

REGISTRAR OF COMPANIES

Platform Entertainment Limited
(formerly Anchor Bay Entertainment UK Limited)

Annual report and audited financial statements

for the year ended 31 December 2014

Registered number: 04088359

FRIDAY



A4E84Z37

A17

21/08/2015

#13

COMPANIES HOUSE

Company Information

Director	C Lomax
Registered number	04088359
Registered office	6 Heddon Street London W1B 4BT
Independent auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
Bankers	Coutts & Co 440 Strand London WC2R 0QS

Contents

	Page
Director's report	1 - 2
Strategic report	3 - 4
Independent auditor's report	5 - 6
Profit and loss account	7
Balance sheet	8
Cash flow statement	9
Notes to the financial statements	10 - 18
The following pages do not form part of the statutory financial statements:	
Detailed profit and loss account and summaries	19 - 21

Director's report

for the year ended 31 December 2014

The director presents his Director's report together with the Strategic report and the financial statements for the year ended 31 December 2014.

After the year end the company changed its name from Anchor Bay Entertainment UK Limited to Platform Entertainment Limited. The change took effect from 23 April 2015.

Results and dividends

The profit for the year, after taxation, amounted to £2,996,578 (2013 - loss £204,637). The profit was the result of exceptional items relating to the forgiveness of intercompany balances following a management buyout.

The director does not recommend payment of an ordinary dividend and the retained profit for the year is transferred to reserves.

Directors

The directors who served during the year were:

C Lomax
G E Curtis (resigned 24 December 2014)
B Clark (resigned 24 December 2014)
C P Albrecht (resigned 24 December 2014)

Director's responsibilities statement

The director is responsible for preparing the Strategic report, the Director's report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless he is 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 director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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 director is 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 him to ensure that the financial statements comply with the Companies Act 2006. He is 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.

Director's report

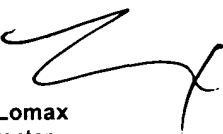
for the year ended 31 December 2014

Disclosure of information to auditor

The director at the time when this Director's report is approved has confirmed that:

- so far as he is aware, there is no relevant audit information of which the company's auditor is unaware, and
- he has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This report was approved by the board on 13/2/15 and signed on its behalf.


C Lomax
Director

Strategic report

for the year ended 31 December 2014

Principal activity

The principal activity of the company during the year was the licensing, marketing and distribution of feature films, television and video programming through DVD and Blu-ray.

Business review

On 23 April 2015 the company changed its name from "Anchor Bay Entertainment UK Limited" to "Platform Entertainment Limited" following a management buyout from US media company "Starz Media LLC". The management buyout occurred on 24th December 2014.

The home entertainment market continues to evolve as consumers migrate to digital platforms to own and watch content. The total UK home entertainment market is worth £2.18 billion to the UK economy compared to £2.21 billion in 2013 which is a slight fall of just 1% from 2014.

In contrast, the UK DVD market in which the company generated all of its revenue in 2014 has again seen significant decline at both volume and value of 12%. However, it is a huge market with DVD and Blu-ray discs generating sales of over 143 million units with a value of £1.26 billion.

Although DVD has been gradually declining over the years, it is still by far the most popular way to watch home entertainment accounting for 72% of the buy-to-own segment and generating £1.033 billion in consumer spending. In 2014, digital sales continued to grow significantly and accounted for 35% of the UK's home entertainment industry.

The financial performance of the company in each trading period can fluctuate depending on the quality of the content, number of product releases and consumer acceptance. The Company's net revenue of £3,464,132 was 49% lower than the same period last year (2013: £6,746,708). The reduction in net revenues in 2014 are attributable to higher returns (24% in 2014 and 12% in 2013), underperformance of key products, lack of quality content and slippage, where a number of releases budgeted for 2014 moved to 2015. The key revenue generating titles were: catalogue sales of Spartacus and 10 Minute Solutions and new release sales of Black Sails Season 1 and Tokarev.

