

Company Registration No. 12769816 (England and Wales)

**NARRATIVE ENTERTAINMENT UK LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 DECEMBER 2021**

# NARRATIVE ENTERTAINMENT UK LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	D Stark	{Appointed 14 May 2021}
	R Minute	{Appointed 8 July 2021}
	D Levin	{Appointed 14 May 2021}
<b>Company number</b>	12769816	
<b>Registered office</b>	35 Inverness Street London England NW1 7HB	
<b>Auditor</b>	Goodman Jones LLP 29/30 Fitzroy Square London W1T 6LQ	
<b>Business address</b>	35 Inverness Street London NW1 7HB	

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# **NARRATIVE ENTERTAINMENT UK LIMITED**

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# **NARRATIVE ENTERTAINMENT UK LIMITED**

## **STRATEGIC REPORT**

### ***FOR THE PERIOD ENDED 31 DECEMBER 2021***

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The directors present the strategic report for the period ended 31 December 2021.

#### **Review of the business**

The principal activity of the company is to operate and transmit 7 TV channels. GREAT! movies, GREAT! movies action, GREAT! movies classic, GREAT! tv, POP , tiny POP and POP MAX. The business was acquired from Sony Entertainment on 1 April 2021. The Company's turnover arises principally from advertising impacts. The directors expect this activity to continue for the foreseeable future.

The profit for the 9 month trading period was £3.079m. The profit for the financial year has been transferred to reserves. Net assets as at 31 December 2021 total £14.6m.

The directors remain confident that the Company will deliver the planned profit over the next full 12 months of trading.

#### **Key performance indicators**

The Company's key financial performance indicators during the year were as follows:

Revenue      £34,503k

Operating profit      £3,855k

Operating profit margin      11.2%

The directors are satisfied with the performance of the company in the period.

# **NARRATIVE ENTERTAINMENT UK LIMITED**

## **STRATEGIC REPORT (CONTINUED)**

***FOR THE PERIOD ENDED 31 DECEMBER 2021***

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### **Principal risks and uncertainties**

The key business risks and uncertainties affecting the Company are set out below:

#### **Competition**

The Company's channels compete with other linear television channels for the acquisition of programming and for viewers. To mitigate this risk, we routinely review viewing data using specialist software, and carry out market research to understand our viewers' expectations and whether our content meets them. The Company has an established successful strategy in acquiring content desirable to viewers.

#### **Legislation and regulation**

The Company may be exposed to changes in legislation and regulation within the TV industry. To mitigate this risk, we receive regular updates from Ofcom and other regulatory bodies such as the Advertising Standards Authority (ASA) and Broadcast Committee of Advertising Practice (BCAP) concerning all aspects of broadcasting.

#### **Credit risk**

Trade debtors are monitored on an ongoing basis and provision is made for doubtful debts where necessary.

#### **COVID-19**

COVID-19 is having a significant impact on the global economy; however this has not had a material effect on the Company's operating results and financial position.

#### **Liquidity risk**

The Company's customer profile is such that late payments and defaults may reduce the funds available for operations and planned acquisitions. However, the risk is reduced as the Company's major customers are represented by large publicly owned companies such as Sky.

#### **Foreign exchange risk**

The Company has foreign currency assets and liabilities. With the UK having now left the European Union, uncertainty surrounds many industries including broadcasting. The increased volatility in exchange rates is likely to have an inflationary effect on the price of content. To try and mitigate the impact of this the company is investigating currency hedging strategies, primarily through the use of forward contracts. Revenue arises solely in the UK and as such is not affected by currency exchange rate fluctuations. The directors keep these measures under constant review.

On behalf of the board

R Minute

**Director**

27 July 2022

# **NARRATIVE ENTERTAINMENT UK LIMITED**

## **DIRECTORS' REPORT**

### ***FOR THE PERIOD ENDED 31 DECEMBER 2021***

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

#### **Principal activities**

The principal activity of the company is to operate and transmit 7 TV channels. GREAT! movies, GREAT! movies action, GREAT! movies classic, GREAT! tv, POP , tiny POP and POP MAX. The business was acquired from Sony Entertainment on 1 April 2021.

