,942</b>	<b>-</b>	<b>(229,686)</b>	<b>320,256</b>
Shares issued during the year	738	5,973,013	-	-	-	-	5,973,751
<b>At 1 January 2018</b>	<b>2,618</b>	<b>5,973,013</b>	<b>-</b>	<b>549,942</b>	<b>1,485,454</b>	<b>(1,190,537)</b>	<b>6,820,490</b>
Loss for the year	-	-	-	-	-	(22,820)	(22,820)
Share based payment charge	-	-	528,000	-	-	-	528,000
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>-</b>	<b>-</b>	<b>528,000</b>	<b>-</b>	<b>-</b>	<b>(22,820)</b>	<b>505,180</b>
<b>AT 31 DECEMBER 2018</b>	<b>2,618</b>	<b>5,973,013</b>	<b>528,000</b>	<b>549,942</b>	<b>1,485,454</b>	<b>(1,213,357)</b>	<b>7,325,670</b>

The notes on pages 16 to 36 form part of these financial statements.

**PLAY SPORTS GROUP LIMITED**

**COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 31 DECEMBER 2018**

	Called up share capital £	Share premium account £	Share based payments reserve £	Merger relief reserve £	Profit and loss account £	Total equity £
Loss for the period	-	-	-	-	(48)	(48)
Merger relief reserve arising	-	-	-	549,942	-	549,942
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	-	-	-	549,942	(48)	549,894
Shares issued during the year	2,618	5,973,013	-	-	-	5,975,631
<b>At 1 January 2018</b>	2,618	5,973,013	-	549,942	(48)	6,525,525
Loss for the year	-	-	-	-	(38,123)	(38,123)
Share based payment charge	-	-	528,000	-	-	528,000
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	-	-	528,000	-	(38,123)	489,877
<b>AT 31 DECEMBER 2018</b>	2,618	5,973,013	528,000	549,942	(38,171)	7,015,402

The notes on pages 16 to 36 form part of these financial statements.



**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

	2018 £	2017 £
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit / (Loss) after tax	(22,820)	(229,686)
<b>ADJUSTMENTS FOR:</b>		
Amortisation of intangible assets	106,477	89,032
Depreciation of tangible assets	196,366	109,268
Loss on disposal of tangible assets	7,026	-
Interest paid	22,187	18,239
Taxation charge	71,030	(17,641)
Increase in stocks	(50,468)	(325,119)
Increase in debtors	(392,392)	(25,746)
Increase in creditors	1,461,793	761,596
Corporation tax paid	(288)	(100,852)
Revaluation of investment properties	-	(69,446)
Share based payments charge	528,000	-
<b>NET CASH GENERATED FROM OPERATING ACTIVITIES</b>	<b>1,926,911</b>	<b>209,645</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Consideration paid on acquisition of subsidiary	-	(1,862,000)
Purchase of tangible fixed assets	(324,065)	(155,947)
Sale of tangible fixed assets	-	8,950
HP interest paid	(1,963)	(2,901)
Cash received on acquisition of subsidiary	-	539,401
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(326,028)</b>	<b>(1,472,497)</b>

**PLAY SPORTS GROUP LIMITED**

**CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2018**

	2018 £	2017 £
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Issue of ordinary shares	-	6,470,000
Repayment of loans	(32,487)	(28,041)
Repayment of finance leases	(12,617)	(9,795)
Interest paid	(20,224)	(15,338)
Group restructure fees	-	(496,307)
<b>NET CASH (USED IN) / GENERATED FROM FINANCING ACTIVITIES</b>	<b>(65,328)</b>	<b>5,920,519</b>
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>1,535,555</b>	<b>4,657,667</b>
Cash and cash equivalents at beginning of year	<b>5,431,080</b>	<b>773,413</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF YEAR</b>	<b>6,966,635</b>	<b>5,431,080</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF YEAR COMPRISE:</b>		
Cash at bank and in hand	<b>6,966,635</b>	<b>5,431,080</b>
	<b>6,966,635</b>	<b>5,431,080</b>

The notes on pages 16 to 36 form part of these financial statements.

