

COMPANY REGISTRATION NUMBER: 06076082

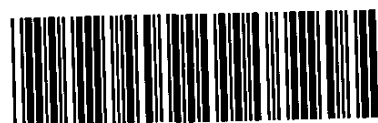
**Merman Television Limited**

**Financial Statements**

**31 December 2022**

Parent company of  
Motherland Productions Ltd  
(11810358)

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## **Merman Television Limited**

### **Financial Statements**

**Year ended 31 December 2022**

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# **Merman Television Limited**

## **Strategic Report** *(continued)*

**Year ended 31 December 2022**

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### **Strategic Report**

The Directors present their Strategic report on the affairs of the Merman Television Group, together with the audited financial statements and Auditor's Report for the year ended 31 December 2022. The purpose of the Strategic Report is to inform members of the Company and help them assess how the Directors have performed their duty under Section 172 of the Companies Act 2006 (duty to promote the Company).

### **Principal activities and business review**

The principal activity of the Company and group during the period was that of television production.

The directors are pleased to report a successful trading period for the group companies due to the progression made on a number of key productions. Production and overhead costs again remained under close control, while we report, on a pre-tax credit basis, a net operating profit of £430k (2021: £1.1m) once adjusted for high-end television tax credits our operating profit for the period is £430k (2021: £1.1m). It is acknowledged that 2021 was an exceptional year, due to the impact of Covid-19 and the subsequent delayed start date of several productions from 2020.

### **Future developments**

Merman Television Limited ("Merman Television") will continue to operate as a distinct company developing and producing programmes for major UK broadcasters and streaming platforms.

### **Principal risks and uncertainties**

The television industry is a volatile industry susceptible to changes in the global economy, as well as changes in legislation, regulation and government policy which may affect the industry. Any of these may adversely affect consumer demand for television programmes or the ability to successfully finance or market television productions. Broadcasters have started to tighten their belts, off the back of the pandemic broadcasters have been extremely slow and hesitant to commission, spending less on programmes amid expectations of reduced ad income and waiting to see a full series rather than accepting episodes one by one. This is due to a number of external factors including the rise of streaming services transforming the way television is viewed. The key risks being as follows:

- The uncertainty regarding the long-term viability of the current commercial broadcasting model, particularly in respect of technological changes and new entrants to the market which are affecting consumer behaviour and contributing to an intensely competitive environment.
- The retention and motivation of the key talent that develop and sell projects to the company's main broadcast customers.
- The risk that the company's newly developed formats are not commissioned by broadcasters.
- The risk that the company's significant and high profile long-running series are not re-commissioned by the broadcasters.
- The new streaming services tend to acquire all intellectual property rights so that a shift in commissioning to these services may adversely impact the company's distribution revenue.

Merman Television Limited continues actively to maintain strong working relationships with key broadcasters as well as key talent. Furthermore, Merman Television Limited manages business and financial risk and uncertainties for the company as a whole as opposed to each individual production. For this reason, the directors believe that the company has reduced exposure to business and financial risks given the variety in its television series portfolio commissioned by multiple broadcasters. Merman Television continues to supply a range of broadcasters and platforms with no major reliance on any one customer.

## **Merman Television Limited**

### **Strategic Report** *(continued)*

#### **Year ended 31 December 2022**

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The main change in the industry in recent times has been the digitalisation of viewing and strong impact of VoD providers who are driving the future of the industry. With traditional media concepts seeing a reduced demand, the company has adapted to the streaming service business.

#### **Going Concern**

The Directors have undertaken an assessment of whether the Company was a going concern when the accounts were prepared, considering all available information about the future, covering a period of 12 months from the date of the approval of the accounts. The Directors expect that the business will continue to generate adequate cash flows, together with Company's existing cash, cash equivalents and investments will be sufficient for the Company to meet its current and long-term liquidity and capital requirements. The Directors have formed a judgement at the time of approving financial statements that the Company will have access to adequate resources to continue in existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

#### **S172 Statement**

Under section 172(1) of the Companies Act 2006 ("Section 172"), the Directors must act in a way that they consider, in good faith, would most likely promote the success of the Company for the benefit of its members as a whole and in doing so have regard (amongst other matters) to:

- The likely consequences of any decision in the long term.
- The interests of the Company's employees.
- The need to foster the Company's business relationships with suppliers, customers and others.
- The impact of the Company's operations on the community and the environment.
- The desirability of the Company maintaining a reputation for high standards of business conduct.
- The need to act fairly between members of the Company.

