DCD MEDIA PLC

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

Company number 03393610

Contents

DCD Media Plc

("DCD Media" or the "Company")

Audited results for the year ended 31 December 2013

DCD Media and its subsidiaries, the independent TV production and distribution group (the "Group"), today report results for the year ended 31 December 2013.

Financial Summary

Continuing operations:

• Revenue	£14.2m (2012: £16.1m)
• Gross profit	£4.5m (2012: £4.8m)
• Operating loss	£(3.0m) (2012: (£1.9m))

Discontinued operations:

• Revenue	£0.0m (2012: £0.1m)
• Gross (loss)/profit	(£0.0m) (2012: £0.1m)
• Operating (loss)/profit	(£0.0m) (2012: £0.7m)

Group results:

• Unadjusted operating loss	£(3.0m) (2012: (£1.2m))
• Adjusted EBITDA	£(0.9m) (2012: £0.8m)
• Adjusted (loss)/profit before tax	£(1.1m) (2012: £0.6m)

Please refer to the table within the Performance section below for an explanation of the profit adjustments.

Business highlights

- Growth in and focus on rights business yielding results and creating platform for further expansion
- Investments made in production development and new creative leaders
- Successful pilot in 2013 well-received, leading to a major primetime commission with ITV in 2014
- Further improved balance sheet with substantial reduction in Coutts and Co bank loans
- Largest shareholders agreed to lend further £1.0m in the form of new convertible loan notes in May 2013
- Cost reductions in both personnel and operational expenses likely to deliver benefits in 2014

David Craven, Executive Chairman and Chief Executive Officer, commented: "The Executive team and Board have been focused on further restructuring the business during the year. While it has been a difficult period, good progress has been made on building a sustainable business and we are encouraged by the performance of the rights business and recent improvement in output from the production divisions.

"The financial performance principally reflects poor output from the production entities in a tough trading environment. Actions taken by the new management team to stem losses and address the reduction in revenues within the production divisions should be reflected in the financial performance for 2014.

"The Board believes that in the medium and long-term, the Company will benefit from a strategy to significantly enhance the rights arm of the Group and tangible progress has been made in the last two years to grow revenue and profits in this division. Consequently, while TV production output and new commissions remain a priority, the major growth prospects for DCD Media lie in the development of the successful and highly-respected international rights business.

"We have started the new financial year in a significantly better position than the last, having reduced the cost base and improved the quality of earnings across the Group. While there are still challenges, we look forward to the Group returning to sustained profitable growth ahead of our original plans.

"As previously announced, DCD Media lost significant long-term opportunities in the US TV production market; however the Company intends to focus on the considerable potential of opportunities in the UK market while maintaining and developing a range of live opportunities in the US."

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Executive Chairman's review

The financial year to 31 December 2013 was a further year of transition and consolidation for the Group as the turnaround work continues. The most notable achievements of the year included the significant growth of the rights business and the continued paydown of bank debt. With a challenging year behind us, we believe we have placed the business on a strong footing for future growth with an expectation of higher quality earnings going forward.

Key to the improvement of the Group has been the investment in key creative business winners who will help to stabilise earnings from the production businesses. During the year, the Board ensured the creative teams had strong prospects and the resources to act on the many development opportunities being presented to the Group. However, we believe that the short-term opportunities lie in the successful activities of the London based production development teams.

The Group further streamlined costs in the year with a reduction in personnel at almost all management levels in response to weaker than expected performance in production. In general, operating expenses were further reduced to a manageable level reflecting the reality of the still challenging trading conditions.

In response to the strong performance of the rights division, the Executive team has been conducting ongoing detailed business and operations reviews of the Group, which have now resulted in an organisational restructure and a refocus on strategic objectives designed to grow market share in rights activities in the global markets and development of production activities in the UK.

We believe DCD Media businesses are well-placed to consolidate on this work, targeting additional development opportunities both in the UK and the US.

During 2012, DCD Rights secured a deal with shareholder Timeweave to create a new fund for the acquisition of third-party distribution rights, positioning this key part of the business to build up a significant library of content. This fund has enabled the rights business to grow and saw projects acquired under the deal in 2013 such as *I Found the Gown* and *Mr & Mrs Murder*.

Post-production house, Sequence, delivered the Group's strategic goal of creating production cost-efficiencies and synergies. Sequence continues to assert itself in the post-production marketplace, securing a number of key contracts with the UK's foremost programme makers.

Corporate highlights of the year

Restructuring Investment funding from major shareholders

In May 2013, the Group's largest shareholders agreed to lend a further £1.0m in the form of new convertible loan notes, having an interest rate of 10% and a conversion price of 0.5p (£5 following the share consolidation). These notes are due for repayment on 30 May 2015 if not previously converted. At the AGM in June, shareholders granted approval for the sub-division of the Company's issued ordinary share capital into new ordinary shares of 0.5p each and new deferred shares of 0.5p each, followed immediately by the consolidation of the Company's issued ordinary share capital into new ordinary shares of £5 each.

DCD Rights Expansion

DCD Rights has now expanded its acquisition team following strong international factual sales and new acquisitions during the year. The Group's distribution arm had a strong performance fuelled by high-quality programme acquisitions made through its distribution fund in the three key genres: Drama, Factual, and Music.

In the Drama genre, the latest major Australian series acquisition *Mr & Mrs Murder* was an international sales success with an all rights sales to North America following its launch at the MIP TV market, whilst award winning dramas *Rake*, *The Slap* and *The Straits* continued to sell and break new markets.

D Craven
Executive Chairman and Chief Executive Officer

30 May 2014

Strategic report

Strategic outlook

The Executive team continues to focus on developing the rights business and rationalising the production entities to help create a stable platform for future profitable growth, whilst maintaining a measured commitment to encouraging new creative talent across the Group.

With the major shareholders having financially stabilised the business by relieving it of its largest debt burden, the Executive team has focused on diminishing its long-term bank debt, freeing the business from financial uncertainty.

As mentioned, DCD Rights is showing growth potential with a scalable model. The Board believes the team led by the highly-experienced Nicky Davies Williams has demonstrated its capability supported by the Timeweave rights acquisition fund.

In order to achieve growth in the rights business, the Board emphasises the need to increase funding into the rights model and a range of discussions are underway to this end.

In addition, DCD Media's core production element is also scalable and, with new investment, is well placed to grow in the UK market and potentially win new business in the US where a number of opportunities are being developed.

The Board recognises the strengths of DCD Media as a large independent vertically-integrated broadcast media business. The successful acquisition of third party rights and exploitation of the Group's existing intellectual property has delivered increased market share. Consequently, the Group has shifted the weight of business towards distribution and rights supported by quality content production as well as a continued focus on developing revenue streams across digital platforms.

Review of divisions for the year to 31 December 2013

Production

The DCD Media production division comprises the following UK and US-based brands:

Matchlight	Glasgow, UK	**Rize USA**	London, UK
September Films USA	LA, California	**September Films UK**	London, UK
Prospect Cymru	London, UK	**Prospect**	London, UK

These well-established, independent production companies have a strong track record in producing high-quality viewing covering a broad spectrum of programming including Entertainment, Factual, Current Affairs, Reality and Daytime (Lifestyle and Cookery).

The output of each organisation is overseen by DCD Media and complimented by the Group's Post-Production, Rights and Distribution arms.

Matchlight
Since inception in 2009, Matchlight has positioned itself at the forefront of television excellence. The Glasgow-based company has produced documentary, history, arts, current affairs and popular factual programmes for all major UK channels including BBC One, Two, Three and Four, ITV1, Channel 4, Channel 5, and BBC Scotland.

In 2013, building on the previous year's Scottish BAFTA award-winning success, Matchlight produced a number of high quality commissions for a variety of audiences, including:

- a second series of *Dangerous Drivers' School* transmitted on Channel 5 in January and was sold internationally by DCD Rights;
- a one-off documentary *Wicca: A Very British Witchcraft* aired in August on Channel 4 who also commissioned two Dispatches films for Spring viewing: *The Truth About Junior Doctors*, presented by Dr Christian Jessen and *Celebs, Brands & Fake Fans,* which became the most-tweeted Dispatches programme ever recorded;
- in October 2013, Helen Castor returned to present a 3-part series *Medieval Lives: Birth, Marriage, Death* for BBC4; and
- in December a BBC1 special *Panorama: All in a Good Cause* aired to great acclaim.

During 2013 Matchlight also filmed a one off special for BBC Scotland's Burns' Night celebrations in January 2014 and commenced new commissions for both the BBC and Channel 4.

Rize USA
Rize USA, a co-venture between Founder and Creative Director Sheldon Lazarus and DCD Media, launched in 2011 as a factual and reality producer with offices in London and Los Angeles.

Rize is represented by CAA in the US and has a first-look deal with leading news and picture agency Caters News in the UK, which provides exclusive access to international news stories.

Strategic report

In its first year Rize secured business worth approximately £2.5 million from major broadcasters on both sides of the Atlantic, which generated valuable IP to be exploited worldwide by the Group's distributer, DCD Rights.

Its 2012 BBC2 four-part primetime wedding series *A Very British Wedding* aired in Spring 2013 and was followed by a Channel 4 current affairs special *The Alps Murders* in June, and the acclaimed 3-part series *Liberty of London* for the channel's Christmas audience.

In the US, *Memory Games 2013* premiered in July on the Science Channel.

September Films USA
During the year, the Group invested resources into development activity resulting in broadcaster engagement across a range of funded projects. Disappointingly, the team were not able to capitalise on these opportunities and consequently the US operation has been downsized. However, DCD Media remains committed to the development of opportunities in the US and the team is pursuing two significant projects with a reasonable expectation that at least one will become a commercial success which will enable further growth into the US market where DCD Media has traditionally enjoyed a strong market presence.

September Films UK
Similarly, the UK arm of September Films was showing promise throughout 2013 with the team engaged in funded taster and pilot development work. Operating in one of the world's most competitive markets and despite various setbacks, we are delighted to report that the foundation work laid in 2013 with a successful primetime pilot for ITV has yielded a commission to develop the traditionally long-running *Celebrity Squares* hosted by Stars Wars actor and popular TV presenter, Warwick Davis. Besides applying themselves to delivering a world-class production for ITV, the team are focused on winning new commissions with an improved slate of activity now emerging from the London-based team.

