

HAT TRICK HOLDINGS (2019) LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

HAT TRICK HOLDINGS (2019) LIMITED

COMPANY INFORMATION

| | |
|-----------------------------|---|
| Directors | J Mulville P McKenna P Cohen A Dugdale K Wilson J Sharkey K Mulville |
| Registered number | 12025781 |
| Registered office | 7 Savoy Court London WC2R 0EX |
| Trading Address | 33 Oval Road London NW1 7EA |
| Independent auditors | Sopher + Co LLP Chartered Accountants & Statutory Auditors 5 Elstree Gate Elstree Way Borehamwood Hertfordshire WD6 1JD |
| Bankers | Coutts 440 Strand London WC2R 0QS |
| Solicitors | Harbottle & Lewis LLP 7 Savoy Court London WC2R 0EX |

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HAT TRICK HOLDINGS (2019) LIMITED

GROUP BUSINESS HIGHLIGHTS FOR THE YEAR ENDED 31 DECEMBER 2021

Hat Trick would like to highlight the following achievements:

- Adjusted Profit after Tax of £2.8m.
- HTM Television, our joint venture with Jed Mercurio, had four programmes in production: *Trigger Point*, *DI Ray*, *Stephen* and *Bloodlands S2*.
- *Trigger Point*, *DI Ray* and *Bloodlands S2* aired after year end, with *Trigger Point* being ITV's most watched drama of 2022 to date. Both series have been recommissioned for a 2nd series.
- Our long-running entertainment programmes continue to go from strength to strength, having produced the 61st and 62nd series of *Have I Got News For You*, 11th series of *Whose Line is it Anyway?* for The CW and 11th series of *Dinner Date*.
- We continue to win commissions in scripted comedy with programmes for the BBC, ITV and C4.
- Our unparalleled catalogue continues to underpin our rights income, with 2021 being our second highest year after 2020.

GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

Introduction

The directors present their Strategic Report for the year ended 31 December 2021.

Business review

With a library of long-running, award-winning television programming, we are an industry-leading content creator and rights owner. Our goal remains simple; to make highly successful programmes for profit. We do this in two ways. We develop, create and exploit content in the areas of Comedy, Drama and Entertainment. We also use our substantial creative and business support experience to take investments in early-stage content creation companies with a view to helping them reach their full potential more quickly than they otherwise might be able to.

Content creation

Hat Trick produced programmes for BBC1, BBC2, ITV, ITVBe, Channel 4, Channel 5, Dave, and The CW in 2021.

In entertainment, we delivered the 61st and 62nd series of *Have I Got News For You* and co-produced *Mastermind* with Hindsight Productions for the BBC, we produced the 11th series of *Dinner Date* and *Whose Line is it Anyway?* for ITV and The CW respectively and went into pre-production on the 4th series of *Hypothetical* for Dave.

HTM Television, our joint venture with Jed Mercurio, had its best ever year, with four programmes in production; *Trigger Point*, *Stephen* and *DI Ray* for ITV, whilst it started pre-production of the 2nd series of *Bloodlands* for the BBC.

In comedy, we produced the 3rd series of *Derry Girls* for Channel 4 and went into pre-production of a new series *Stuck*, written by and starring Dylan Moran, for the BBC and the 2nd series of *Kate and Koji* for ITV.

Rights exploitation

We continue to exploit the majority of our extensive programming catalogue in-house through Hat Trick International (HTI), although as the costs of scripted programming continue to rise, we continue to expand our network of distribution and financing partners to meet increasing deficits. HTI continues to benefit from Hat Trick's strong production pipeline, as well as through its relationships with other production companies.

Investments

Plum Pictures continues to work with some of TV's biggest names, producing *James May: Our Man in Italy*, *George Clarke's Amazing Spaces*, *The Great Cookbook Challenge* with Jamie Oliver and *Johnny Vegas: Carry on Glamping*.

Emporium Productions continue to have a strong relationship with Channel 5 (*Rich House, Poor House / Supermarket Secrets Revealed*) and Netflix (*The World's Toughest Prisons*) whilst also producing two programmes for Channel 4: *Prue's Great Garden Plot* and *The World's Most Beautiful Landscapes*.

Livewire Pictures continues to televise some of the nation's biggest musical events including *The Proms* and *Global Citizen Live* for the BBC.

COVID-19 pandemic

The TV industry continued to be significantly impacted by COVID in 2021, particularly within scripted programming with many shows having temporary closedowns.

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

We took the decision to postpone two of our programmes *Stephen* and *Kate and Koji* which were due to go into production as we experienced the second wave. We have also seen the cost of production increase dramatically as the industry works through the backlog of productions. We estimate that these two factors reduced profit by at

least £1m in 2021.

As highlighted in last year's report, rights income will continue to be affected for several years to come as the additional costs incurred due to COVID are shared by us, the broadcaster and the distributor through recoupable advances, which in turn reduces the net receipts owed to us as the producer.

On a more positive note, as we move through 2022, the additional costs incurred have continued to fall.

Principal risks and uncertainties

Foreign exchange risk

The Group operates primarily within the UK and so has limited exposure to foreign exchange movements. However, any material exposure is hedged on a case by case basis.

Credit risk

A large percentage of the Group's programming is conducted with the BBC and other established broadcasters. Therefore, the company does not have a significant exposure to credit defaults.

Liquidity risk

The Group has sufficient cash reserves to cover day to day working capital requirements. The working capital of the business is closely monitored to ensure these commitments are met.

Financial key performance indicators

Hat Trick uses Adjusted Profit after Tax (profit after tax, excluding amortisation and share options charge) as its key performance indicator.

Adjusted profit after tax was £2.8m in the period, £1.4m lower than the previous year.