20 December 2023

This report was approved by the board of directors on ..... and signed on behalf of the board by:

*Rebecca Parkinson*

R Parkinson  
Director

# **Merman Television Limited**

## **Directors' Report**

### **Year ended 31 December 2022**

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

#### **Directors**

The directors who served the company during the year were as follows:

S L Horgan  
C C Mountford  
R Parkinson  
J Sidey  
J G J Rainbird

#### **Dividends**

The directors do not recommend the payment of a dividend.

#### **Events after the end of the reporting period**

After the year end the following director resigned:

J G J Rainbird (Resigned 17 January 2023)

#### **Disclosure of information in the strategic report**

The company has chosen, in accordance with Section 414C of the Companies Act 2006, to set out the following information in the Strategic Report which would otherwise be required to be contained in the Directors' Report.

- Future developments; and
- Financial risk management objectives and policies.

#### **Directors' responsibilities statement**

The directors are responsible for preparing the strategic report, directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 the company and the profit or loss of the group for that period.

In preparing these financial statements, the directors are required to:

- *select suitable accounting policies and then apply them consistently;*
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

## **Merman Television Limited**

### **Directors' Report** *(continued)*

#### **Year ended 31 December 2022**

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The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **Auditor**

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

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

20 December 2023

This report was approved by the board of directors on ..... and signed on behalf of the board by:

*Rebecca Parkinson*

R Parkinson  
Director

## **Merman Television Limited**

### **Independent Auditor's Report to the Members of Merman Television Limited**

**Year ended 31 December 2022**

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#### **Opinion**

We have audited the financial statements of Merman Television Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2022 which comprise the consolidated statement of comprehensive income, consolidated statement of financial position, company statement of financial position, consolidated statement of changes in equity, company statement of changes in equity, consolidated statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2022 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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. We are independent of the group 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**

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

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

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

## **Merman Television Limited**

### **Independent Auditor's Report to the Members of Merman Television Limited** (continued)

**Year ended 31 December 2022**

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#### **Other information**

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

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

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

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

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

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

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

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



## **Merman Television Limited**

### **Independent Auditor's Report to the Members of Merman Television Limited** *(continued)*

**Year ended 31 December 2022**

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#### **Responsibilities of directors**

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

In preparing the financial statements, the directors are responsible for assessing the 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.

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

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined the most significant are those that relate to the reporting framework ((FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice), the Companies Act 2006)) and the relevant tax compliance regulations in which the Company operates.
- We understood how the Company is complying with those frameworks by making enquiries on the management and those responsible for legal and compliance procedures. We corroborated our enquiries through our review of board minutes and any correspondence received from regulatory bodies.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by inquiring with management during the planning, fieldwork and completion phase of our audit. We considered the controls that the Company has established to address risks identified, or that otherwise prevent, deter and detect fraud and how management monitors those controls. Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk including revenue recognition. These procedures included testing manual journals and were designed to provide reasonable assurance that the financial statements were free from fraud or error.
- Based on this understanding we designed our audit procedures to detect irregularities, including fraud. Testing undertaken included making enquiries of the management; journal entry testing; review of bank letters, and any correspondence received from regulatory bodies; reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations. These procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error.

## **Merman Television Limited**

### **Independent Auditor's Report to the Members of Merman Television Limited** *(continued)*

#### **Year ended 31 December 2022**

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As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's or the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group or the parent company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

## **Merman Television Limited**

### **Independent Auditor's Report to the Members of Merman Television Limited** *(continued)*

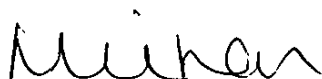
#### **Year ended 31 December 2022**

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The prior year figures for the year ending 31 December 2021 were unaudited in accordance with section 477 of the Companies Act 2006 relating to small companies. We have carried out sufficient audit testing of the opening balances to ensure they do not contain misstatements that materially affect the current period's financial statements.