Rights and Licensing

DCD Rights
DCD Rights saw the benefit of the Timeweave rights acquisition fund deal struck by the division last year and enjoyed a profitable year in 2013, with a significant increase in turnover against the previous year of 46.7%. This was driven by the acquisition of a further 200 hours of new programming for sale during the year, building the size of the catalogue to approximately 2,000 hours.

The successes included a $1.1m sale to a multi-national cable network as well as the launch of a third season of the popular Australian drama series - *Rake*, which sold to over 35 territories. Additionally, DCD Rights secured two major network deals in the UK, with *The Moody's* comedy drama bought by BSkyB and crime series *Mr and Mrs Murder* going to Channel 5.

In the US, a further major network sale was concluded with the CW Network for the *Penn & Teller Fool Us* primetime magic series. NBC Network announced production of an American version of the multi award winning Australian drama *The Slap* delivering format production fees to the division derived from an earlier format deal struck with NBCU in the previous year.

DCD Publishing
DCD Publishing is an agency specialising in 360 degree brand development in all areas such as television, book publishing, consumer products, brand endorsements, public appearances and DVD.

The company's talent division represents a broad range of clients including Russell Grant, Flavia Cacace-Mistry, Vincent Simone, Kate Spicer, Simon Mann, Jack Monroe (A Girl Called Jack), Deborah Lickfett (Metropolitan Mum) The Duchess of Northumberland and William Banks-Blaney (William Vintage).

Major music publishers EMI, Chrysalis, peermusic, Carlin and Sony/ATV are also represented by DCD Publishing for music merchandising providing access to over six million songs.

In 2013, DCD Publishing secured a number of exclusive, lucrative deals with QVC. The first project was a dance fitness DVD – *Zalza* starring Russell Grant and Flavia Cacace. This was an instant success, selling 15,000 DVDs in 24 hours. This was followed Flavia and Vincent's very own *School of Dance* boxset and Jodie Prenger's *Fitness Blasts*.

At the beginning of 2013, DCD Publishing signed a number one bestselling food writer and blogger Jack Monroe, quickly selling her book rights to Penguin and later on in the year brokering a deal with Sainsbury's for Jack to be a face of their *Basics* range. Other book deals signed in 2013 include William Vintage and Montezuma's chocolate.

On behalf of Deborah Lickfett (Metropolitan Mum) we negotiated a number of deals with top brands including, Persil and Nespresso.

DCD Publishing worked with look-alike photographer Alison Jackson on securing an advertising campaign with Schloer which appeared in the national newspapers.

Strategic report

Post-Production - Sequence Post
The London based post-production house was acquired by DCD Media in February 2012 in a strategic move to drive synergies from production-related activity provided by the Group.

The acquisition boosted Group profitability (working for high profile third-party clients across all television, film and commercial genres), and in-house capabilities as an effective high-end service provider to DCD's production arms.

Sequence Post has equally benefitted from this synergy, experiencing a sharp increase in business through an expanded client base.

A pioneer of Apple based work-flows, in 2013 Sequence Post launched as the first totally file based, video deck free, HD post house in the UK, allowing clients to switch easily between all mainstream non-linear editing platforms and video formats. Responding to client demand, Sequence extended their facilities, with the development of a new online and grading room and an equipment upgrade.

This year Sequence has produced work for companies such as: JJ Stereo, Newman Street (part of FremantleMedia UK), Shiver (part of ITV Studios), Mizone, IMG Sports, Lemonade Money, Matchlight, Rize USA and Waddell Media.

Projects included a variety of Channel 4 spring programmes (*Dispatches: Celebs, Brands & Fake Fans, Young Father Return to Love Random Acts*, *Nick Hewer Countdown to Freetown* and *The Alps Murder)* as well as *Plan It Build It* for BBC daytime, *Ibiza Rocks* (MTV), and *IMG's Rolex Spirit Of Yachting Show.*

Earlier in the year, Sequence provided grading and finishing for a *Mizone* sports drink commercial and conducted the entire finishing workflow for a 90 minute ground-breaking multi-camera live performance of Plan B on Tour directed by Paul Caslin in the autumn.

Performance

At a turnover level, the Group delivered £14.2m in revenue compared to a comparative of £16.1m in 2012, largely as a result of reduced production activity from the US production arm.

The Group made an operating loss for the year of £3.0m (2012: £1.9m), which is stated after impairment and amortisation of intangible assets, including goodwill and trade names.

Adjusted EBITDA and adjusted PBT are the key performance measures that are used by the Board, as they more fairly reflect the underlying business performance by excluding the significant non-cash impacts of goodwill, trade name and programme rights amortisation and impairments.

The headline Adjusted EBITDA for the year ended 31 December 2013 was a loss of £0.9m (2012: profit of £0.8m which included an accounting profit on sale of Digital Classics Distribution Ltd and Digital Classics Distribution Rights Ltd). Adjusted EBITDA on continuing operations was a loss of £0.9m in 2013 compared to a profit of £0.1m in 2012.

Adjusted loss before tax for the Group was £1.1m in 2013 against an adjusted profit of £0.6m for the year to 31 December 2012. On a continuing basis, the Group made an adjusted PBT loss of £1.1m, against a loss of £0.1m in 2012.

Performance during the year was disappointing as a result of a number of elements including:

- Underperformance of the UK and US production business to deliver revenues
- Cost structure unsupported by reduced revenues
- Re-organisation and restructuring costs within the Group as part of the strategy to refocus on the rights business and development of UK television production activity

The following table represents the reconciliation between the operating loss per the consolidated income statement and adjusted profit before tax (PBT) and adjusted earnings before interest tax depreciation and amortisation (EBITDA):

	Year ended 31 December 2013 £m	Year ended 31 December 2012 £m
Operating loss per statutory accounts (continuing operations)	(3.0)	(1.9)
Add: Discontinued operations (note 11)	(0.0)	0.7
Operating loss per statutory accounts	**(3.0)**	**(1.2)**
Add Amortisation of programme rights (note 13)	4.2	4.7
Add: Impairment of programme rights (note 13)	0.2	0.8
Add: Amortisation of trade names (note 13)	0.5	0.5
Add: Impairment of goodwill and related intangibles (note 13)	1.2	0.7
Less: Capitalised programme rights intangibles (note 13)	(4.2)	(5.0)
Add: Depreciation (note 14)	0.1	0.0
EBITDA	**(1.0)**	**0.5**
Add: Restructuring costs (legal and statutory) (note 6)	0.1	0.3
Adjusted EBITDA	**(0.9)**	**0.8**
Continuing adjusted EBITDA	*(0.9)*	*0.1*
Discontinued adjusted EBITDA	*(0.0)*	*0.7*
Less: Net financial expense (notes 8 & 9)	(0.1)	(0.2)
Less: Depreciation	(0.1)	(0.0)
Adjusted PBT	**(1.1)**	**0.6**
Continuing adjusted PBT	*(1.1)*	*(0.1)*
Discontinued adjusted PBT	*(0.0)*	*0.7*

Intangible assets
The Group's consolidated income statement and consolidated statement of financial position has again this year been impacted by the amortisation and impairment of intangible assets, see note 13.

The Group has seen amortisation and impairment of goodwill and trade names for the year of £1.7m (2012: £1.2m) and a net amortisation and impairment of programme rights of £4.4m (2012: £5.5m).

The accounting implications, in terms of the effect of reporting impaired intangible assets under International Financial Standards, are explained below.

Goodwill
September Holdings, an operating unit within the production cash generating unit (CGU), had its performance impaired in the year due to non-conversion of paid development into commissions that were required to replace revenue generated by *Bridezillas*. More recently, September Films UK has successfully commissioned a series of *Celebrity Squares* and has several developments in the pipeline and management now consider the forecast cash flows and profitability of the business support the revised carrying value of the goodwill. An impairment of £0.9m was therefore applied to the goodwill, leaving a carrying value of £2.2m (2012: £3.1m). Despite the quality programming produced by Matchlight in the year and its relatively strong pipeline, management have reassessed its carrying value and have booked an impairment of £0.1m to write off all remaining goodwill associated with this investment.

Trade names
Trade names are amortised over ten years on a straight line basis and a non-cash expense of £0.5m was expensed in the year relating to trade names. In addition, the remaining value attributable to Prospect Pictures Ltd was fully written down as there is currently no development in the pipeline for this company. The carrying value of trade names after the amortisation and impairment was £1.5m (2012: £2.1m).

Restructuring costs

Restructuring costs of £0.1m have been disclosed in the consolidated statement of comprehensive income and relate to redundancy payments.

Earnings per share

Basic loss per share in the year was 656p (year ended 31 December 2012: 509p loss per share) and was calculated on the loss after taxation of £2.7m (year ended 31 December 2012: loss £1.3m) divided by the weighted average number of shares in issue during the year being 414,281 (2012: 25,743). The number of shares has increased due to conversions of debt to equity in the prior year, detailed in note 21.

Balance sheet

The Group's net cash balances have substantially reduced to £0.5m at 31 December 2013 from £3.1m at 31 December 2012 as a result of repaying bank loans, settling historic Group liabilities and investing in production development throughout the year.

A substantial part of the Group cash balances represent working capital commitment in relation to its rights business and is not considered free cash.

During the year repayments of £0.5m against bank debt were made.

In May 2013, the Group's largest shareholders agreed to lend a further £1.0m in the form of new convertible loan notes, having an interest rate of 10% and a conversion price of 0.5p. These notes are due for repayment on 30 May 2015 if not previously converted. At the AGM on the 28 June 2013, following the approval of the capital re-organisation, the conversion price became £5.

The Group has an available gross overdraft facility of £0.8m and a net facility of £0.55m.

Shareholders' equity

Retained earnings as at 31 December 2013 were £(57.7m) (2012: £(55.0m)) and total shareholders' equity at that date was £3.3m (2012: £6.0m).

Amounts attributable to non-controlling interests

At the year end, the Group held an 80% stake in Rize Television Ltd and had attained the remaining equity in Matchlight Ltd that it did not own at the prior year end. The Group has recognised a loss of £0.1m (2012: loss of £0.006m) attributable to non-controlling interests in the statement of comprehensive reserves and an amount of (£0.1m) (2012: (£0.005m)) as equity representing the non-controlling interest of the Group as at the year end.