Other key performance indicators

We consider the number of series in production and delivered in the year to be Hat Trick's main non-financial key performance indicators.

There were thirteen series in production in 2021, with eight series delivered to broadcasters.

This report was approved by the board on 28 September 2022 and signed on its behalf.

P Cohen
Director

HAT TRICK HOLDINGS (2019) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their report and the financial statements for the year ended 31 December 2021.

Directors

The directors who served during the year were:

J Mulville
P McKenna
P Cohen
A Dugdale
K Wilson
J Sharkey
K Mulville (appointed 17 September 2021)

Results and dividends

The profit for the year, after taxation, amounted to £1,863,763 (2020 - £4,129,920).

The directors have paid interim dividends of £1,100,193 (2020 - £2,500,160). The directors do not recommend the payment of a final dividend.

Directors' responsibilities statement

The directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period.

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

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

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

Future developments

Hat Trick benefits from a raft of returning series, as well as a strong pipeline of new programming in various stages of development.

HAT TRICK HOLDINGS (2019) LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

Engagement with employees

The Group has continued throughout the year to provide employees with relevant information and to seek their views on matters of common concern. Priority is given to ensuring that employees are aware of all significant matters affecting the Group.

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.

Auditors

Under section 487(2) of the Companies Act 2006, Sopher + Co LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This report was approved by the board on 28 September 2022 and signed on its behalf.

P Cohen
Director

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HAT TRICK HOLDINGS (2019) LIMITED

Opinion

We have audited the financial statements of Hat Trick Holdings (2019) Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2021, which comprise the Group Statement of Comprehensive Income, the Group and Company Statements of Financial Position, the Group Statement of Cash Flows, the Group and Company Statement of Changes in Equity 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 Financial Reporting Standard 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 2021 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- 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 Auditors' 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 United Kingdom, including the Financial Reporting Council'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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HAT TRICK HOLDINGS (2019) LIMITED (CONTINUED)

Other information

The directors are responsible for the other information. The other information comprises the information included in the directors's report and financial statements, other than the financial statements and our Auditors' Report thereon. 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.

Opinion 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 Group 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 Group 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 Group 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HAT TRICK HOLDINGS (2019) LIMITED (CONTINUED)

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 4, 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.

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 Group 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:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including

fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the Company through discussions with directors and other management, and from our commercial knowledge and experience of the television programmes production industry;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the Company, including the Companies Act 2006, taxation legislation and data protection, anti-bribery, employment, environmental and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the Company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud;
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations; and
- understanding the design of the Company's remuneration policies.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HAT TRICK HOLDINGS (2019) LIMITED (CONTINUED)

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC, relevant regulators and the Company's legal advisors.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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

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 Auditors' 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.

Stephen Iseman FCA (Senior Statutory Auditor)

for and on behalf of

Sopher + Co LLP

Chartered Accountants

Statutory Auditors

5 Elstree Gate

Elstree Way

Borehamwood

Hertfordshire

WD6 1JD

28 September 2022

HAT TRICK HOLDINGS (2019) LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

| | Note | 2021 £ | 2020 £ |
|--|------|--------------|--------------|
| Turnover | | | |
| Group and share of joint ventures' turnover | | 43,651,348 | 27,549,257 |
| Less: share of joint ventures' turnover | | (11,726,631) | (2,311,503) |
| Group turnover | 5 | 31,924,717 | 25,237,754 |
| Cost of sales | | (25,111,793) | (14,908,840) |
| Gross profit | | 6,812,924 | 10,328,914 |
| Administrative expenses | | (9,084,158) | (7,851,247) |
| Other operating income | 6 | 1,797,986 | 1,220,031 |
| Share of profit of associates | | 382,452 | 334,542 |
| Interest receivable and similar income | 11 | 59,197 | 50,637 |
| Interest payable and similar expenses | 12 | (6,431) | (1) |
| (Loss)/profit before taxation | | (38,030) | 4,082,876 |
| Taxation | 13 | 1,901,793 | 47,044 |
| Profit for the financial year | | 1,863,763 | 4,129,920 |
| Other comprehensive income for the year | | | |
| Foreign exchange reserve movement | | 21,039 | 580 |
| Share option reserve movement | | 873,694 | 19,632 |
| Other comprehensive income for the year | | 894,733 | 20,212 |
| Total comprehensive income for the year | | 2,758,496 | 4,150,132 |

The notes on pages 17 to 39 form part of these financial statements.

HAT TRICK HOLDINGS (2019) LIMITED
REGISTERED NUMBER:12025781

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

| | Note | 2021 £ | 2020 £ |
|---|------|-------------------|-------------------|
| Fixed assets | | | |
| Intangible assets | 16 | 300,000 | 350,000 |
| Tangible assets | 17 | 596,183 | 716,505 |
| Investments | 18 | 1,154,081 | 1,127,160 |
| | | <u>2,050,264</u> | <u>2,193,665</u> |
| Current assets | | | |
| Work in progress | 19 | 72,351 | 314,880 |
| Debtors: amounts falling due within one year | 20 | 14,987,286 | 14,376,499 |
| Cash at bank and in hand | 21 | 4,449,297 | 1,684,699 |
| | | <u>19,508,934</u> | <u>16,376,078</u> |
| Current liabilities | | | |
| Creditors: amounts falling due within one year | 22 | (14,752,920) | (13,321,324) |
| | | <u>4,756,014</u> | <u>3,054,754</u> |
| Net current assets | | <u>6,806,278</u> | <u>5,248,419</u> |
| Total assets less current liabilities | | | |
| Creditors: amounts falling due after more than one year | 23 | (252,377) | (352,821) |
| | | <u>6,553,901</u> | <u>4,895,598</u> |
| Net assets | | | |
| Capital and reserves | | | |
| Called up share capital | 28 | 61,429 | 61,429 |
| Share premium account | 29 | 2,110,534 | 2,110,534 |
| Capital redemption reserve | 29 | 50,260 | 50,260 |
| Share option reserve | 29 | 1,594,139 | 720,445 |
| Merger reserve | 29 | (2,986,742) | (2,986,742) |
| Profit and loss account | 29 | 5,724,281 | 4,939,672 |
| | | <u>6,553,901</u> | <u>4,895,598</u> |

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 28 September 2022.

