

COMPANY REGISTRATION NUMBER: 04399568

Acamar Films Limited
Financial Statements
For the year ended 30 September 2019

Acamar Films Limited

Financial Statements

Year ended 30 September 2019

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Acamar Films Limited

Officers and Professional Advisers

Year ended 30 September 2019

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 2019

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 2019.

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 2019

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.

In recognition of the current global health pandemic, the Board has taken steps to safeguard the Company's staff and long-term interests. It is too soon to accurately ascertain the significance of any financial impact, however the situation has not affected the Board's overall confidence in the business.

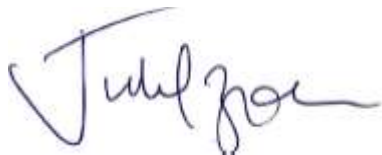
Independent Auditor

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 30 April 2020 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 2019

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

Opinion

We have audited the financial statements of Acamar Films Limited (the 'company') for the year ended 30 September 2019, which comprise the Income statement, statement of comprehensive income, statement of financial position, 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 2019 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.

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.

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

Acamar Films Limited

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

Year ended 30 September 2019

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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report 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 directors' report.

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
- 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 directors' report 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.

Acamar Films Limited

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

Year ended 30 September 2019

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: 30 April 2020

Acamar Films Limited

Income Statement and Statement of Comprehensive Income

Year ended 30 September 2019

	Note	2019 £	2018 £
Revenue	4	4,701,687	2,012,595
Cost of sales		(2,258,279)	(1,391,671)
Gross profit		<u>2,443,408</u>	<u>620,924</u>
Administrative expenses including amortisation of intangible asset		(7,622,692)	(3,757,544)
Other operating income – production recharges		1,200,999	1,587,605
Income from group undertakings		1,600,439	322,194
Operating loss	5	<u>(2,377,846)</u>	<u>(1,226,821)</u>
Other interest payable and similar charges	7	(1,184,940)	(1,010,375)
Loss on ordinary activities before taxation		<u>(3,562,786)</u>	<u>(2,237,196)</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>(3,562,786)</u>	<u>(2,237,196)</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 2019 (2018: £nil).

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

Acamar Films Limited

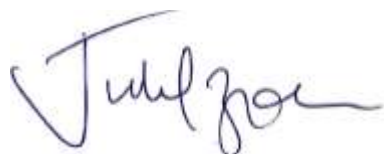
Statement of Financial Position

Year ended 30 September 2019

	Note	2019 £	2018 £
Fixed assets			
Intangible assets	9	6,503,954	5,953,093
Tangible assets	10	444,918	406,893
Investments	11	3	3
		<u>6,948,875</u>	<u>6,359,989</u>
Current assets			
Debtors	12	3,721,483	1,284,625
Cash at bank and in hand	13	2,196,014	579,481
		<u>5,917,497</u>	<u>1,864,106</u>
Creditors: amounts falling due within one year	14	(7,564,186)	(6,330,066)
Net current liabilities		<u>(1,646,689)</u>	<u>(4,465,960)</u>
Total assets less current liabilities		5,302,186	1,894,029
Creditors: amounts falling due after more than one year	15	(3,875,882)	(5,483,190)
Net assets/liabilities		<u>1,426,304</u>	<u>(3,589,161)</u>
Capital and reserves			
Share capital	17	6,268,506	4,409,813
Share premium	18	11,698,009	5,401,947
Retained earnings	18	(16,540,211)	(13,400,921)
Total Shareholders' funds/(deficit)		<u>1,426,304</u>	<u>(3,589,161)</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 30 April 2020 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 2019

	Share capital	Share premium	Retained earnings	Total Shareholders' deficit
	£	£	£	£
At 1 October 2017	3,502,588	2,997,137	(11,163,725)	(4,664,000)
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>
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 payment charge	—	—	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>

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

Acamar Films Limited

Notes to the Financial Statements

Year ended 30 September 2019

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 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 March 2018 edition of FRS 102 includes amendments arising from the Financial Reporting Council's triennial review of the standard. There is no material effect on the amounts recognised in these financial statements as a result the entity has not early adopted these amendments.

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

Consolidation exemption

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 period between March 2018 and April 2020, the company has successfully raised finance totalling £22.2m. This funding has been used for general corporate purposes, and to refinance bank debt and loan note programme maturities totalling £7.7m. £12.4m has been raised in the period July 2019 to April 2020 since the last statutory accounts were signed. Therefore, the company continues to demonstrate its ability to raise working capital as required.