Current trading

DCD Rights has had a good start to 2014 winning distribution deals for several high quality programmes as well as the Open University catalogue and is expected to show continued growth in 2014. However, while the production businesses have shown some good wins, these will not generate revenue until later in the year.

Notwithstanding the increased activity in DCD Rights and a positive pipeline in productions, cash reserves remain low. The Directors have reviewed future cash requirements and, allowing for a lower level of production income and the continued settlement of historic and current creditors, believe the Group needs additional funding of approximately £0.8m. Having considered the available options, it was determined that the Company issue a further £0.8m of principal convertible loan notes to the major shareholders. The new loan note instrument was signed on 30 May 2014 and has a maturity date of 31 May 2016. The convertible element of the loan notes is subject to shareholder approval of, inter alia, the authorisation to issue sufficient shares to satisfy the conversion rights, which will be put to shareholders in the upcoming AGM. The notes accrue interest at 10% per annum from the date of issue unless the authorities are not approved in which case interest increases to 20% per annum, back dated to date of issue. The new notes will be convertible at £1.00 per share. The conversion price of the convertible loan notes that were signed in May 2013 will be changed to match that of the new 2014 convertible loan notes.

As part of the issue of new loan notes, the Directors intend to undertake a restructure of the share capital of the Company. The Companies Act 2006 prevents any company from issuing any share at a price which is less than its nominal value. Accordingly, in order to enable the Company to proceed with any conversion of the new convertible loan notes at £1.00 when the current nominal value of its ordinary shares is £5.00, the Company proposes to divide each existing ordinary share into one new ordinary share of £1.00 each and four new deferred shares.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out above. The financial position of the Group, its cash position and borrowings are set out in the Performance section of the statement. In addition note 20 sets out the Group's objectives, policies and processes for managing its financial instruments and risk.

The Group's day-to-day operations are funded from cash generated from trading and the use of an overdraft facility of £0.55m, with other activities funded from a combination of equity and short and medium term debt instruments. The overdraft facility is scheduled for review by the Group's principal bankers, Coutts & Co ("Coutts"), on 30 June 2014.

In August 2012, DCD Media entered into a new loan facility with Coutts. The facility was for £1.2m, incurs interest at LIBOR plus 3.5% and is scheduled to be repaid in quarterly instalments to 30 November 2014, but is repayable on demand. In the year to 31 December 2013 the Group repaid £0.48m of this loan, leaving a balance of £0.48m at 31 December 2013. The Group continues to make its quarterly payments, having paid a further £0.24m of this term loan since year end.

The Directors have a reasonable expectation that the overdraft facility will continue to be available to the Group for a period in excess of 12 months from the date of approval of these financial statements and the term loan will be available until fully repaid in November 2014.

In considering the going concern basis of preparation of the Group's financial statements, the Board have prepared profit and cash flow projections which incorporate reasonably foreseeable impacts of the ongoing challenging trading environment. These projections reflect the management of the day to day cash flows of the Group which includes assumptions on the profile of payment of certain existing liabilities of the Group. They show that the day to day operations will continue to be cash generative. The forecasts show that the Group will continue to utilise its term loan and overdraft facility provided by its principal bankers for the foreseeable future.

As noted above, the forecasts also show a potential funding requirement of approximately £0.8m, which has been satisfied by the issue of additional convertible loan notes to the major shareholders (subject to shareholder approval of certain matters at the AGM).

The Directors' forecasts and projections, which make allowance for potential changes in its trading performance, show that, with the ongoing support of its shareholders, lenders and its bank, the Group can continue to generate cash to meet its obligations as they fall due.

Through the recent negotiations with its shareholders and its principal bankers, the Directors have a reasonable expectation that the Company and the Group will have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

Key Performance Indicators (KPIs)

	Year ended 31 December 2013	**Year ended 31 December 2012**
Revenue (£m)	14.2	16.1
Operating from loss continuing operations (£m)	3.0	1.9
Adjusted EBITDA (£m)	(0.9)	0.8
Adjusted (loss)/profit before tax (£m)	(1.1)	0.6

Principal risks and uncertainties

General commercial risks
The Group's management aims to minimise risk of over-reliance on individual business segments, members of staff, productions or customers by developing a broad, balanced stable of production and distribution activities and intellectual property. Clear risk assessment and strong financial and operational management is essential to control and manage the Group's existing business, retain key staff and balance current development with future growth plans. As the Group operates in overseas markets it is also subject to exposures on transactions undertaken in foreign currencies.

Production and distribution revenue
Revenue is subject to fluctuations throughout the year. As the business grows, a broader range of activities is expected to smooth out these fluctuations.

Funding and Liquidity
Costs incurred during production are not always funded by the commissioning broadcaster. The Group policy is to maintain its production cash balances to ensure there is no financial shortfall in the ability to produce a programme. It is inherent in the production process that the short-term cash flows on productions can sometimes be negative initially. This is due to costs incurred before contracted payments have been received, in order to meet delivery and transmission dates. The Group funds these initial outflows, when they occur, in two ways: internally, ensuring that overall exposure is minimised; or, through a short term advance from a bank or other finance house, which will be underwritten by the

contracted sale. The Group regularly reviews the cost/benefit of such decisions in order to obtain the optimum use from its working capital.

The Group’s cash and cash equivalents net of overdraft at the end of the period was £0.5m (31 December 2012: £3.1m) including certain production related cash held to maintain the Group policy. The Group debt consists primarily of an overdraft and conventional bank debt. Details of interest payable, funding and risk mitigation are disclosed in notes 9, 18 and 20 to the consolidated financial statements.

It is Group policy to continue to seek the most optimum structure for its borrowings and this policy will be pursued over the coming year.

Exchange rate risk
The Group's exposure to exchange rate fluctuations has historically been small based on its revenue and cost base. Dependent on the extent to which the Group’s international revenue grows an appropriate hedging strategy will be introduced.

D Craven
Executive Chairman and Chief Executive Officer

30 May 2014

Report of the Directors for the year ended 31 December 2013

The Directors present their report together with the audited financial statements for the year ended 31 December 2013.

Principal activities

The main activities of the Group continued to be content production, distribution and rights exploitation. The main activity of the Company continued to be that of a holding company, providing support services to its subsidiaries.

Business review

A detailed review of the Group's business including key performance indicators and likely future developments is contained in the Executive Chairman's Review and Strategic Report on pages 2 to 9, which should be read in conjunction with this report.

Results

The Group's loss before taxation for the year ended 31 December 2013 was £3.1m (2012: £1.4m). The loss for the year post-taxation was £2.8m (2012: £1.3m) and has been carried forward in reserves.

The Directors do not propose to recommend the payment of a dividend (2012: £nil).

D**irectors and their interests**

	At 31 December 2013			**At 31 December 2012**[3]		
	Ordinary shares of £5 each		**Deferred shares of 0.5p each**	**Ordinary shares of 1p each**		**Deferred shares of 9p each**
D Green [1]	12,246		100,685,666	24,246,614		4,246,614
D Craven	-		-	-		-
N McMyn	-		-	-		-
A Lindley	-		-	-		-
R McGuire [2]	-		-	-		-

1. During the year, D Green transferred half his shareholding (12,246 ordinary shares) to his spouse as part of a divorce settlement.
2. R McGuire was appointed on 4 July 2012 and resigned on 15 January 2013.
3. During the year there was a sub division and consolidation of the company's share capital. See note 21 for more details.

Mr Lindley and Mr McMyn are Non-Executive Directors. Biographies of all the Company's Directors can be found on page 14.

Other than as disclosed in note 24 to the consolidated financial statements, none of the Directors had a material interest in any other contract of any significance with the Company and its subsidiaries during or at the end of the financial year.

Substantial shareholdings

The Company has been notified, as at 28 May 2014, of the following material interests in the voting rights of the Company under the provisions of the Disclosure and Transparency Rules:

Name	No. of £5 ordinary shares	%
Colter Ltd*	124,000	29.93%
Timeweave Ltd*	104,837	25.31%
Henderson Global Investors Ltd	87,319	21.08%

*Timeweave Ltd and Colter Ltd are under common ownership (see note 29).

Share capital

Details of share capital are disclosed in note 21 to the consolidated financial statements.

Employment Involvement

The Group's policy is to encourage employee involvement at all levels as it believes this is essential for the success of the business. There is significant competition for experienced and skilled creative staff and administrators. The Directors are aware of this and have looked to encourage and develop internal resources and to put in place succession plans. In addition, the Group has adopted an open management style to encourage communication and give employees the opportunity to contribute on business issues.

The Group does not discriminate against anyone on any grounds. Criteria for selection and promotion are based on suitability of an applicant for the job. Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes of the applicants concerned. In the event of members of staff becoming disabled, every effort will be made to ensure that their employment with the Group continues and that appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be at least comparable with that of other employees.

Financial instruments

Details of the use of financial instruments by the Company are contained in note 20 of the consolidated financial statements.

CORPORATE GOVERNANCE

Statement of compliance

The Group has adopted a framework for corporate governance which it believes is suitable for a company of its size with reference to the key points within the UK Corporate Governance Code issued by the Financial Reporting Council (“the Combined Code”).

DCD Media Plc's shares are quoted on AIM, a market operated by the London Stock Exchange Plc and as such there is no requirement to publish a detailed Corporate Governance Statement nor comply with all the requirements of the Combined Code. However, the Directors are committed to ensuring appropriate standards of Corporate Governance are maintained by the Group and this statement sets out how the Board has applied the principles of good Corporate Governance in its management of the business in the year ended 31 December 2013.

The Board recognises its collective responsibility for the long term success of the Group. It assesses business opportunities and seeks to ensure that appropriate controls are in place to assess and manage risk.

During a normal year there are a number of scheduled Board meetings with other meetings being arranged at shorter notice as necessary. The Board agenda is set by the Chairman in consultation with the other Directors’ and Company Secretary.

The Board has a formal schedule of matters reserved to it for decision which is reviewed on an annual basis.

Under the provisions of the Company’s Articles of Association all Directors are required to offer themselves for re-election at least once every three years. In addition, under the Articles, any Director appointed during the year will stand for election at the next annual general meeting, ensuring that each Board member faces re-election at regular intervals.

The Directors are entitled to take independent professional advice at the expense of the Company and all have access to the advice and services of the Company Secretary.

