

COMPANY REGISTRATION NUMBER: 04399568

Acamar Films Limited

Financial Statements

For the year ended 30 September 2018

Acamar Films Limited
Financial Statements
Year ended 30 September 2018

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Acamar Films Limited

Officers and professional advisers

Year ended 30 September 2018

Directors	Terence Back Julie Fitzjohn Frank Mckirgan Mikael Shields Sandra Vauthier-Cellier (appointed 2 October 2017)
Registered office	Hanover House 14 Hanover Square London England W1S 1HP
Business address	Ground Floor The Rotunda 42-43 Gloucester Crescent London England NW1 7DL
Independent Auditors	Grant Thornton UK LLP Chartered Accountants & Statutory Auditors 30 Finsbury Square London EC2A 1AG

Acamar Films Limited

Report of the Directors

Year ended 30 September 2018

The Directors are pleased to present their report to the shareholders and the audited financial statements of the Company for the year ended 30 September 2018.

Directors

The directors who served the Company during the period were as follows:

Terence Back
Julie Fitzjohn
Frank Mckirgan
Mikael Shields
Sandra Vauthier-Cellier (appointed 2 October 2017)

Dividends

The directors do not recommend the payment of a dividend.

Directors' Responsibilities Statement

The directors are responsible for preparing the Report of the Directors 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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising Financial Reporting Standard 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), 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;
- state whether applicable UK Accounting Standards comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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.

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Acamar Films Limited

Report of the Directors *(continued)*

Year ended 30 September 2018

Statement of disclosure of information to Auditors

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 auditors are unaware; and
- the Directors have taken all steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

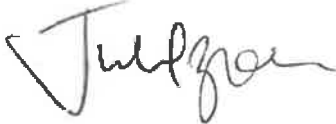
Independent Auditor

Grant Thornton UK LLP will be proposed for re-appointment at the company's forthcoming Annual General Meeting in accordance with section 485 of the Companies Act 2006.

Small companies' provision statement

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board of directors on ...28/6/19..... and signed on behalf of the board by:



Julie Fitzjohn
Director

Acamar Films Limited

Independent auditor's report to the members of Acamar Films Limited

Year ended 30 September 2018

Our opinion on the financial statements is unmodified

We have audited the financial statements of Acamar Films Limited for the year ended 30 September 2018 which comprise the Income Statement and Statement of Comprehensive Income, the Statement of Financial Position and the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 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 30 September 2018 and of its loss 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 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 as applied to listed entities, 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

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.

Overview of our audit approach

- Overall materiality: £49,000, which represents 5% of the company's Earnings before interest and tax;
- Key audit matter identified was the recognition of revenue, equity transactions not accounted for correctly and going concern.



Acamar Films Limited

Independent auditor's report to the members of Acamar Films Limited *(continued)*

Year ended 30 September 2018

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those that had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter

How the matter was addressed in the audit

Recognition of revenue

There is a risk that revenue may be misstated due to the improper recognition of revenue.

In respect of revenue recognised there is a risk that revenue has not been recognised in accordance with the terms of the contract and underlying agreements. We therefore identified occurrence of revenue as a significant risk, which was one of the most significant assessed risks of material misstatement.

Our audit work included, but was not restricted to:

- Considering the appropriateness of the Company's revenue recognition policy in light of the requirements of FRS 102; and
- Assessing management's judgement that Acamar Films Limited are the principal for recognition of revenue received via an agent Bing Bunny Collections Limited, a subsidiary.
- Agreeing a sample of revenue items to supporting statements and contracts.

The company's accounting policy on existence of revenue is shown in note 3 to the financial statements.

Key observations

We have no observations to report on in the context of existence of revenue.

Equity transactions not accounted for correctly

During the period the company issued warrants and share options. There is a risk that financial instruments are disclosed and accounted for incorrectly. There is a risk the instruments issued have not been recognised in accordance with accounting standards. We therefore identified equity transactions not accounted for correctly as a significant risk, which was one of the most significant assessed risks of material misstatement.

Our audit work included, but was not restricted to:

- Confirming issues of new instruments, including shares, warrants and options to supporting documentation.
- Agreeing a sample of share issue expenses to invoices for shares issued in the period.
- Agreement of terms and conditions of new instruments issued and checking whether they were recognised in line with accounting standards.

The company's accounting policy on financial instruments is shown in note 3 to the financial statements.

Key observations

We have no observations to report on in the context of equity transactions issued.