A Dugdale
Director

The notes on pages 17 to 39 form part of these financial statements.

HAT TRICK HOLDINGS (2019) LIMITED
REGISTERED NUMBER:12025781

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

| | Note | 2021 £ | 2020 £ |
|--|------|-------------------|-------------------|
| Fixed assets | | | |
| Investments | 18 | 27,021,361 | 27,021,361 |
| Current assets | | | |
| Debtors: amounts falling due within one year | 20 | 850,542 | 750,413 |
| Current liabilities | | | |
| Creditors: amounts falling due within one year | 22 | (2,606,547) | (2,500,838) |
| Net current liabilities | | (1,756,005) | (1,750,425) |
| Net assets | | <u>25,265,356</u> | <u>25,270,936</u> |
| Capital and reserves | | | |
| Called up share capital | 28 | 61,429 | 61,429 |
| Merger reserve | 29 | 23,895,492 | 23,895,492 |
| Profit and loss account carried forward | | 1,308,435 | 1,314,015 |
| | | <u>25,265,356</u> | <u>25,270,936</u> |

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 28 September 2022.

A Dugdale

Director

The notes on pages 17 to 39 form part of these financial statements.

HAT TRICK HOLDINGS (2019) LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

| | Called up share capital | Share premium account | Capital redemption reserve | Share option reserve | Merger reserve | Profit and loss account | Total equity |
|-----------------------------------|-------------------------------|-----------------------------|----------------------------------|----------------------------|-------------------|-------------------------------|-----------------|
| | £ | £ | £ | £ | £ | £ | £ |
| At 1 January 2020 | 61,429 | 2,110,534 | 50,260 | 700,813 | (2,986,742) | 3,309,332 | 3,245,626 |
| Profit for the year | - | - | - | - | - | 4,129,920 | 4,129,920 |
| Foreign exchange reserve movement | - | - | - | - | - | 580 | 580 |
| Share option charge | - | - | - | 19,632 | - | - | 19,632 |
| Dividends: Equity capital | - | - | - | - | - | (2,500,160) | (2,500,160) |
| At 1 January 2021 | 61,429 | 2,110,534 | 50,260 | 720,445 | (2,986,742) | 4,939,672 | 4,895,598 |
| Profit for the year | - | - | - | - | - | 1,863,763 | 1,863,763 |
| Foreign exchange reserve movement | - | - | - | - | - | 21,039 | 21,039 |
| Share option charge | - | - | - | 873,694 | - | - | 873,694 |
| Dividends: Equity capital | - | - | - | - | - | (1,100,193) | (1,100,193) |
| At 31 December 2021 | 61,429 | 2,110,534 | 50,260 | 1,594,139 | (2,986,742) | 5,724,281 | 6,553,901 |

The notes on pages 17 to 39 form part of these financial statements.

HAT TRICK HOLDINGS (2019) LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

| | Called up share capital | Merger reserve | Profit and loss account | Total equity |
|----------------------------|----------------------------|-------------------|----------------------------|-------------------|
| | £ | £ | £ | £ |
| At 1 January 2020 | 61,429 | 23,895,492 | - | 23,956,921 |
| Profit for the year | - | - | 3,814,176 | 3,814,176 |
| Dividends: Equity capital | - | - | (2,500,160) | (2,500,160) |
| At 1 January 2021 | 61,429 | 23,895,492 | 1,314,016 | 25,270,937 |
| Profit for the year | - | - | 1,094,613 | 1,094,613 |
| Dividends: Equity capital | - | - | (1,100,193) | (1,100,193) |
| At 31 December 2021 | 61,429 | 23,895,492 | 1,308,436 | 25,265,357 |

The notes on pages 17 to 39 form part of these financial statements.

HAT TRICK HOLDINGS (2019) LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021

| | 2021 £ | 2020 £ |
|---|------------------|------------------|
| Cash flows from operating activities | | |
| Profit for the financial year | 1,863,763 | 4,129,920 |
| Adjustments for: | | |
| Amortisation of intangible assets | 50,000 | 50,000 |
| Depreciation of tangible assets | 217,908 | 252,658 |
| Loss on disposal of tangible assets | - | 7,248 |
| Interest paid | 6,431 | 1 |
| Interest received | (59,197) | (50,637) |
| Taxation charge | (1,901,793) | (47,044) |
| Decrease/(increase) in work in progress | 242,529 | (184,659) |
| Decrease/(increase) in debtors | 1,913,294 | (3,522,651) |
| Increase in amounts owed by associates | (519,767) | (681,402) |
| Increase in creditors | 2,537,590 | 3,686,707 |
| Corporation tax (paid)/received | (26,571) | 1,088,341 |
| Net share of profits and loss of participating interests | (384,022) | (334,542) |
| Exchange differences on translation of foreign subsidiaries | 21,039 | 580 |
| Share option charge | 873,694 | 19,632 |
| Dividends received from associates | 281,150 | 192,400 |
| Net cash generated from operating activities | 5,116,048 | 4,606,552 |
| Cash flows used in investing activities | | |
| Purchase of tangible fixed assets | (97,586) | (158,832) |
| Sale of tangible fixed assets | - | 18,116 |
| Interest received | 735 | 1,278 |
| HP interest paid | (4,045) | - |
| Joint ventures interest received | 58,462 | 49,359 |
| Net cash used in investing activities | (42,434) | (90,079) |