Board committees

The Board has established an Audit, Nomination and Remuneration Committee. All are formally constituted with written terms of reference. The terms of reference are available on request from the Company Secretary.

Relations with shareholders

The Company communicates with its shareholders through the Annual and Interim Reports and maintains an on-going dialogue with its principal institutional investors from time to time. The Board welcomes all shareholders at the annual general meeting where they are able to put questions to the Board. This assists in ensuring that the members of the Board, in particular the Non-Executive Directors, develop a balanced understanding of the views of major investors of the Company.

The Group uses the website www.dcdmedia.co.uk to communicate with its shareholders.

Internal control

The Board has overall responsibility for ensuring that the Group maintains a sound system of internal control to provide it with reasonable assurance that all information used within the business and for external publication is adequate, including financial, operational and compliance control and risk management.

It should be recognised that any system of control can provide only reasonable and not absolute assurance against material misstatement or loss, as it is designed to manage rather than eliminate those risks that may affect the Group achieving its business objectives.

Report of the Directors for the year ended 31 December 2013

Going concern

For the reasons set out in the Executive Chairman's Review, the Directors consider it is appropriate to continue to adopt the going concern basis in preparing the annual report and financial statements.

Statement of Directors' responsibilities

The Directors are responsible for preparing the annual report 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 elected to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, and the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 Group and Company and of the profit or loss of the Group 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 IFRSs as adopted by the European Union and applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the Group and parent company financial statements respectively; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and 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 Group and 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.

Supplier payment policy

The Company and Group's policy is to agree terms of payment with suppliers when agreeing the overall terms of each transaction, to ensure that suppliers are aware of the terms of payment and that Group companies abide by the terms of the payment.

Share Capital

Details of the Company's share capital and changes to the share capital are shown in note 21 to the Consolidated Financial Statements.

Resolutions at the Annual General Meeting

The Company's AGM will be held on Monday 30 June 2014. Accompanying this Report is the Notice of AGM which sets out the resolutions to be considered and approved at the meeting together with some explanatory notes. The resolutions cover such routine matters as the renewal of authority to allot shares, to disapply pre-emption rights and to purchase own shares. In addition, the Notice of AGM also describes the resolutions that are required to authorise the Board to issue shares related to the new convertible loan notes and the proposed capital reorganisation.

Website publication

The Directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the Company's website (www.dcdmedia.co.uk) in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the on-going integrity of the financial statements contained therein.

Charitable and political donations

Group donations to charities worldwide were £nil (2012: £nil). No donations were made to any political party in either year.

Auditors

A resolution was passed to appoint SRLV as the Company's auditors at the AGM to be held on 28 June 2013.

Disclosure of information to the Auditors
In the case of each of the persons who are Directors at the time when the annual report is approved, the following applies:

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

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Directors' Report approved by the Board on 30 May 2014 and signed on its behalf by:

D Craven
Executive Chairman and Chief Executive Officer

30 May 2014

Board of Directors

David Craven (Executive Chairman & CEO)

David Craven was appointed CEO of DCD Media in October 2012 and Executive Chairman in January 2013. He is also CEO and a Director of Timeweave Ltd, which he joined in April 2011. David brings significant sector-specific and broad commercial experience to the Group, having held senior roles with News Corporation, UPC Media and Trinity Newspapers. He was also joint MD of the Tote for six years and was closely involved in its privatisation, and has held senior executive roles at UK Betting Plc and Wembley Plc. David was also a co-founder of broadband and interactive TV media group, UPC Chello, and is a co-founder of the Gaming Media Group.

David Green (Executive Director)

David Green joined the group in 2007 when London and LA-based TV and film production company September Films, of which he was Chairman and Founder, was acquired by DCD Media. He took on the role of Group Chief Creative Officer before becoming CEO in 2009 and Executive Chairman in 2012. In October 2012, he relinquished his corporate role to return to production while remaining an Executive Director of the Group.

Oxford educated and a veteran of the UK and US film and TV industries, David's feature film directing credits include 'Buster' and 'Wings of the Apache', and he has produced over 2,000 hours of primetime TV programming including landmark series 'Hollywood Women' and 'Bridezillas', both of which he created.

Neil McMyn (Non-Executive Director)

Neil McMyn is a chartered accountant and Chief Financial Officer for the European Investment Portfolio of Tavistock Group, an international private investment organisation. Previously Neil spent nine years with Arthur Andersen Corporate Finance in Edinburgh and six years in advisory and funds management roles at Westpac Institutional Bank in Sydney, Australia. He became a Non-Executive Director of DCD Media in September 2012.

Andrew Lindley (Non-Executive Director)

Andrew Lindley joined the Board of DCD Media in September 2012. He is a practicing solicitor and holds another non-executive role with Turf TV as well as being a consultant with Axiom. Andrew was Director of the Tote for the six years up to its sale in 2011 and before that spent five years at Northern Foods Plc, where he focused on M&A and complex contracts.

Independent auditor's report to the members of DCD Media Plc

We have audited the Group and parent company financial statements (the ''financial statements'') of DCD Media Plc for the year ended 31 December 2013 which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of cash flows, the consolidated statement of changes in equity, the notes to the consolidated financial statements, the parent company balance sheet and the notes to the parent company financial statements. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the statement of Directors' responsibilities set out on page 12, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 December 2013 and of the Group's loss and cash flows for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Executive Chairman's Review, the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

Richard Gilbert (Senior Statutory Auditor)
for and on behalf of SRLV
Chartered Accountants and Statutory Auditor
89 New Bond Street
London
W1S 1DA

30 May 2014

Consolidated income statement for the year ended 31 December 2013

	Note	Year ended 31 December 2013 £'000	Year ended 31 December 2012 £'000
Revenue	5	**14,241**	**16,084**
Cost of sales		(9,540)	(10,455)
Impairment of programme rights	6,13	(214)	(782)
		(9,754)	(11,237)
Gross profit		**4,487**	**4,847**
Selling and distribution expenses		**(22)**	**(24)**
Administrative expenses:			
- Other administrative expenses		(5,716)	(5,309)
- Impairment of goodwill and trade names	6,13	(1,255)	(740)
- Amortisation of trade names	6,13	(462)	(462)
- Restructuring costs	6	(69)	(339)
		(7,502)	**(6,850)**
Other income		70	130
Operating loss		**(2,967)**	**(1,897)**
Finance income	8	1	2
Finance costs	9	(148)	(245)
Loss before taxation		**(3,114)**	**(2,140)**
Taxation	10	320	106
Loss after taxation from continuing operations		**(2,794)**	**(2,034)**
(Loss)/profit on discontinued operations net of tax	11	(16)	715
Loss for the financial year		**(2,810)**	**(1,319)**
Loss attributable to:			
Owners of the parent		(2,717)	(1,313)
Non-controlling interest		(93)	(6)
		(2,810)	**(1,319)**

Earnings per share attributable to the equity holders of the Company during the year (expressed as pence per share)

	Note	2013	2012
Basic loss per share from continuing operations		**(652p)**	**(787p)**
Basic (loss)/profit per share from discontinued operations	11	**(4p)**	**278p**
Total basic loss per share	12	**(656p)**	**(509p)**
Diluted loss per share from continuing operations		**(652p)**	**(787p)**
Diluted (loss)/profit per share from discontinued operations	11	**(4p)**	**278p**
Total diluted loss per share	12	**(656p)**	**(509p)**

2012 earnings per share comparatives have been restated for the effect of the share consolidation mentioned in note 21.

The notes on pages 21 to 48 are an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income for the year ended 31 December 2013

	Note	Year ended 31 December 2013 £'000	Year ended 31 December 2012 £'000
Loss for the financial year		**(2,810)**	**(1,319)**
Prior year adjustments	2	(257)	(41)
Loss reported since the prior year		**(3,067)**	**(1,360)**
Other comprehensive income/(expenses)			
Exchange gains/(losses) arising on translation of foreign operations		10	(79)
Total other comprehensive income/(expenses)		10	(79)
Total comprehensive expenses		**(3,057)**	**(1,439)**
Total comprehensive expense attributable to:			
Owners of the parent		(2,964)	(1,433)
Non-controlling interest		(93)	(6)
		(3,057)	**(1,439)**

Consolidated statement of financial position as at 31 December 2013

Company number 03393610

	Note	Year ended 31 December 2013 £'000	Year ended 31 December 2012 £'000
Non-current assets			
Goodwill	13	2,789	3,894
Other intangible assets	13	1,826	2,653
Property, plant and equipment	14	105	149
Trade and other receivables	16	766	263
		5,486	**6,959**
Current assets			
Inventories and work in progress	15	133	73
Trade and other receivables	16	5,507	4,735
Cash and cash equivalents		1,108	3,728
		6,748	**8,536**
Current liabilities			
Bank overdrafts	18	(629)	(634)
Bank and other loans	18,20	(506)	(984)
Trade and other payables	17	(6,021)	(6,865)
Taxation and social security	17	(387)	(422)
Obligations under finance leases	18	(26)	(10)
		(7,569)	**(8,915)**
Non-current liabilities			
Secured convertible loan	18,20	(1,072)	(49)
Other loans	18	(29)	(54)
Obligations under finance leases	18	-	(27)
Deferred tax liabilities	19	(315)	(483)
		(1,416)	**(613)**
Net assets		**3,249**	**5,967**
Equity			
Equity attributable to owners of the parent			
Share capital	21	10,145	10,145
Share premium account		51,118	51,118
Equity element of convertible loan		55	1
Translation reserve		(191)	(201)
Own shares held		(37)	(83)
Retained earnings		(57,743)	(55,008)
Equity attributable to owners of the parent		**3,347**	**5,972**
Non-controlling interest		(98)	(5)
Total Equity		**3,249**	**5,967**

The notes on pages 21 to 48 are an integral part of these consolidated financial statements.

The financial statements were approved and authorised for issue by the Board of Directors on 30 May 2014.