#### **Results and dividends**

The results for the period are set out on page 8.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

#### **Directors**

The directors who held office during the period and up to the date of signature of the financial statements were as follows:

M Young	(Appointed 27 July 2020 and resigned 14 May 2021)
J Marshall	(Appointed 27 July 2020 and resigned 14 May 2021)
D Hopgood	(Appointed 27 July 2020 and resigned 14 May 2021)
D Stark	(Appointed 14 May 2021)
R Minute	(Appointed 8 July 2021)
D Levin	(Appointed 14 May 2021)

#### **Financial instruments**

Disclosure of risk management of the business has been included in the strategic report.

#### **Future developments**

The UK TV market is expected to remain highly competitive over the coming years. However, the directors are confident that opportunities exist for the Company to grow profits and audiences. The Directors consider that the results for the period and the position at the end of the period are satisfactory.

#### **Auditor**

Goodman Jones LLP were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

# **NARRATIVE ENTERTAINMENT UK LIMITED**

## **DIRECTORS' REPORT (CONTINUED)**

***FOR THE PERIOD ENDED 31 DECEMBER 2021***

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### **Statement of directors' responsibilities**

The directors are responsible for preparing the annual 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 company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies 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 company 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 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.

### **Statement of disclosure to auditor**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

R Minute  
**Director**

27 July 2022

# NARRATIVE ENTERTAINMENT UK LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF NARRATIVE ENTERTAINMENT UK LIMITED

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#### Opinion

We have audited the financial statements of Narrative Entertainment UK Limited (the 'company') for the period ended 31 December 2021 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including 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 company's affairs as at 31 December 2021 and of its profit for the period 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 *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

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 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.

#### 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 contained within the annual report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 our audit:

- the information given in the strategic report and the directors' report for the financial period 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.



# **NARRATIVE ENTERTAINMENT UK LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF NARRATIVE ENTERTAINMENT UK LIMITED**

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

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

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

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

#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, 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 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 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:

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to industry sector regulations and unethical and prohibited business practices, and we considered the extent to which noncompliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006 and UK Tax Legislation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls). Appropriate audit procedures in response to these risks were carried. These procedures included:

- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Reading minutes of meetings of those charged with governance;
- Obtaining and reading correspondence from legal and regulatory bodies including HMRC;
- Identifying and testing journal entries;
- Challenging assumptions and judgements made by management in their significant accounting estimates.

## **NARRATIVE ENTERTAINMENT UK LIMITED**

### **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

#### **TO THE MEMBERS OF NARRATIVE ENTERTAINMENT UK LIMITED**

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We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members; and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's 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 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.

**Sarf Malik (Senior Statutory Auditor)**  
**For and on behalf of Goodman Jones LLP**

27 July 2022

**Chartered Accountants**  
**Statutory Auditor**

29/30 Fitzroy Square  
London  
W1T 6LQ

## NARRATIVE ENTERTAINMENT UK LIMITED

### STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 DECEMBER 2021

		Period ended 31 December 2021 £
	Notes	
Revenue	2	34,502,535
Cost of sales		(25,179,659)
<b>Gross profit</b>		<b>9,322,876</b>
Administrative expenses		(5,468,040)
<b>Operating profit</b>	3	<b>3,854,836</b>
Finance costs	7	(76,155)
<b>Profit before taxation</b>		<b>3,778,681</b>
Tax on profit	8	(699,808)
<b>Profit for the financial period</b>		<b>3,078,873</b>

The income statement has been prepared on the basis that all operations are continuing operations.

# NARRATIVE ENTERTAINMENT UK LIMITED

## STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	Notes	2021 £	£
<b>Non-current assets</b>			
Intangible assets	9		9,625,443
Property, plant and equipment	10		102,849
			<u>9,728,292</u>
<b>Current assets</b>			
Trade and other receivables	11	13,049,240	
Cash and cash equivalents		5,687,329	
		<u>18,736,569</u>	
<b>Current liabilities</b>	12	(13,809,640)	
		<u></u>	
<b>Net current assets</b>			4,926,929
<b>Total assets less current liabilities</b>			<u>14,655,221</u>
<b>Provisions for liabilities</b>			
Deferred tax liability	13	104,624	
		<u></u>	(104,624)
<b>Net assets</b>			<u>14,550,597</u>
<b>Equity</b>			
Called up share capital	15		2
Share premium account			11,471,722
Retained earnings			3,078,873
			<u>14,550,597</u>
<b>Total equity</b>			<u>14,550,597</u>