HAT TRICK HOLDINGS (2019) LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

| | 2021 £ | 2020 £ |
|---|--------------------|--------------------|
| Cash flows used in financing activities | | |
| Repayment of loans | (858,636) | (1,435,393) |
| (Repayment of)/new finance leases | (11,200) | 26,184 |
| Dividends paid | (1,100,193) | (2,500,160) |
| Interest paid | (2,386) | (1) |
| Net cash used in financing activities | (1,972,415) | (3,909,370) |
| Net increase in cash and cash equivalents | 3,101,199 | 607,103 |
| Cash and cash equivalents at beginning of year | 1,323,642 | 716,539 |
| Cash and cash equivalents at the end of year | 4,424,841 | 1,323,642 |
| Cash and cash equivalents at the end of year comprise: | | |
| Cash at bank and in hand | 4,449,297 | 1,684,699 |
| Bank overdrafts | (24,456) | (361,057) |
| | 4,424,841 | 1,323,642 |

CONSOLIDATED ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 31 DECEMBER 2021

| | At 1 January 2021 £ | Cash flows £ | At 31 December 2021 £ |
|--------------------------|---------------------------|------------------|--------------------------------|
| Cash at bank and in hand | 1,684,699 | 2,764,598 | 4,449,297 |
| Bank overdrafts | (361,057) | 336,601 | (24,456) |
| Debt due within 1 year | (1,107,122) | 858,758 | (248,364) |
| Finance leases | (51,498) | 11,200 | (40,298) |
| | 165,022 | 3,971,157 | 4,136,179 |

The notes on pages 17 to 39 form part of these financial statements.

HAT TRICK HOLDINGS (2019) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1. General information

The Group is an industry leading content creator and rights owner with a library of long running award winning television programmes.

Hat Trick Holdings (2019) Limited is a limited company incorporated in England and Wales, with its registered office address at 7 Savoy Court, London, WC2R 0EX.

The principal activity of the Company is that of a holding company.

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 preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies (see note 3).

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

As part of a group restructure, the Company became the ultimate holding company for the interests of Hat Trick Holdings Limited, a company registered in England and Wales. This transaction has been accounted for as a group reconstruction, using the principles of merger accounting, as set out in FRS 102.

The acquired assets and liabilities are stated at historical cost, and are included in the consolidated financial statements from the beginning of the earliest period presented as if the entities and business acquired had always formed a group. As such, the figures have been presented to reflect the financial position and results as though Hat Trick Holdings (2019) Limited had always been the parent company.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.3 Participating interests

An entity is treated as a joint venture where the Group is a party to a contractual agreement with one or more parties from outside the Group to undertake an economic activity that is subject to joint control.

An entity is treated as an associated undertaking where the Group exercises significant influence in that it has the power to participate in the operating and financial policy decisions.

In the consolidated accounts, interests in associated undertakings are accounted for using the equity method of accounting. Under this method an equity investment is initially recognised at the transaction price (including transaction costs) and is subsequently adjusted to reflect the investors share of the profit or loss, other comprehensive income and equity of the associate. The Consolidated Statement of Comprehensive Income includes the Group's share of the operating results, interest, pre-tax results and attributable taxation of such undertakings applying accounting policies consistent with those of the Group. In the Consolidated Statement of Financial Position, the interests in associated undertakings are shown as the Group's share of the identifiable net assets, including any unamortised premium paid on acquisition.

Any premium on acquisition is dealt with in accordance with the goodwill policy.

2.4 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding Value Added Tax.

Turnover comprises production fees and amounts receivable for the exploitation of rights and royalties net of VAT.

Production turnover and gross profit are recognised over the period of production on a stage of completion and straight line basis respectively.

Fees in respect of services provided are recognised over the period of the service agreement on a stage of completion basis.

Sums receivable from distribution by related parties are recognised when receivable. Where third party distributors are used, turnover is recognised on a receivable basis in accordance with distribution statements, unless an advance is received, in which case turnover is then recognised on the later of the license period start date or completion of all deliverables.

Royalties receivable are accounted for on a royalty earnings basis as part of turnover. Non-returnable, recoupable advances are accounted for on a completion of delivery requirements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.5 Intangible assets

Goodwill

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities.

Goodwill is amortised over its useful life of ten years.

Format licences

Acquired format licences are initially recognised at cost as an intangible asset. 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. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

2.6 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:

| | |
|-------------------------------|--------------------------------|
| Short-term leasehold property | - over the period of the lease |
| Plant and machinery | - 25% straight line |
| Motor vehicles | - 25% 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 profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.7 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Participating interests

The Group's share of profits less losses of associated undertakings is included in the Consolidated Statement of Comprehensive Income and the Group's share of their net assets is included in the Consolidated Statement of Financial Position. These amounts are taken from the latest financial statements of the undertakings concerned. Joint ventures are accounted for using the gross equity method.

Other investments

Investments held as fixed assets are shown at cost less any provision for impairment.

2.8 Work in progress

Project development costs, carried forward under work in progress, represent costs incurred on projects in development and are stated at the lower of cost and estimated net realisable value.

2.9 Debtors

Short term debtors are measured at the transaction price, less any impairment.

2.10 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.

2.11 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.

2.12 Share options

The Group issues equity-settled share-based payments to certain employees. These share options are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of the grant. The fair value of the share options issued is expensed on a straight line basis over the period to when management estimates the options will be exercised as adjusted for known vesting conditions.

