
Video Content Library Limited

Financial Statements

◆ *Year ended 31 December 2019* ◆



Company No: NI 622105

VIDEO CONTENT LIBRARY LIMITED

CONTENTS

	Page
Company information	1
Strategic report	2-3
Report of the directors	4-5
Report of the auditors	6-8
Statement of comprehensive income	9
Statement of financial position	10
Statement on changes in equity	11
Statement of cash flows	12
Notes to the financial statements	13-18

VIDEO CONTENT LIBRARY LIMITED

COMPANY INFORMATION

Board of directors	J Jacome W Knutelski N J Pisani A Barinov E Bondarenko
Registered office	Forsyth House Cromac Square Belfast BT2 8LA
Registered number	NI 622105 Incorporated in the United Kingdom
Auditors	Baxters Limited Chartered Accountants and Statutory Auditor 3 Nightingale Place Pendeford Business Park Wobaston Road Wolverhampton WV9 5HF

VIDEO CONTENT LIBRARY LIMITED

STRATEGIC REPORT

Principal activity

The principal activity of the company is the purchase of TV rights/licences for the broadcast of audio-visual content including long and short television series, programmes, completed feature and documentary films from production houses and distributors with subsequent sale of these rights/licences to media houses, television channels and digital companies worldwide. The company also finances the production of its own television content and holds ultimate rights over it. In 2019, the company has another area of activity - the creation (production) of photo and video works with subsequent sale.

Business review and future developments

In 2019 the company has significantly increased distribution of its own-content and generated income through the sale of non-exclusive licences to media houses and television channels across the world.

The main objectives of the following year are:

- 1) continue expanding the database of audio-visual content by entering into rights/licences purchase agreements with production houses and distributors worldwide, but taking into consideration demands and restrictions of existing and potential customers;
- 2) increase the number of customers within media houses, television channels, digital companies and online cinemas in CIS countries for the sale of rights/licences;
- 3) further develop the presence of the company on audio-visual trading market using marketing tools;
- 4) increase the company awareness within suppliers with regular communication;
- 5) increase the company awareness within consumers with regular updates on renewals of video content database.
- 6) increase sales of photo and video works.

Due to the COVID situation, the company expects a decrease in revenue, so it is forced to reduce its costs for the purchase of content.

Financial risk management

The susceptibility of the company to financial risks is monitored as part of its daily management of the business.

Credit risk

Credit risk arises from cash and cash equivalents and outstanding receivables. Close attention is given to the timing of such receipts and are chased accordingly. The directors do not expect any losses from non-performance by the counterparties.

VIDEO CONTENT LIBRARY LIMITED

STRATEGIC REPORT

(Continued)

Liquidity risk

The company has access to a mixture of long-term and short-term debt finance that is designed to ensure that the company has sufficient available funds for operations and development opportunities that may arise.

Currency risk

The company enters into transactions that are denominated in currencies other than its functional currency, primarily in euro (EUR), pound sterling (GBP) and Swiss franc (CHF). Consequently, the company is exposed to risk that the exchange rate of its currency relative to other foreign currencies may change in a manner that has an adverse effect on the fair value of future cash flows of that portion of the company's financial assets or financial liabilities that is denominated in currencies other than United States dollar (USD).

The company's currency risk is monitored, managed and limited wherever possible by management of the company on a monthly basis.

Signed on behalf of the directors



N J Pisani
Director

June 26 2020

VIDEO CONTENT LIBRARY LIMITED

REPORT OF THE DIRECTORS

The directors present their report and the financial statements of the company for the year ended 31 December 2019.

Directors

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

Y A Liashchenko (resigned 17 July 2019)
J Jacome
W Knutelski
N J Pisani
A Barinov
E Bondarenko (appointed 17 July 2019).

Dividends

The directors do not recommend the payment of a dividend.

Directors responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the 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 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 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

VIDEO CONTENT LIBRARY LIMITED

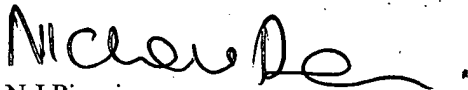
REPORT OF THE DIRECTORS
(Continued)

Auditor

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

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

The report of the directors was approved by the Board on the 26 2020 and signed on its behalf by:



N J Pisani
Director

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF VIDEO CONTENT LIBRARY LIMITED

Opinion

We have audited the financial statements of Video Content Library Limited (the 'company') for the year ended 31 December 2019 which comprise the statement of comprehensive income, statement of financial position, 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 the United Kingdom Accountings 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 2019 and of its profit 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 of 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 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 for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VIDEO CONTENT LIBRARY LIMITED (Continued)

Other information

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

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

We have nothing to report in this regard.