Acamar Films Limited

Independent auditor's report to the members of Acamar Films Limited *(continued)*

Year ended 30 September 2018

Key Audit Matter	How the matter was addressed in the audit
<p>Going concern</p> <p>There is a risk that the financial statements have been incorrectly prepared using the going concern principle and the directors' disclosures relating to their assessment of going concern are not sufficient. The risk arises as the company is loss making and forecasted cash funding requirements are not guaranteed and there is a risk shareholder support is not obtained to bridge the funding gap.</p> <p>We therefore identified going concern as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>Our audit work included, but was not restricted to:</p> <ul style="list-style-type: none">• Obtaining the projected performance for the twelve month period following the proposed date of signing of these financial statements.• Challenging and sensitising the assumptions and calculations used in re-forecasting the worst case position and discussed the nature of the proposed future fundraising.• Obtained and challenged management's consideration of the requirement for a shareholder to provide financial support to the entity.• Assessing whether the disclosures made by the directors in relation to going concern are balanced and understandable. <p>The company's accounting policy on going concern is shown in note 3 to the financial statements.</p> <p>Key observations</p> <p>Management concluded that their sensitised cash flow forecasts demonstrated sufficient headroom to support the going concern assumption without the need for confirmation of additional financial support from the shareholder.</p> <p>We challenged and sensitised the assumptions used in the forecasts, including the best and worst case fundraising requirements, and obtained corroborating evidence to support management conclusion.</p> <p>We have no other observations to report on in the context of going concern.</p>

Our application of materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality in determining the nature, timing and extent of our work and in evaluating the results of that work.

We determined materiality for the audit of the financial statements as a whole to be £49,000, which is 5% of the company's Earnings before interest and tax. This benchmark is considered the most appropriate because the company is a commercial entity driven by profits.

Materiality for the current year is lower than the level that we determined for the year ended 30 September 2017 to reflect differences in loss during the year.

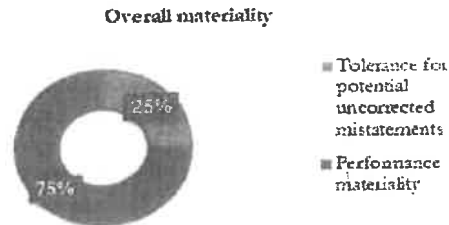
We use a different level of materiality, performance materiality, to drive the extent of our testing and this was set at 75% of financial statement materiality.

The graph below illustrates how performance materiality interacts with our overall materiality and the tolerance for potential uncorrected misstatements.

Acamar Films Limited

Independent auditor's report to the members of Acamar Films Limited (continued)

Year ended 30 September 2018



We determined the threshold at which we will communicate misstatements to the board to be £2,450. In addition we will communicate misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

An overview of the scope of our audit

Our audit approach was a risk-based approach founded on a thorough understanding of the company's business, its environment and risk profile and in particular included:

- A comprehensive audit approach including a combination of transactional testing and analytical procedures;
- evaluation of the company's internal controls environment including its IT systems and controls.

Other information

The directors are responsible for the other information. The other information comprises the information included in the report of the directors set out on pages 2 to 3, other than the financial statements and our auditor's report thereon. 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 of 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.

Our opinions on other matters prescribed by the Companies Act 2006 are unmodified

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the report of the directors for the financial year for which the financial statements are prepared is consistent with the financial statements;
- the report of the directors has been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

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 report of the directors.

Matters on which we are required to report by exception

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:

Acamar Films Limited

Independent auditor's report to the members of Acamar Films Limited *(continued)*

Year ended 30 September 2018

Matters on which we are required to report by exception *(continued)*

- adequate accounting records have not been kept by the company, 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; and
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the report of the directors and take advantage of the small companies exemption from the requirement to prepare a strategic report.

Responsibilities of directors for the financial statements

As explained more fully in the statement of directors responsibilities set out on page 2, 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 the 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

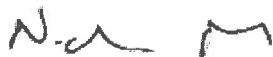
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee 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.

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.



Nicholas Page
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants

London
Date..... 28 June 2019

Acamar Films Limited

Income Statement and Statement of Comprehensive Income

Year ended 30 September 2018

	Note	2018 £	2017 £
Revenue	4	2,012,595	818,275
Cost of sales		(1,391,671)	(889,499)
Gross profit/(loss)		620,924	(71,224)
Administrative expenses		(3,757,544)	(3,010,240)
Other operating income -- production recharges		1,587,605	425,892
Income from group undertakings		322,194	—
Operating loss	5	(1,226,821)	(2,655,572)
Other interest payable and similar charges	7	(1,010,375)	(307,431)
Loss on ordinary activities before taxation		(2,237,196)	(2,963,003)
Tax on loss on ordinary activities	8	—	—
Loss for the financial year and total comprehensive expense attributable to equity holders of the company		(2,237,196)	(2,963,003)

All the activities of the Company are from continuing operations.

The Company has no other recognised items of income and expenses other than the results for the year as set out above.

There was no other comprehensive income/(expense) for the year ended 30 September 2018 (2017: £nil).

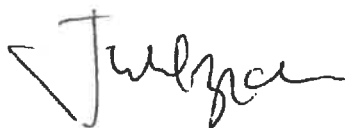
The notes on pages 12 to 26 form part of these financial statements.