Fair value is measured by use of the Black-Scholes pricing model. The principal assumptions made in the model are described in note 30.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.13 Financial instruments

The Group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties and loans to and from related parties.

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 evidence of impairment is found, an impairment loss is recognised in the Income Statement.

2.14 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants of a revenue nature are recognised in the Consolidated Statement of Comprehensive Income in the same period as the related expenditure.

2.15 Dividends

Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

2.16 Operating leases: the Group 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.

2.17 Pensions

Defined contribution pension plan

The Group contributes to 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 the Consolidated Statement of Financial Position. The assets of the plan are held separately from the Group in independently administered funds.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.18 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is £ Sterling.

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.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

2.19 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the reporting date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the reporting date.

2.20 Interest income

Interest income is recognised in the Consolidated Statement of Comprehensive Income using the effective interest method.

2.21 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.

2.22 Borrowing costs

All borrowing costs are recognised in the Consolidated Statement of Comprehensive Income in the year in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.23 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. 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 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 reporting 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;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

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

- a) Determine whether leases entered into by the Group as a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- b) Determine whether there are indicators of impairment of the Group's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset.
- c) Determine at the year end the fair value of share options granted. The shares of the Group are not actively traded in a market and therefore directors use their judgement to ensure they adopt the most appropriate valuation method to determine fair value. Vesting conditions are taken into account when estimating the fair value of the share options.

In preparing these financial statements, the directors have considered the following key sources of estimation uncertainty:

Tangible and intangible assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and estimated disposal values.

HAT TRICK HOLDINGS (2019) LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

4. Share based payments

A Dugdale, K Wilson, J Sharkey and P Cohen, who are directors of the Company are part of the Hat Trick Enterprise Management Incentive Plan. The scheme was approved by the shareholders of Hat Trick Holdings (2019) Limited on 5 August 2019 and the options were granted on the same date. The scheme comprises an option to subscribe for ordinary shares of £1 each in Hat Trick Holdings (2019) Limited for an exercise price of £242 and £390 per ordinary share. The awards become exercisable on or after the earlier of an exit event and any date(s) as specified in the option agreement. Under the scheme rules, an exit event is defined as the earlier of a share sale, a listing or a trade sale.

5. Turnover

Analysis of turnover by country of destination:

| | 2021 £ | 2020 £ |
|-------------------|-------------------|-------------------|
| United Kingdom | 22,792,153 | 17,182,797 |
| Rest of Europe | 2,329,072 | 2,347,903 |
| Rest of the world | 6,803,492 | 5,707,054 |
| | <u>31,924,717</u> | <u>25,237,754</u> |

6. Other operating income

| | 2021 £ | 2020 £ |
|------------------------------|------------------|------------------|
| Other operating income | 1,797,986 | 1,082,982 |
| Government grants receivable | - | 137,049 |
| | <u>1,797,986</u> | <u>1,220,031</u> |

7. Operating (loss)/profit

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

| | 2021 £ | 2020 £ |
|-------------------------------|----------------|----------------|
| Exchange differences | 69,273 | (184,421) |
| Other operating lease rentals | <u>621,741</u> | <u>642,353</u> |

HAT TRICK HOLDINGS (2019) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

8. Auditors' remuneration

| | 2021 £ | 2020 £ |
|--|---------------|---------------|
| Fees payable to the Group's auditor in respect of: | | |
| Auditing the financial statements of the Group pursuant to legislation | 42,000 | 42,000 |
| Taxation compliance services | 6,860 | 14,382 |
| | <u>48,860</u> | <u>56,382</u> |

9. Employees

Staff costs, including directors' remuneration, were as follows:

| | Group 2021 £ | Group 2020 £ |
|-------------------------------------|--------------------|--------------------|
| Wages and salaries | 5,389,558 | 4,343,083 |
| Social security costs | 575,789 | 569,374 |
| Cost of defined contribution scheme | 278,290 | 231,585 |
| | <u>6,243,637</u> | <u>5,144,042</u> |

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

| | Group 2021 No. | Group 2020 No. | Company 2021 No. | Company 2020 No. |
|-------------------------------------|----------------------|----------------------|------------------------|------------------------|
| Management | 9 | 9 | 6 | 6 |
| Administration | 40 | 40 | - | - |
| Production, development and writing | 20 | 20 | - | - |
| | <u>69</u> | <u>69</u> | <u>6</u> | <u>6</u> |

HAT TRICK HOLDINGS (2019) LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

10. Directors' remuneration

| | 2021 £ | 2020 £ |
|---|------------------|------------------|
| Directors' emoluments | 994,925 | 941,941 |
| Group contributions to defined contribution pension schemes | 86,066 | 69,410 |
| | <u>1,080,991</u> | <u>1,011,351</u> |

During the year retirement benefits were accruing to 6 directors (2020 - 5) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £385,546 (2020 - £387,237).

The value of the Group's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £18,917 (2020 - £18,917).

