

COMPANY REGISTRATION NUMBER: 04399568

Acamar Films Limited
Financial Statements
For the year ended 30 September 2020

Acamar Films Limited

Financial Statements

Year ended 30 September 2020

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Acamar Films Limited

Officers and Professional Advisers

Year ended 30 September 2020

Directors

Terence Back
Julie Fitzjohn
Frank Mckirgan
Mikael Shields
Sandra Vauthier-Cellier

Registered office

7 Savoy Court
London
England
WC2R 0EX

Business address

Ground Floor
The Rotunda
42-43 Gloucester Crescent
London
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 2020

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 2020.

Directors

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

Terence Back
Julie Fitzjohn
Frank Mckirgan
Mikael Shields
Sandra Vauthier-Cellier

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 2020

Business review

The financial year to 30 September 2020 presented a number of unforeseen challenges that were brought about by the global health crisis. This brought disruption to the Company's regular business and operational activities, in what has been widely documented as an unprecedented year for all businesses. Despite the prolonged disruptions to all our normal daily lives and the challenges faced as a result, the Company continued to develop and recorded trading revenue growth of 15%, further diversified its geographical footprint and grew its global audiences.

It is not possible to foresee how long certain aspects of the Company's business may continue to be impacted, including widespread non-essential retail outlet closures; closures of and disruption to production studios; modest supply chain interruptions in China; theatre, cinema and theme park closures; and reduced confidence levels in underlying digital advertising markets.

However, the Company is well-prepared to navigate this potential period of prolonged disruption. The medium to long-term revenue expectations and value growth remain unaffected and it is the Directors' view that on the whole, revenue not earned in the year to 30 September 2020 has been delayed to future periods, but not lost.

The Company's priorities during this ongoing period of prolonged disruption have centred around the safety and well-being of the Company's staff, and safeguarding the Company's assets, solvency and long-term interests. We continue: to prioritise the safety and well-being of our team; to respond skilfully to the evolving needs of our audience and partners; and to continue to grow internationally, to create new content and to develop new digital platforms.

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 auditor is 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 auditor is aware of that information.

Independent Auditor

Grant Thornton UK LLP will be deemed to be re-appointed in accordance with section 487 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 26 March 2021 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 2020

Opinion

We have audited the financial statements of Acamar Films Limited for the year ended 30 September 2020, which comprise the Income Statement and Statement of Comprehensive Income, the Statement of Financial Position 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 2020 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, 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.

The impact of macro-economic uncertainties on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the Directors and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the Company's future prospects and performance.

Covid-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the Company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company associated with these particular events.

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.
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Acamar Films Limited

Independent Auditor's Report to the Members of Acamar Films Limited

Year ended 30 September 2020

Conclusions relating to going concern *(continued)*

In our evaluation of the Directors' conclusions, we considered the risks associated with the Company's business model, including effects arising from macro-economic uncertainties such as Covid-19 and Brexit, and analysed how those risks might affect the Company's financial resources or ability to continue operations over the period of at least twelve months from the date when the financial statements are authorised for issue. In accordance with the above, we have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Company will continue in operation.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report, 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 in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- 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:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
 - the financial statements are not in agreement with the accounting records and returns; or
 - certain disclosures of directors' remuneration specified by law are not made; or
 - we have not received all the information and explanations we require for our audit; or
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Acamar Films Limited

Independent Auditor's Report to the Members of Acamar Films Limited

Year ended 30 September 2020

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

- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Report of the Directors and from the requirement to prepare a strategic report.

Responsibilities of directors for the financial statements

As explained more fully in the Directors' responsibilities statement 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 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 PhD BSc FCA
Senior Statutory Auditor for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London
Date: 26 March 2021

Acamar Films Limited

Income Statement and Statement of Comprehensive Income

Year ended 30 September 2020

	Note	2020 £	2019 £
Revenue	4	5,218,953	4,701,687
Cost of sales		(2,370,052)	(2,258,279)
Gross profit		<u>2,848,901</u>	<u>2,443,408</u>
Administrative expenses including amortisation of intangible asset		(8,825,924)	(7,622,692)
Other operating income – production recharges		547,380	1,200,999
Income from group undertakings		-	1,600,439
Operating loss	5	<u>(5,429,643)</u>	<u>(2,377,846)</u>
Other interest payable and similar charges	7	(992,536)	(1,184,940)
Loss on ordinary activities before taxation		<u>(6,422,179)</u>	<u>(3,562,786)</u>
Tax on loss on ordinary activities	8	-	-
Loss for the financial year and total comprehensive expense attributable to equity holders of the Company		<u><u>(6,422,179)</u></u>	<u><u>(3,562,786)</u></u>

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 2020 (2019: £nil).