Acamar Films Limited
Statement of Financial Position
Year ended 30 September 2018

	Note	2018 £	2017 £
Fixed assets			
Intangible assets	9	5,953,093	444,286
Tangible assets	10	406,893	89,467
Investments	11	3	3
		<u>6,359,989</u>	<u>533,756</u>
Current assets			
Debtors	12	1,284,625	307,215
Cash at bank and in hand	13	579,481	1,251,438
		<u>1,864,106</u>	<u>1,558,653</u>
Creditors: amounts falling due within one year	14	(6,330,066)	(2,649,500)
Net current liabilities		<u>(4,465,960)</u>	<u>(1,090,847)</u>
Total assets less current liabilities		<u>1,894,029</u>	<u>(557,091)</u>
Creditors: amounts falling due after more than one year	15	(5,483,190)	(4,106,909)
Net liabilities		<u>(3,589,161)</u>	<u>(4,664,000)</u>
Capital and reserves			
Share capital	17	4,409,813	3,502,588
Share premium	18	5,401,947	2,997,137
Retained earnings	18	(13,400,921)	(11,163,725)
Total Shareholders' deficit		<u>(3,589,161)</u>	<u>(4,664,000)</u>

The Company's 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 FRS102 Section 1A – small entities.

These financial statements on pages 9 to 26 were approved by the board of directors and authorised for issue on20/6/19....., and are signed on behalf of the board by:



Julie Fitzjohn
 Director

Company registration number: 04399568

The notes on pages 12 to 26 form part of these financial statements.

Acamar Films Limited
Statement of Changes in Equity
Year ended 30 September 2018

	Share capital	Share premium	Retained earnings	Total Shareholders' deficit
	£	£	£	£
At 1 October 2016	3,502,588	2,997,137	(8,200,722)	(1,700,997)
Other comprehensive expense				
Loss and total comprehensive expense for the financial year	—	—	(2,963,003)	(2,963,003)
Total comprehensive expense for the year	—	—	(2,963,003)	(2,963,003)
As at 30 September 2017	<u>3,502,588</u>	<u>2,997,137</u>	<u>(11,163,725)</u>	<u>(4,664,000)</u>
Other comprehensive expense				
Loss and total comprehensive expense for the financial year	—	—	(2,237,196)	(2,237,196)
Total comprehensive expense for the year	—	—	(2,237,196)	(2,237,196)
Contributions by and distributions to owners				
Shares issued during the year	907,225	2,404,810	—	3,312,035
As at 30 September 2018	<u>4,409,813</u>	<u>5,401,947</u>	<u>(13,400,921)</u>	<u>(3,589,161)</u>

The notes on pages 12 to 26 form part of these financial statements.

Acamar Films Limited

Notes to the Financial Statements

Year ended 30 September 2018

1. General information

Acamar Films Limited is a private company limited by shares, registered in England and Wales. The address of the registered office is Hanover House, 14 Hanover Square, London, W1S 1HP. The address of the principal place of business is Ground Floor, The Rotunda, 42-43 Gloucester Crescent, London, NW1 7DL.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland' and the Companies Act 2006.

3. Accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost basis, and in compliance with FRS 102 section 1A, the Financial Reporting Standard applicable in the UK and the Republic of Ireland.

The financial statements are prepared in sterling, which is the functional currency of the entity.

The financial statements contain information about Acamar Films Limited as an individual company and do not contain consolidated financial information as the parent of a group. The Company has taken the option under Section 398 of the Companies Act 2006 not to prepare consolidated financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Going concern

The directors have considered forecast financial performance, recoverability of assets and financial viability for a period extending at least 12 months from the date of approval of these financial statements.

Over the 12 month period to June 2019, the Company raised funds by way of debt and equity totalling £8.03m during the period compared to a forecast of £5.25m set in June 2018. This financing came from a mixture of equity and loan notes issued during the period, consisting of equity investments of £7.39m from new and existing shareholders at £4.00 and £5.00 per Ordinary B share and £4.50 and £5.00 per B Investor Premium NV share and Loan notes under its existing Loan Note Programme to the value of £0.64m.

During the forecast period, further investment is being sought to cover the company's ongoing working capital needs. The Board has reviewed the best and worst case fundraise requirements and given the company's successful fundraising history over a period of 15 years, there is reasonable expectation that these targets will be met.

The directors therefore have reasonable expectation that there will be adequate resources for the Company to continue in operational existence for the foreseeable future and have adopted the going concern basis in preparing these financial statements.

Acamar Films Limited

Notes to the Financial Statements *(continued)*

Year ended 30 September 2018

3. Accounting policies *(continued)*

Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business, net of discounts and sales-related taxes.

Media and digital sales

Revenue derived from the sale of the television series is stated gross of withholding tax but excluding the value added tax. The revenue and associated costs are recognised in the Income Statement when all of the following criteria are met:

- a) A licence agreement has been executed by both parties
- b) The episode has met all necessary technical quality requirements with the commissioning broadcaster
- c) The episode is available for delivery to the broadcaster
- d) The licence term has commenced
- e) The arrangement is fixed or determinable
- f) Collection of the revenue is reasonably assured

Licensing revenue and other income

Minimum guarantees in respect of other Licensing, Publishing, TV Agency and DVD revenues are recognised in the income statement when the following criteria are met:

- a) A license agreement has been executed by both parties
- b) The programme or other materials have met all the necessary technical quality requirements with the Licensee
- c) The license term has commenced
- d) The arrangement is fixed or determinable
- e) Collection of the revenue is reasonably assured
- f) All conditions of the contract have been met

Additional licensing revenue is recognised when it has been notified to the company.