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

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**1. GENERAL INFORMATION**

Play Sports Group Limited is a private company limited by shares, incorporated in the United Kingdom and Wales. Its registered trading office is 30 Monmouth Street, Bath, BA1 2AP.

**2. ACCOUNTING POLICIES**

**2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

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

The company has early adopted the FRS102 Triennial Review Amendments 2017 from the date of its incorporation. The figures included at a group level, including those of Play Sport Network Limited that are recognised under the merger accounting rules were transitioned as of 1 January 2016.

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

The following principal accounting policies have been applied:

**2.2 BASIS OF CONSOLIDATION**

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

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

The company opted to merger account for business combinations that meet the requirements under FRS102. Where applied the group recognises the results of the subsidiary as though it has formed part of the group since the subsidiary's incorporation. The Consolidated statement of comprehensive income and Consolidated statement of financial position recognise the comparative figures of the subsidiary. The company and group have recognised a merger relief reserve which reflects the excess of book value of the shares and share premium in the subsidiary compared to nominal value of the shares issued in the parent entity as part of a share for share exchange.

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

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**2. ACCOUNTING POLICIES (continued)**

**2.3 FOREIGN CURRENCY TRANSLATION**

**Functional and presentation currency**

The Company's functional and presentational currency is GBP.

**Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

**2.4 REVENUE**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes, in relation to the services provided.

The amount of revenue recognised depends on whether the Group acts as an agent or as a principal in an arrangement with a client. Where the Group acts as an agent, the revenue recorded is the net amount retained when the fee or commission is earned. Although the Group may bear credit risk in respect of these activities, the arrangements with clients are such that the Group considers that it is acting as an agent on the clients behalf. In such cases, costs incurred with external suppliers (such as media suppliers) are excluded from revenue. Where the Group acts as a principal the revenue recorded is the gross amount billed.

**Sale of goods**

Revenue from the sale of goods is recognised when the Company has transferred the significant risks and rewards of ownership to the buyer, which is considered to be the point of delivery.

**Rendering of services**

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the fair value of the work completed to date. Amounts received in advance are held as deferred income on the balance sheet until the services are provided to the customer.

**2.5 FINANCE COSTS**

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

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

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**2. ACCOUNTING POLICIES (continued)**

**2.6 BORROWING COSTS**

All borrowing costs are recognised in the Consolidated statement of comprehensive income in the year in which they are incurred.

**2.7 PENSIONS**

**DEFINED CONTRIBUTION PENSION PLAN**

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

The contributions are recognised as an expense in the Consolidated statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Group in independently administered funds.

**2.8 CURRENT AND DEFERRED TAXATION**

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

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

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

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

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

**2.9 EXCEPTIONAL ITEMS**

Exceptional items are transactions that fall within the ordinary activities of the Group but are presented separately due to their size or incidence.

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

**2. ACCOUNTING POLICIES (continued)**

**2.10 INTANGIBLE ASSETS**

**GOODWILL**

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Consolidated statement of comprehensive income over its useful economic life of 10 years.

**2.11 TANGIBLE FIXED ASSETS**

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

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

Depreciation is provided on the following basis:

Long-term leasehold property	- 50 years straight line and 5-10 years for improvement
Production equipment	- 3 - 5 years straight line
Fixtures and fittings	- 3 - 5 years straight line
Computer equipment	- 3 years straight line
Website development	- 3 years straight line

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated statement of comprehensive income.

**2.12 INVESTMENT PROPERTY**

Investment property is carried at fair value determined annually by external valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Consolidated statement of comprehensive income.

**2.13 VALUATION OF INVESTMENTS**

Investments in subsidiaries are measured at cost less accumulated impairment.

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

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**2. ACCOUNTING POLICIES (continued)**

**2.14 STOCKS**

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to sell. Cost is based on the cost of purchase on a first in, first out basis.