11. Interest receivable

| | 2021 £ | 2020 £ |
|--|---------------|---------------|
| Share of joint ventures' interest receivable | 58,462 | 49,359 |
| Other interest receivable | 735 | 1,278 |
| | <u>59,197</u> | <u>50,637</u> |

12. Interest payable and similar expenses

| | 2021 £ | 2020 £ |
|--|--------------|-----------|
| Finance leases and hire purchase contracts | 4,045 | - |
| Other interest payable | 2,386 | 1 |
| | <u>6,431</u> | <u>1</u> |

HAT TRICK HOLDINGS (2019) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

13. Taxation

| | 2021 £ | 2020 £ |
|--|--------------------|------------------|
| Corporation tax | | |
| Current tax on profit for the year | (1,930,462) | (177,456) |
| Adjustments in respect of previous periods | - | (21,650) |
| | <u>(1,930,462)</u> | <u>(199,106)</u> |
| Share of tax of associates | 75,951 | 51,938 |
| | <u>(1,854,511)</u> | <u>(147,168)</u> |
| Foreign tax | | |
| Foreign tax on income for the year | 117,767 | 95,717 |
| | <u>(1,736,744)</u> | <u>(51,451)</u> |
| Deferred tax | | |
| Origination and reversal of timing differences | (165,049) | 4,407 |
| | <u>(1,901,793)</u> | <u>(47,044)</u> |
| Taxation on loss on ordinary activities | | |

HAT TRICK HOLDINGS (2019) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

13. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2020 - lower than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

| | 2021 £ | 2020 £ |
|---|---------------------------|------------------------|
| (Loss)/profit on ordinary activities before tax | <u>(38,030)</u> | <u>4,082,876</u> |
| (Loss)/profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2020 - 19%) | (7,226) | 775,746 |
| Effects of: | | |
| Expenses not deductible for tax purposes | 25,043 | 19,593 |
| Depreciation for year in excess of capital allowances | 7,106 | 6,357 |
| Adjustments to tax charge in respect of prior periods | - | (21,650) |
| Non-taxable charge in respect of employee options | 166,002 | 3,730 |
| Foreign tax | 117,767 | 95,717 |
| High-end Television Tax Relief | (2,115,000) | (230,216) |
| Other factors affecting associates leading to a decrease/(increase) in the tax charge | 3,285 | (11,625) |
| Short term timing difference leading to a (decrease)/increase in taxation | (818) | 213 |
| Utilisation of brought forward tax losses | (158,585) | (693,747) |
| Unrelieved tax losses carried forward | 225,682 | 4,431 |
| Deferred tax | (165,049) | 4,407 |
| Total tax charge for the year | <u><u>(1,901,793)</u></u> | <u><u>(47,044)</u></u> |

14. Dividends

| | 2021 £ | 2020 £ |
|---------------------------------|-------------------------|-------------------------|
| Dividends paid on equity shares | <u><u>1,100,193</u></u> | <u><u>2,500,160</u></u> |

15. 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 profit after tax of the parent Company for the year was £1,094,613 (2020 - £3,814,176).

HAT TRICK HOLDINGS (2019) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

16. Intangible assets

Group

| | Format licence £ | Goodwill £ | Total £ |
|-------------------------------------|---------------------|---------------|------------|
| Cost | | | |
| At 1 January 2021 | 500,000 | 22,708,166 | 23,208,166 |
| At 31 December 2021 | 500,000 | 22,708,166 | 23,208,166 |
| Amortisation | | | |
| At 1 January 2021 | 150,000 | 22,708,166 | 22,858,166 |
| Charge for the year on owned assets | 50,000 | - | 50,000 |
| At 31 December 2021 | 200,000 | 22,708,166 | 22,908,166 |
| Net book value | | | |
| At 31 December 2021 | 300,000 | - | 300,000 |
| At 31 December 2020 | 350,000 | - | 350,000 |

HAT TRICK HOLDINGS (2019) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

17. Tangible fixed assets

Group

| | Short-term leasehold property £ | Plant and machinery £ | Motor vehicles £ | Total £ |
|--|--|-----------------------------|---------------------|------------------|
| Cost | | | | |
| At 1 January 2021 | 1,234,233 | 3,939,714 | 176,727 | 5,350,674 |
| Additions | - | 97,586 | - | 97,586 |
| At 31 December 2021 | <u>1,234,233</u> | <u>4,037,300</u> | <u>176,727</u> | <u>5,448,260</u> |
| Depreciation | | | | |
| At 1 January 2021 | 832,287 | 3,713,518 | 88,364 | 4,634,169 |
| Charge for the year on owned assets | 61,910 | 98,941 | 44,182 | 205,033 |
| Charge for the year on financed assets | - | 12,875 | - | 12,875 |
| At 31 December 2021 | <u>894,197</u> | <u>3,825,334</u> | <u>132,546</u> | <u>4,852,077</u> |
| Net book value | | | | |
| At 31 December 2021 | <u>340,036</u> | <u>211,966</u> | <u>44,181</u> | <u>596,183</u> |
| At 31 December 2020 | <u>401,946</u> | <u>226,196</u> | <u>88,363</u> | <u>716,505</u> |

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

| | 2021 £ | 2020 £ |
|---------------------|---------------|---------------|
| Plant and machinery | <u>33,259</u> | <u>46,134</u> |

HAT TRICK HOLDINGS (2019) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

18. Fixed asset investments

Group

| | Investments in associates £ | Other fixed asset investments £ | Investment in joint ventures £ | Total £ |
|-----------------------|-----------------------------------|--|--------------------------------------|------------|
| Cost | | | | |
| At 1 January 2021 | 1,117,860 | 25,000 | 9,300 | 1,152,160 |
| Dividends received | (273,150) | - | (8,000) | (281,150) |
| Share of profit | 304,623 | - | 3,448 | 308,071 |
| At 31 December 2021 | 1,149,333 | 25,000 | 4,748 | 1,179,081 |
| Impairment | | | | |
| At 1 January 2021 | - | 25,000 | - | 25,000 |
| At 31 December 2021 | - | 25,000 | - | 25,000 |
| Net book value | | | | |
| At 31 December 2021 | 1,149,333 | - | 4,748 | 1,154,081 |
| At 31 December 2020 | 1,117,860 | - | 9,300 | 1,127,160 |