Interest income

Interest income and expenses are reported on an accrual basis, using the effective interest method.

Foreign currency translation

(a) Functional and presentational currency

The Company's presentation and functional currency is £ (Sterling).

(b) Transactions and balances

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the reporting date. Non-monetary items that are measured at historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Acamar Films Limited

Notes to the Financial Statements *(continued)*

Year ended 30 September 2018

3. Accounting policies *(continued)*

Foreign currency translation *(continued)*

Any exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were initially recorded are recognised in the Income Statement in the period in which they arise.

Operating leases

Rentals payable under operating leases are charged to the income statement on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

Tangible assets

Tangible assets are stated at historical cost less accumulated depreciation. Depreciation is calculated to write down the cost less estimated residual value of all property, plant and equipment by equal annual instalments over their expected useful lives less estimated residual values, using the methods stated below. The rates generally applicable are:

Land and buildings	- Straight line depreciation over the life of the leasehold
Plant and machinery	- 25% reducing balance basis

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in Income Statement.

The assets' residual value and useful lives are reviewed, and adjusted if required, at each reporting date. The carrying amount of an asset is written down immediately to its recoverable amount if the carrying amount is greater than its estimated recoverable amount.

Intangible assets

Programme development costs:

Costs incurred in the production of television programmes are capitalised as intangible fixed assets and amortised from the point of delivery against expected future income. Intangible fixed assets are subject to review and provision is made against costs that are not supported by forecast future net cash flows. Development costs incurred on specific projects are capitalised when all of the following conditions are satisfied:

- Completion of the asset is technically feasible so that it will be available for use or sale
- The Company intends to complete the asset and use or sell it;
- The Company has the ability to use or sell the asset, and the asset will generate probable future economic benefits (over and above cost);
- There are adequate technical, financial and other resources to complete the development and to use or sell the asset; and
- The expenditure attributable to the asset during its development can be measured reliably.

During the period management recognised an amortisation charge on Series 1 to 3 of £160,499 (2017: £275,227). The carrying value of programme development costs as at the reporting date relates solely to the capitalisation of Series 4, of which no amortisation has been recognised in the period. See note 9.

Acamar Films Limited

Notes to the Financial Statements (continued)

Year ended 30 September 2018

3. Accounting policies (continued)

Investments

Investments in subsidiaries are measured at cost less accumulated provisions. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

Taxation

Tax expenses recognised in the Income Statement comprise the sum of the tax currently payable and deferred tax not recognised in other comprehensive income or directly in equity.

Current tax

The tax currently payable is based on taxable profit for the period. Taxable profit differs from profit as reported in the statement of comprehensive income 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 date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed by the reporting date. Unrelieved tax losses and other 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. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference. Deferred tax balances are not discounted.

Financial instruments

a) Trade receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost less provision for bad debts.

b) Trade payables

Obligations to pay for goods/services; current and non-current are initially recognised at fair value and are subsequently measured at amortised costs.

c) Borrowing costs

All borrowing costs are recognised in the statement of comprehensive income in the year in which they are incurred.

Acamar Films Limited

Notes to the Financial Statements *(continued)*

Year ended 30 September 2018

3. Accounting policies *(continued)*

Financial instruments

d) Equity instruments

Share warrants

The issue of equity warrants are recognised at the fair value of the cash or other resources received or receivable, net of direct costs of issuing the equity instruments. Any transaction costs incurred are deducted from equity, net of any related income tax benefit. Increases in equity arising on the issue of shares or other equity instruments is presented in the statement of financial position and is determined by applicable laws.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, together with other short-term highly liquid investments that are readily convertible into known amounts of cash having maturities of 3 months or less from inception and which are subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts are shown within borrowings, in current liabilities on the Statement of Financial Position.

Share options

Employees and non-employees (including Directors) of the Company were granted share options in the period over shares in the Company. The Company has applied the requirements of FRS 102 share options to all grants of equity instruments.

The cost of share option transactions with employees and non-employees is measured by reference to the fair value at the grant date of the equity instrument granted. The fair value is determined by using the Black-Scholes method. The costs of equity-settled transactions are recognised, together with a corresponding charge to equity, over the period between the date of grant and the end of a vesting period, where relevant employees become fully entitled to the award. The total value of the options has been pro-rated and allocated on a weighted average basis.

Finance costs

Finance costs are charged to the Income Statement over the term of the financial instrument so that the amount charged is at a constant rate on the carrying amount. Finance costs include issue costs, which are initially recognised as a reduction in the proceeds of the associated capital instrument.

Share Capital

Share capital represents the nominal value of shares that have been issued.