The financial statements were approved by the board of directors and authorised for issue on 27 July 2022 and are signed on its behalf by:

R Minute  
Director

Company Registration No. 12769816

# NARRATIVE ENTERTAINMENT UK LIMITED

## STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 31 DECEMBER 2021

		Share capital	Share premium account	Retained earnings	Total
	Notes	£	£	£	£
Balance at 27 July 2020		-	-	-	-
Period ended 31 December 2021:					
Profit and total comprehensive income for the period		-	-	3,078,873	3,078,873
Issue of share capital	15	2	11,471,722	-	11,471,724
Balance at 31 December 2021		2	11,471,722	3,078,873	14,550,597

# NARRATIVE ENTERTAINMENT UK LIMITED

## STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED 31 DECEMBER 2021

	Notes	2021 £	£
<b>Cash flows from operating activities</b>			
Cash generated from/(absorbed by) operations	20	10,869,643	
Interest paid		(76,155)	
<b>Net cash inflow/(outflow) from operating activities</b>			10,793,488
<b>Investing activities</b>			
Purchase of intangible assets		(16,421,464)	
Purchase of property, plant and equipment		(156,419)	
<b>Net cash used in investing activities</b>			(16,577,883)
<b>Financing activities</b>			
Proceeds from issue of shares		11,471,724	
<b>Net cash generated from/(used in) financing activities</b>			11,471,724
<b>Net increase in cash and cash equivalents</b>			5,687,329
Cash and cash equivalents at beginning of period			-
<b>Cash and cash equivalents at end of period</b>			5,687,329

# NARRATIVE ENTERTAINMENT UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE PERIOD ENDED 31 DECEMBER 2021**

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### **1 Accounting policies**

#### **Company information**

Narrative Entertainment UK Limited is a private company limited by shares incorporated in England and Wales. The registered office is 35 Inverness Street, London, England, NW1 7HB.

#### **1.1 Accounting convention**

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

#### **1.2 Going concern**

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic report. The directors believe that the Company is well placed to manage its business risks successfully.

The directors made enquiries of, and considered the Company's performance against its plans and objectives and satisfied themselves that the Company is performing as expected.

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

#### **1.3 Reporting period**

These accounts are for the period from incorporation on 27 July 2020 to 31 December 2021. Trading commenced on 1 April 2021.

#### **1.4 Revenue**

Revenue, (which excludes VAT) represents the invoiced and accrued value of commercial impacts and other income. Advertising turnover is recognised as impacts are delivered.

#### **1.5 Intangible fixed assets - goodwill**

Goodwill represents the excess of the cost of acquisition of the business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 10 years.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

# NARRATIVE ENTERTAINMENT UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2021

### 1 Accounting policies

(Continued)

#### 1.6 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

The intangible assets are comprised of acquired programming assets, business systems based on software and associated development costs and brand names.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Programming assets	straight line over the period of the license
Business system	10% straight line per annum
Brand names & trademarks	10% straight line per annum

Where factors such as technological advancement, or changes in market price, indicate that residual value or useful life have changed, the residual value, useful life or amortisation rate are amended prospectively to reflect the new circumstances. The assets are reviewed for impairment if the above factors indicate that the carrying amount may be impaired.

#### 1.7 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Tangible fixed assets are stated at cost less depreciation. Cost represents purchase price together with any incidental costs of acquisition. Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Fixtures and fittings	33% straight line
Computers	10%-33% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

#### 1.8 Impairment of non-current assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.



# NARRATIVE ENTERTAINMENT UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2021

### 1 Accounting policies

(Continued)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### 1.9 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### 1.10 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally 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.