The Company has been operating in a declining market as the revenues have been generated primarily from the sales of physical discs with digital and TV sales handled by the US. Under new management the Company's strategy is to have a presence in all platforms of the home entertainment market and to develop own productions, build intellectual property and continue to license strong content. The company sees significant growth opportunities in the digital market.

Financial key performance indicators

	2014	2013
Gross Turnover	£4.6m	£7.7m
Sales return rate	24%	12%
Net turnover	£3.5m	£6.7m
Net sales - % change	-49%	-9%
Gross margin on net sales	11%	46%
Stock turnover	7.2	4.7
Debtor days	178	88
Current ratio	1.4	2.3

Financial instruments and risk management

The principal financial instruments of the company comprise bank balances, trade debtors, trade creditors and inter-company loans. The main purpose of these instruments is to raise funds for the company's operation and to reduce financial costs from external party borrowings.

The company's activities expose it to a number of financial risks including credit risk, liquidity risk, interest rate risk and foreign currency risk.

Strategic report (continued)
for the year ended 31 December 2014

Credit risk

The company's maximum exposure to credit risk in relation to financial assets is represented by bank balances, trade and other receivables. The company has no significant concentration of credit risk except for loans to other companies within the group.

Liquidity risk

The company's policy on liquidity risk is to ensure that sufficient cash is available to fund ongoing operations. The company's ultimate controlling entity follows a policy of loaning money within the group to maximise liquidity benefits. Loans to the company are not subject to interest and are not repayable at short notice. The loan and cash balances are regularly reviewed to ensure the company has adequate funds to meet future working capital requirements.

Interest rate risk

The company's borrowings do not attract interest, and therefore exposure to interest rate risk is limited.

Foreign currency risk

The company's principal foreign currency exposure arises from transactions in foreign currencies. The company does not have a formal hedging policy but monitors its exposure to these currencies.

This report was approved by the board on

13/8/15

and signed on its behalf.



C Lomax
Director

Independent auditor's report to the shareholders of Platform Entertainment Limited for the year ended 31 December 2014

We have audited the financial statements of Platform Entertainment Limited for the year ended 31 December 2014, which comprise the Profit and loss account, the Balance sheet, the Cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

Respective responsibilities of director and auditor

As explained more fully in the Director's responsibilities statement, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2014 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.

Independent auditor's report to the shareholders of Platform Entertainment Limited for the year ended 31 December 2014

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic report and the Director's report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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 director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Simon Wax (Senior statutory auditor)
for and on behalf of

Buzzacott LLP

Statutory auditor
130 Wood Street

London
EC2V 6DL

Date:

18/8/15

Profit and loss account

for the year ended 31 December 2014

	Note	2014 £	2013 £
Turnover	1,2	3,464,132	6,746,708
Cost of sales		<u>(3,096,775)</u>	<u>(3,669,192)</u>
Gross profit		367,357	3,077,516
Distribution costs		<u>(1,546,249)</u>	<u>(2,080,138)</u>
Administrative expenses		<u>(1,013,284)</u>	<u>(1,202,816)</u>
Exceptional administrative expenses	8	<u>5,191,826</u>	<u>-</u>
Total administrative expenses		<u>4,178,542</u>	<u>(1,202,816)</u>
Operating profit/(loss)	3	2,999,650	(205,438)
Interest receivable and similar income		696	801
Interest payable and similar charges	7	<u>(3,768)</u>	<u>-</u>
Profit/(loss) on ordinary activities before taxation		2,996,578	(204,637)
Tax on profit/(loss) on ordinary activities	9	<u>-</u>	<u>-</u>
Profit/(loss) for the financial year	18	<u>2,996,578</u>	<u>(204,637)</u>

All amounts relate to continuing operations.

There were no recognised gains and losses for 2014 or 2013 other than those included in the Profit and loss account.

The notes on pages 10 to 18 form part of these financial statements.