Share premium includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements under FRS 102 requires the Company to make estimates and assumptions that affect the application of policies and reported amounts. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and assumptions which have a risk of causing a material adjustment to the carrying amount of assets and liabilities are discussed below.

Acamar Films Limited

Notes to the Financial Statements (continued)

Year ended 30 September 2018

3. Accounting policies (continued)

Critical accounting judgements and key sources of estimation uncertainty (continued)

Capitalisation of programme development costs and amortisation

Distinguishing the research and development phases of new programmes and determining whether the recognition requirements for the capitalisation of development costs are met requires judgement. After capitalisation, management monitors whether the recognition requirements continue to be met and whether there are any indicators that capitalised costs may need to be provided against.

In assessing the carrying value of the company's intangible assets, management estimates the recoverable amount of each asset or cash generating units based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate. During the year management recognised an amortisation charge on Series 1 to 3 of £160,499 (2017: £275,227).

Specifically, uncertainties exist in relation to the monetisation and exploitation of the programme and IP assets the Company is building. These rights are being exploited across multiple territories and through multiple channels that combine to increase the uncertainty in estimating the likely cash flows.

Furthermore, as the Bing programme and brand becomes more successful in particular territories, additional secondary income streams that might not have otherwise occurred in those territories can be exploited accordingly – this again increases the variability and estimation uncertainty in the assumptions used by management to assess realisable value. This risk is mitigated where possible by the industry expertise and experience in the management team, and also by significant review processes by the Board.

4. Revenue

The Company has identified that all revenue arose within the United Kingdom. The Company identified four revenue streams, Licensing, Media, Digital and Other. The analysis of revenue by each stream is detailed below.

	2018	2017
	£	£
Licensing revenue	318,839	256,098
Media revenue	1,156,415	451,665
Digital revenue	318,349	43,285
Other revenue	218,992	67,227
	<u>2,012,595</u>	<u>818,275</u>

During the year, the Company received tax credit revenue of £322,194, which was claimed by a subsidiary company and has been shown as Income from group undertakings on the Statement of comprehensive income.

Acamar Films Limited

Notes to the Financial Statements *(continued)*

Year ended 30 September 2018

5. Operating loss

Operating loss is stated after charging/(crediting):

	2018	2017
	£	£
Amortisation of intangible assets	160,499	275,227
Depreciation of tangible assets	51,347	52,645
Auditors remuneration – for the audit of the company	22,500	14,500
Auditors remuneration – taxation compliance	6,500	8,500
Auditors remuneration – tax advisory	9,250	13,095
Auditors remuneration – other non-audit services	1,500	2,000
Foreign exchange differences	17,757	3,805
Other operating lease rentals	198,880	71,748

6. Directors and employee costs

The average number of persons employed by the Company during the year, including the directors and key management personnel, amounted to:

	2018	2017
	No.	No.
Administrative	31	26

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

	2018	2017
	£	£
Wages and salaries	2,214,034	1,714,051
Social security costs	251,062	198,005
Pensions	27,670	14,196
	2,492,766	1,926,252

Directors' emoluments paid during the period and included in the above figures were:

	2018	2017
	£	£
Executive Directors	767,670	642,182
Non-Executive Directors	30,000	30,000
Social security costs	99,575	86,226
	897,245	758,408

Remuneration for executive directors accrued and unpaid as at 30 September 2018 amounted to £211,770 (2017: £157,500).

There are considered to be no key management personnel other than the Directors whose remuneration is disclosed as above.

7. Other Interest payable and similar charges

	2018	2017
	£	£
Loan note interest	380,683	249,099
Other loan interest	629,692	58,332
	1,010,375	307,431

Acamar Films Limited

Notes to the Financial Statements *(continued)*

Year ended 30 September 2018

8. Tax on loss on ordinary activities

Major components of tax expense/(Income)

	2018 £	2017 £
Current tax:		
UK corporation tax of 19.00% (2017: 19.50%)	-	-
Deferred tax:		
Origination and reversal of timing differences	-	-
Tax on loss on ordinary activities	<u>-</u>	<u>-</u>

Reconciliation of tax expense/(Income)

The tax assessed on the loss on ordinary activities for the year is lower than (2017: lower than) the standard rate of corporation tax in the UK of 19.00% (2017: 19.50%).

	2018 £	2017 £
Loss on ordinary activities before taxation	(2,237,196)	(2,963,003)
Loss on ordinary activities by rate of tax of 19.00% (2017: 19.50%)	(425,067)	(577,786)
Expenses not deductible for tax purposes	480	(112)
Capital allowances for year in excess of depreciation	(5,593)	7,397
Unutilised non-trade donations	342	5
Deferred tax not recognised	429,838	570,496
Tax on loss on ordinary activities	<u>-</u>	<u>-</u>

9. Intangible assets

	Programme Development costs £
Cost	
At 1 October 2017	12,557,682
Additions	5,669,306
At 30 September 2018	<u>18,226,988</u>
Amortisation	
At 1 October 2017	12,113,396
Charge for the year	160,499
At 30 September 2018	<u>12,273,895</u>
Carrying amount	
At 30 September 2018	<u>5,953,093</u>
At 30 September 2017	<u>444,286</u>

The above charge of £160,499 (2017: £275,227) has been recognised within cost of sales in the Income Statement and relates solely to series 1 to 3.