The notes on pages 10 to 25 form part of these financial statements.

Acamar Films Limited
Statement of Financial Position
Year ended 30 September 2020

	Note	2020 £	2019 £
Fixed assets			
Intangible assets	9	6,708,560	6,503,954
Tangible assets	10	451,145	444,918
Investments	11	4	3
		<u>7,159,709</u>	<u>6,948,875</u>
Current assets			
Debtors	12	3,470,703	3,721,483
Cash at bank and in hand	13	1,020,738	2,196,014
		<u>4,491,441</u>	<u>5,917,497</u>
Creditors: amounts falling due within one year	14	(3,346,594)	(7,564,186)
Net current assets/(liabilities)		<u>1,144,847</u>	<u>(1,646,689)</u>
Total assets less current liabilities		8,304,556	5,302,186
Creditors: amounts falling due after more than one year	15	(7,844,178)	(3,875,882)
Net assets		<u>460,378</u>	<u>1,426,304</u>
Capital and reserves			
Share capital	17	6,926,112	6,268,506
Share premium	18	15,798,452	11,698,009
Retained earnings	18	(22,264,186)	(16,540,211)
Total Shareholders' funds		<u>460,378</u>	<u>1,426,304</u>

The Company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime within the Companies Act 2006, Part 15 and in accordance with the provisions of FRS 102 Section 1A – small entities.

These financial statements on pages 7 to 25 were approved by the Board of Directors and authorised for issue on 26 March 2021 and are signed on behalf of the Board by:



Julie Fitzjohn
 Director

Company registration number: 04399568

The notes on pages 10 to 25 form part of these financial statements.

Acamar Films Limited
Statement of Changes in Equity
Year ended 30 September 2020

	Share capital	Share premium	Retained earnings	Total Shareholders' funds
	£	£	£	£
At 1 October 2018	4,409,813	5,401,947	(13,400,921)	(3,589,161)
Other comprehensive expense				
Loss and total comprehensive expense for the financial year	—	—	(3,562,786)	(3,562,786)
Total comprehensive expense for the year	—	—	(3,562,786)	(3,562,786)
Contributions by and distributions to owners				
Shares issued during the year	1,858,693	6,296,062	—	8,154,755
Share-based payments	—	—	423,496	423,496
As at 30 September 2019	<u>6,268,506</u>	<u>11,698,009</u>	<u>(16,540,211)</u>	<u>1,426,304</u>
Other comprehensive expense				
Loss and total comprehensive expense for the financial year	—	—	(6,422,179)	(6,422,179)
Total comprehensive expense for the year	—	—	(6,422,179)	(6,422,179)
Contributions by and distributions to owners				
Shares issued during the year	657,606	4,100,443	—	4,758,049
Share-based payments	—	—	659,615	659,615
Equity warrants	—	—	38,589	38,589
As at 30 September 2020	<u>6,926,112</u>	<u>15,798,452</u>	<u>(22,264,186)</u>	<u>460,378</u>

The notes on pages 10 to 25 form part of these financial statements.

Acomar Films Limited

Notes to the Financial Statements

Year ended 30 September 2020

1. General information

Acomar Films Limited is a private company limited by shares, registered in England and Wales. The address of the registered office is 7 Savoy Court, London, WC2R 0EX. The principal place of business address 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.

Consolidation exemption

The financial statements contain information about Acomar 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.