#### **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.



Lauren Gilman (Senior Statutory Auditor)

For and on behalf of  
Shipleys LLP  
Chartered accountants & statutory auditor  
10 Orange Street  
Haymarket  
London  
WC2H 7DQ

20/12/2023

## **Merman Television Limited**

### **Consolidated Statement of Comprehensive Income**

**Year ended 31 December 2022**

	Note	2022 £	2021 £
<b>Turnover</b>	<b>4</b>	23,071,374	27,845,455
Cost of sales		(22,877,220)	(32,758,529)
<b>Gross profit/(loss)</b>		194,154	(4,913,074)
Administrative expenses		(2,254,286)	(1,947,368)
Other operating income	<b>5</b>	44,277	645,936
<b>Operating loss</b>	<b>6</b>	(2,015,855)	(6,214,506)
<b>Loss before taxation</b>		(2,015,855)	(6,214,506)
Tax on loss	<b>9</b>	2,446,078	7,316,404
<b>Profit for the financial year and total comprehensive income</b>		430,223	1,101,898

All the activities of the group are from continuing operations.

The notes on pages 16 to 26 form part of these financial statements.

**Merman Television Limited****Consolidated Statement of Financial Position****31 December 2022**

	Note	2022 £	2021 £
<b>Fixed assets</b>			
Intangible assets	10	3,610	3,412
Tangible assets	11	5,421	7,683
		<u>9,031</u>	<u>11,095</u>
<b>Current assets</b>			
Stocks	13	51,103	6,825
Debtors	14	15,668,876	11,548,680
Cash at bank and in hand		<u>1,507,244</u>	<u>6,279,968</u>
		<u>17,227,223</u>	<u>17,835,473</u>
<b>Creditors: amounts falling due within one year</b>	15	(11,176,643)	(16,570,332)
<b>Net current assets</b>		<u>6,050,580</u>	<u>1,265,141</u>
<b>Total assets less current liabilities</b>		<u>6,059,611</u>	<u>1,276,236</u>
<b>Creditors: amounts falling due after more than one year</b>	16	(4,353,152)	–
<b>Net assets</b>		<u>1,706,459</u>	<u>1,276,236</u>
<b>Capital and reserves</b>			
Called up share capital	19	200	200
Profit and loss account		<u>1,706,259</u>	<u>1,276,036</u>
<b>Shareholders funds</b>		<u>1,706,459</u>	<u>1,276,236</u>

These financial statements were approved by the board of directors and authorised for issue on 20 December 2022 and are signed on behalf of the board by:

*Rebecca Parkinson*

R Parkinson  
Director

Company registration number: 06076082

The notes on pages 16 to 26 form part of these financial statements.

**Merman Television Limited****Company Statement of Financial Position****31 December 2022**

	Note	2022 £	2021 £
<b>Fixed assets</b>			
Tangible assets	11	5,421	7,683
Investments	12	3,650	3,619
		<u>9,071</u>	<u>11,302</u>
<b>Current assets</b>			
Stocks	13	51,103	3,923,022
Debtors	14	20,200,018	8,656,346
Cash at bank and in hand		686,739	2,541,471
		<u>20,937,860</u>	<u>15,120,839</u>
<b>Creditors: amounts falling due within one year</b>	15	(14,886,978)	(13,855,905)
<b>Net current assets</b>		<u>6,050,882</u>	<u>1,264,934</u>
<b>Total assets less current liabilities</b>		<u>6,059,953</u>	<u>1,276,236</u>
<b>Creditors: amounts falling due after more than one year</b>	16	(4,353,152)	—
<b>Net assets</b>		<u>1,706,801</u>	<u>1,276,236</u>
<b>Capital and reserves</b>			
Called up share capital	19	200	200
Profit and loss account		1,706,601	1,276,036
<b>Shareholders funds</b>		<u>1,706,801</u>	<u>1,276,236</u>

The profit for the financial year of the parent company was £430,565 (2021: £1,101,898).

