

## **Moonbug Entertainment Limited**

### **Financial statements**

For the period ended 31 December 2018

Registered number: 11197631



## Statement of financial position

As at 31 December 2018

	Note	2018 £
<b>Fixed assets</b>		
Intangible assets	4	388,099
Tangible assets	5	373,764
Investments	6	68,710,419
		<u>69,472,282</u>
<b>Current assets</b>		
Debtors: amounts falling due within one year	7	1,840,671
Cash at bank and in hand		3,901,789
		<u>5,742,460</u>
Creditors: amounts falling due within one year	8	(13,446,215)
<b>Net current (liabilities)/assets</b>		<u>(7,703,755)</u>
<b>Total assets less current liabilities</b>		<u>61,768,527</u>
<b>Provisions for liabilities</b>		
Other provisions	10	(500,000)
		<u>(500,000)</u>
<b>Net assets</b>		<u><u>61,268,527</u></u>
<b>Capital and reserves</b>		
Called up share capital		64,846,151
Profit and loss account		(3,577,624)
		<u><u>61,268,527</u></u>

**Statement of financial position (continued)**

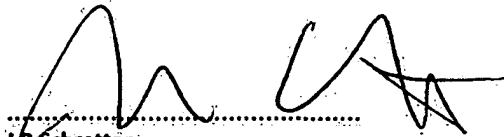
As at 31 December 2018

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The company has opted not to file the statement of income and retained earnings in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 10 October 2019.

  
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**J.P. Schretter**  
Director

The notes on pages 3 to 9 form part of these financial statements.

## Notes to the financial statements

For the period ended 31 December 2018

### 1. General information

Moonbug Entertainment Limited is a private company limited by shares, incorporated in England and Wales. The registered office of the company and its principal place of business is 1st Floor 10 Parkway, London, NW1 7AA. The company registration number is 11197631.

### 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' ('FRS 102') and the Companies Act 2006.

The Company has elected to apply all amendments to FRS 102, as set out in the triennial review published in December 2017, prior to the mandatory adoption for accounting periods beginning on or after 1 January 2019.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies.

The following principal accounting policies have been applied:

#### 2.2 Going concern

At the balance sheet date, the company's current liabilities exceeded its current assets. This occurred due to an amount being paid to the company from its parent company, Project ABC Holdco (Jersey) Limited, totalling £12,142,953, in anticipation of a share issue in the following financial period. At the period end date, the company owed Project ABC Holdco (Jersey) Limited £12,087,720. This is included within current liabilities in the statement of financial position.

On this basis, the directors consider it appropriate to prepare the financial statements on the going concern basis.

#### 2.3 Revenue

Revenue from the licensing of content and a share of advertising and subscription revenues from digital media platforms is recognised on an accruals basis in line with the underlying agreement. Advertising revenues may depend on the quantity and quality of views of content in a given period.

Other revenue is from management and content production services provided to related companies and is recognised on an accruals basis in line with the costs incurred.

#### 2.4 Intangible assets

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

All intangible assets are considered to have a finite useful life of 15 years. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed 10 years.

## Notes to the financial statements

For the period ended 31 December 2018

### 2. Accounting policies (continued)

#### 2.5 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	- 5 years
Fixtures and fittings	- 3 years
Office equipment	- 3 years
Other fixed assets	- 3 years

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

#### 2.6 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

#### 2.7 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.

#### 2.8 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.

## Notes to the financial statements

For the period ended 31 December 2018

### 2. Accounting policies (continued)

#### 2.9 Provision for liabilities

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

Provisions are charged as an expense to profit and loss in the year that the company becomes aware of the obligation, and are measured at the best estimate at the reporting date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

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

#### 2.10 Current and deferred taxation

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

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

#### 2.11 Finance costs

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

#### 2.12 Financial instruments

The company 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.

## Notes to the financial statements

For the period ended 31 December 2018

### 2. Accounting policies (continued)

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

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of income and retained earnings within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of income and retained earnings within 'other operating income'.

#### 2.14 Pensions

##### Defined contribution pension plan

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

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

#### 2.15 Operating leases: the company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

### 3. Employees

The average monthly number of employees, including directors, during the period was 19.

## Notes to the financial statements

For the period ended 31 December 2018

### 4. Intangible assets

	Intellectual property £	Content production £	Total £
<b>Cost</b>			
Additions	346,258	46,753	393,011
At 31 December 2018	346,258	46,753	393,011
<b>Amortisation</b>			
Charge for the period	2,950	1,962	4,912
At 31 December 2018	2,950	1,962	4,912
<b>Net book value</b>			
At 31 December 2018	343,308	44,791	388,099

### 5. Tangible fixed assets

	Long-term leasehold property improvements £	Fixtures and fittings £	Office equipment £	Other fixed assets £	Total £
<b>Cost or valuation</b>					
Additions	219,400	33,260	76,887	65,229	394,776
At 31 December 2018	219,400	33,260	76,887	65,229	394,776
<b>Depreciation</b>					
Charge for the period	8,381	2,426	7,358	2,847	21,012
At 31 December 2018	8,381	2,426	7,358	2,847	21,012
<b>Net book value</b>					
At 31 December 2018	211,019	30,834	69,529	62,382	373,764



## Notes to the financial statements

For the period ended 31 December 2018

### 6. Fixed asset investments

	Investments in subsidiary companies £
<b>Cost or valuation</b>	
Additions	68,710,419
At 31 December 2018	<u>68,710,419</u>
<b>Net book value</b>	
At 31 December 2018	<u><u>68,710,419</u></u>

### 7. Debtors

	2018 £
Trade debtors	27,465
Amounts owed by group undertakings	922,997
Other debtors	321,960
Prepayments and accrued income	162,429
Deferred taxation	405,820
	<u>1,840,671</u>

### 8. Creditors: Amounts falling due within one year

	2018 £
Trade creditors	316,858
Amounts owed to group undertakings	12,087,721
Other taxation and social security	78,709
Other creditors	309,590
Accruals and deferred income	653,337
	<u>13,446,215</u>

## Notes to the financial statements

For the period ended 31 December 2018

### 9. Deferred taxation

	2018 £
Charged to profit or loss	405,820
<b>At end of year</b>	<b>405,820</b>

The deferred tax asset is made up as follows:

	2018 £
Tax losses carried forward	429,758
Accelerated capital allowances	(23,938)
	<b>405,820</b>

### 10. Provisions

	Provision £
Charged to profit or loss	500,000
<b>At 31 December 2018</b>	<b>500,000</b>

### 11. Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £10,423. Contributions totalling £Nil were payable to the fund at the reporting date and are included in creditors.

### 12. Auditor information

The Auditor's report on these financial statements was unqualified and there were no matters to which the auditor drew attention by way of emphasis. The Auditor's report was signed by Katherine White (Senior statutory auditor) for and on behalf of Buzzacott LLP (Statutory Auditor), 130 Wood Street, London, EC2V 6DL.