

Registered number: 01094956

DLT ENTERTAINMENT UK LIMITED

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

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DLT ENTERTAINMENT UK LIMITED
REGISTERED NUMBER: 01094956

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

	Note	2016 £	2015 £
Fixed assets			
Tangible assets	4	4,258	8,930
Investments	5	191	1
		<u>4,449</u>	<u>8,931</u>
Current assets			
Debtors: amounts falling due within one year	6	481,010	445,727
Cash at bank and in hand	7	1,643	80,751
		<u>482,653</u>	<u>526,478</u>
Creditors: amounts falling due within one year	8	(1,253,511)	(974,865)
Net current liabilities		<u>(770,858)</u>	<u>(448,387)</u>
Total assets less current liabilities		<u>(766,409)</u>	<u>(439,456)</u>
Net liabilities		<u>(766,409)</u>	<u>(439,456)</u>
Capital and reserves			
Called up share capital		2	2
Profit and loss account		(766,411)	(439,458)
		<u>(766,409)</u>	<u>(439,456)</u>

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

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

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

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 26th September 2017

D L Taffner, Jnr
Director

The notes on pages 2 to 9 form part of these financial statements.

DLT ENTERTAINMENT UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1. General information

DLT Entertainment UK Limited is a private company limited by shares and is incorporated in England and Wales. The address of its registered office is 10 Bedford Square, London WC1B 3RA.

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 Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

2.2 Going concern

At the balance sheet date the company had net current liabilities of £770,858 and net liabilities of £766,409 (2015: £439,456) and is reliant on a loan from its parent company, DLT Entertainment Limited (USA) of £783,672 (2015: £578,423). Debtors include an amount due from a subsidiary undertaking of £375,866 (2015: £358,141) and repayment of this loan has been guaranteed in full by the parent company.

The company has continued to incur losses in 2017 and has continued to be financed by the parent company, which has not withdrawn support. Whilst the loans provided are repayable on demand, the parent company has confirmed its intention to continue to support the company for at least the next twelve months from the date of approval of these financial statements. The company, together with one of its wholly owned subsidiaries, has been commissioned to produce a further two series of a UK TV production which the directors believe will return the company to profitability. The company is accordingly able to continue in operation and is able to pay its debts as they fall due.

On this basis the directors consider it appropriate to prepare the financial statements on the going concern basis. The financial Statements do not include any adjustments that would result from the withdrawal of the aforementioned support.

2.3 Exemption from preparing consolidated financial statements

The company is the parent undertaking of a small group and as such is not required by the Companies Act 2006 to prepare group accounts. These financial statements therefore present information about the company as an individual undertaking and not about its group.

DLT ENTERTAINMENT UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

2. Accounting policies (continued)

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts and rebates.

Production fees comprise amounts receivable in respect of the development, filming and editing of television programmes. Production fees are recognised in accordance with the stage of completion as defined in the contracts.

Overheads recoverable and fees comprise amounts charged to television productions for use of the company's assets and for expenditure that the production would ordinarily incur during the course of the production.

Royalties comprise amounts receivable in respect of secondary distribution rights of previously developed television programmes. Royalties are recognised in the period in which the television programme is distributed.

2.5 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

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:

Office equipment	-	25% straight line
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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 the Statement of Income and Retained Earnings.

2.6 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.7 Debtors

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

DLT ENTERTAINMENT UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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2. Accounting policies (continued)

2.8 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.

2.9 Financial instruments

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans to and from related parties and other creditors.

2.10 Creditors

Short term creditors are measured at the transaction price.

2.11 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the statement of comprehensive income.

2.12 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in the Statement of Income and Retained Earnings when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the company in independently administered funds.

2.13 Borrowing costs

All borrowing costs are recognised in the Statement of Income and Retained Earnings in the year in which they are incurred.

2.14 Taxation

Tax is recognised in the Statement of Income and Retained Earnings, 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 UK tax rates and laws that have been enacted or substantively enacted by the reporting date.

DLT ENTERTAINMENT UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
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3. Employees

The average monthly number of employees during the year was 4 (2015 - 4).