These financial statements were approved by the board of directors and authorised for issue on 20 December 2022 and are signed on behalf of the board by:

*Rebecca Parkinson*

R Parkinson  
Director

Company registration number: 06076082

The notes on pages 16 to 26 form part of these financial statements.

## **Merman Television Limited**

### **Consolidated Statement of Changes in Equity**

**Year ended 31 December 2022**

	Called up share capital £	Profit and loss account £	<b>Total £</b>
<b>At 1 January 2021</b>	200	174,138	174,338
Profit for the year	—	1,101,898	1,101,898
<b>Total comprehensive income for the year</b>	—	1,101,898	1,101,898
<b>At 31 December 2021</b>	200	1,276,036	1,276,236
Profit for the year	—	430,223	430,223
<b>Total comprehensive income for the year</b>	—	430,223	430,223
<b>At 31 December 2022</b>	<u>200</u>	<u>1,706,259</u>	<u>1,706,459</u>

The notes on pages 16 to 26 form part of these financial statements.

**Merman Television Limited**  
**Company Statement of Changes in Equity**  
**Year ended 31 December 2022**

	Called up share capital £	Profit and loss account £	<b>Total £</b>
<b>At 1 January 2021</b>	200	174,138	174,338
Profit for the year		1,101,898	1,101,898
<b>Total comprehensive income for the year</b>	–	1,101,898	1,101,898
<b>At 31 December 2021</b>	200	1,276,036	1,276,236
Profit for the year		430,565	430,565
<b>Total comprehensive income for the year</b>	–	430,565	430,565
<b>At 31 December 2022</b>	200	1,706,601	1,706,801

The notes on pages 16 to 26 form part of these financial statements.



**Merman Television Limited****Consolidated Statement of Cash Flows****Year ended 31 December 2022**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
<b>Cash flows from operating activities</b>		
Profit for the financial year	430,223	1,101,898
<i>Adjustments for:</i>		
Depreciation of tangible assets	3,621	6,890
Tax on profit	(2,446,078)	(7,316,404)
Accrued income	(979,120)	(2,607,578)
<i>Changes in:</i>		
Stocks	(44,278)	35,294
Trade and other debtors	(1,700,345)	1,086,675
Trade and other creditors	(1,462,260)	13,769,297
Cash generated from operations	(6,198,237)	6,076,072
Tax received	1,481,034	–
Net cash (used in)/from operating activities	(4,717,203)	6,076,072
<b>Cash flows from investing activities</b>		
Purchase of tangible assets	(1,359)	(3,203)
Purchase of intangible assets	(198)	–
Net cash used in investing activities	(1,557)	(3,203)
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	(9,776)	54
Proceeds from loans from group undertakings	(5,816)	9,756
Payments of finance lease liabilities	(38,372)	–
Net cash (used in)/from financing activities	(53,964)	9,810
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(4,772,724)</b>	<b>6,082,679</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>6,279,968</b>	<b>197,289</b>
<b>Cash and cash equivalents at end of year</b>	<b>1,507,244</b>	<b>6,279,968</b>

The notes on pages 16 to 26 form part of these financial statements.

## **Merman Television Limited**

### **Notes to the Financial Statements**

**Year ended 31 December 2022**

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**1. General information**

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is 37 Warren Street, London, W1T 6AD, United Kingdom.

**2. Statement of compliance**

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

**3. Accounting policies**

**Basis of preparation**

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the entity.

**Disclosure exemptions**

The parent company satisfies the criteria of being a qualifying entity as defined in FRS 102. As such, advantage has been taken of the following reduced disclosures available under FRS 102:

- (a) Disclosures in respect of each class of share capital have not been presented.
- (b) No cash flow statement has been presented for the company.
- (c) Disclosures in respect of financial instruments have not been presented.
- (d) No disclosure has been given for the aggregate remuneration of key management personnel.

**Consolidation**

The financial statements consolidate the financial statements of Merman Television Limited and all of its subsidiary undertakings.