It is still not possible to predict how severely, or for how long, the Company will continue to experience disruption as a result of the global health crisis. It is probable that certain aspects of the Company's business may continue to be impacted, including widespread non-essential retail outlet closures; closures of and disruption to production studios; modest supply chain interruptions in China; theatre, cinema and theme park closures; and reduced confidence levels in underlying digital advertising markets. In response to the disruption and challenges in 2020, the Directors undertook a review of the Company's cash flow forecasts and identified areas of expenditure that the Company was able to modify, in mitigation of any impact that was experienced due to lost revenues. These successful and ongoing cost management initiatives continue to leave the Company well-prepared to navigate any further period of prolonged disruption.

Over the period between March 2018 and March 2021, the Company has successfully raised a total of £31.7m of investment into the business, across equity finance (£18.2m) and gross loan notes finance (£13.5m). This funding has been used for general corporate purposes, and to refinance maturing bank debt and loan note programme maturities totalling £12.4m. £4.9m of equity investment and £0.1m of net loan note Investment (after repayments) has been raised in the period May 2020 to March 2021 since the last statutory accounts were signed, further underpinning the Company's ability to raise working capital as required.

Acamar Films Limited

Notes to the Financial Statements *(continued)*

Year ended 30 September 2020

3. Accounting policies *(continued)*

Going concern *(continued)*

During the forecast period to March 2022, further modest investment is being sought to cover the Company's ongoing working capital needs. The Board has reviewed the Company's core case cash flow and the future fundraise requirements and given the Company's successful fundraising history over a period of 16 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.

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 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 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.

Acomar Films Limited

Notes to the Financial Statements *(continued)*

Year ended 30 September 2020

3. Accounting policies *(continued)*

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.

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 the 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

Production costs:

Costs incurred in the production of television programmes are capitalised as intangible fixed assets and amortised from the point the asset is brought into use against discounted future income expected in the five-year forecast period from the end of the financial year in which the asset commenced amortisation. Intangible fixed assets are subject to review and provision is made against costs that are not supported by forecast future net cash flows.

Acamar Films Limited

Notes to the Financial Statements *(continued)*

Year ended 30 September 2020

3. Accounting policies *(continued)*

Intangible assets *(continued)*

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.

Investments

Investments in subsidiaries are measured at cost less accumulated provisions.

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 debtors

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

b) Trade creditors

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

Acamar Films Limited

Notes to the Financial Statements *(continued)*

Year ended 30 September 2020

3. Accounting policies *(continued)*

Financial instruments *(continued)*

c) Borrowing costs

All borrowing costs are recognised in the Statement of Comprehensive Income in the year in which they are incurred.

d) Equity instruments

Share warrants

The issue of equity warrants is 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 are granted share options 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.

Acamar Films Limited

Notes to the Financial Statements *(continued)*

Year ended 30 September 2020

3. Accounting policies *(continued)*

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.

Capitalisation of production 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.

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 identified four revenue streams, Licensing, Media, Digital and Other. The analysis of revenue by each stream is detailed below.

	2020	2019
	£	£
Licensing revenue	2,901,395	1,708,177
Media revenue	671,232	1,663,916
Digital revenue	1,646,326	1,159,514
Other revenue	-	170,080
	<u>5,218,953</u>	<u>4,701,687</u>

During the prior year, the Company recognised receipt of tax credit revenue due of £1,600,439 which was claimed by a subsidiary company and has been shown as Income from group undertakings on the Statement of Comprehensive Income for 2019.

Acamar Films Limited

Notes to the Financial Statements *(continued)*

Year ended 30 September 2020

5. Operating loss

Operating loss is stated after charging/(crediting):

	2020	2019
	£	£
Amortisation of intangible assets	1,016,143	2,094,996
Depreciation of tangible assets	96,629	73,236
Auditors remuneration – for the audit of the company	30,600	27,600
Auditors remuneration – taxation compliance	12,000	10,250
Auditors remuneration – tax advisory	19,350	14,750
Auditors remuneration – other non-audit services	2,400	2,400
Foreign exchange differences	1,311	12,388
Other operating lease rentals	258,266	258,974
	<u> </u>	<u> </u>

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:

	2020	2019
	No.	No.
Administrative	60	42
	<u> </u>	<u> </u>

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

	2020	2019
	£	£
Wages and salaries	4,847,911	3,232,536
Social security costs	553,450	374,799
Pensions	113,551	77,830
	<u> </u>	<u> </u>
	5,514,912	3,685,165
	<u> </u>	<u> </u>

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

	2020	2019
	£	£
Executive Directors	1,034,154	972,835
Non-Executive Directors	30,000	30,000
Social security costs	136,199	129,693
	<u> </u>	<u> </u>
	1,200,353	1,132,528
	<u> </u>	<u> </u>

Remuneration for executive directors accrued and unpaid as at 30 September 2020 amounted to £288,750 (2019: £288,750).

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

	2020	2019
	£	£
Loan note interest	800,018	495,611
Other loan interest	192,518	689,329
	<u> </u>	<u> </u>
	992,536	1,184,940
	<u> </u>	<u> </u>

Acamar Films Limited

Notes to the Financial Statements *(continued)*

Year ended 30 September 2020

8. Tax on loss on ordinary activities

Major components of tax expense/(income)

	2020 £	2019 £
Current tax:		
UK corporation tax of 19.00% (2019: 19.00%)	–	–
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 (2019: lower than) the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%).

	2020 £	2019 £
Loss on ordinary activities before taxation	(6,422,179)	(3,562,786)
Loss on ordinary activities by rate of tax of 19.00% (2019: 19.00%)	(1,220,214)	(676,929)
Expenses not deductible for tax purposes	130,408	1,641
Capital allowances for year in excess of depreciation	(3,085)	(9,963)
Deferred tax not recognised	1,092,891	685,251
Tax on loss on ordinary activities	<u>–</u>	<u>–</u>

9. Intangible assets

	Production costs £
Cost	
At 1 October 2019	20,872,845
Additions	1,220,749
At 30 September 2020	<u>22,093,594</u>
Amortisation	
At 1 October 2019	14,368,891
Charge for the year	1,016,143
At 30 September 2020	<u>15,385,034</u>
Carrying amount	
At 30 September 2020	<u>6,708,560</u>
At 30 September 2019	<u>6,503,954</u>

The above charge of £1,016,143 (2019: £2,094,996) has been recognised within 'administrative expenses' in the Income Statement.

Acamar Films Limited

Notes to the Financial Statements *(continued)*

Year ended 30 September 2020

10. Tangible assets

	Land and buildings £	Plant and machinery £	Total £
Cost			
At 1 October 2019	318,633	313,376	632,009
Additions	10,479	102,138	112,617
Disposals	-	(20,327)	(20,327)
At 30 September 2020	<u>329,112</u>	<u>395,187</u>	<u>724,299</u>
Depreciation			
At 1 October 2019	44,132	142,959	187,091
Charge for the year	36,871	59,758	96,629
Disposals	-	(10,566)	(10,566)
At 30 September 2020	<u>81,003</u>	<u>192,151</u>	<u>273,154</u>
Carrying amount			
At 30 September 2020	<u>248,109</u>	<u>203,036</u>	<u>451,145</u>
At 30 September 2019	<u>274,501</u>	<u>170,417</u>	<u>444,918</u>

The above depreciation charge of £96,629 (2019: £73,236) has been recognised within 'administrative expenses' in the Income Statement.

11. Investments

	Investment in subsidiary companies £
Cost	
At 1 October 2019	3
Additions	1
At 30 September 2020	<u>4</u>
Carrying amount	
At 30 September 2020	<u>4</u>
At 30 September 2019	<u>3</u>

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 Productions 3 Limited	England	Ordinary	Television production activities	100%
Bing Bunny Collections Limited	England	Ordinary	Collection and royalty paying agent	100%

Acamar Films Limited

Notes to the Financial Statements *(continued)*

Year ended 30 September 2020

11. Investments *(continued)*

The address of the registered office of the above subsidiary undertakings is 7 Savoy Court, London, WC2R 0EX. The address of the principal place of business for the above subsidiary undertakings is Ground Floor, The Rotunda, 42-43 Gloucester Crescent, London, NW1 7DL.