DCM Craven
Director

Consolidated statement of cash flows for the year ended 31 December 2013

Cash flow from operating activities including discontinued operations		Year ended 31 December 2013 £'000	Year ended 31 December 2012 £'000
Net loss before taxation		**(3,130)**	**(1,421)**
Adjustments for:			
Depreciation of tangible assets	14	68	37
Amortisation and impairment of intangible assets	13	6,144	6,701
Net bank and other interest charges	8,9	147	243
Profit on disposal of undertakings		-	(715)
Net exchange differences on translating foreign operations		10	(79)
Net cash flows before changes in working capital		**3,239**	**4,766**
(Increase)/decrease in inventories	15	(60)	113
(Increase)/decrease in trade and other receivables	16	(1,529)	50
Decrease in trade and other payables	17	(674)	(2,430)
Cash from operations		**976**	**2,499**
Interest received		1	2
Interest paid		(71)	(66)
Income taxes received		229	150
Net cash flows from operating activities		**1,135**	**2,585**
Investing activities			
Purchase of property, plant and equipment	14	(24)	(110)
Purchase of intangible assets	13	(4,212)	(5,031)
Net cash flows used in investing activities		**(4,236)**	**(5,141)**
Financing activities			
Repayment of finance leases		(11)	(5)
Repayment of loan		(503)	(894)
New loans raised		1,000	778
Net cash flows from financing activities		**486**	**(121)**
Net decrease in cash		**(2,615)**	**(2,677)**
Cash and cash equivalents at beginning of year		**3,094**	5,771
Cash and cash equivalents at end of year	27	**479**	**3,094**

Consolidated statement of changes in equity for the year ended 31 December 2013

	Share capital £'000	Share premium £'000	Equity element of convertible loan £'000	Translation reserve £'000	Own shares held £'000	Retained earnings £'000	Equity attributable to owners of the parent £'000	Amounts attributable to non-controlling interest £'000	Total equity £'000
Balance at 31 December 2011 (as reported)	**7,393**	**49,391**	**154**	**(122)**	**-**	**(53,438)**	**3,378**	**1**	**3,379**
Prior year adjustment (see note 2)	-	-	-	-	-	(257)	**(257)**	-	**(257)**
Balance at 31 December 2011 (restated)	7,393	49,391	154	(122)	-	(53,695)	**3,121**	1	**3,122**
Loss and total comprehensive income for the year	-	-	-	-	-	(1,313)	**(1,313)**	(6)	**(1,319)**
Shares issued on conversion of loan	2,752	1,727	(153)	-	-	-	**4,326**	-	**4,326**
Shares allocated to employee benefit trust	-	-	-	-	(83)	-	**(83)**	-	**(83)**
Exchange differences on translating foreign operations	-	-	-	(79)	-	-	**(79)**	-	**(79)**
Balance at 31 December 2012	**10,145**	**51,118**	**1**	**(201)**	**(83)**	**(55,008)**	**5,972**	**(5)**	**5,967**
Loss and total comprehensive income for the year	-	-	-	-	-	(2,717)	**(2,717)**	(93)	**(2,810)**
Equity element on issue of convertible loans	-	-	54	-	-	-	**54**	-	**54**
Shares allocated from employee benefit trust	-	-	-	-	46	(18)	**28**	-	**28**
Exchange differences on translating foreign operations	-	-	-	10	-	-	**10**	-	**10**
Balance at 31 December 2013	**10,145**	**51,118**	**55**	**(191)**	**(37)**	**(57,743)**	**3,347**	**(98)**	**3,249**

Notes to the consolidated financial statements for the year ended 31 December 2013

The principal activity of DCD Media Plc and subsidiaries (the Group) is the production of television programmes in the United Kingdom and United States, and the worldwide distribution of those programmes for television and other media; the Group also distributes programmes on behalf of other independent producers.

DCD Media Plc is the Group's ultimate parent company, and it is incorporated and domiciled in Great Britain. The address of DCD Media Plc's registered office is Glen House, 22 Glenthorne Road, London, W6 0NG, and its principal place of business is London. DCD Media Plc's shares are listed on the Alternative Investment Market of the London Stock Exchange.

DCD Media Plc's consolidated financial statements are presented in Pounds Sterling (£), which is also the functional currency of the parent company. The accounts have been drawn up to the date of 31 December 2013.

1 Principal accounting policies

The principal accounting policies adopted in the preparation of the consolidated financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated. The Group financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRSs) issued by the International Accounting Standards Board (IASB) as adopted by European Union ("Adopted IFRSs"), and with those parts of the Companies Act 2006 applicable to companies preparing their financial statements under Adopted IFRSs.

Basis of preparation – going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Executive Chairman's Review and the Strategic Report. The financial position of the Group, its cash position and borrowings are set out in the financial review section of the Strategic Report. In addition, note 20 sets out the Group's objectives, policies and processes for managing its financial instruments and risk.

The Group's day-to-day operations are funded from cash generated from trading and the use of an overdraft facility of £0.55m, with other activities funded from a combination of equity and short and medium term debt instruments.

The Group's overdraft facility has been extended by its principal bankers until 30 June 2014. In August 2012 DCD Media entered into a new loan facility with Coutts & Co bank. The facility was for £1.2m, incurs interest at LIBOR plus 3.5% and is repayable in quarterly instalments to 30 November 2014. In the period to 31 December 2013 the Group repaid £0.48m of this loan, leaving a balance of £0.48m at 31 December 2013. The Group continues to make its quarterly payments, having paid a further £0.24m of this term loan since year end. The Directors have a reasonable expectation that both the term loan and the overdraft facility will continue to be available to the Group for the foreseeable future.

During the year, the Group raised £1.0m through the issue of convertible loan notes to major shareholders. The loan note instrument was signed on 31 May 2013, has a maturity date of 30 May 2015 and accrues interest at 10% per annum.

In considering the going concern basis of preparation of the Group's financial statements, the Board have prepared profit and cash flow projections which incorporate reasonably foreseeable impacts of the ongoing challenging market environment. These projections reflect the ongoing management of the day to day cash flows of the Group and allow for slower production income and the continued settlement of historic creditors.

Based on these projections, the Directors believe the Group needs additional funding of approximately £0.8m. Having considered the available options, it was determined that the Company issue a further £0.8m of principal convertible loan notes to the major shareholders. The new loan note instrument was signed on 30 May 2014 and has a maturity date of 31 May 2016. The convertible element of the loan notes is subject to shareholder approval of, inter alia, the authorisation to issue sufficient shares to satisfy the conversion rights, which will be put to shareholders in the upcoming AGM. The notes accrue interest at 10% per annum from the date of issue unless the authorities are not approved in which case interest increases to 20% per annum, back dated to date of issue. The new notes will be convertible at £1.00 per share. It is also proposed that the conversion price of the convertible loan notes that were signed in May 2013 will be changed to match that of the new 2014 convertible loan notes.

The Directors' forecasts and projections, which make allowance for reasonably possible changes in its trading performance, show that, with the ongoing support of its lenders and its bank, the Group can continue to generate cash to meet its obligations as they fall due.

Through the recent negotiations with its shareholders, its loan note holders and its principal bankers, the Directors, after making enquiries, have a reasonable expectation that the Company and the Group will have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

The financial statements do not include the adjustments that would result if the Group or Company were unable to continue as a going concern.

1 Principal accounting policies (continued)

Changes in accounting policies

A number of standards and interpretations have been issued by the IASB in relation to investment entities, consolidated financial statements and disclosures on the recoverable amount for non-financial assets. Those that were effective for the year end commencing 1 January 2013 have been reviewed and no adjustments deemed necessary. Those becoming effective from 1 January 2014 have not been adopted by the Group. Management have reviewed these standards and believe none of these standards, are expected to have a material effect on the Group's future financial statements.

Revenue and attributable profit

Production revenue represents amounts receivable from producing programme/production content, and is recognised over the period of the production in accordance with the milestones within the underlying signed contract. Profit attributable to the period is calculated by capitalising all appropriate costs up to the stage of production completion, and amortising production costs in the proportion that the revenue recognised in the year bears to estimated total revenue from the programme. The carrying value of programme costs in the statement of financial position is subject to an annual impairment review.

Where productions are in progress at the year end and where billing is in advance of the completed work per the contract, the excess is classified as deferred income and is shown within trade and other payables.

Distribution revenue arises from the licensing of programme rights which have been obtained under distribution agreements with either external parties or Group companies. Distribution revenue is recognised in the statement of comprehensive income on signature of the licence agreement, and represents amounts receivable from such contracts.

Revenue from sales of DVDs and other sales is the amounts receivable from invoiced sales during the year.

All revenue excludes value added tax.

Basis of consolidation

The Group financial statements consolidate those of the Company and of its subsidiary undertakings drawn up to 31 December 2013. Subsidiaries are entities over which the Group has the power to control the financial and operating policies so as to obtain benefits from its activities. The Group obtains and exercises control through voting rights.

Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Non-controlling interests

For business combinations completed prior to 1 July 2009, the Group initially recognised any non-controlling interest in the acquiree at the non-controlling interest's proportionate share of the acquiree's net assets. For business combinations completed on or after 1 July 2009 the Group has the choice, on a transaction by transaction basis, to initially recognise any non-controlling interest in the acquiree which is a present ownership interest and entitles its holders to a proportionate share of the entity's net assets in the event of liquidation at either acquisition date fair value or, at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. Other components of non-controlling interest such as outstanding share options are generally measured at fair value. The Group has not elected to take the option to use fair value in acquisitions completed to date.

From 1 July 2009, the total comprehensive income of non-wholly owned subsidiaries is attributed to owners of the parent and to the non-controlling interests in proportion to their relative ownership interests. Before this date, unfunded losses in such subsidiaries were attributed entirely to the Group. In accordance with the transitional requirements of IAS 27 (2008), the carrying value of non-controlling interests at the effective date of the amendment has not been restated.

Goodwill

Goodwill represents the excess of the cost of a business combination over, in the case of business combinations completed prior to 1 January 2010, the Group's interest in the fair value of identifiable assets, liabilities and contingent liabilities acquired and, in the case of business combinations completed on or after 1 July 2009, the total acquisition date fair value of the identifiable assets, liabilities and contingent liabilities acquired. For business combinations completed prior to 1 July 2009, cost comprises the fair value of assets given, liabilities assumed and equity instruments issued, plus any direct costs of acquisition. Changes in the estimated value of contingent consideration arising on business combinations completed by this date are treated as an adjustment to cost and, in consequence, result in a change in the carrying value of goodwill.