##### **Basic financial assets**

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

##### **Other financial assets**

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

# NARRATIVE ENTERTAINMENT UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2021

### 1 Accounting policies

(Continued)

#### **Impairment of financial assets**

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

#### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

#### **Classification of financial liabilities**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

#### **Basic financial liabilities**

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

#### **Other financial liabilities**

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

# NARRATIVE ENTERTAINMENT UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2021

### 1 Accounting policies

(Continued)

#### *Derecognition of financial liabilities*

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

#### 1.11 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

#### 1.12 Taxation

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

##### *Current tax*

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

##### *Deferred tax*

Deferred tax liabilities are generally recognised for all timing differences and 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. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

#### 1.13 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or non-current assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### 1.14 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

# NARRATIVE ENTERTAINMENT UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2021

### 1 Accounting policies (Continued)

#### 1.15 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

#### 1.16 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

### 2 Revenue

2021

£

#### Revenue analysed by class of business

Television broadcasting

34,502,535

2021

£

#### Revenue analysed by geographical market

United Kingdom

34,502,535

### 3 Operating profit

2021

£

Operating profit for the period is stated after charging:

Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss

107,409

Depreciation of owned property, plant and equipment

53,570

Amortisation of intangible assets

6,796,021

Operating lease charges

77,048

### 4 Auditor's remuneration

2021

£

Fees payable to the company's auditor and associates:

#### For audit services

Audit of the financial statements of the company

27,000

# NARRATIVE ENTERTAINMENT UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2021

### 5 Employees

The average monthly number of persons (including directors) employed by the company during the period was:

	2021 Number
Operations	40
Company directors	3
	<hr/>
Total	43
	<hr/> <hr/>

Their aggregate remuneration comprised:

	2021 £
Wages and salaries	2,291,918
Social security costs	134,269
Pension costs	93,012
	<hr/>
	2,519,199
	<hr/> <hr/>

### 6 Directors' remuneration

	2021 £
Remuneration for qualifying services	558,949
	<hr/>
	558,949
	<hr/> <hr/>

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2021 £
Remuneration for qualifying services	548,000
	<hr/> <hr/>

### 7 Finance costs

	2021 £
<b>Interest on financial liabilities:</b>	
Interest on loans	76,155
	<hr/> <hr/>

# NARRATIVE ENTERTAINMENT UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2021

### 8 Taxation

	2021 £
<b>Current tax</b>	
UK corporation tax on profits for the current period	595,184
<b>Deferred tax</b>	
Origination and reversal of timing differences	104,624
Total tax charge	699,808

The actual charge for the period can be reconciled to the expected charge/(credit) for the period based on the profit or loss and the standard rate of tax as follows:

	2021 £
Profit before taxation	3,778,681
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00%	717,949
Tax effect of expenses that are not deductible in determining taxable profit	2,082
Permanent capital allowances in excess of depreciation	(142,992)
Depreciation on assets not qualifying for tax allowances	10,178
Amortisation on assets not qualifying for tax allowances	7,967
Deferred taxation	104,624
Taxation charge for the period	699,808

The standard rate of corporation tax in the United Kingdom for the year is 19% (2020: 19%). The Finance (No.2) Act 2017 was substantively enacted on 16 November 2017 and a reduction in the main rate of corporation tax to 17% was to be in effect from 1 April 2020. This will now remain at 19% increasing to 25% from 1 April 2023. Deferred tax has therefore currently been provided, where applicable at 19%. Finance Act 2022 was substantively enacted on 2 February 2022 but has not amended the main rate of corporation tax in the UK.

# NARRATIVE ENTERTAINMENT UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2021

### 9 Intangible fixed assets

	Programming assets	Goodwill	Business system	Brand names & trademarks	Total
	£	£	£	£	£
<b>Cost</b>					
At 27 July 2020	-	-	-	-	-
Additions	15,395,972	559,108	450,305	16,079	16,421,464
At 31 December 2021	15,395,972	559,108	450,305	16,079	16,421,464
<b>Amortisation and impairment</b>					
At 27 July 2020	-	-	-	-	-
Amortisation charged for the period	6,750,381	41,933	2,501	1,206	6,796,021
At 31 December 2021	6,750,381	41,933	2,501	1,206	6,796,021
<b>Carrying amount</b>					
At 31 December 2021	8,645,591	517,175	447,804	14,873	9,625,443

A fixed and floating charge over intellectual property rights has been granted to a supplier. A debenture is in place over a trademark to the former owners of that trademark.