The carrying value as at the reporting date relates solely to the capitalisation of series 4 supported by expected future cash flows resulting from these additional programme assets. Amortisation of the asset will commence at point of delivery and licence periods commencing, which is expected in 2019.

Acomar Films Limited

Notes to the Financial Statements *(continued)*

Year ended 30 September 2018

10. Tangible assets

	Land and buildings £	Plant and machinery £	Total £
Cost			
At 1 October 2017	122,067	216,004	338,071
Additions	296,522	72,251	368,773
Disposals	(122,067)	–	(122,067)
At 30 September 2018	<u>296,522</u>	<u>288,255</u>	<u>584,777</u>
Amortisation			
At 1 October 2017	111,218	137,386	248,604
Charge for the year	23,022	28,325	51,347
Disposals	(122,067)	–	(122,067)
At 30 September 2018	<u>12,173</u>	<u>165,711</u>	<u>177,884</u>
Carrying amount			
At 30 September 2018	<u>284,349</u>	<u>122,544</u>	<u>406,893</u>
At 30 September 2017	<u>10,849</u>	<u>78,618</u>	<u>89,467</u>

The above depreciation charge of £51,347 (2017: £52,645) has been recognised within 'administrative expenses' in the Income Statement.

11. Investments

	Investment in subsidiary companies £
Cost	
At 1 October 2017 and 30 September 2018	<u>3</u>
Carrying amount	
At 30 September 2018	<u>3</u>
At 30 September 2017	<u>3</u>

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Country of incorporation	Class of shares	Principal activity	Holding
Bing Bunny Productions Limited	England	Ordinary	Television production activities	100%
Bing Bunny Productions 2 Limited	England	Ordinary	Television production activities	100%
Bing Bunny Collections Limited	England	Ordinary	Collection and royalty paying agent	100%

The address of the registered office of the above subsidiary undertakings is Hanover House, 14 Hanover Square, London, W1S 1HP. The address of the principal place of business is Ground Floor, The Rotunda, 42-43 Gloucester Crescent, London, NW1 7DL.

Acamar Films Limited

Notes to the Financial Statements *(continued)*

Year ended 30 September 2018

12. Debtors

	2018	2017
	£	£
Trade debtors	2,400	2,400
Amounts owed by group undertakings	928,123	155,142
Taxation and social security	64,001	40,313
Other debtors	83,479	38,325
Prepayments and accrued income	206,622	71,035
	<u>1,284,625</u>	<u>307,215</u>

All amounts are short term. All of the Company's trade and other debtors have been reviewed for indicators of bad debts and, where necessary, a provision for any write-offs provided. The carrying value is considered a fair approximation of their fair value. The Company's management considers that all the above financial assets that are not provided for or past due, are of good credit quality, as such no provision has been made against the debtor balance.

Amounts owed by group undertakings are interest free, due on demand and unsecured.

13. Cash and cash equivalents

	2018	2017
	£	£
Cash at bank and in hand	579,481	1,251,438
Less: Bank overdrafts	(346)	(87)
	<u>579,135</u>	<u>1,251,351</u>

14. Creditors: amounts falling due within one year

	2018	2017
	£	£
Bank overdrafts	346	87
Bank loans	5,000,000	2,000,000
Loan notes	276,250	—
Other loans	169,340	—
Trade creditors	386,666	123,825
Amounts owed to group undertakings	2	10,408
Other taxation and social security	72,954	200,643
Other creditors	43,573	18,954
Accruals and deferred income	380,935	295,583
	<u>6,330,066</u>	<u>2,649,500</u>

All amounts are short term. The Directors consider that the carrying value of trade and other creditors to be a reasonable approximation of fair value.

Amounts owed to group undertakings are interest free, repayable on demand and unsecured.

15. Creditors: amounts falling due after more than one year

	2018	2017
	£	£
Loan notes	5,129,733	3,798,756
Other loans	146,112	308,153
Other creditors	207,345	—
	<u>5,483,190</u>	<u>4,106,909</u>

Other creditors relates to a rent-free period on an operating lease entered into in 2017 (see note 21).

Acamar Films Limited

Notes to the Financial Statements *(continued)*

Year ended 30 September 2018

16. Debt instruments

A maturity analysis of the debt instruments across the Company is provided below:

	2018 £	2017 £
Creditors: amounts falling due within one year		
Bank loans	5,000,000	2,000,000
Loan notes	276,250	–
Other loans	169,340	–
	<u>5,445,590</u>	<u>2,000,000</u>
	2018 £	2017 £
Creditors: amounts falling due after more than one year		
Loan notes	5,129,733	3,798,756
Other loans	146,112	308,153
	<u>5,275,845</u>	<u>4,106,909</u>

Bank loans

In August 2017 a £5,000,000 loan facility was agreed with Arbutnot Latham Bank with a repayment term of 12 months from the first drawdown date. £2,000,000 of the loan facility was drawn down on 6 September 2017. The remaining £3,000,000 of the loan facility was drawn down on 17 November 2017. The loan facility was extended in August 2018, by one month to October 2018 and has subsequently been extended to April 2020. The bank interest on this facility is an annual margin of 2.5% plus the Base Rate.