1 Principal accounting policies (continued)

Goodwill (continued)

For business combinations completed on or after 1 July 2009, cost comprised the fair value of assets given, liabilities assumed and equity instruments issued, plus the amount of any non-controlling interests in the acquiree plus, if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree. Contingent consideration is included in cost at its acquisition date fair value and, in the case of contingent consideration classified as a financial liability, re-measured subsequently through profit or loss. For business combinations completed on or after 1 January 2010, direct costs of acquisition are recognised immediately as an expense.

Goodwill is capitalised as an intangible asset with any impairment in carrying value being charged to the consolidated statement of comprehensive income. Where the fair value of identifiable assets, liabilities and contingent liabilities exceed the fair value of consideration paid, the excess is credited in full to the consolidated statement of comprehensive income on the acquisition date.

Property, plant and equipment

Property, plant and equipment are stated at cost net of depreciation and any provision for impairment. Depreciation is calculated to write down the cost less estimated residual value by equal annual instalments over their expected useful lives. The rates generally applicable are:

Short leasehold property improvements	Over the life of the lease
Motor vehicles	25% on cost
Office and technical equipment	25%-33% on cost

The assets' residual values and useful lives are reviewed at each statement of financial position date and adjusted if appropriate.

Other intangible assets

Trade names
Trade names acquired through business combinations are stated at their fair value at the date of acquisition. They are amortised through the statement of comprehensive income, following a periodic impairment review, on a straight line basis over their useful economic lives, such periods not to exceed 10 years.

Programme rights
Internally developed programme rights are stated at the lower of cost, less accumulated amortisation, or recoverable amount. Cost comprises the cost of all productions and all other directly attributable costs incurred up to completion of the programme and all programme development costs. Where programme development is not expected to proceed, the related costs are written off to the statement of comprehensive income. Amortisation of programme costs is charged in the ratio that actual revenue recognised in the current year bears to estimated ultimate revenue. At each statement of financial position date, the Directors review the carrying value of programme rights and consider whether a provision is required to reduce the carrying value of the investment in programmes to the recoverable amount. The expected life of these assets is not expected to exceed 7 years.

Purchased programme rights are stated at the lower of cost, less accumulated amortisation, or recoverable amount. Purchased programme rights are amortised over a period in-line with expected useful life, not exceeding 7 years.

Amortisation and any charge in respect of writing down to recoverable amount during the year are included in the statement of comprehensive income within cost of sales.

Leased assets

Property, plant and equipment acquired under finance leases or hire purchase contracts are capitalised and depreciated in the same manner as other property, plant and equipment, and the interest element of the lease is charged to the statement of comprehensive income over the period of the finance lease. Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability by using an effective interest rate. The related obligations, net of future finance charges, are included in liabilities.

Rentals payable under operating leases are charged to the statement of comprehensive income on a straight line basis over the period of the lease.

Inventories

Inventories comprise pre-production costs incurred in respect of programmes deemed probable to be commissioned, and finished stock of DVDs available for resale. Where it is virtually certain production will occur, pre-production costs are capitalised in inventories and transferred to intangibles on commencement of production. Finished stock of DVDs available for re-sale is also included within inventories. Inventories are valued at the lower of cost or recoverable amount.

1 Principal accounting policies (continued)

Programme distribution advances

Advances paid in order to secure distribution rights on third party catalogues or programmes are included within current assets. Distribution rights entitle the Company to license the programmes to broadcasters and DVD labels for a sales commission, whilst the underlying rights continue to be held by the programme owner. The advances are stated at the lower of the amounts advanced to the rights' owners less actual amounts due to rights owners based on sales to date.

Impairment of non-current assets

For the purposes of assessing impairment, assets are grouped into separately identifiable cash-generating units. Goodwill is allocated to those cash-generating units that have arisen from business combinations.

At each statement of financial position date, the Group reviews the carrying amounts of its non-current assets, to determine whether there is any indication those assets have suffered an impairment loss. If any such indication exists the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Goodwill is tested for impairment annually. Goodwill impairment charges are not reversed.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value and value in use based on an internal discounted cash flow evaluation.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents. Bank overdrafts are shown in current liabilities on the statement of financial position. Overdrafts are included in cash and cash equivalents for the purpose of the cash flow statement.

Assets held for sale

Non-current assets and disposal groups are classified as held for sale when:

- they are available for immediate sale;
- management is committed to a plan to sell;
- it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn;
- an active programme to locate a buyer has been initiated;
- the asset or disposal group is being marketed at a reasonable price in relation to its fair value; and
- a sale is expected to complete within 12 months from the date of classification.

Non-current assets and disposal groups classified as held for sale are measured at the lower of:

- their carrying amount immediately prior to being classified as held for sale in accordance with the Group's accounting policy; and
- fair value less costs to sell.

Following their classification as held for sale, non-current assets (including those in a disposal group) are not depreciated.

Discontinued operations

The results of operations disposed during the year are included in the consolidated statement of comprehensive income up to the date of disposal.

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale, that has been disposed of, has been abandoned or that meets the criteria to be classified as held for sale.

Discontinued operations are presented in the consolidated statement of comprehensive income as a single line which comprises the post-tax profit or loss of the discontinued operation along with the post-tax gain or loss recognised on the re-measurement to fair value less costs to sell or on disposal of the assets or disposal groups constituting discontinued operations.

1 Principal accounting policies (continued)

Equity

Equity comprises the following:

- **Share capital** represents the nominal value of issued Ordinary shares and Deferred shares;
- **Share premium** represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue;
- **Equity element of convertible loan** represents the part of the loan classified as equity rather than liability;
- **Translation reserve** represents the exchange rate differences on the translation of subsidiaries from a functional currency to Sterling at the year end;
- **Own shares held** represents shares in employee benefit trust;
- **Retained earnings** represents retained profits and losses; and
- **Non-controlling interest** represents net assets owed to non-controlling interests.

Deferred taxation

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the statement of financial position differs from its tax base, except for differences arising on:

- the initial recognition of goodwill;
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit; and
- investments in subsidiaries and jointly controlled entities where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the statement of financial position date and are expected to apply when the deferred tax liabilities/(assets) are settled/(recovered).

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either:

- the same taxable Group company; or
- different Group entities which intend either to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

Foreign currency

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 statement of financial position date. Exchange differences arising on the settlement and retranslation of monetary items are taken to the statement of comprehensive income.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at the exchange rate ruling at the statement of financial position date. Income and expense items are translated at the average exchange rates for the year. Exchange differences arising are classified as equity and transferred to the Group's retained earnings reserve.

Financial instruments

Financial assets and financial liabilities are initially recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument at their fair value and thereafter at amortised cost.

Trade receivables

Trade receivables are recorded at their amortised cost less any provision for doubtful debts. Trade receivables due in more than one year are discounted to their present value.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Group will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are reported in a separate allowance account with the loss being

1 Principal accounting policies (continued)

Trade receivables (continued)
recognised within administrative expenses in the statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Convertible loans
Convertible loan notes are regarded as compound instruments, consisting of a liability component and an equity component. At the date of issue the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible debt. The difference between the proceeds of issue of the convertible loan note and the fair value assigned to the liability component, representing the embedded option to convert the liability into equity of the Group, is included in equity.

Issue costs are apportioned between the liability and equity components of the convertible loan notes based on their relative carrying amounts at the date of issue. The portion relating to the equity component is charged directly against equity.

The interest expense of the liability component is calculated by applying the effective interest rate to the liability component of the instrument. The difference between this amount and the interest paid is added to the carrying amount of the convertible loan note.

Bank borrowings
Bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the year to repayment is at a constant rate on the balance of the liability carried in the consolidated statement of financial position. Finance charges are accounted for on an effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the year in which they arise.

Trade payables
Trade payables are stated at their amortised cost.

Equity instruments
Equity instruments issued by the Group are recorded as the proceeds received, net of direct costs.

Retirement benefits

The Group contributes to the personal pension plans for the benefit of a number of its employees. Contributions are charged against profits as they accrue.

2 Prior year adjustments

During 2013, it was noted that some accruals that had been adjusted in the prior year adjustments noted below were actually valid and these have been re-instated into the comparative figures by increasing accruals and reducing retained earnings by £257k.

In 2012 and in certain cases, the Directors reanalysed corresponding amounts to make their disclosure more meaningful.

Following a review of the application of the Group’s income recognition policies, the Directors recognised the appropriate treatment of amounts recognised in turnover and cost of sales relating to production revenue and production costs during the previous years. The effect of this adjustment was, in years prior to 2012, to decrease the value of cumulative turnover by £2,263k, decrease the value of cumulative cost of sales by £2,516k, increase the value of accrued income brought forward by £134k, decrease the value of accrued costs brought forward by £119k and to increase profit and loss reserves brought forward by £253k.

The Directors also applied the Group’s policy on programme rights to Matchlight in 2012, and restated the prior year comparatives. This resulted in £896k of production cost being capitalised in 2011, offset by an amortisation of £772k. The net result of £124k increased profit and loss reserves and intangible assets in 2011.

As reported last year, the Directors reviewed the timing of the recognition of tax credits recoverable in the US. This resulted in the tax credit for a year being booked as recoverable in that year. The credit had previously been recognised when received. This resulted in an increase to profit and loss reserves brought forward into 2012 of £121k and a similar increase to current assets.

A review of opening consolidation entries was also performed in 2012. As a result, retained earnings in 2011 were decreased by £717k. Intangible assets were reduced by £81k, other assets by £42k, prepayments by £23k and accruals

2 Prior year adjustments (continued)

and deferred income increased by £863k. A review of 2011 consolidation entries revealed that administration costs were overstated by £353k, increasing retained earnings brought forward into 2012.

In addition, a further £115k was added to the impairment of programme rights in 2011, decreasing retained earnings brought forward into 2012.

The impact of these adjustments in on the net assets allocable to the non-controlling interests in 2011 was a reduction of £60k.

In total, as a consequence of the adjustments noted above, 2011 retained earnings were reduced by £41k.

3 Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the date of the financial statements. If in the future such estimates and assumptions which are based on management's best judgement at the date of the financial statements, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the year in which the circumstances change. Where necessary, the comparatives have been reclassified or extended from the previously reported results to take into account presentational changes.

Critical judgements in applying the Group's accounting policies
In the process of applying the Group's accounting policies, which are described in note 1, management has made the following judgements that have the most significant effect on the amounts recognised in the financial statements (apart from those involving estimations, which are dealt with below).