Balance sheet

as at 31 December 2014

	Note	£	2014 £	£	2013 £
Fixed assets					
Tangible assets	10		218,325		308,631
Current assets					
Stocks	11	430,867		719,055	
Debtors	12	3,207,808		3,647,806	
Cash at bank		784,734		461,451	
		<u>4,423,409</u>		<u>4,828,312</u>	
Creditors: amounts falling due within one year	13	<u>(3,136,509)</u>		<u>(2,121,086)</u>	
Net current assets			<u>1,286,900</u>		<u>2,707,226</u>
Total assets less current liabilities			<u>1,505,225</u>		<u>3,015,857</u>
Creditors: amounts falling due after more than one year	14		-		(6,678,222)
Provisions for liabilities					
Other provisions	16		<u>(437,023)</u>		<u>(318,666)</u>
Net assets/(liabilities)			<u>1,068,202</u>		<u>(3,981,031)</u>
Capital and reserves					
Called up share capital	17		101		100
Share premium account	18		2,052,654		-
Profit and loss account	18		<u>(984,553)</u>		<u>(3,981,131)</u>
Shareholders' funds/(deficit)	19		<u>1,068,202</u>		<u>(3,981,031)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 12/8/15


C Lomax
Director

The notes on pages 10 to 18 form part of these financial statements.

Cash flow statement

for the year ended 31 December 2014

	Note	2014 £	2013 £
Net cash flow from operating activities	24	(1,525,203)	(535,650)
Returns on investments and servicing of finance	25	(3,072)	801
Capital expenditure and financial investment	25	(201,097)	(384,286)
Cash outflow before financing		(1,729,372)	(919,135)
Financing	25	2,052,655	-
Increase/(Decrease) in cash in the year		323,283	(919,135)

Reconciliation of net cash flow to movement in net funds/debt

for the year ended 31 December 2014

	2014 £	2013 £
Increase/(Decrease) in cash in the year	323,283	(919,135)
Movement in net debt in the year	323,283	(919,135)
Net funds at 1 January 2014	461,451	1,380,586
Net funds at 31 December 2014	784,734	461,451

The notes on pages 10 to 18 form part of these financial statements.

Notes to the financial statements

for the year ended 31 December 2014

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006 and applicable United Kingdom Accounting Standards.

1.2 Turnover

Turnover consists of sales of goods, theatrical income, film sales and film sales commission at invoiced value excluding VAT and discounts. Turnover is recognised as earned when and to the extent that the company obtains right to consideration in exchange for goods and services. Full value is taken for contracted sales when all conditions have been met.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Office equipment	-	33% per annum on cost
Master film costs	-	85% in the first year, 9% in the second year and 6% in the third year.

1.4 Operating leases

Rentals under operating leases are charged to the Profit and loss account on a straight line basis over the lease term.

1.5 Stocks

Stocks of raw materials and finished goods are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow moving items. Stock values are computed using the first in, first out method. Costs included are those incurred in bringing the product to its present location and condition, including purchase price and other directly attributable costs less trade discounts and subsidies.

The estimation technique used for the calculation of provisions against cost for obsolete and slow moving items uses historic sales as a basis for future stock level requirements.

1.6 Royalty reserves

Royalty reserves included in prepayments consist of amounts paid by the company in advance of royalties due on sales of film titles. Royalty reserves are not recoverable if sales do not achieve the required level and therefore a provision is made based on projected future sales.

Notes to the financial statements

for the year ended 31 December 2014

1. Accounting policies (continued)

1.7 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

1.8 Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

1.9 Deferred taxation

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

1.10 Provision for sales returns

The company operates a four months return policy on sales as standard. Certain supermarket sales have an extended returns policy. The company has therefore provided for sales returns based on an average of previous returns experience.

2. Turnover

The whole of the turnover is attributable to the company's principal activity.

All turnover arose within the United Kingdom and the Republic of Ireland.