HAT TRICK HOLDINGS (2019) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

Company

Investments in
subsidiary
companies
£

Cost

| | |
|---------------------|------------|
| At 1 January 2021 | 27,021,361 |
| At 31 December 2021 | 27,021,361 |

Net book value

| | |
|---------------------|------------|
| At 31 December 2021 | 27,021,361 |
| At 31 December 2020 | 27,021,361 |

Direct subsidiary undertaking

The following was a direct subsidiary undertaking of the Company:

| Name | Class of shares | Holding |
|----------------------------|--------------------|----------|
| Hat Trick Holdings Limited | Ordinary | 100 % |

HAT TRICK HOLDINGS (2019) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

Indirect subsidiary undertakings

The following were indirect subsidiary undertakings of the Company:

| Name | Class of shares | Holding |
|--|-----------------|---------|
| Hat Trick Productions Limited | | 100 |
| | Ordinary | % |
| Hat Trick International Limited | | 100 |
| | Ordinary | % |
| Hat Trick Television Limited | | 100 |
| | Ordinary | % |
| Hat Trick (DG) Limited | | 100 |
| | Ordinary | % |
| Hat Trick (Face) Limited (previously known as Hat Trick (SLD) Limited) | | 100 |
| | Ordinary | % |
| Hat Trick (Stuck) Limited (previously known as Hat Trick (Warren) Limited) | | 100 |
| | Ordinary | % |
| Hat Trick Holdings Inc. | | 100 |
| | Ordinary | % |
| Hat Trick Entertainment Inc. | | 100 |
| | Ordinary | % |
| Hat Trick East Inc. | | 100 |
| | Ordinary | % |
| Hat Trick (FTM) Limited | | 100 |
| | Ordinary | % |
| Hat Trick (Flack) Limited | | 100 |
| | Ordinary | % |
| Hat Trick (K&K) Limited | | 100 |
| | Ordinary | % |

All of the above companies have their registered office at 7 Savoy Court, London, WC2R 0EX, apart from Hat Trick Holdings Inc., Hat Trick East Inc. and Hat Trick Entertainment Inc. whose business address is 33 Oval Road, London, NW1 7EA.

The principal activity of all the above companies is creation of content for broadcast media apart from Hat Trick International Limited which is Distribution of content.

Associates

The following were associates of the Company:

| Name | Class of shares | Holding |
|-----------------------|-----------------|---------|
| Plum Pictures Limited | | 25 |
| | Ordinary | % |
| Emporium Limited | | 49 |
| | Ordinary | % |

Joint ventures

The following were joint ventures of the Company:

| Name | Holding |
|--------------------|---------|
| Toff Media Limited | 50 |
| | % |

HTM Television Limited

50

Livewire Pictures Limited

%

50

%

The principal activity of all the above associates and joint ventures is creation of content for broadcast media.

HAT TRICK HOLDINGS (2019) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

19. Work in progress

| | Group 2021 £ | Group 2020 £ |
|------------------|--------------------|--------------------|
| Work in progress | <u>72,351</u> | <u>314,880</u> |

20. Debtors

| | Group 2021 £ | Group 2020 £ | Company 2021 £ | Company 2020 £ |
|--|--------------------|--------------------|----------------------|----------------------|
| Trade debtors | 3,361,817 | 5,233,902 | - | - |
| Amounts owed by group undertakings | - | - | 850,541 | 750,412 |
| Amounts owed by joint ventures and associated undertakings | 3,113,266 | 2,593,499 | - | - |
| Other debtors | 95,996 | 626,254 | 1 | 1 |
| Prepayments and accrued income | 5,659,977 | 5,170,930 | - | - |
| Tax recoverable | 2,418,325 | 579,058 | - | - |
| Deferred taxation | 337,905 | 172,856 | - | - |
| | <u>14,987,286</u> | <u>14,376,499</u> | <u>850,542</u> | <u>750,413</u> |

The carrying value of all debtor balances above equates to fair value. No balances were impaired at the year end (2020 - same).

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

21. Cash and cash equivalents

| | Group 2021 £ | Group 2020 £ | Company 2021 £ | Company 2020 £ |
|--------------------------|--------------------|--------------------|----------------------|----------------------|
| Cash at bank and in hand | 4,449,297 | 1,684,699 | - | - |
| Less: bank overdrafts | (24,456) | (361,057) | (20) | (161) |
| | <u>4,424,841</u> | <u>1,323,642</u> | <u>(20)</u> | <u>(161)</u> |

HAT TRICK HOLDINGS (2019) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

22. Creditors: Amounts falling due within one year

| | Group 2021 £ | Group 2020 £ | Company 2021 £ | Company 2020 £ |
|---|--------------------|--------------------|----------------------|----------------------|
| Bank overdrafts | 24,456 | 361,057 | 20 | 161 |
| Bank loans | 248,364 | 1,107,000 | - | - |
| Trade creditors | 878,250 | 731,115 | - | - |
| Amounts owed to group undertakings | - | - | 2,601,527 | 2,500,677 |
| Other taxation and social security | 1,543,830 | 1,614,925 | - | - |
| Obligations under finance lease and hire purchase contracts | 12,317 | 11,201 | - | - |
| Other creditors | 147,231 | 21,381 | - | - |
| Accruals and deferred income | 11,898,472 | 9,474,645 | 5,000 | - |
| | <u>14,752,920</u> | <u>13,321,324</u> | <u>2,606,547</u> | <u>2,500,838</u> |

Secured loans

The bank facilities are secured by a fixed and floating charge over certain specific assets. The short term bank loan was repaid on 23rd March 2022.