The £12.4m of financing received since June 2019 was sourced via a mixture of equity and loan notes issued during the period, comprising; equity investments of £5.6m from new and existing shareholders, and loan notes under its existing Loan Note Programme to the value of £6.8m.

During the forecast period to April 2021, 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 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 2019

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 2019

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 £181,238 (2018: £160,499). The carrying value of programme development costs as at the reporting date relates solely to the capitalisation of Series 4, of which amortisation of £1,913,758 has been recognised in the period. See note 9.

Acamar Films Limited

Notes to the Financial Statements *(continued)*

Year ended 30 September 2019

3. Accounting policies *(continued)*

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 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 2019

3. Accounting policies *(continued)*

Financial instruments

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 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 2019

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 £181,238 (2018: £160,499). The carrying value of programme development costs as at the reporting date relates solely to the capitalisation of Series 4, of which amortisation of £1,913,758 has been recognised in the period. See note 9.

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.

	2019	2018
	£	£
Licensing revenue	1,708,177	318,839
Media revenue	1,663,916	1,156,415
Digital revenue	1,159,514	318,349
Other revenue	170,080	218,992
	<u>4,701,687</u>	<u>2,012,595</u>

During the year, the Company received tax credit revenue of £1,600,439 (2018: £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 2019

5. Operating loss

Operating loss is stated after charging/(crediting):

	2019	2018
	£	£
Amortisation of intangible assets	2,094,996	160,499
Depreciation of tangible assets	73,236	51,347
Auditors remuneration – for the audit of the company	27,600	22,500
Auditors remuneration – taxation compliance	10,250	6,500
Auditors remuneration – tax advisory	14,750	9,250
Auditors remuneration – other non-audit services	2,400	1,500
Foreign exchange differences	12,388	17,757
Other operating lease rentals	258,974	198,880
	<u>2,503,690</u>	<u>478,233</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:

	2019	2018
	No.	No.
Administrative	42	31
	<u>42</u>	<u>31</u>

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

	2019	2018
	£	£
Wages and salaries	3,232,536	2,214,034
Social security costs	374,799	251,062
Pensions	77,830	27,670
	<u>3,685,165</u>	<u>2,492,766</u>

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

	2019	2018
	£	£
Executive Directors	972,835	767,670
Non-Executive Directors	30,000	30,000
Social security costs	129,693	99,575
	<u>1,132,528</u>	<u>897,245</u>

Remuneration for executive directors accrued and unpaid as at 30 September 2019 amounted to £288,750 (2018: £211,770).

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

	2019	2018
	£	£
Loan note interest	495,611	380,683
Other loan interest	689,329	629,692
	<u>1,184,940</u>	<u>1,010,375</u>

Acamar Films Limited

Notes to the Financial Statements *(continued)*

Year ended 30 September 2019

8. Tax on loss on ordinary activities

Major components of tax expense/(income)

	2019 £	2018 £
Current tax:		
UK corporation tax of 19.00% (2018: 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 (2018: lower than) the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%).

	2019 £	2018 £
Loss on ordinary activities before taxation	(3,562,786)	(2,237,196)
Loss on ordinary activities by rate of tax of 19.00% (2018: 19.00%)	(676,929)	(425,067)
Expenses not deductible for tax purposes	1,641	480
Capital allowances for year in excess of depreciation	(9,963)	(5,593)
Unutilised non-trade donations	–	342
Deferred tax not recognised	685,251	429,838
Tax on loss on ordinary activities	<u>–</u>	<u>–</u>

9. Intangible assets

	Programme Development costs £
Cost	
At 1 October 2018	18,226,988
Additions	2,645,857
At 30 September 2019	<u>20,872,845</u>
Amortisation	
At 1 October 2018	12,273,895
Charge for the year	2,094,996
At 30 September 2019	<u>14,368,891</u>
Carrying amount	
At 30 September 2019	<u>6,503,954</u>
At 30 September 2018	<u>5,953,093</u>

The above charge of £2,094,996 (2018: £160,499) has been recognised within administrative expenses in the Income Statement and relates solely to series 1 to 4.

Acamar Films Limited

Notes to the Financial Statements *(continued)*

Year ended 30 September 2019

10. Tangible assets

	Land and buildings £	Plant and machinery £	Total £
Cost			
At 1 October 2018	296,522	288,255	584,777
Additions	22,111	96,408	118,519
Disposals	–	(71,287)	(71,287)
At 30 September 2019	<u>318,633</u>	<u>313,376</u>	<u>632,009</u>
Depreciation			
At 1 October 2018	12,173	165,711	177,884
Charge for the year	31,959	41,277	73,236
Disposals	–	(64,029)	(64,029)
At 30 September 2019	<u>44,132</u>	<u>142,959</u>	<u>187,091</u>
Carrying amount			
At 30 September 2019	<u>274,501</u>	<u>170,417</u>	<u>444,918</u>
At 30 September 2018	<u>284,349</u>	<u>122,544</u>	<u>406,893</u>

The above depreciation charge of £73,236 (2018: £51,347) has been recognised within 'administrative expenses' in the Income Statement.