12. Debtors

	2020	2019
	£	£
Amounts owed by group undertakings	3,168,905	3,345,606
Taxation and social security	40,670	32,030
Other debtors	60,820	63,600
Prepayments and accrued income	200,308	280,247
	<u>3,470,703</u>	<u>3,721,483</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.

Included within Amounts owed by group undertakings is a tax credit of £10,978 (2019: £1,462,070) from the production subsidiary, and a trade debtor balance due from the Company's collection and royalty paying subsidiary (see note 11). Amounts owed by group undertakings are interest free, repayable on demand and unsecured.

13. Cash and cash equivalents

	2020	2019
	£	£
Cash at bank and in hand	1,020,738	2,196,014
	<u>1,020,738</u>	<u>2,196,014</u>

14. Creditors: amounts falling due within one year

	2020	2019
	£	£
Bank loans	–	1,800,000
Loan notes	1,593,750	4,413,480
Other loans	–	71,190
Trade creditors	283,832	395,312
Amounts owed to group undertakings	4	3
Other taxation and social security	650,537	170,946
Other creditors	13,490	17,873
Accruals and deferred income	804,981	695,382
	<u>3,346,594</u>	<u>7,564,186</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.

The bank loan of £1,800,000 was repaid in full in February 2020 (see note 16).

Acamar Films Limited

Notes to the Financial Statements *(continued)*

Year ended 30 September 2020

14. Creditors: amounts falling due within one year *(continued)*

Loan notes of £4,413,480 outstanding at the end of the prior year end were refinanced during the year. Between the balance sheet date and the date of signature of these accounts £1,275,000 of the loan notes outstanding at the balance sheet date matured and were refinanced. £106,250 of the loan notes outstanding at the balance sheet date matured and were repaid.

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

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

	2020 £	2019 £
Loan notes	7,596,615	3,575,000
Other loans	66,530	98,652
Other creditors	181,033	202,230
	<u>7,844,178</u>	<u>3,875,882</u>

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

16. Debt instruments

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

	2020 £	2019 £
Creditors: amounts falling due within one year		
Bank loans	–	1,800,000
Loan notes	1,593,750	4,413,480
Other loans	–	71,190
	<u>1,593,750</u>	<u>6,284,670</u>
Creditors: amounts falling due after more than one year		
Loan notes	7,596,615	3,575,000
Other loans	66,530	98,652
	<u>7,663,145</u>	<u>3,673,652</u>

Bank loans

The Company had a £1,800,000 loan facility with Arbutnot Latham Bank outstanding at 30 September 2019, with a repayment term of April 2020. The bank interest on this facility was an annual margin of 2.5% plus the Base Rate. The loan was fully repaid in February 2020.

The loan facility was guaranteed by a related party, with an annual availability fee of 8.5% of the outstanding loan amount. This guarantee had a debenture over the Company's assets which ranked behind the security held by the loan note holders. This guarantee facility was no longer in place as at the reporting date and the debenture subsequently released.

Acamar Films Limited

Notes to the Financial Statements *(continued)*

Year ended 30 September 2020

16. Debt instruments *(continued)*

Loan notes

Included in Creditors: amounts falling due within one year are loan notes of £1,593,750 (2019: £4,413,480) and included in Creditors: amounts falling due after more than one year are loan notes of £7,596,615 (2019: £3,575,000). These are analysed as follows:

	2020 £	2019 £	Currency	2020 notes Term at 30 September 2020	2020 notes Interest rate %
Creditors: amounts falling due within one year	-	276,250	Sterling	-	8.00%
	318,750	3,405,286	Sterling	1 Year	8.50%
	1,275,000	600,000	Sterling	1 Year	9.00%
	-	131,944	Dollars	-	8.50%
	<u>1,593,750</u>	<u>4,413,480</u>			
Creditors: amounts falling due after more than one year	1,465,000	-	Sterling	3 Years	7.50%
	3,095,000	2,300,000	Sterling	2 Years	8.50%
	2,405,000	-	Sterling	3 Years	8.50%
	-	1,275,000	Sterling	-	9.00%
	631,615	-	Dollars	2 Years	9.00%
	<u>7,596,615</u>	<u>3,575,000</u>			

The loan notes are secured by way of a debenture over the Company's assets. The loan notes denominated in dollars amount to \$812,080 and are revalued at the exchange rate ruling at each year end.