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

23. Creditors: Amounts falling due after more than one year

| | Group 2021 £ | Group 2020 £ |
|--|--------------------|--------------------|
| Net obligations under finance leases and hire purchase contracts | 27,981 | 40,297 |
| Accruals and deferred income | 224,396 | 312,524 |
| | <u>252,377</u> | <u>352,821</u> |

HAT TRICK HOLDINGS (2019) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

24. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

| | Group 2021 £ | Group 2020 £ |
|-------------------|-----------------------------|-----------------------------|
| Within one year | 12,317 | 11,201 |
| Between 1-5 years | 27,981 | 40,297 |
| | 40,298 | 51,498 |

25. Deferred taxation

Group

| | 2021 £ | 2020 £ |
|---------------------------|-------------------|-------------------|
| At beginning of year | 172,856 | 177,263 |
| Charged to profit or loss | 165,049 | (4,407) |
| At end of year | 337,905 | 172,856 |

The deferred tax asset is made up as follows:

| | Group 2021 £ | Group 2020 £ |
|--------------------------------|-----------------------------|-----------------------------|
| Accelerated capital allowances | 35,114 | 35,971 |
| Tax losses carried forward | 302,791 | 136,885 |
| | 337,905 | 172,856 |

26. Pension commitments

The Group contributes to a defined contribution 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 £278,290 (2020 - £231,585). Contributions totalling £8,357 (2020 - £12,650) were payable to the fund at the Statement of Financial Position date and are included in creditors.

HAT TRICK HOLDINGS (2019) LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

27. Commitments under operating leases

At 31 December 2021 the Group and the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

| | Group 2021 £ | Group 2020 £ |
|--|-----------------------------|-----------------------------|
| Not later than 1 year | 700,000 | 700,000 |
| Later than 1 year and not later than 5 years | 2,800,000 | 2,800,000 |
| Later than 5 years | 1,400,000 | 2,100,000 |
| | <u>4,900,000</u> | <u>5,600,000</u> |

28. Share capital

| | 2021 £ | 2020 £ |
|---|----------------------|----------------------|
| Allotted, called up and fully paid | | |
| 61,429 (2020 - 61,429) Ordinary shares of £1 each | <u>61,429</u> | <u>61,429</u> |

29. Reserves**Share premium account**

This reserve represents the amount above the nominal value received for issued share capital, less transaction costs.

Capital redemption reserve

This reserve records the nominal value of shares repurchased by the Group.

Share option reserve

This reserve records all changes in relation to the enterprise management share option scheme implemented by the Group.

Merger Reserve

The merger reserve represents equity recognised on the acquisition of Hat Trick Holdings Limited being the difference between the fair value of the consideration paid and the nominal value of the shares acquired.

Profit and loss account

This reserve represents the cumulative balance of retained profits and losses to the reporting date, all of which are distributable.

NOTES TO THE FINANCIAL STATEMENTS
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30. Share based payments

Equity-settled share option scheme

The group of which the Company is a member has implemented an enterprise management incentive share option schemes for certain directors and key employees on 5 August 2019.

Share options granted under the scheme are only exercisable on or after the earlier of an exit event and any date(s) as specified in the option agreement. Under the scheme rules, an exit event is defined as the earlier of a share sale, a listing or a trade sale.

At 31 December 2021, 6,752 (2020 - 6,245) options remained outstanding. Options are forfeited if the employee leaves the Group before they have been exercised.

The weighted average remaining contractual life of the share options outstanding at the end of the period was 3 years.

The aggregate of the estimated fair value of the share options granted is £2,473,864, resulting in a positive net charge of £873,694 (2020 - £19,632) in the Statement of Comprehensive Income due to cancelled options.

HAT TRICK HOLDINGS (2019) LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

31. Related party transactions

During the year, the Group entered into transactions on an arms length basis, in the ordinary course of the business, and had balances at the year end with the following parties.

| | Year ended 31 Dec 2021 Sales £ | Year ended 31 Dec 2021 Purchases £ | Year ended 31 Dec 2021 Debtor/ (Creditor) £ | Year ended 31 Dec 2020 Sales £ | Year ended 31 Dec 2020 Purchases £ | Year ended 31 Dec 2020 Debtor/ (Creditor) £ |
|------------------------------|---|---|---|---|---|---|
| Plum Pictures Limited | 488,028 | 761,987 | 111,971 | 329,057 | 993,643 | (169,022) |
| Emporium Productions Limited | 41,566 | 18,984 | (9,858) | 182,935 | 94,622 | (8,707) |
| HTM Television Limited | 1,603,133 | - | 2,470,275 | 352,042 | 1,100,000 | 1,645,822 |
| Livewire Pictures Limited | 447,259 | - | 979,652 | 218,946 | - | 996,405 |
| | <u>2,579,986</u> | <u>780,971</u> | <u>3,552,040</u> | <u>1,082,980</u> | <u>2,188,265</u> | <u>2,464,498</u> |

During the year the Group paid total dividends of £990,172 (2020 - £2,250,140) to J Mulville and K Mulville, directors of the Company.

At the reporting date the Group was owed £4,166 (2020 - £25,388) by J Mulville included in other debtors which was repaid after the year end.

During the year the Group paid dividends amounting to £110,021 (2020 - £250,020) to P McKenna, a director of the Company.

The Company has taken advantage of the exemption under FRS102 33.1A Related Party Disclosures not to disclose transactions entered into between two or more members of a group, provided that any subsidiary undertaking which is a party to the transaction is wholly owned by a member of that group.

Key management personnel

During the year, the Group paid remuneration totalling £1,745,707 (2020 - £1,750,325) to its key management personnel.

32. Ultimate controlling party

The directors regard J Mulville, a director of the Company, as the ultimate controlling party.

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