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

**2.15 DEBTORS**

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

**2.16 CASH AND CASH EQUIVALENTS**

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

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

**2.17 CREDITORS**

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

**2.18 FINANCIAL INSTRUMENTS**

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

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

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

**3. JUDGMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION  
UNCERTAINTY**

Preparation of the financial statements requires management to make significant judgments and estimates. The items in the financial statements where these judgments and estimates have been made include:

**Goodwill and intangible assets**

Positive goodwill arising and intangible assets acquired on each business combination are capitalised, classified as an asset on the Statement of Financial Position and amortised on a straight line basis over their useful life.

The group establishes a reliable estimate of the useful life of goodwill and intangible assets arising on business combinations. This estimate is based on a variety of factors such as the expected use of the acquired business, the expected useful life of the cash generating units to which the asset is attributed, any legal, regulatory or contractual provisions that can limit useful life and assumptions that market participants would consider in respect of similar businesses.

**Acquisition of subsidiaries**

The group makes an assessment of the fair value of assets and liabilities acquired in business combinations in accordance with generally accepted valuation methodologies.

**Share based payment charge**

The group recognises a share based payment charge on granted options where it is considered to be material to the financial statements and where those options are considered likely to vest. The share based payments charge is based upon the value of options using the Black-Scholes pricing model, the inputs to which have been estimated by management using the best available data.

**Revenue recognition**

Revenue relating to campaign development work is considered a service, and is recognised in proportion to when the expense relating to the development work is incurred. Revenue relating to a contract to deliver certain race events coverage over a 12 month period is recognised on a straight line basis, which materially reflects the delivery and cost of producing this content.

**Investment property**

The group makes an assessment of the fair value of investment property on the basis of periodic valuations performed by qualified third parties and the directors. This is based on the open market value for existing use basis, derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset.



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

**4. REVENUE**

An analysis of revenue by class of business is as follows:

	2018 £	2017 £
Media representation services	3,066,255	1,555,244
Online sports and lifestyle video channels	7,558,485	3,853,067
	<u>10,624,740</u>	<u>5,408,311</u>

Analysis of revenue by country of destination:

	2018 £	2017 £
United Kingdom	2,284,514	1,002,772
Rest of Europe	5,188,560	2,583,924
Rest of the world	3,151,666	1,821,615
	<u>10,624,740</u>	<u>5,408,311</u>

**5. OTHER OPERATING INCOME**

	2018 £	2017 £
Revaluation of investment property	-	69,446
Net rents receivable	25,218	133,310
	<u>25,218</u>	<u>202,756</u>

**6. OPERATING PROFIT/(LOSS)**

The operating profit/(loss) is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets	196,366	109,268
Amortisation of intangible assets	106,477	89,032
Exchange differences	21,166	29,237
Defined contribution pension cost	148,849	82,268
	<u>472,858</u>	<u>309,805</u>

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

**7. AUDITORS' REMUNERATION**

	2018 £	2017 £
Fees payable to the Group's auditors and their associates for the audit of the Group's annual financial statements	<b>38,000</b>	17,900
<b>FEES PAYABLE TO THE GROUP'S AUDITORS AND THEIR ASSOCIATES IN RESPECT OF:</b>		
Audit of the Group's annual financial statements	<b>10,000</b>	1,900
Audit of subsidiary annual financial statements	<b>28,000</b>	8,000
Taxation compliance services	-	3,000
Statutory financial statements services	-	5,000
	<b>38,000</b>	17,900

Auditor remuneration for 2017 as stated above relates the group's previous auditor.