3. Operating profit/(loss)

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

	2014 £	2013 £
Depreciation of tangible fixed assets:		
- owned by the company	273,561	431,348
Operating lease rentals:		
- land and buildings	143,258	93,789
Difference on foreign exchange	27,491	(12,146)
	<u>27,491</u>	<u>(12,146)</u>

Notes to the financial statements
for the year ended 31 December 2014

4. Auditors' remuneration

	2014 £	2013 £
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	20,600	20,600
Fees payable to the company's auditor and its associates in respect of:		
Taxation compliance services	5,260	2,660
All taxation advisory services not included above	-	2,375
All other non-audit services not included above	7,050	7,050
	<u>7,050</u>	<u>7,050</u>

5. Staff costs

Staff costs, including director's remuneration, were as follows:

	2014 £	2013 £
Wages and salaries	707,022	762,623
Social security costs	90,404	97,165
Other pension costs	31,367	39,578
	<u>828,793</u>	<u>899,366</u>

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

	2014 No.	2013 No.
Office staff	7	8
Sales staff	3	3
	<u>10</u>	<u>11</u>

6. Director's remuneration

	2014 £	2013 £
Remuneration	186,989	179,087
Company pension contributions to defined contribution pension schemes	7,930	7,756

During the year retirement benefits were accruing to 1 director (2013 - 1) in respect of defined contribution pension schemes.

Notes to the financial statements
for the year ended 31 December 2014

7. Interest payable

	2014 £	2013 £
On bank loans and overdrafts	<u>3,768</u>	<u>-</u>

8. Exceptional items

The exceptional item in 2014 arose as a result of balances due from other entities under common control during the period to 24 December 2014 (see note 23) being forgiven and also the balance due to the associated company Manga Entertainment Limited being forgiven. The balances that were forgiven are as follows:-

	2014 £	2013 £
Starz Entertainment LLC	162,643	-
Starz Media LLC	56,659	-
Anchor Bay Entertainment, LLC	314,577	-
Manga Entertainment Limited	(5,725,705)	-
	<u>(5,191,826)</u>	<u>-</u>

The forgiveness of these balances had no corporation tax consequences due to the corporate debt legislation.

9. Taxation

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2013 - lower than) the standard rate of corporation tax in the UK of 21.49% (2013 - 23.25%). The differences are explained below:

	2014 £	2013 £
Profit/loss on ordinary activities before tax	<u>2,996,578</u>	<u>(204,637)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 21.49% (2013 - 23.25%)	643,965	(47,578)
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	1,885	1,372
Capital allowances for year in excess of depreciation	763	(3,885)
Short term timing difference leading to an increase (decrease) in taxation	(282)	1,312
Non-taxable income	(1,115,887)	-
Unrelieved tax losses carried forward	324,981	-
Fixed asset differences	788	861
Group relief	143,787	47,918
Current tax charge for the year	<u>-</u>	<u>-</u>

Notes to the financial statements
for the year ended 31 December 2014

10. Tangible fixed assets

	Master film costs £	Office equipment £	Total £
Cost			
At 1 January 2014	5,812,426	65,282	5,877,708
Additions	201,097	-	201,097
At 31 December 2014	6,013,523	65,282	6,078,805
Depreciation			
At 1 January 2014	5,541,127	27,950	5,569,077
Charge for the year	278,640	12,763	291,403
At 31 December 2014	5,819,767	40,713	5,860,480
Net book value			
At 31 December 2014	193,756	24,569	218,325
At 31 December 2013	271,299	37,332	308,631

11. Stocks

	2014 £	2013 £
Finished goods	430,867	719,055

12. Debtors

	2014 £	2013 £
Trade debtors	1,689,025	1,618,244
Amounts owed by group undertakings	-	160,541
Other debtors	27,530	27,530
Prepayments and accrued income	1,491,253	1,841,491
	3,207,808	3,647,806

Notes to the financial statements
for the year ended 31 December 2014

13. Creditors:
Amounts falling due within one year

	2014 £	2013 £
Trade creditors	1,210,475	745,694
Other taxation and social security	283,019	407,972
Other creditors	500,000	-
Accruals and deferred income	1,143,015	967,420
	<u>3,136,509</u>	<u>2,121,086</u>

Included within other creditors is a loan of £500,000 due to Anchor Bay Entertainment LLC, the former parent company of Anchor Bay Entertainment UK Limited. The loan is unsecured and interest free.