Other loans

Included in Other loans is a loan from CAA Global Brands Group relating to commissions owed of £nil (2019: £71,190) of which £nil (2019: £71,190) is shown in Creditors: amounts falling due within one year and £nil (2019: £nil) is shown within Creditors: amounts falling due after more than one year.

Included in Other loans and shown within Creditors: amounts falling due after more than one year, is a loan of £66,530 (2019: £98,652) 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, due under the terms of the deficit finance agreement, which is not expected to be within at least a year from the reporting date.

Acamar Films Limited

Notes to the Financial Statements *(continued)*

Year ended 30 September 2020

17. Called up share capital

Issued, called up and fully paid

	2020		2019	
	Number of shares	£	Number of shares	£
Ordinary A shares of £0.0001 each	4,250,000	425	4,250,000	425
Ordinary B shares of £1 each	5,323,488	5,323,488	5,098,488	5,098,488
B Investor Premium NV shares of £1 each	1,602,199	1,602,199	1,169,593	1,169,593
	<u>11,175,687</u>	<u>6,926,112</u>	<u>10,518,081</u>	<u>6,268,506</u>

In the event of a sale of the Company involving a change of control, the Ordinary B shares and B Investor Premium NV shares rank above the Ordinary A and C shares in being paid out. Prior to any amounts paid out to the Ordinary A or C shareholders, the Ordinary B shareholders and B Investor Premium NV shareholders are entitled to be paid their capital invested first and then a sum equal to 60% of their respective capital invested. After payment of the B share capitals invested and B share premiums, A, B and C shares will be paid out in proportion to the number of shares held *pari passu*.

During the year the Company issued 225,00 Ordinary B shares and 432,606 B Investor Premium NV shares. £290,816 of costs were incurred on the share issues during the year and have been deducted from share premium.

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

The Company operates three share-based compensation plans granting share options to employees and non-employees. Share options granted to employees are under the Enterprise Management Initiative ("EMI") scheme and vest either immediately or monthly over a 4-year period. At the year end not all shares are fully vested.

Ordinary C share options

Historically the Company issued share options over 450,000 Ordinary C shares. These brought forward Ordinary C share options were granted in the year ended 30 September 2014 and are fully vested. A new scheme to reward employees was introduced in the year ended 30 September 2019 where the Company granted share options over 369,925 Ordinary C shares. This scheme was continued, and the Company granted further share options over 142,863 Ordinary C shares during the year.

	2020		2019	
	No.	WAEP	No.	WAEP
Balance brought forward	819,925	1.79	450,000	1.40
Share options granted	142,863	2.26	369,925	2.26
Balance carried forward	<u>962,788</u>	<u>1.86</u>	<u>819,925</u>	<u>1.79</u>

Acamar Films Limited

Notes to the Financial Statements *(continued)*

Year ended 30 September 2020

19. Share options *(continued)*

Ordinary B share options

The B Share Option Scheme was introduced in October 2017 and 482,188 Ordinary B share options were granted in the year ended 30 September 2018. This scheme was continued, and the Company granted further share options over 498,000 Ordinary B shares during the year.

	2020		2019	
	No.	WAEP	No.	WAEP
Balance brought forward	482,188	2.55	482,188	2.55
Share options granted	498,000	5.56	-	-
Balance carried forward	<u>980,188</u>	<u>4.08</u>	<u>482,188</u>	<u>2.55</u>

B Investor Premium NV share options

The B Investor Premium NV Share Option Scheme was introduced in July 2019 and 12,501 B Investor Premium NV share options were granted in the year ended 30 September 2019.

	2020		2019	
	No.	WAEP	No.	WAEP
Balance brought forward	12,501	5.00	-	-
Share options granted	-	-	12,501	5.00
Balance carried forward	<u>12,501</u>	<u>5.00</u>	<u>12,501</u>	<u>5.00</u>

The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions. The fair value of awards granted under the EMI scheme is measured using a Black Scholes model. Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each Statement of Financial Position date, the Company will revise its estimates of the number of options that are expected to vest, and any changes in estimate will be recognised in the Income Statement, with a corresponding adjustment in equity as per FRS102.