Opinions on other matter 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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has 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 company and its environment obtained in the course of the audit, we have not identified material misstatements in the director's 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, 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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VIDEO CONTENT LIBRARY LIMITED (Continued)

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 or 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 or users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at 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.



A G Baxter (Senior statutory auditor)
for and on behalf of Baxters Limited
Statutory Auditor
3 Nightingale Place
Pendeford Business Park
Wobaston Road
Wolverhampton
WV9 5HF

2 July 2020

VIDEO CONTENT LIBRARY LIMITED

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2019

	Note	2019 £	2018 £
Turnover	4	8,860,356	7,109,687
Cost of sales		(7,665,406)	(5,099,611)
		<hr/>	<hr/>
Gross profit		1,194,950	2,010,076
Administrative expenses		(253,291)	(225,675)
		<hr/>	<hr/>
Profit before taxation		941,659	1,784,401
Tax on profit	7	(178,915)	(339,036)
		<hr/>	<hr/>
Profit for the financial year		762,744	1,445,365
		<hr/>	<hr/>
Foreign currency retranslation		(7,766)	45,360
		<hr/>	<hr/>
Total comprehensive income for the year		754,978	1,490,725
		<hr/>	<hr/>

All the activities of the company are from continuing operations.

The notes on pages 13 to 18 form part of these financial statements.

VIDEO CONTENT LIBRARY LIMITED**STATEMENT OF FINANCIAL POSITION
at 31 December 2019****Company No: NI 622105**

	Note	2019 £	2018 £
Current assets			
Stock	8	4,998,662	3,661,444
Debtors	9	4,327,882	8,482,343
Cash at bank		1,611,907	355,095
		<hr/>	<hr/>
Creditors: Amounts falling due within one year	10	10,938,451 (6,920,733)	12,498,882 (9,236,142)
		<hr/>	<hr/>
Net assets		4,017,718	3,262,740
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	11	19,247	19,247
Profit and loss account		3,998,471	3,243,493
		<hr/>	<hr/>
Members funds		4,017,718	3,262,740
		<hr/>	<hr/>

These financial statements were approved by the board of directors and authorised for issue on 26 Feb 2020 and signed on behalf of the board by:



N J Pisani
Director

The notes on pages 13 to 18 form part of these financial statements.

VIDEO CONTENT LIBRARY LIMITED

STATEMENT OF CHANGES IN EQUITY
year ended 31 December 2019

	Called up share capital £	Profit and loss account £	Total £
At 1 January 2018	19,247	1,752,768	1,772,015
Profit for the year	-	1,445,365	1,445,365
Other comprehensive income for the year: Foreign currency retranslation	-	45,360	45,360
Total comprehensive income for the year	-	1,490,725	1,490,725
At 31 December 2018	19,247	3,243,493	3,262,740
Profit for the year	-	762,744	762,744
Other comprehensive income for the year: Foreign currency retranslation	-	(7,766)	(7,766)
Total comprehensive income for the year	-	754,978	754,978
At 31 December 2019	19,247	3,998,471	4,017,718

VIDEO CONTENT LIBRARY LIMITED

STATEMENT OF CASH FLOWS
year ended 31 December 2019

	2019	2018
	£	£
Cash flows and operating activities		
Profit for the financial year	762,744	1,445,365
Adjustments for:		
Tax on profit	178,915	339,036
Accrued income	(168)	(57,469)
Foreign currency retranslation	(7,766)	45,360
Changes in:		
Stock	(1,337,218)	1,604,534
Trade and other debtors	4,154,461	(1,245,826)
Trade and other creditors	(2,582,584)	(1,895,943)
Cash generated from operations	1,168,384	235,057
Tax paid	(339,036)	(51,716)
Net cash from operating services	829,348	183,341
Cash flows from financing activities		
Proceeds from loans from group undertakings	427,464	81,135
Net cash from financing activities	427,464	81,135
Net increase in cash and cash equivalents	1,256,812	264,476
Cash and cash equivalents at beginning of year	355,095	90,619
Cash and cash equivalents at end of year	1,611,907	355,095

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019

1. GENERAL INFORMATION

The company is a private company limited by shares, registered in Northern Ireland. The address of the registered office is Forsyth House, Cromac Square, Belfast, BT2 8LA and the place of business is 288 Bishopsgate, London, EC2M 4QP.

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in compliance with FRS102, 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

3. ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared on the historical cost basis.