This loan facility has been guaranteed by a related party, with an annual availability fee of 8.5% of the outstanding loan amount. This guarantee has a debenture over the Company's assets which ranks behind the security held by the loan note holders.

After the reporting date, £900,000 was repaid to Arbutnot Latham Bank leaving an outstanding balance of £4,100,000.

Loan notes

Included in Creditors: amounts falling due within one year are loan notes of £276,250 (£2017: nil) and included in Creditors: amounts falling due after more than one year are loan notes of £5,129,733 (2017: £3,798,756). These are analysed as follows:

	2018 £	2017 £	Currency	Term at 30 September 2018	Interest rate %
Creditors: amounts falling due within one year	<u>276,250</u>	<u>–</u>	Sterling	1 Year	8.00%
Creditors: amounts falling due after more than one year	1,327,500	–	Sterling	2 Years	8.50%
	2,077,786	2,077,786	Sterling	3 Years	8.50%
	1,000,000	1,000,000	Sterling	4 Years	9.00%
	600,000	600,000	Sterling	3 Years	9.00%
	124,447	120,970	Dollars	3 Years	8.50%
	<u>5,129,733</u>	<u>3,798,756</u>			

Acamar Films Limited

Notes to the Financial Statements *(continued)*

Year ended 30 September 2018

16. Debt Instruments *(continued)*

The loan notes are secured by way of a debenture over the Company's assets. The loan notes denominated in dollars were issued on 11 November 2016 at \$162,079.73 and are revalued at the exchange rate ruling at each year end.

After the reporting date loan notes of £276,250 included in Creditors: amounts falling due within one year were rolled over and are due for repayment in 2020. In November 2018, loan notes of £275,000 were issued with an interest rate of 9% and a 2 year term.

Other loans

Included in other loans is a loan from CAA Global Brands relating to commissions owed of £216,800 (2017: £205,874) of which £169,340 (2017: £nil) is shown in Creditors: amounts falling due within one year and £47,460 (2017: £205,874) is shown within Creditors: amounts falling due after more than one year.

Also included in other loans and shown in Creditors: amounts falling due after more than one year is a loan of £98,652 (2017: £102,279) relating to S4C deficit finance investment for Series 1 to 3 together with deficit interest. The balance is repayable only if the Company earns sufficient revenues, which is not expected to be within at least a year from the reporting date.

17. Called up share capital

Issued, called up and fully paid

	2018		2017	
	No.	£	No.	£
Ordinary A shares of £0.0001 each	4,250,000	425	4,250,000	425
Ordinary B shares of £1 each	4,409,388	4,409,388	3,502,163	3,502,163
	<u>8,659,388</u>	<u>4,409,813</u>	<u>7,752,163</u>	<u>3,502,588</u>

In February 2019, a special resolution was passed creating a new class of B Ordinary share, B Investor Premium NV shares, which are non-voting shares and otherwise rank pari passu with the Ordinary B shares in all respects.

In the event of a sale of the company involving a change of control, the Ordinary B shares rank above the Ordinary A and C shares in being paid out in relation to the B Share Premium. Prior to any amounts paid out to the Ordinary A or C shareholders, the Ordinary B shareholders are entitled to be paid a sum equal to 160% of the B capital invested. After payment of the B Share Premium, A, B and C shares will be paid out in proportion to the number of shares held.

The Company have issued options over Ordinary C shares which rank pari passu with the Ordinary A shares.

During the year the Company issued 129,475 and 777,750 Ordinary B shares at £3.50 and £4.00 per share respectively. £252,127 of costs were incurred on the share issues and have been deducted from share premium. After the reporting date, the company issued 122,500 and 279,100 Ordinary B shares at £4.00 and £5.00 per share respectively. £249,982 of costs were incurred on the share issues and will be deducted from share premium. After the reporting date, the company also issued 397,593 and 85,000 B Investor Premium NV shares at £4.50 and £5.00 per share respectively. £199,702 of costs were incurred on the share issues and will be deducted from share premium.

Acamar Films Limited

Notes to the Financial Statements *(continued)*

Year ended 30 September 2018

18. Reserves

Share premium - Includes only premiums received on the issue of share capital less any transaction costs associated with the issuing of shares.

Retained earnings - This reserve records all current and prior period retained profit and losses.

19. Share options

Ordinary C share options

The Company has issued share options over 450,000 Ordinary C shares. There is no charge recognised within these financial statements as the directors consider the share option charge to be immaterial to the results of the company.