During the year, the Company recognised total share-based payment expenses of £659,615 (2019: £423,496).

20. Equity warrants

Ordinary C equity warrants

In 2018, the Board passed a resolution to create and issue up to 750,000 warrants for up to 750,000 Ordinary C shares to be issued to some 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:

	2020		2019	
	No.	WAEP	No.	WAEP
Balance brought forward	725,679	2.21	725,679	2.21
Warrants granted	-	-	-	-
Balance carried forward	<u>725,679</u>	<u>2.21</u>	<u>725,679</u>	<u>2.21</u>

Acamar Films Limited

Notes to the Financial Statements *(continued)*

Year ended 30 September 2020

20. Equity warrants *(continued)*

B Investor Premium NV equity warrants

During the year, the Board passed a resolution to create and issue up to 14,753 warrants to subscribe for up to 14,753 B Investor Premium NV shares to some subscribers of the loan note programme. These equity warrants expire in 2025.

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

	2020		2019	
	No.	WAEP	No.	WAEP
Balance brought forward	-	-	-	-
Warrants granted	14,753	9.93	-	-
Balance carried forward	<u>14,753</u>	<u>9.93</u>	<u>-</u>	<u>-</u>

During the year, the Company recognised total equity warrant expenses of £38,589 (2019: £nil).

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 2020 £	Land and buildings 2019 £
Operating leases which expire:		
Within one year	282,624	282,624
In two to five years	1,130,496	1,130,496
More than five years	618,676	902,848
	<u>2,031,796</u>	<u>2,315,968</u>

22. Commitments

As at 30 September 2020 the Company had no capital commitments or contracts for capital expenditure in place in the year (2019: £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 £113,551 (2019: £77,830). Contributions totalling £30,661 (2019: £34,119) were payable to the fund at the reporting date.

23. Transactions with directors

During the year a director's fee was charged to the Company by a director amounting to £15,000 (2019: £15,000) of which £nil was outstanding as at 30 September 2020 (2019: £nil).

During the period a director's fee of £15,000 (2019: £15,000) was charged to the Company by an LLP in which one of the directors is also a member, of which £nil was outstanding as at 30 September 2020 (2019: £nil).

During the year £50,000 of loan notes matured and were re-invested by a close family member of a director (see note 24) (2019: £25,000 were issued).

Acamar Films Limited

Notes to the Financial Statements *(continued)*

Year ended 30 September 2020

24. Related party transactions

During the period, contractual payment obligations to Development Financiers were accrued and paid, one of whom is the step-father of a director and until 21 February 2020 was a person with significant influence over the Company. The costs relating to this related party amounted to £94,284 (2019: £94,284) which were fully paid during the year. 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.

This related party also provided a guarantee of £5,000,000 over the Arbutnot Latham bank loan. The loan was fully repaid in February 2020 and the guarantee removed (see note 16). In addition, £55,220 (2019: £375,589) was also incurred in respect of an availability fee for acting as guarantor on this bank loan (included in Other loan interest, see note 7). At the year end, £nil (2019: £17,142) of this availability fee remained unpaid, the prior year amount outstanding was paid in December 2019 on the quarterly due date.

Loan notes totalling £318,750; £106,250 each (2019: £106,250) were re-invested in the year, with maturity dates of the following; March, June and September 2021. Interest on these loan notes is paid at 8.5%. Interest on the remaining loan notes of £nil (2019: £1,212,500) held by this related party is paid at 8.5%. £1,000,000 of the outstanding loan notes was repaid in September 2020 and fully refinanced by other parties in October 2020. Interest rates paid to this related party are in line with interest rates paid to other loan notes holders for each loan note series.

Loan notes of £50,000 were invested in the year by a close family member of a director. These loan notes had a maturity date of November 2022. Interest on these loan notes is paid at 8.5%. Interest rates paid to this related party are in line with interest rates paid to other loan notes holders for each loan note series.

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.

No further transactions require disclosure under FRS102.