**8. EMPLOYEES**

Staff costs were as follows:

	2018 £	2017 £
Wages and salaries	<b>5,077,808</b>	3,024,265
Social security costs	<b>529,531</b>	321,233
Other pension costs	<b>148,849</b>	82,268
	<b>5,756,188</b>	3,427,766

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

	2018 No.	2017 No.
Direct	<b>79</b>	50
Indirect	<b>33</b>	21
	<b>112</b>	71

**PLAY SPORTS GROUP LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018****9. DIRECTORS' REMUNERATION**

	2018 £	2017 £
Directors' emoluments	335,000	312,583
Company contributions to defined contribution pension schemes	23,329	19,957
	<u>358,329</u>	<u>332,540</u>

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

The highest paid director received remuneration of £215,000 (2017: £195,833).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £17,639 (2017: £15,590).

During the year, none (2017: none) of the directors have exercised share options in any group company.

**10. INTEREST PAYABLE AND SIMILAR EXPENSES**

	2018 £	2017 £
Bank interest payable	20,224	15,338
Finance leases and hire purchase contracts	1,963	2,901
	<u>22,187</u>	<u>18,239</u>

**11. TAX ON PROFIT / (LOSS)**

	2018 £	2017 £
<b>CORPORATION TAX</b>		
Current tax on loss for the year	47,884	(8,619)
<b>TOTAL CURRENT TAX</b>	<u>47,884</u>	<u>(8,619)</u>
<b>DEFERRED TAX</b>		
Origination and reversal of timing differences	23,146	(9,022)
<b>TOTAL DEFERRED TAX</b>	<u>23,146</u>	<u>(9,022)</u>
<b>TAX ON PROFIT/(LOSS)</b>	<u>71,030</u>	<u>(17,641)</u>

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

**11. TAX ON PROFIT / (LOSS) (CONTINUED)**

**FACTORS AFFECTING TAX CHARGE FOR THE YEAR**

The tax assessed for the year is lower than (2017: higher than) the standard rate of corporation tax in the UK of 19% (2017: 19.25%). The differences are explained below:

	2018 £	2017 £
Profit/(loss) before tax	<b>48,210</b>	<b>(247,327)</b>
Profit/(loss) multiplied by standard rate of corporation tax in the UK of 19% (2017: 19.25%)	<b>9,160</b>	<b>(47,610)</b>
<b>EFFECTS OF:</b>		
Non-tax deductible amortisation of goodwill and impairment	<b>20,231</b>	17,139
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	<b>13,851</b>	8,036
Utilisation of tax losses	<b>(73,159)</b>	-
Other timing differences leading to an increase in taxation	-	13,170
Non-taxable income	-	(59,647)
Capital gains in relation to deferred tax	-	51,834
Fixed asset differences	<b>11,955</b>	7,860
Adjust deferred tax liability to average rates	<b>(11,328)</b>	77
Deferred tax liability not recognised	<b>100,320</b>	13,414
Deferred tax liability not previously recognised	-	(21,914)
<b>TOTAL TAX CREDIT FOR THE YEAR</b>	<b>71,030</b>	<b>(17,641)</b>

**FACTORS THAT MAY AFFECT FUTURE TAX CHARGES**

A reduction in the UK corporation tax rate from 19% to 17% (effective from 1 April 2020) was substantively enacted in the Finance Act 2016.

The deferred tax at 31 December 2018 has been calculated based on these rates.

**12. EXCEPTIONAL ADMINISTRATION EXPENSES**

	2018 £	2017 £
Share based payment charge (see note 28)	<b>528,000</b>	-
	<b>528,000</b>	-

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

**13. PARENT COMPANY PROFIT FOR THE YEAR**

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of comprehensive income in these financial statements. The loss after tax of the parent Company for the year was £38,123 (2017: loss £48).