Ordinary B share options

The Acamar Films B Share Option Scheme was introduced in October 2017. Under the scheme, the Board can grant options over shares in the Company to employees and non-employees of the company.

These share options vest over a 4 year period.

Details of the number of B share options and the weighted average exercise price (WAEP) outstanding during the year are as follows:

	2018		2017	
	No.	WAEP	No.	WAEP
Balance brought forward	-	-	-	-
Share options granted	482,188	2.55	-	-
Share options cancelled	-	-	-	-
Share options exercised	-	-	-	-
Balance carried forward	<u>482,188</u>	<u>2.55</u>	<u>-</u>	<u>-</u>

There is no charge recognised within these financial statements as the directors consider the share option charge to be immaterial to the 2018 results.

20. Equity warrants

In 2018 the Board passed a resolution to create and issue up to 750,000 C Share warrants for up to 750,000 shares to be issued to subscribers of the loan note programme. These equity warrants expire after a period of 3 years.

Details of the number of equity warrants and the weighted average exercise price (WAEP) outstanding during the year are as follows:

	2018		2017	
	No.	WAEP	No.	WAEP
Balance brought forward	-	-	-	-
Warrants granted	725,679	2.21	-	-
Warrants cancelled	-	-	-	-
Warrants exercised	-	-	-	-
Balance carried forward	<u>725,679</u>	<u>2.21</u>	<u>-</u>	<u>-</u>

There is no charge recognised within these financial statements as the directors consider the charge to be immaterial to the 2018 results.

Acamar Films Limited

Notes to the Financial Statements *(continued)*

Year ended 30 September 2018

21. Financial commitments

The Company leases an office building under an operating lease. The present value of future minimum rentals payable under this non-cancellable operating lease is as follows:

	Land and buildings 2018 £	Land and buildings 2017 £
Operating leases which expire:		
Within one year	282,624	26,040
In two to five years	1,130,496	–
More than five years	1,185,472	–
	<u>2,598,592</u>	<u>26,040</u>

22. Commitments

As at 30 September 2018 the Company had no capital commitments or contracts for capital expenditure in place in the year (2017: £nil).

The Company operates a defined contributions pension scheme. 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 and amounted to £27,670 (2017: £14,196). Contributions totalling £12,560 (2017: £6,004) were payable to the fund at the reporting date.

23. Transactions with directors

During the period £nil (2017: £50,000) of loan notes were purchased by a director of the Company.

During the year a director's fee was charged to the Company by a director amounting to £15,000 (2017: £15,000). No amount was outstanding as at 30 September 2018 or 30 September 2017.

During the period a director's fee of £15,000 (2017: £15,000) was charged to the Company by an LLP in which one of the directors is also a member. No amount was outstanding as at 30 September 2018 or 30 September 2017.

During the period a director purchased 2,500 shares at £3.50 each in March 2018 and 3,750 shares at £4.00 a share in June 2018.

After the reporting date £25,000 of loan notes were purchased by a director of the Company.

24. Related party transactions

The following related party transactions took place in the year;

During the period the Company was charged £nil (2017: £1,000) by the daughter of a director of the Company, for research services provided. As at the year-end date, no amount was outstanding (2017: £nil).

Acamar Films Limited

Notes to the Financial Statements *(continued)*

Year ended 30 September 2018

24. Related party transactions *(continued)*

During the period the Company purchased no new computer equipment from related parties (2017: £1,950). This equipment was sold to the Company at a discount by the husband of a director of the Company, and as such the Company benefitted from a saving on this transaction. As at the year end date, no amount was outstanding (2017: £nil).

During the period, contractual payment obligations to Development Financiers were accrued and paid, one of whom is the step-father of a director and is a person with significant influence over the Company. The costs relating to this related party amounted to £47,148 (2017: £19,645) which were fully paid during the year (2017: £19,645 was included in accruals at the reporting date). These amounts are paid in accordance with the recoupment schedule agreement governing recoupment of investment in the Bing production alongside equity and deficit finance investors.

In addition to the above, during the year £318,750 (2017: £1,000,000) of loan notes were purchased by the above related party. This related party also provided a guarantee of £5,000,000 over the Arbutnot Latham bank loan. The loan facility was extended in August 2018 to October 2018, and subsequently to April 2020 (see note 16). Professional legal fees incurred by the Company for this loan guarantor facility amounted to £nil (2017: £34,029) in the year. These fees were recharged in full, to, and paid for by, the Company. In addition £425,000 (2017: £29,514) was also incurred in respect of an availability fee for acting as guarantor on this bank loan (See note 7). £106,250 was paid in the year in respect of the availability fees due. The remaining £318,750 was converted to loan notes during the year as stated above. At year end, £nil (2017: £nil) of this availability fee remained unpaid.

The Company has taken advantage of the exemptions available in accordance with FRS 102 not to disclose transactions entered into between two or more members of a group, as the Company is a wholly owned subsidiary undertaking of the group to which it is party to the transactions within the group.

No further transactions require disclosure under FRS102.