11. Investments

	Investment in subsidiary companies £
Cost	
At 1 October 2018 and 30 September 2019	<u>3</u>
Carrying amount	
At 30 September 2019	<u>3</u>
At 30 September 2018	<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 7 Savoy Court, 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 2019

12. Debtors

	2019	2018
	£	£
Trade debtors	–	2,400
Amounts owed by group undertakings	3,345,606	928,123
Taxation and social security	32,030	64,001
Other debtors	63,600	83,479
Prepayments and accrued income	280,247	206,622
	<u>3,721,483</u>	<u>1,284,625</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 are two tax credits totalling £1,462,070 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

	2019	2018
	£	£
Cash at bank and in hand	2,196,014	579,481
Less: Bank overdrafts	–	(346)
	<u>2,196,014</u>	<u>579,135</u>

14. Creditors: amounts falling due within one year

	2019	2018
	£	£
Bank overdrafts	–	346
Bank loans	1,800,000	5,000,000
Loan notes	4,413,480	276,250
Other loans	71,190	169,340
Trade creditors	395,312	386,666
Amounts owed to group undertakings	3	2
Other taxation and social security	170,946	72,954
Other creditors	17,873	43,573
Accruals and deferred income	695,382	380,935
	<u>7,564,186</u>	<u>6,330,066</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).

Loan notes of £276,250 were outstanding at the end of the prior year end were reinvested during the year. £2,483,152 of the loan notes outstanding at the balance sheet date matured between the balance sheet date and the date of signature of these accounts, of which £2,111,736 were reinvested by the loan note holders.

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

Acamar Films Limited

Notes to the Financial Statements *(continued)*

Year ended 30 September 2019

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

	2019	2018
	£	£
Loan notes	3,575,000	5,129,733
Other loans	98,652	146,112
Other creditors	202,230	207,345
	<u>3,875,882</u>	<u>5,483,190</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:

	2019	2018
	£	£
Creditors: amounts falling due within one year		
Bank loans	1,800,000	5,000,000
Loan notes	4,413,480	276,250
Other loans	71,190	169,340
	<u>6,284,670</u>	<u>5,445,590</u>
Creditors: amounts falling due after more than one year		
Loan notes	3,575,000	5,129,733
Other loans	98,652	146,112
	<u>3,673,652</u>	<u>5,275,845</u>

Bank loans

The Company had a £5,000,000 loan facility with Arbuthnot Latham Bank outstanding at 30 September 2018, with a repayment term of April 2020. The bank interest on this facility was an annual margin of 2.5% plus the Base Rate.

This 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.

In February 2019 £900,000 was repaid to Arbuthnot Latham Bank. In September 2019 a further £2,300,000 was repaid, leaving an outstanding balance of £1,800,000. The bank loan was repaid in full in February 2020. There is no bank debt outstanding at April 2020.

Loan notes

Included in Creditors: amounts falling due within one year are loan notes of £4,413,480 (2018: £276,250) and included in Creditors: amounts falling due after more than one year are loan notes of £3,575,000 (2018: £5,129,733). These are analysed as follows:

Acamar Films Limited

Notes to the Financial Statements *(continued)*

Year ended 30 September 2019

16. Debt instruments *(continued)*

	2019 £	2018 £	Currency	2019 notes Term at 30 September 2019	2019 notes Interest rate %
Creditors: amounts falling due within one year	276,250	276,250	Sterling	1 Year	8.00%
	3,405,286	–	Sterling	1 Year	8.50%
	600,000	–	Sterling	1 Year	9.00%
	131,944	–	Dollars	1 Year	8.50%
	<u>4,413,480</u>	<u>276,250</u>			
Creditors: amounts falling due after more than one year	–	1,327,500	Sterling		8.50%
	2,300,000	2,077,786	Sterling	3 Years	8.50%
	1,275,000	1,000,000	Sterling	2 Years	9.00%
	–	600,000	Sterling		9.00%
	–	124,447	Dollars		8.50%
	<u>3,575,000</u>	<u>5,129,733</u>			

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.

