
DLT ENTERTAINMENT UK LTD

FINANCIAL STATEMENTS

INFORMATION FOR FILING WITH THE REGISTRAR

FOR THE YEAR ENDED 31 DECEMBER 2021

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible fixed assets		3,802	6,187
Fixed asset investments		1,192,167	1,134,623
		<u>1,195,969</u>	<u>1,140,810</u>
Current assets			
Debtors: amounts falling due within one year	6	765,030	816,124
Cash at bank and in hand	7	116,929	120,877
		<u>881,959</u>	<u>937,001</u>
Creditors: amounts falling due within one year	8	(4,642,128)	(4,510,691)
Net current liabilities		<u>(3,760,169)</u>	<u>(3,573,690)</u>
Total assets less current liabilities		<u>(2,564,200)</u>	<u>(2,432,880)</u>
Net liabilities		<u>(2,564,200)</u>	<u>(2,432,880)</u>
Capital and reserves			
Called up share capital		2	2
Profit and loss account		(2,564,202)	(2,432,882)
		<u>(2,564,200)</u>	<u>(2,432,880)</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 27 December 2022.

J Cotugno

Director

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

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

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 reporting date the company had net current liabilities of £3,760,169 (2020:£3,573,690) and net liabilities of £2,564,200 (2020: £2,432,880) and is reliant on a loan from its parent company, DLT Entertainment Limited (USA) of £4,026,252 (2020: £3,992,846).

The directors have a reasonable expectation that the company has adequate resources to continue as a going concern. The company continues to work with its agency subsidiaries with a view to streamlining costs, broadening the contracts available to the agencies' clients, and offering tour management facilities which in turn will generate management fees for the company. The company works with its agency clients to develop ideas which gives the company first refusal as the production company generating production fees and overhead recoveries.

The company has incurred a further loss in 2022 and has continued to be financed by the parent company, which has not withdrawn support. During 2022 an agreement was drawn with the parent company agreeing to contribute towards certain overhead expenditure of the company. 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 parent company has also agreed to underwrite company losses that arise from the loans to subsidiary companies and losses on investments. The company is accordingly able to continue in operation and is able to pay its debts as they fall due.

The ultimate parent company has provided a written undertaking that it will continue to provide financial support to the company where it is required, and the directors are satisfied that sufficient resources are available in order for it to do so. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

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.

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

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.

Distribution income comprises amounts receivable from distribution of television productions and is recognised in the period in which the relevant production has been aired or downloaded.

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 profit or loss.

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

2. Accounting policies (continued)

2.6 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in associates are measured at cost less accumulated impairment.

Investments in unlisted Company shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Statement of Income and Retained Earnings for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

2.7 Debtors

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

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 instrument 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

Functional and presentation currency

The Company's functional and presentational currency is GBP.

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.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Income and Retained Earnings.

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

2. Accounting policies (continued)

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 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 Interest Income

Interest income is recognised in the Statement of Income and Retained Earnings using the effective interest method.

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 Statement of Income and Retained Earnings in the same period as the related expenditure.

2.15 Finance costs

Finance costs are charged to profit or loss 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. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

3. Employees

The average monthly number of employees, including directors, during the year was 7 (2020 - 5).

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

4. Tangible fixed assets

	Fixtures and fittings £
Cost or valuation	
At 1 January 2021	36,347
Additions	1,045
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At 31 December 2021	37,392
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Depreciation	
At 1 January 2021	30,160
Charge for the year on owned assets	3,430
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At 31 December 2021	33,590
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Net book value	
At 31 December 2021	<u>3,802</u>
At 31 December 2020	<u>6,187</u>

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

5. Fixed asset investments

	Investments in subsidiary companies £	Investments in associates £	Unlisted investments £	Total £
Cost or valuation				
At 1 January 2021	335,138	704,834	424,999	1,464,971
Additions	-	57,544	-	57,544
At 31 December 2021	335,138	762,378	424,999	1,522,515
Impairment				
At 1 January 2021	330,348	-	-	330,348
At 31 December 2021	330,348	-	-	330,348
Net book value				
At 31 December 2021	4,790	762,378	424,999	1,192,167
At 31 December 2020	4,790	704,834	424,999	1,134,623

6. Debtors

	2021 £	2020 £
Trade debtors	96,843	48,359
Amounts owed by group undertakings	527,970	568,225
Other debtors	134,418	186,744
Prepayments and accrued income	5,799	12,796
	<u>765,030</u>	<u>816,124</u>

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

7. Cash and cash equivalents

	2021 £	2020 £
Cash at bank and in hand	116,929	120,877
	<u>116,929</u>	<u>120,877</u>

8. Creditors: Amounts falling due within one year

	2021 £	2020 £
Trade creditors	60,620	137,816
Amounts owed to group undertakings	4,182,764	4,109,847
Other taxation and social security	23,006	47,103
Other creditors	375,738	215,925
	<u>4,642,128</u>	<u>4,510,691</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. 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 £4,665 (2020: £3,516). Contributions totalling £987 (2020: £663) were due to the fund at the reporting date and included in the creditors.

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

10. Related party transactions

During the year the company received cash funding by way of additional interest free loans totalling £83,537 (2020: £1,027,700) from the parent company. The total amount due to the parent company at the reporting date was £4,026,252 (2020: £3,992,846).

During the year recharged expenses, royalties and fees totalling £38,000 (2020: £92,029) were due to a fellow subsidiary. At the reporting date £156,512 (2020: £115,156) was due in respect of these recharges, royalties and fees.

During the year the company paid service charges of £55,100 (2020: £50,345) to a company with common directors. At the reporting date the balance due to this company was £Nil (2020: £Nil).

During the year, the company provided loan funding of £5,544 (2020: £33,793) to subsidiary companies. During the year, fees of £74,432 (2020: £70,801) were received from the subsidiary company. At the reporting date £492,086 (2020: £620,107) was due from the subsidiary.

During the year, production fees and recharges totalling £60,126 (2020: £104,761) were received from a subsidiary company. At the reporting date £136,880 (2020: £75,962) was due from the company.

The company is part of a Composite Accounting Agreement with a fellow subsidiary company 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 fellow subsidiary has provided an unlimited guarantee.

11. 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.

12. Auditors' information

The auditors' report on the financial statements for the year ended 31 December 2021 was unqualified.

The audit report was signed on 27 December 2022 by Jennifer Pope (Senior Statutory Auditor) on behalf of Nyman Libson Paul LLP.

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.