**14. INTANGIBLE ASSETS**

**Group**

	<b>Goodwill £</b>
<b>COST</b>	
At 1 January 2018	1,064,776
At 31 December 2018	<u>1,064,776</u>
<b>ACCUMULATED AMORTISATION</b>	
At 1 January 2018	89,032
Charge for the year	106,477
At 31 December 2018	<u>195,509</u>
<b>NET BOOK VALUE</b>	
At 31 December 2018	<u>869,267</u>
At 31 December 2017	<u>975,744</u>

PLAY SPORTS GROUP LIMITED

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

15. TANGIBLE ASSETS

Group

	Long-term leasehold property £	Production equipment £	Fixtures and fittings £	Computer equipment £	Website development £	Total £
<b>COST OR VALUATION</b>						
At 1 January 2018	1,066,913	79,016	40,769	125,713	29,117	1,341,528
Additions	-	98,188	69,988	106,781	49,108	324,065
Disposals	-	(1,791)	(562)	(11,536)	-	(13,889)
Transfers between classes	483,700	-	-	-	-	483,700
At 31 December 2018	1,550,613	175,413	110,195	220,958	78,225	2,135,404
<b>ACCUMULATED DEPRECIATION</b>						
At 1 January 2018	37,441	36,433	10,707	43,006	16,068	143,655
Charge for the year on owned assets	62,923	38,423	25,604	54,695	14,721	196,366
Disposals	-	-	(562)	(6,301)	-	(6,863)
At 31 December 2018	100,364	74,856	35,749	91,400	30,789	333,158
<b>NET BOOK VALUE</b>						
At 31 December 2018	1,450,249	100,557	74,446	129,558	47,436	1,802,246
At 31 December 2017	1,029,472	42,583	30,062	82,707	13,049	1,197,873

**PLAY SPORTS GROUP LIMITED**

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

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**15. TANGIBLE ASSETS (CONTINUED)**

The net book value of assets held under finance leases or hire purchase contracts, included above, is £31,826 (2017: £37,001), the depreciation charge on these assets for the year was £9,359 (2017: £13,544).

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**PLAY SPORTS GROUP LIMITED**

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

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**16. INVESTMENTS****Company**

	<b>Investments in subsidiary companies £</b>
<b>COST OR VALUATION</b>	
At 1 January 2018	2,413,880
Additions	528,000
At 31 December 2018	<u>2,941,880</u>
<b>NET BOOK VALUE</b>	
At 31 December 2018	<u>2,941,880</u>
At 31 December 2017	<u>2,413,880</u>

During the year the company recognised an additional investment in Play Sports Network Limited. This is in relation to share based payments charge recognised by the subsidiary which will be exercised with an issue of share in Play Sports Group Limited. See note 28 for further details



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

**17. INVESTMENT PROPERTY**

**Group**

	Long term leasehold investment property £
At 1 January 2018	483,700
Transfers between classes	(483,700)
<b>AT 31 DECEMBER 2018</b>	<b>-</b>

During the year, the investment property was transferred to tangible fixed assets following changes in the use of the building. The valuation at the point of transfer was based on a valuation by Alder King, on an open market value for existing use basis.

If the Investment properties had been accounted for under the historic cost accounting rules, the properties would have been measured as follows:

	2018 £	2017 £
Historic cost	-	327,472

**18. STOCKS**

	Group 2018 £	Group 2017 £
Goods for resale	417,974	367,506

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

**19. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>Group 2018 £</b>	<b>Group 2017 £</b>	<b>Company 2018 £</b>	<b>Company 2017 £</b>
Trade debtors	876,060	907,280	-	-
Other debtors	150,428	11,250	9,840	-
Prepayments and accrued income	471,460	187,026	74,850	-
	<u>1,497,948</u>	<u>1,105,556</u>	<u>84,690</u>	<u>-</u>

**20. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>Group 2018 £</b>	<b>Group 2017 £</b>	<b>Company 2018 £</b>	<b>Company 2017 £</b>
Bank loans and overdrafts	32,482	33,190	-	-
Trade creditors	1,477,808	609,831	11,040	-
Amounts owed to group undertakings	-	-	45,800	45,800
Corporation tax	48,138	542	-	-
Other taxation and social security	267,975	177,199	-	-
Obligations under finance lease and hire purchase contracts	13,631	12,617	-	-
Other creditors	179,688	86,529	-	-
Accruals and deferred income	1,442,782	1,032,901	63,650	-
	<u>3,462,504</u>	<u>1,952,809</u>	<u>120,490</u>	<u>45,800</u>

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

**21. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	<b>Group 2018 £</b>	<b>Group 2017 £</b>
Bank loans and overdrafts	641,143	672,922
Net obligations under finance leases and hire purchase contracts	4,782	18,413
	<u>645,925</u>	<u>691,335</u>

The bank loan is secured against the property, all other fixed assets, and other securities held by the Group. The loan is payable via equal monthly installments until November 2034 and is charged interest at 2.35% over the Bank of England Base Rate.