The results of subsidiaries acquired or disposed of during the year are included from or to the date that control passes.

The parent company has applied the exemption contained in section 408 of the Companies Act 2006 and has not presented its individual profit and loss account.

**Judgements and key sources of estimation uncertainty**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

## **Merman Television Limited**

### **Notes to the Financial Statements** *(continued)*

#### **Year ended 31 December 2022**

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#### **3. Accounting policies** *(continued)*

##### **Revenue recognition**

Turnover is measured at the fair value of the consideration received or receivable, net of discounts and value added taxes. Turnover includes revenue earned from the sale of goods and from the rendering of services. Turnover from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have transferred to the buyer. Turnover from the rendering of services is recognised by reference to the stage of completion of the contract. The stage of completion of a contract is measured by comparing the costs incurred for work performed to date to the total estimated contract costs.

##### **Income tax**

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

##### **Foreign currencies**

Transactions in foreign currencies are initially recognised at the rate of exchange ruling at the date of the transaction. At the end of each reporting period foreign currency monetary items are translated at the closing rate of exchange. Non-monetary items that are measured at historical cost are translated at the rate ruling at the date of the transaction. All differences are charged to profit or loss.

##### **Operating leases**

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

##### **Goodwill**

Goodwill arises on business acquisitions and represents the excess of the cost of the acquisition over the company's interest in the net amount of the identifiable assets, liabilities and contingent liabilities of the acquired business.

Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. It is amortised on a straight-line basis over its useful life. Where a reliable estimate of the useful life of goodwill or intangible assets cannot be made, the life is presumed not to exceed ten years.

## **Merman Television Limited**

### **Notes to the Financial Statements** *(continued)*

**Year ended 31 December 2022**

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#### **3. Accounting policies** *(continued)*

##### **Research and development**

Research expenditure is written off in the period in which it is incurred.

##### **Tangible assets**

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

##### **Depreciation**

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Fixtures and fittings                      -     20% straight line

##### **Investments**

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

Listed investments are measured at fair value with changes in fair value being recognised in profit or loss.

##### **Stocks**

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs incurred in bringing the stocks to their present location and condition. The carrying amount of stock sold is recognised as an expense in the period in which the related revenue is recognised.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

# Merman Television Limited

## Notes to the Financial Statements *(continued)*

### Year ended 31 December 2022

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#### 3. Accounting policies *(continued)*

##### Finance leases and hire purchase contracts

Assets held under finance leases and hire purchase contracts are recognised in the statement of financial position as assets and liabilities at the lower of the fair value of the assets and the present value of the minimum lease payments, which is determined at the inception of the lease term. Any initial direct costs of the lease are added to the amount recognised as an asset.

Lease payments are apportioned between the finance charges and reduction of the outstanding lease liability using the effective interest method. Finance charges are allocated to each period so as to produce a constant rate of interest on the remaining balance of the liability.

##### Financial instruments

The company only enters into basic financial statements 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 non-putative ordinary shares.

Financial instruments are recognised in the company's balance sheet date when the company becomes party to the contractual provisions of the instruments.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective of impairments found, an impairment loss is recognised in profit and loss accounts.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

#### 4. Turnover

Turnover arises from:

	2022	2021
	£	£
Sale of goods	23,071,374	27,845,455

The whole of the turnover is attributable to the principal activity of the group wholly undertaken in the United Kingdom.

## Merman Television Limited

### Notes to the Financial Statements *(continued)*

#### Year ended 31 December 2022

##### 5. Other operating income

	2022	2021
	£	£
Other operating income	44,277	645,936

##### 6. Operating profit

Operating profit or loss is stated after charging:

	2022	2021
	£	£
Depreciation of tangible assets	3,621	6,890
Impairment of trade debtors	–	16,512
Research and development expenditure written off	23,183	1,009
Foreign exchange differences	–	1,708

##### 7. Staff costs

The average number of persons employed by the group during the year, including the directors, amounted to:

	2022	2021
	No.	No.
Average number of persons employed by the company	16	22

The aggregate payroll costs incurred during the year, relating to the above, were:

	2022	2021
	£	£
Wages and salaries	1,566,528	1,205,464
Social security costs	163,487	119,508
Other pension costs	14,434	11,401
	1,744,449	1,336,373

##### 8. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services was:

	2022	2021
	£	£
Remuneration	634,688	975,500
Company contributions to defined contribution pension plans	3,963	7,924
	638,651	983,424

Directors remuneration is derived from salaries (£594,688) and consultancy fees (£240,004).