The financial statements are prepared in sterling being the currency of the country of incorporation, whilst the functional currency of the entity is US dollars.

Judgements and key sources of estimation uncertainty

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

Revenue recognition

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods supplied and services rendered, stated net of discounts and of Value Added Tax.

Stock

Stocks of content are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of production and other costs incurred in bringing the stock to its present location and condition.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred or accelerated because of timing differences between the treatment of certain items for accounting and taxation purposes.

VIDEO CONTENT LIBRARY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019

3. ACCOUNTING POLICIES (Continued)

Financial instruments

All loans and borrowings are recognised initially at cost, which is the fair value of the consideration received, net of issue costs associated with the borrowings.

Operating leases

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit and loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit and loss in the period it arises.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date with any resulting difference being shown in other comprehensive income. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction and these exchange differences are taken into account in arriving at the operating profit.

4. TURNOVER

The turnover and profit before tax are attributable to the principal activity of the company.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2019**5. OPERATING PROFIT**

Operating profit is stated after charging:

	2019	2018
	£	£
Directors' remuneration	70,400	69,594
Auditors' remuneration - audit	12,040	12,040
- non audit services	2,460	2,460
	<u> </u>	<u> </u>

Differences arising from year end currency translation are included in other comprehensive income.

6. STAFF COSTS

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

	2019	2018
	No.	No.
Management staff	5	5
Administration staff	2	2
	<u> </u>	<u> </u>
	7	7
	<u> </u>	<u> </u>

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

	2019	2018
	£	£
Wages and salaries	119,864	120,326
Social security costs	10,600	10,810
Pension costs	1,675	1,104
	<u> </u>	<u> </u>
	132,139	132,240
	<u> </u>	<u> </u>

7. TAX ON PROFIT

	2019	2018
	£	£
Current tax		
UK current tax expense		
Tax on profit	178,915	339,036
	<u> </u>	<u> </u>

VIDEO CONTENT LIBRARY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
31 December 2019**7. TAX ON PROFIT (continued)****Reconciliation of tax expense**

The tax assessed on the profit on ordinary activities for the year is the same as (2018: the same as) the standard rate of corporation tax in the UK of 19% (2018: 19%).

	2019	2018
	£	£
Profit on ordinary activities before taxation	941,659	1,784,401
	<hr/>	<hr/>
Profit on ordinary activities by rate of tax	178,915	339,036
	<hr/> <hr/>	<hr/> <hr/>

8. STOCK

	2019	2018
	£	£
Own produced content	4,566,914	1,808,595
Bought in stock	431,748	1,852,849
	<hr/>	<hr/>
	4,998,662	3,661,444
	<hr/> <hr/>	<hr/> <hr/>

The replacement value of the above stocks would not be significantly different from the values stated.

9. DEBTORS

	2019	2018
	£	£
Trade debtors	778,162	2,663,628
Amounts owed by group undertakings	2,856,989	5,137,184
Prepayments and accrued income	8,775	7,628
Other debtors	683,956	673,903
	<hr/>	<hr/>
	4,327,882	8,482,343
	<hr/> <hr/>	<hr/> <hr/>

VIDEO CONTENT LIBRARY LIMITED

NOTES TO THE FINANCIAL STATEMENTS**31 December 2019****10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2019	2018
	£	£
Trade creditors	170,991	7,351,125
Amounts owed to group undertakings	6,500,148	1,475,134
Corporation tax	178,915	339,036
Accruals and deferred income	70,679	70,847
	<u>6,920,733</u>	<u>9,236,142</u>

11. CALLED UP SHARE CAPITAL

	2019		2018	
	No	£	No	£
Issued, called up and fully paid				
A Ordinary shares of \$1 each	18,000	11,548	18,000	11,548
B Ordinary shares of \$1 each	12,000	7,699	12,000	7,699
	<u>30,000</u>	<u>19,247</u>	<u>30,000</u>	<u>19,247</u>

Both classes of Ordinary shares are non redeemable and hold full rights in respect of voting and entitle the holder to full participation in respect of equity and in the event of a winding up of the company.

12. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemptions in FRS 102 from the requirement to make disclosures in respect of transactions with wholly owned group companies.

13. OPERATING LEASES

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

	2019	2018
	£	£
Not later than 1 year	<u>11,745</u>	<u>10,758</u>

VIDEO CONTENT LIBRARY LIMITED

NOTES TO THE FINANCIAL STATEMENTS **31 December 2019**

14. CONTROLLING PARTY

The parent company is TRK Media Holding Limited incorporated in Cyprus and the ultimate parent company is System Capital Management, a company incorporated in Ukraine.