4. Tangible fixed assets

	Office Equipment £
Cost or valuation	
At 1 January 2016	38,385
Additions	683
Disposals	(15,397)
At 31 December 2016	<u>23,671</u>
Depreciation	
At 1 January 2016	29,455
Charge for the year on owned assets	5,355
Disposals	(15,397)
At 31 December 2016	<u>19,413</u>
Net book value	
At 31 December 2016	<u><u>4,258</u></u>
At 31 December 2015	<u><u>8,930</u></u>

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**NOTES TO THE FINANCIAL STATEMENTS
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5. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2016	1
Additions	190
At 31 December 2016	<u>191</u>
Net book value	
At 31 December 2016	<u>191</u>
At 31 December 2015	<u>1</u>

6. Debtors

	2016 £	2015 £
Trade debtors	-	7,181
Amounts owed by group undertakings	426,113	358,141
Other debtors	36,878	65,287
Prepayments and accrued income	18,019	15,118
	<u>481,010</u>	<u>445,727</u>

7. Cash and cash equivalents

	2016 £	2015 £
Cash at bank and in hand	1,643	80,751
Less: bank overdrafts	(133,269)	(111,565)
	<u>(131,626)</u>	<u>(30,814)</u>

DLT ENTERTAINMENT UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
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8. Creditors: Amounts falling due within one year

	2016 £	2015 £
Bank overdrafts	133,269	111,565
Trade creditors	18,671	12,141
Amounts owed to group undertakings	982,107	578,423
Other taxation and social security	8,939	8,177
Other creditors	110,525	264,559
	<u>1,253,511</u>	<u>974,865</u>

The bank overdraft is secured by way of a first legal charge over the assets of the company and other companies within the group.

9. Share capital

	2016 £	2015 £
Shares classified as equity		
Allotted, called up and fully paid		
2 Ordinary shares shares of £1 each	<u>2</u>	<u>2</u>

10. Pension commitments

The company operates a defined contributions pension scheme. The assets of the schemes are held separately from those of the group in an independently administered funds. The pension cost charge represents contributions payable by the company to the funds. The contributions made during the year amounted to £611 (2015 - £154). Contributions totalling £255 (2015 - £278) were payable to the fund at the reporting date and included in creditors

DLT ENTERTAINMENT UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

11. Related party transactions

During the year the company received cash funding by way of additional interest free loans totalling £394,944 (2015: £223,547) from DLT Entertainment Limited (USA), the parent company. Turnover includes £77,941 (2015: £119,945) received from DLT Entertainment Limited (USA) in respect of contributions towards wages and salaries for certain development projects. The total amount due to DLT Entertainment Limited (USA) at the balance sheet date was £783,672 (2015: £466,669).

During the year recharged expenses, royalties and fees totalling £80,889 (2015: £69,709) were paid to The Theatre of Comedy Company Limited, a fellow subsidiary of DLT Entertainment Limited, the parent company. At the balance sheet date £198,435 (2015: £111,754) was due to The Theatre of Comedy Company Limited.

During the year the company paid service charges of £39,245 (2015: £38,000) to 31 West 56th Street Property Incorporated, a fellow subsidiary of DLT Entertainment Limited (USA), the parent company. At the balance sheet date the balance due to this company was £Nil (2015: £Nil).

During the year, the company provided additional loan funding of £17,725 (2015: £4,905) to DLT Distribution Management Limited, its subsidiary. The total amount due from DLT Distribution Management Limited at the balance sheet date was £375,866 (2015: £358,141) and this loan has been guaranteed in full by the parent company DLT Entertainment Limited (USA).

During the year the fees of £97,764 (2015: £nil) received from 8 Bit Productions Limited, its subsidiary. At the balance sheet date £14,292 (2015: £nil) was due from 8 Bit Productions Limited.

During the year, the company provided loan funding of £34,382 (2015: £nil) to The Galton Agency Limited, its 90% subsidiary. At the balance sheet date £34,382 (2015: £nil) was due from The Galton Agency Limited.

During the year, the company provided loan funding of £1,572 (2015: £nil) to DLT Entertainment Development Limited, a company in which D L Taffner Jnr and J Cotugno are also directors. At the balance sheet date £1,572 (2015: £nil) was due from DLT Entertainment Development Limited.

The company is part of a Composite Accounting Agreement with The Theatre of Comedy Company Limited whereby each company has provided a guarantee to the bank, which is authorised to allow setoff for interest purposes and to use credit balances to offset debit balances. A cross guarantee and debenture exists between the two companies and The Theatre of Comedy Company Limited has provided an unlimited guarantee.

12. Controlling party

The immediate and ultimate parent undertaking is DLT entertainment Limited, a company registered in the United States of America.

The ultimate controlling party is Mr D L Taffner Jnr.

13. First time adoption of FRS 102

The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not impacted on equity or profit or loss.

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**NOTES TO THE FINANCIAL STATEMENTS
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14. Auditors' information

The directors have taken advantage of the provisions of section 444 (5A) of the Companies Act 2006 and not delivered a copy of the company's statement of comprehensive income for the year ended 31 December 2016.

The auditor is Nyman Libson Paul. The auditor's report, which was unqualified, was signed by Jennifer Pope as senior statutory auditor.