The number of directors who accrued benefits under company pension plans was as follows:

	2022	2021
	No.	No.
Defined contribution plans	3	3

# Merman Television Limited

## Notes to the Financial Statements *(continued)*

### Year ended 31 December 2022

#### 8. Directors' remuneration *(continued)*

Remuneration of the highest paid director in respect of qualifying services:

	<b>2022</b>	2021
	<b>£</b>	£
Aggregate remuneration	263,063	337,500
Company contributions to defined contribution pension plans	1,321	2,642
	<u>264,384</u>	<u>340,142</u>

#### 9. Tax on profit

##### Major components of tax income

	<b>2022</b>	2021
	<b>£</b>	£
<b>Current tax:</b>		
UK current tax income	(2,446,078)	(7,316,404)
<b>Tax on profit</b>	<u>(2,446,078)</u>	<u>(7,316,404)</u>

##### Reconciliation of tax income

The tax assessed on the loss on ordinary activities for the year is lower than (2021: lower than) the standard rate of corporation tax in the UK of 19% (2021: 19%).

	<b>2022</b>	2021
	<b>£</b>	£
Loss on ordinary activities before taxation	(2,015,855)	(6,214,506)
Loss on ordinary activities by rate of tax	(383,012)	(1,180,756)
Effect of expenses not deductible for tax purposes	1,393	400
Effect of capital allowances and depreciation	352	534
Effect of revenue exempt from tax	(570)	—
Utilisation of tax losses	(82,918)	(210,295)
High-end television tax relief	(2,446,078)	(7,316,404)
Unused tax losses	464,755	1,390,117
<b>Tax on profit</b>	<u>(2,446,078)</u>	<u>(7,316,404)</u>

## Merman Television Limited

### Notes to the Financial Statements *(continued)*

#### Year ended 31 December 2022

#### 10. Intangible assets

Group	Goodwill £
<b>Cost</b>	
At 1 January 2022	3,412
Additions	198
<b>At 31 December 2022</b>	<b>3,610</b>
<b>Amortisation</b>	
At 1 January 2022 and 31 December 2022	—
<b>Carrying amount</b>	
<b>At 31 December 2022</b>	<b>3,610</b>
At 31 December 2021	3,412

The company has no intangible assets.

#### 11. Tangible assets

Group and company	Fixtures and fittings £
<b>Cost</b>	
At 1 January 2022	44,340
Additions	1,359
<b>At 31 December 2022</b>	<b>45,699</b>
<b>Depreciation</b>	
At 1 January 2022	36,657
Charge for the year	3,621
<b>At 31 December 2022</b>	<b>40,278</b>
<b>Carrying amount</b>	
<b>At 31 December 2022</b>	<b>5,421</b>
At 31 December 2021	7,683

#### 12. Investments

The group has no investments.



## Merman Television Limited

### Notes to the Financial Statements *(continued)*

Year ended 31 December 2022

#### 12. Investments *(continued)*

Company	Shares in group undertaking s £
<b>Cost</b>	
At 1 January 2022	3,619
Additions	31
<b>At 31 December 2022</b>	<b>3,650</b>
<b>Impairment</b>	
At 1 January 2022 and 31 December 2022	—
<b>Carrying amount</b>	
<b>At 31 December 2022</b>	<b>3,650</b>
At 31 December 2021	3,619

#### Subsidiaries, associates and other investments

Details of the investments in which the parent company has an interest of 20% or more are as follows:

	Class of share	Percentage of shares held
<b>Subsidiary undertakings</b>		
Motherland Productions Limited	Ordinary	100
There She Goes Limited	Ordinary	100
Happy AF Limited	Ordinary	100
Merman-Frank Limited	Ordinary	100
Merman-Emerald Limited	Ordinary	100
Merman-Dreamland	Ordinary	100
Smallhorne Productions Limited	Ordinary	100
Merman Television Dublin Limited	Ordinary	100

Motherland Productions Limited, There She Goes Limited, Happy AF Limited, Merman-Emerald Limited and Merman-Dreamland Limited have non-coterminous year ends to the Group and interim financial information has been included in these consolidated financial statements.