### 10 Property, plant and equipment

	Fixtures and fittings	Computers	Total
	£	£	£
<b>Cost</b>			
At 27 July 2020	-	-	-
Additions	61,172	95,247	156,419
At 31 December 2021	61,172	95,247	156,419
<b>Depreciation and impairment</b>			
At 27 July 2020	-	-	-
Depreciation charged in the period	4,641	48,929	53,570
At 31 December 2021	4,641	48,929	53,570
<b>Carrying amount</b>			
At 31 December 2021	56,531	46,318	102,849

# NARRATIVE ENTERTAINMENT UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2021

### 11 Trade and other receivables

	2021 £
<b>Amounts falling due within one year:</b>	
Trade receivables	6,145,321
Amounts owed by group undertakings	390,546
Other receivables	656,159
Prepayments and accrued income	5,857,214
	<u>13,049,240</u>

### 12 Current liabilities

	2021 £
Trade payables	3,023,007
Amounts owed to group undertakings	4,532,148
Corporation tax	595,184
Other taxation and social security	1,299,914
Other payables	18,838
Accruals and deferred income	4,340,549
	<u>13,809,640</u>

### 13 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2021 £	Liabilities £
<b>Balances:</b>		
Accelerated capital allowances	<u>104,624</u>	<u>-</u>
		2021 £
<b>Movements in the period:</b>		
Liability at 27 July 2020		-
Charge to profit or loss		<u>104,624</u>
Liability at 31 December 2021		<u>104,624</u>

The deferred tax liability set out above is expected to reverse within 12 months and relates to accelerated capital allowances that are expected to mature within the same period.



# NARRATIVE ENTERTAINMENT UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2021

### 14 Retirement benefit schemes

	2021 £
<b>Defined contribution schemes</b>	
Charge to profit or loss in respect of defined contribution schemes	93,012

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

The pension cost charge represents contributions payable by the company to the fund.

### 15 Share capital

	2021 Number	2021 £
<b>Ordinary share capital issued and fully paid</b>		
Ordinary shares of £1 each	2	2

The company was incorporated with ordinary share capital of £1 issued for cash at par. On 16 April 2021 a further £1 ordinary share was issued at a premium of £11,471,722 as part of the acquisition of a business.

### 16 Operating lease commitments

#### Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2021 £
Within one year	148,372
Between two and five years	638,376
	786,748

### 17 Capital commitments

Amounts contracted for but not provided in the financial statements:

	2021 £
Acquisition of intangible assets	6,159,399

The financial commitment noted above relates to the acquisition of programming assets with future license dates. Of this amount £1,464,359 has been paid in advance.

# NARRATIVE ENTERTAINMENT UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2021

### 18 Related party transactions

At the balance sheet date, £4,507,456 was owed to a fellow subsidiary undertaking, Entertainment Networks LLC. £24,691 was owed to the ultimate parent undertaking, Narrative Capital Partners LLC.

At the balance sheet date, the company was owed £390,546 by its intermediate parent company, Narrative Global Entertainment LLC.

### 19 Ultimate controlling party

The immediate parent company is Narrative Global Limited, registered in Jersey. Its registered office is 44 Esplanade, St Helier, Jersey, JE4 9WG.

The ultimate parent company is Narrative Capital Partners LLC, registered in the USA. Its registered office is Suite 10-A, 232 Madison Ave, New York, New York 10016, United States.

### 20 Cash generated from/(absorbed by) operations

	2021 £
Profit for the period after tax	3,078,873
<b>Adjustments for:</b>	
Taxation charged	699,808
Finance costs	76,155
Amortisation and impairment of intangible assets	6,796,021
Depreciation and impairment of property, plant and equipment	53,570
<b>Movements in working capital:</b>	
Increase in trade and other receivables	(13,049,240)
Increase in trade and other payables	13,214,456
<b>Cash generated from/(absorbed by) operations</b>	<b>10,869,643</b>

### 21 Analysis of changes in net funds

	27 July 2020 £	Cash flows £	31 December 2021 £
Cash at bank and in hand	-	5,687,329	5,687,329

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.