The net obligations under hire purchase contracts are secured upon the assets to which they relate.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**
**22. LOANS**

Analysis of the maturity of the loans is given below:

	<b>Group 2018 £</b>	<b>Group 2017 £</b>
<b>AMOUNTS FALLING DUE WITHIN ONE YEAR</b>		
Bank loans	<b>32,482</b>	33,190
<b>AMOUNTS FALLING DUE 1-2 YEARS</b>		
Bank loans	<b>33,444</b>	34,145
<b>AMOUNTS FALLING DUE 2-5 YEARS</b>		
Bank loans	<b>106,908</b>	108,381
<b>AMOUNTS FALLING DUE AFTER MORE THAN 5 YEARS</b>		
Bank loans	<b>500,791</b>	530,396
	<b>673,625</b>	706,112

**23. HIRE PURCHASE AND FINANCE LEASES**

Minimum lease payments under hire purchase fall due as follows:

	<b>Group 2018 £</b>	<b>Group 2017 £</b>
Within one year	<b>14,580</b>	14,580
Between 1-5 years	<b>4,860</b>	14,580
Between 2-5 years	<b>-</b>	4,860
	<b>19,440</b>	34,020

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

## 24. FINANCIAL INSTRUMENTS

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
<b>FINANCIAL ASSETS</b>				
Financial assets measured at fair value through profit or loss	6,966,635	5,431,080	4,109,322	4,157,445
Financial assets measured at amortised cost	1,265,189	978,305	9,840	-
	<u>8,231,824</u>	<u>6,409,385</u>	<u>4,119,162</u>	<u>4,157,445</u>
<b>FINANCIAL LIABILITIES</b>				
Financial liabilities measured at amortised cost	<u>3,116,030</u>	<u>1,774,905</u>	<u>120,490</u>	<u>45,800</u>

Financial assets measured at fair value through profit or loss comprise of cash at bank and in hand.

Financial assets that are debt instruments measured at amortised cost consist of trade debtors, other debtors and accrued income.

Financial liabilities that are debt instruments measured at amortised cost consist of bank loans, trade creditors, obligations under finance lease and hire purchase contracts, other creditors, amounts owed to group undertakings, and accruals.

## 25. DEFERRED TAXATION

## Group

	2018 £
At beginning of year	(96,825)
Charged to profit or loss	(23,146)
Arising on business combinations	-
<b>AT END OF YEAR</b>	<u><b>(119,971)</b></u>
	Group 2018 £
Accelerated capital allowances	(62,295)
Capital gains	(57,676)
	<u><b>(119,971)</b></u>

	Group 2017 £
	(39,149)
	(57,676)
	<u><b>(96,825)</b></u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**
**26. CALLED UP SHARE CAPITAL**

	2018 £	2017 £
<b>ALLOTTED, CALLED UP AND FULLY PAID</b>		
7,125,000 (2017: 7,125,000) Class A shares of £0.0002 each	1,425	1,425
3,336,969 (2017: 3,336,969) Class B shares of £0.0002 each	667	667
2,628,639 (2017: 2,628,639) Class C shares of £0.0002 each	526	526
	<u>2,618</u>	<u>2,618</u>

All shares rank pari passu in terms of right and conditions as at 31 December 2018.

**27. RESERVES**
**Share premium account**

The share premium account includes any premiums received on issue of share capital.

**Capital redemption reserve**

The company has recognised a capital redemption reserve on shares repurchased by the company. At the year end the balance of this account is £0.0002.