Other loans

Included in other loans is a loan from CAA Global Brands Group relating to commissions owed of £71,190 (2018: £216,800) of which £71,190 (2018: £169,340) is shown in Creditors: amounts falling due within one year and £Nil (2018: £47,460) 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 £98,652 (2018: £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.

17. Called up share capital

Issued, called up and fully paid

	2019		2018	
	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	5,098,488	5,098,488	4,409,388	4,409,388
Ordinary B Investor Premium NV shares of £1 each	1,169,593	1,169,593	–	–
	<u>10,518,081</u>	<u>6,268,506</u>	<u>8,659,388</u>	<u>4,409,813</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.

Acamar Films Limited

Notes to the Financial Statements *(continued)*

Year ended 30 September 2019

17. Called up share capital *(continued)*

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 689,100 Ordinary B shares and 1,169,593 Ordinary B Investor Premium NV shares. £529,619 of costs were incurred on the share issues 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 over a 4-year period. At 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 during the year where the Company granted share options over 369,925 Ordinary C Shares.

	2019		2018	
	No.	WAEP	No.	WAEP
Balance brought forward	450,000	1.40	450,000	1.40
Share options granted	369,925	2.26	–	–
Balance carried forward	<u>819,925</u>	<u>1.79</u>	<u>450,000</u>	<u>1.40</u>

Ordinary B share options

The B Share Option Scheme was introduced in October 2017 and 482,188 Ordinary B shares were granted in the year ended 30 September 2018.

	2019		2018	
	No.	WAEP	No.	WAEP
Balance brought forward	482,188	2.55	–	–
Share options granted	–	–	482,188	2.55
Balance carried forward	<u>482,188</u>	<u>2.55</u>	<u>482,188</u>	<u>2.55</u>

Acamar Films Limited

Notes to the Financial Statements *(continued)*

Year ended 30 September 2019

19. Share options *(continued)*

Ordinary B Investor Premium NV share options

The B Investor Premium NV Share Option Scheme was introduced in July 2019, 12,501 Ordinary B Investor Premium NV shares were granted during the year. There is no charge recognised within these financial statements for the Ordinary B Investor Premium NV share options as the directors consider the share option charge to be immaterial to the 2019 results.

	2019		2018	
	No.	WAEP	No.	WAEP
Balance brought forward	–	–	–	–
Share options granted	12,501	5.00	–	–
Balance carried forward	<u>12,501</u>	<u>5.00</u>	<u>–</u>	<u>–</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 EMI 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 £423,495.

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 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:

	2019		2018	
	No.	WAEP	No.	WAEP
Balance brought forward	725,679	2.21	–	–
Warrants granted	–	–	725,679	2.21
Warrants cancelled	–	–	–	–
Warrants exercised	–	–	–	–
Balance carried forward	<u>725,679</u>	<u>2.21</u>	<u>725,679</u>	<u>2.21</u>

There is no charge recognised within these financial statements as the directors consider the charge to be immaterial to the 2019 and 2018 results.

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:

Acamar Films Limited

Notes to the Financial Statements *(continued)*

Year ended 30 September 2019

21. Financial commitments *(continued)*

	Land and buildings 2019 £	Land and buildings 2018 £
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	902,848	1,185,472
	<u>2,315,968</u>	<u>2,598,592</u>

22. Commitments

As at 30 September 2019 the Company had no capital commitments or contracts for capital expenditure in place in the year (2018: £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 £77,830 (2018: £27,670). Contributions totalling £34,119 (2018: £12,560) 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 (2018: £15,000) of which nil was outstanding as at 30 September 2019 (2018: £nil).

During the period a director's fee of £15,000 (2018: £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 2019 or 30 September 2018.

During the year £25,000 of loan notes were purchased by a director of the Company (2018: £nil).

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 is a person with significant influence over the Company. The costs relating to this related party amounted to £94,284 (2018: £47,148) 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 facility was reduced to £4,100,000 in February 2019 and £1,800,000 in September 2019 and was repaid in full in February 2020 (see note 16). In addition, £375,589 (2018: £425,000) was also incurred in respect of an availability fee for acting as guarantor on this bank loan (See note 7). At the year-end, £17,142 (2018: £29,514) of this availability fee remained unpaid and was paid in December 2019 on the quarterly due date. None of the availability fee was converted to loan notes during the year (2018: £318,750).

Loan notes of £106,250 invested in the previous year matured in March 2019 and were reinvested. Interest on these loan notes is paid at 8%. Interest on the remaining loan notes of £1,212,500 held by this related party 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.

Acamar Films Limited

Notes to the Financial Statements *(continued)*

Year ended 30 September 2019

24. Related party transactions *(continued)*

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.