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

	2014 £	2013 £
Amounts owed to group undertakings	-	6,678,222
	<u>-</u>	<u>6,678,222</u>

Amounts due to group undertakings are unsecured, interest free and not payable within 12 months from the date of approval of the financial statements.

15. Deferred taxation

At 31 December 2014 deferred tax assets of £1,215,170 have not been provided for (2013 - £912,406).

The directors have not provided for deferred tax due to uncertainty over future trading profits.

16. Provisions

	Other provisions £
At 1 January 2014	318,666
Movement in the period	118,357
At 31 December 2014	<u>437,023</u>

Other provisions

Other provisions represent an estimate of the value of future returns of DVDs sold as the majority of sales are made on a sale or return basis.

Notes to the financial statements
for the year ended 31 December 2014

17. Share capital

	2014 £	2013 £
Authorised, allotted, called up and fully paid		
101 (2013 - 100) Ordinary shares of £1 each	<u>101</u>	<u>100</u>

On 24 December 2014, 1 Ordinary share was issued at a value of £1 in return for debt cancellation of £2,052,656 owing to the former parent company (see note 21).

18. Reserves

	Share premium account £	Profit and loss account £
At 1 January 2014		(3,981,131)
Profit for the year		2,996,578
Premium on shares issued during the year	2,052,654	
At 31 December 2014	<u>2,052,654</u>	<u>(984,553)</u>

19. Reconciliation of movement in shareholders' funds

	2014 £	2013 £
Opening shareholders' deficit	(3,981,031)	(3,776,394)
Profit/(loss) for the financial year	2,996,578	(204,637)
Shares issued during the year	1	-
Share premium on shares issued	2,052,654	-
Closing shareholders' funds/(deficit)	<u>1,068,202</u>	<u>(3,981,031)</u>

20. Pension commitments

The company makes payments to employees' personal pension schemes. The assets of these schemes are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions paid by the company and amounted to £31,367 (2013 - £39,578).

Notes to the financial statements
for the year ended 31 December 2014

21. Operating lease commitments

At 31 December 2014 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2014	2013
	£	£
Expiry date:		
Within 1 year	46,000	46,000

22. Related party transactions

The financial statements do not include disclosure of transactions between the company and the entities that are part of the Conjanga Group (see note 23). This is because as a subsidiary whose shares are 100% controlled within the group the company is exempt from the requirement to disclose such transactions under Financial Reporting Standard 8 'Related Party Disclosures'.

23. Ultimate parent undertaking and controlling party

In the previous year and until 24 December 2014 the ultimate parent undertaking and controlling party was Starz Media LLC, a company registered in the USA. Following the sale of 100% of the share capital on 24 December 2014, the ultimate parent undertaking was Conjanga Limited. The controlling party of Conjanga Limited is Colin Lomax.

After the year end, Conjanga Limited sold a shareholding of the company to a number of different parties. The director does not therefore consider there to be a controlling party.

24. Net cash flow from operating activities

	2014	2013
	£	£
Operating profit/(loss)	2,999,650	(205,438)
Depreciation of tangible fixed assets	291,403	431,348
Decrease in stocks	288,188	109,566
Decrease/(increase) in debtors	279,458	(303,512)
Increase/(decrease) in creditors	1,015,422	(615,347)
(Decrease)/increase in amounts owed to group undertakings	(6,517,681)	406,113
Increase/(decrease) in provisions	118,357	(358,380)
Net cash outflow from operating activities	(1,525,203)	(535,650)

Notes to the financial statements
for the year ended 31 December 2014

25. Analysis of cash flows for headings netted in cash flow statement

	2014 £	2013 £
Returns on investments and servicing of finance		
Interest received	696	801
Interest paid	(3,768)	-
Net cash (outflow)/inflow from returns on investments and servicing of finance	(3,072)	801
	2014 £	2013 £
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(201,097)	(384,286)
	2014 £	2013 £
Financing		
Issue of ordinary shares	2,052,655	-

26. Analysis of changes in net funds

	1 January 2014 £	Cash flow £	31 December 2014 £
Cash at bank and in hand	461,451	323,283	784,734
Net funds	461,451	323,283	784,734