**Merger Reserve**

This reserve reflects the balance of the share premium account of Play Sports Network Limited at the point of the transaction where control in that company passed to Play Sports Group Limited, and as such arises in the consolidated financial statements.

**Merger Relief Reserve**

This reserve reflects the difference between the fair value and nominal value of the share capital issued in connection with the acquisition of Shift Active Media Limited.

**Share based payment reserve**

The share based payments reserve included all current and prior year share based payment charges recognised on share options schemes net of related deferred tax assets and transfers upon the exercise of options. See note 28 for further details.

**Profit and loss account**

This reserve contains all current and prior year accumulated profits. All Play Sports Group Limited individual company profits are considered distributable.

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

### 28. SHARE BASED PAYMENTS

The Group operates share option schemes for key management.

The movement in share options that have been granted, forfeited and exercised have been summarised in the table below. The group has recognised a share based payment charge and related reserve, the valuation of which has been calculated using the Black-Scholes pricing model with the following assumptions;

Weighted average contractual life:	Based upon the share option lapse date (10 years)
Expected volatility:	70.0%
Expected dividend rate:	0.0%
Risk-free interest rate:	1.2%

In previous years the group has not recognised a share based charge on the basis that it was not deemed likely that the options would vest. Following changing circumstances during the year the directors re-assessed this assumption and as a result a share based payment charge has been recognised of £528,000 (2017: £Nil).

	Weighted average exercise price (pence) 2018	Number 2018	Weighted average exercise price (pence) 2017	Number 2017
Outstanding at the beginning of the year	58	650,000	58	650,000
<b>OUTSTANDING AT THE END OF THE YEAR</b>	<b>58</b>	<b>650,000</b>	<b>58</b>	<b>650,000</b>

### 29. PENSION COMMITMENTS

The Group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £148,849 (2017: £82,268). Contributions totaling £25,588 (2017: £Nil) were payable to the fund at the reporting date.

### 30. RELATED PARTY TRANSACTIONS

The group has taken advantage of the exemption in FRS 102 from the requirement to disclose transactions and balances with group companies.

At the year end the group owed £82,653 (2017: £82,653) to S A Wear Limited, a company under the control of Simon Wear. This amount is included in the other creditors.

During the year the group paid rent under an arms-length property lease of £185,471 (2017: £179,184) to the joint owners of the Group's premises, Shift Active Media Limited and the Shift Active Directors' Pension Scheme, a SIPP pension scheme held separately from the Group but under the control of Simon Wear, a director in common. At the year end the group owed £6,725 (2017: £43,913).

## PLAY SPORTS GROUP LIMITED

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

#### 31. CONTROLLING PARTY AND POST BALANCE SHEET EVENTS

As at 31 December 2018, the ultimate controlling party was Simon Wear due to his and his spouse's majority shareholding. On 8 January 2019, the ultimate controlling party became Discovery, Inc., a US corporation listed on NASDAQ.

The largest and smallest group for which consolidated accounts are produced is headed by Discovery, Inc. The accounts of Discovery, Inc. can be obtained from the corporate website: <https://ir.corporate.discovery.com>

#### 32. SUBSIDIARY UNDERTAKINGS

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal activity
Play Sports Network Limited	Ordinary	100 %	online sports and lifestyle video channels
Shift Active Media Limited	Ordinary	100 %	media representation services

The registered office address for Play Sports Network Limited and Shift Active Media Limited is 30 Monmouth Street, Bath, England, BA1 2AP.

#### 33. CONSOLIDATED ANALYSIS OF NET DEBT

	At 1 January 2018 £	Cash flows £	At 31 December 2018 £
Cash at bank and in hand	5,431,080	1,535,555	6,966,635
Debt due after 1 year	(672,922)	31,779	(641,143)
Debt due within 1 year	(33,190)	708	(32,482)
Finance leases	(31,030)	12,617	(18,413)
	<u>4,693,938</u>	<u>1,580,659</u>	<u>6,274,597</u>