Sale and leaseback
As explained in note 22, the Group enters into sale and leaseback arrangements to finance programme production. The obligations to the lessee are matched by deposits held with financial institutions. The Group is not able to control the deposit accounts, nor is it able to withhold payments to the investor from the accounts. Accordingly, the Group has determined that, under IAS39 'Financial instruments: Recognition and Measurement', each sale and leaseback transaction entered into by the Group has, from inception, failed to meet the definition of an asset and liability and has therefore not been recognised in these financial statements. The Group has applied guidance from SIC27 'Evaluating the substance of transactions involving the legal form of a Lease'.

Key sources of estimation uncertainty
The key assumptions concerning the future, and other key sources of estimation uncertainty at the statement of financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Revenue recognition
Production revenue represents amounts receivable from producing programme/production content, and is recognised over the period of the production in accordance with the milestones within the underlying signed contract.

Recoverability of programmes in the course of production
During the year, management reviewed the recoverability of its programmes in the course of production which are included in its statement of financial position. The projects continue to progress satisfactorily and management continue to believe that the anticipated revenues will enable the carrying amount to be recovered in full.

Carrying value of goodwill and trade names
Determining whether goodwill and trade names are impaired requires an estimation of the value in use of the cash-generating unit to which the goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. The carrying amount of goodwill and trade names at the statement of financial position date was £4.3m. Details relating to the allocation of goodwill to cash-generating units and potential impairment calculations are given in note 13.

Carrying value of programme rights
Determining whether programme rights are impaired requires an estimation of the value in use of the cash-generating unit to which the rights have been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. The carrying amount of programme rights at the statement of financial position date was £0.4m. Details of the impairment review calculations are given in note 13.

4 Segment information

Under IFRS 8 the accounting policy for identifying segments is based on the internal management reporting information that is regularly reviewed by the senior management team.

The Group has three main reportable segments:

- ***Production*** - This division is involved in the production of television content.
- ***Rights and Licensing*** – This division is involved with the sale of distribution rights, DVDs, music and publishing deals through the aggregate of the following reporting lines: DCD Rights, DC DVD, DCD Music and DCD Publishing.
- ***Post-Production*** – This division is involved in post-production and contains Sequence Post.

The Group's reportable segments are strategic business divisions that offer different products to different markets, while its Other division is its head office function which manages other business which cannot be reported within the other reportable segments. They are managed separately because each business required different management and marketing strategies.

Uniform accounting policies are applied across the entire Group. These are described in note 1 of the financial statements.

The Group evaluates performance of the basis of profit or loss from operations but excluding exceptional items such as goodwill impairments. The Board considers the most important KPIs within its business segments to be revenue and segmental EBITDA and profit.

Inter-segmental trading occurs between the Rights and Licensing division and the production divisions where sales are made of distribution rights. Royalties and commissions paid are governed by an umbrella agreement covering the Group that applies an appropriate rate that is acceptable to the local tax authorities.

Segment assets include all trading assets held and used by the segments for their day to day operations. Goodwill and trade-names are not included within segmental assets as management views these assets as owned by the Group. Segment liabilities include all trading liabilities incurred by the segments. Loans and borrowings and deferred tax liabilities incurred by the Group are not allocated to segments. Details of these balances are provided in the reconciliations below:

4 Segment information (continued)

2013 Segmental Analysis – income statement

	Production	Rights and Licensing	Post Production	Other	Total 2013
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Total revenue	8,021	5,841	750	147	**14,759**
Inter-segmental revenue	-	(485)	(30)	-	**(515)**
Total revenue from external customers	8,021	5,356	720	147	**14,244**
Discontinued operations	-	-	-	(3)	**(3)**
Group's revenue per consolidated statement of comprehensive income	**8,021**	**5,356**	**720**	**144**	**14,241**
Operating (loss)/profit before tax – continuing operations	**(3,035)**	**(112)**	**(47)**	**227**	**(2,967)**
Operating loss before tax - discontinued operations	**-**	**-**	**-**	**(16)**	**(16)**
Operating (loss)/profit before tax	**(3,035)**	**(112)**	**(47)**	**211**	**(2,983)**
Capitalisation of programme rights	(4,212)	-	-	-	**(4,212)**
Amortisation of programme rights	4,213	-	-	-	**4,213**
Impairment of programme rights	214	-	-	-	**214**
Amortisation of goodwill and trade names	462	-	-	-	**462**
Impairment of goodwill and trade names	1,255	-	-	-	**1,255**
Depreciation	15	9	35	9	**68**
Segmental EBITDA	**(1,088)**	**(103)**	**(12)**	**220**	**(983)**
Restructuring costs	-	-	-	69	**69**
Segmental adjusted EBITDA	**(1,088)**	**(103)**	**(12)**	**289**	**(914)**
Net finance income/(expense)	1	(3)	(8)	(137)	**(147)**
Depreciation	(15)	(9)	(35)	(9)	**(68)**
Segmental adjusted (loss)/profit before tax	**(1,102)**	**(115)**	**(55)**	**143**	**(1,129)**

Notes to the consolidated financial statements for the year ended 31 December 2013

4 Segment information (continued)

2013 Segmental Analysis – financial position

	Production	Rights and Licensing	Post Production	Other	Total 2013
	£'000	£'000	£'000	£'000	£'000
Non-current assets	503	20	63	16	**602**
Reportable segment assets	1,819	5,752	294	113	**7,978**
Goodwill	2,165	624	-	-	**2,789**
Trade-names	1,466	-	-	-	**1,466**
Total Group assets	**5,450**	**6,376**	**294**	**113**	**12,233**
Reportable segment liabilities	1,356	4,818	189	754	**7,117**
Loans and borrowings	-	-	-	1,552	**1,552**
Deferred tax liabilities	315	-	-	-	**315**
Total Group liabilities	**1,671**	**4,818**	**189**	**2,306**	**8,984**

4 Segment information (continued)

2012 Segmental Analysis – income statement

	Production	Rights and Licensing	Post Production	Other	Total 2012
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Total revenue	11,983	4,021	508	285	**16,797**
Inter-segmental revenue	-	(644)	-	-	**(644)**
Total revenue from external customers	11,983	3,377	508	285	**16,153**
Discontinued operations	-	(69)	-	-	**(69)**
Group's revenue per consolidated statement of comprehensive income	**11,983**	**3,308**	**508**	**285**	16,084
Operating (loss)/profit before tax – continuing operations	**(2,473)**	**(495)**	**(264)**	**1,335**	(1,897)
Operating (loss)/profit before tax - discontinued operations	**(77)**	**760**	**-**	**36**	719
Operating (loss)/profit before tax	**(2,550)**	**265**	**(264)**	**1,371**	**(1,178)**
Capitalisation of programme rights	(5,031)	-	-	-	**(5,031)**
Amortisation of programme rights	4,712	-	-	5	**4,717**
Impairment of programme rights	658	58	-	66	**782**
Amortisation of goodwill and trade names	462	-	-	-	**462**
Impairment of goodwill and trade names	740	-	-	-	**740**
Depreciation	20	9	7	1	**37**
Segmental EBITDA	**(989)**	**332**	**(257)**	**1,443**	**529**
Restructuring costs	-	-	-	339	**339**
Segmental adjusted EBITDA	**(989)**	**332**	**(257)**	**1,782**	**868**
Net finance expense	(1)	(8)	-	(234)	**(243)**
Depreciation	(20)	(9)	(7)	(1)	**(37)**
Segmental adjusted (loss)/profit before tax	**(1,010)**	**315**	**(264)**	**1,547**	**588**

Notes to the consolidated financial statements for the year ended 31 December 2013

4 Segment information (continued)

2012 Segmental Analysis – financial position

	Production	Rights and Licensing	Post Production	Other	Total 2012
	£'000	£'000	£'000	£'000	£'000
Non-current assets	596	27	96	-	**719**
Reportable segment assets	5,038	4,167	228	90	**9,523**
Goodwill	3,270	624	-	-	**3,894**
Trade-names	2,078	-	-	-	**2,078**
Total Group assets	**10,386**	**4,791**	**228**	**90**	**15,495**
Reportable segment liabilities	3,322	3,587	188	305	**7,402**
Loans and borrowings	-	-	-	1,643	**1,643**
Deferred tax liabilities	483	-	-	-	**483**
Total Group liabilities	**3,805**	**3,587**	**188**	**1,948**	**9,528**

5 Revenue

The Group's headquarters is based in the United Kingdom. Outside the United Kingdom, sales are generally denominated in US dollars.

Revenue, which excludes value added tax and transactions between Group companies, represents the sale of television production services, commissions on television and film distribution rights and the sale of television and film distribution rights on behalf of third party producers.

The following table provides an analysis of the Group's revenue by geographical market, irrespective of the origin of the goods or services:

	Year ended 31 December 2013 £'000	Year ended 31 December 2012 £'000
United Kingdom	4,998	3,425
Rest of Europe	1,329	1,069
North and South America, including Canada	6,514	10,384
Rest of the World	1,400	1,206
	14,241	**16,084**

6 Expenses by nature

	Year ended 31 December 2013 £'000	Year ended 31 December 2012 £'000
Auditor's remuneration:		
Fees payable to the company's auditor:		
For the audit of the company's annual accounts	15	15
For the audit of other Group companies	30	30
Operating lease rentals:		
Other	401	540
Loss/(Gain) on foreign exchange fluctuations	25	(4)
Depreciation, amortisation and impairment:		
Intangible assets - programme amortisation in cost of sales (note 13)	4,213	4,717
Intangible assets - programme impairment in cost of sales (note 13)	214	782
Intangible assets - goodwill impairment in administrative expenses (note 13)	1,105	740
Intangible assets – trade names impairment in administrative expenses (note 13)	150	-
Intangible assets - trade names amortisation in administrative expenses (note 13)	462	462
Property, plant and equipment (note 14)	68	37
Staff costs (note 7)	2,942	2,994
Restructuring costs (see below)	69	339

In 2013, restructuring costs related to redundancies.

In 2012, restructuring costs related to redundancies, legal and professional costs relating to the conversion of the loan notes and other refinancing and legal and professional costs that arose from the disposal of Digital Classics Distribution Ltd and Digital Classics Distribution Rights Ltd.