The registered office of all of the subsidiaries is the same as that of the Company, as set out in Note 1.

Section 479A of the Companies Act 2006 exemption from audit has been utilised for Motherland Productions Limited, There She Goes Limited, Happy AF Limited and Merman-Frank Limited.

## Merman Television Limited

### Notes to the Financial Statements (continued)

Year ended 31 December 2022

#### 13. Stocks

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Work in progress	51,103	6,825	51,103	3,923,022

#### 14. Debtors

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Trade debtors	627,457	941,879	624,857	934,379
Amounts owed by group undertakings	46,424	41,101	17,626,350	4,473,869
Prepayments and accrued income	2,483,893	1,014,432	1,871,069	747,279
VAT recoverable	853,496	784,858	—	2,319,068
Corporation tax recoverable	11,394,697	8,086,253	—	—
Other debtors	262,909	680,157	77,742	181,751
	15,668,876	11,548,680	20,200,018	8,656,346

#### 15. Creditors: amounts falling due within one year

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Trade creditors	339,222	1,381,426	145,106	58,587
Amounts owed to group undertakings	3,940	9,756	3,733	5,446
Accruals and deferred income	2,133,353	13,033,624	6,089,277	13,438,790
Social security and other taxes	86,211	6,998	87,889	—
Obligations under finance leases and hire purchase contracts	—	38,372	—	38,372
Director loan accounts	82,931	92,707	82,931	92,707
Production loan	8,477,834	1,736,865	8,477,834	—
Other creditors	53,152	270,584	208	222,003
	11,176,643	16,570,332	14,886,978	13,855,905

#### 16. Creditors: amounts falling due after more than one year

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Production loan	4,353,152	—	4,353,152	—

# Merman Television Limited

## Notes to the Financial Statements *(continued)*

### Year ended 31 December 2022

#### 17. Finance leases and hire purchase contracts

The total future minimum lease payments under finance leases and hire purchase contracts are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Not later than 1 year	<u>—</u>	<u>38,372</u>	<u>—</u>	<u>38,372</u>

#### 18. Employee benefits

##### Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £14,434 (2021: £11,401).

#### 19. Called up share capital

##### Issued, called up and fully paid

	<b>2022</b>		<b>2021</b>	
	<b>No.</b>	<b>£</b>	<b>No.</b>	<b>£</b>
Ordinary shares of £0.01 each	<u>20,000</u>	<u>200</u>	<u>20,000</u>	<u>200</u>

#### 20. Analysis of changes in net debt

	<b>At 1 Jan 2022</b>	<b>Cash flows</b>	<b>At 31 Dec 2022</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Cash at bank and in hand	6,279,968	(4,772,724)	1,507,244
Debt due within one year	(140,835)	53,964	(86,871)
	<u>6,139,133</u>	<u>(4,718,760)</u>	<u>1,420,373</u>

#### 21. Operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Not later than 1 year	95,725	—	95,725	—
Later than 1 year and not later than 5 years	311,106	—	311,106	—
	<u>406,831</u>	<u>—</u>	<u>406,831</u>	<u>—</u>

## **Merman Television Limited**

### **Notes to the Financial Statements** *(continued)*

#### **Year ended 31 December 2022**

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#### **22. Related party transactions**

##### **Company**

No guarantees have been given or received, other than in respect of the section 479A Companies Act 2006 guarantee provided for the subsidiaries as set out in note 12.

The parent company has taken advantage of FRS 102 exemptions for qualifying entities from disclosing related party transactions entered into between two or more members of the group, provided that any subsidiary which is a party to the transaction is wholly owned by a member of that group.