7 Directors and employees

Staff costs during the year, including Directors, were as follows:

	Year ended 31 December 2013 £'000	Year ended 31 December 2012 £'000
Wages and salaries	2,662	2,792
Social security costs	275	187
Other pension costs (note 25)	5	15
	2,942	**2,994**

The average number of employees of the Group during the year were as follows:

	Year ended 31 December 2013 No.	Year ended 31 December 2012 No.
Sales and distribution	10	11
Production	27	30
Post-production	9	6
Directors and administration	10	15
	56	**62**

Remuneration in respect of the Directors, who are the key management personnel of the Group was as follows for the year:

	Emoluments £'000	Pension Contributions £'000	Money value of non-cash benefits received £'000	2013 Total £'000
D Green	144	-	2	**146**
D Craven	150	-	5	**155**
R McGuire (resigned 15 January 2013)	-	-	-	**-**
N McMyn	-	-	-	**-**
A Lindley	-	-	-	**-**
			-	
	294	**-**	**7**	**301**

Employee Benefit Trust

In 2012, 7,218,750 shares, that had been held by the directors of Done and Dusted Ltd (see note 11), were transferred into an employee benefit trust. After the share consolidation in 2013, the number of shares reduced to 7,218 and following a transfer of 4,000 to an ex-director, the number of shares at 31 December 2013 was 3,218.

Employee Share Option Scheme

During the year 18,800,000 options over the Company's 1p ordinary share capital were granted. By 30 June 2013, 9,200,000 had expired. Following the share consolidation, 9,600 options over the Company's £5 ordinary share capital remained outstanding at the year end. None of the options were exercisable at 31 December 2013. 25% of the outstanding options will vest in January of each of the four following years starting in January 2014 should certain share price hurdles be met. Should the price hurdle in one year not be met, the options will be available for vesting should the share price meet the subsequent hurdle. If all hurdles were to be met in line with the agreement, the weighted average number of options outstanding at 31 December 2013 is 4,900. The Directors have assessed the likelihood that the hurdle rates will be met and that any charge to the income statement in the current or future years to be immaterial and as a consequence, no charge has been booked. The Directors will reassess this on a regular basis.

8 Finance income

	Year ended 31 December 2013 £'000	Year ended 31 December 2012 £'000
Interest on short term bank deposits	**1**	**2**

9 Finance costs

	Year ended 31 December 2013 £'000	Year ended 31 December 2012 £'000
Bank overdraft	29	17
Convertible loan interest charge	77	179
Bank loan	32	38
Other interest charges	10	11
	148	**245**

10 Taxation on ordinary activities

Recognised in the statement of comprehensive income:

	Year ended 31 December 2013 £'000	Year ended 31 December 2012 £'000
Current tax credit/(expense):		
Continuing operations		
UK corporation tax	16	-
US federal and state income taxes	136	(33)
Discontinued operations		
US federal and state income taxes	-	(4)
Current year credit/(expense)	**152**	**(37)**
Deferred tax credit:		
Reversal of temporary differences under IFRS	168	139
Total tax in statement of comprehensive income	**320**	**102**

Tax credit represents:	2013 £'000	2012 £'000
Loss on ordinary activities – continuing operations	(3,114)	(2,140)
(Loss)/profit on ordinary activities – discontinued operations	(16)	719
	(3,130)	(1,421)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.25% (2012: 24.50%)	(728)	(348)
Effects of:		
Expenses not deductible for tax purposes (amortisation and impairment of intangibles)	566	484
Expenses not deductible for tax purposes (other)	3	(45)
Net losses in year carried forward/(brought forward losses utilised)	226	(21)
Depreciation in excess of capital allowances	17	12
Rate differential on foreign taxes	220	20
Prior year tax credit	16	-
Total tax credit	**320**	**102**

10 Taxation on ordinary activities (continued)

A deferred tax asset of approximately £4.2m (2012: £4.2m) arising principally from losses in the company has not been recognised. The Directors believe that it is prudent not to recognise the deferred tax asset within the financial statements. The asset has been calculated the asset value based upon the 2014 tax rate of 21% (2012 asset based on the 2013 rate of 23%).

11 Discontinued operations

In June 2011, the Board took the decision to part company with key management at one of its subsidiaries, Done and Dusted Group Ltd ("Done and Dusted"). This decision was to allow the Company to focus on its key markets, that of television production and distribution. Done and Dusted remained within the Group, however trade names were passed to key management in consideration of key management returning their shares in the Company. Operations within Done and Dusted ceased from 1 January 2012.

In March 2012, West Park Pictures Ltd was placed into administration. In previous periods, several key creative executives had left and in 2011, management made the decision to not invest in the West Park brand any longer. This event meant that no further value in use was identified in the trade name and it was impaired to a value of £nil.

In October 2012, the Group disposed of two subsidiaries, Digital Classics Distribution Ltd and Digital Classics Distribution Rights Ltd in satisfaction of its liabilities and obligations to Classical Television Ltd.

Result of discontinued operations	**Year ended 31 December 2013 £'000**	**Year ended 31 December 2012 £'000**
Revenue	3	69
Expenses other than finance costs	(19)	650
(Loss)/profit from discontinued operations before tax	(16)	719
Tax expense	-	(4)
(Loss/)/profit from discontinued operations after tax	**(16)**	**715**
Basic (loss)/earnings per share (pence)	**(3.78)p**	278p*
Diluted (loss)/earnings per share (pence)	**(3.78)p**	278p*

* 2012 comparatives have been restated for the share consolidation – see note 21

As mentioned in note 12 below, diluted earnings per share has not been considered for either the 2013 or 2012 figures as, due to the overall loss position of the group, this effect would be anti-dilutive.

Statement of cash flows

The statement of cash flows includes the following amounts related to discontinued operations:

	Year ended 31 December 2013 £'000	**Year ended 31 December 2012 £'000**
Cash flow from operating activities	1	(1,351)
Cash flow from investing activities	-	-
Cash flow from financing activities	-	-
Net cash flow from discontinued operations	**1**	**(1,351)**

12 Earnings per share

The calculation of the basic loss per share is based on the loss attributable to ordinary shareholders divided by the weighted average number of shares in issue during the year. The calculation of diluted loss per share is based on the basic loss per share, adjusted to allow for the issue of shares and the post tax effect of dividends and interest, on the assumed conversion of all other dilutive options and other potential ordinary shares.

12 Earnings per share (continued)

	Loss £'000	Weighted average number of shares	2013 Per share amount pence	Loss £'000	Weighted average number of shares	2012 Per share amount pence
Basic and diluted loss per share						
Loss attributable to ordinary shareholders	(2,717)	414,281	(656)	(1,313)	25,743	(509)

If convertible loan balances held at the year-end were converted at their respective conversion prices the number of shares issued would be 629,129 (2012: 257,645 shares if all the convertible loan balances held at the prior year end had been converted at their respective conversion prices. 2012 comparatives have been restated for the share consolidation).

The consequence of this transaction has not been considered for either the 2013 or 2012 figures as the effect would be anti-dilutive.

13 Goodwill and intangible assets

	Goodwill £'000	Trade Names £'000	Programme Rights £'000	Total £'000
Cost				
At 1 January 2012	19,751	8,036	40,530	68,317
Additions	-	-	5,031	5,031
Disposals	(2,363)	-	(10,028)	(12,391)
At 31 December 2012	**17,388**	**8,036**	**35,533**	**60,957**
At 1 January 2013	17,388	8,036	35,533	60,957
Additions	-	-	4,212	4,212
Disposals	-	-	(146)	(146)
At 31 December 2013	**17,388**	**8,036**	**39,599**	**65,023**
Amortisation and impairment				
At 1 January 2012	15,117	5,496	39,487	60,100
Amortisation provided in year in cost of sales	-	-	4,717	4,717
Impairment provided in year in cost of sales	-	-	782	782
Amortisation provided in year in administrative expenses	-	462	-	462
Impairment provided in year in administrative expenses	740	-	-	740
Disposals	(2,363)	-	(10,028)	(12,391)
At 31 December 2012	**13,494**	**5,958**	**34,958**	**54,410**
At 1 January 2013	13,494	5,958	34,958	54,410
Amortisation provided in year in cost of sales	-	-	4,213	4,213
Impairment provided in year in cost of sales	-	-	214	214
Amortisation provided in year in administrative expenses	-	462	-	462
Impairment provided in year in administrative expenses	1,105	150	-	1,255
Disposals	-	-	(146)	(146)
At 31 December 2013	**14,599**	**6,570**	**39,239**	**60,408**
Net book value				
At 31 December 2013	**2,789**	**1,466**	**360**	**4,615**
At 31 December 2012	3,894	2,078	575	6,547

13 Goodwill and intangible assets (continued)

Goodwill and trade names

Goodwill acquired in a business combination is allocated, at acquisition, to the cash-generating units (CGUs) that are expected to benefit from that business combination.

Details of goodwill allocated to cash generating units for which the amount of goodwill so allocated is as follows:

		Goodwill carrying amount	
	Segment (note 4)	31 December 2013 £'000	31 December 2012 £'000
Cash generating units (CGU):			
DCD Rights Ltd	Rights and Licensing	624	624
September Holdings Ltd	Production	2,165	3,134
Matchlight Ltd	Production	-	136
		2,789	**3,894**

		Trade name carrying amount	
	Segment (note 4)	31 December 2013 £'000	31 December 2012 £'000
Cash generating units (CGU):			
September Holdings Ltd	Production	1,466	1,885
Prospect Pictures Ltd	Production	-	193
		1,466	**2,078**

Goodwill and trade names are allocated to CGUs for the purpose of the impairment review. The recoverable amounts of the CGUs are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected profitability of the CGUs over the future seven years. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks inherent in the CGUs.

The Board performs an annual impairment review of all intangible assets, including goodwill and trade names. The recoverable amounts of all the above CGUs have been determined from value in use calculations. Detailed budgets and forecasts cover a two year period to December 2015. The forecasts are then extrapolated for a further three years using growth rates noted below and then a further two years to December 2020 with no growth. The Board uses this seven year period of projection as it believes it is reasonably aligned with the expected lifespan of a TV production. The impairments arising from this value in use calculation are recorded below.

		Impairment charge	
Goodwill	Segment (note 4)	31 December 2013 £'000	31 December 2012 £'000
Cash generating units (CGU):			
Matchlight Limited	Production	136	-
September Holdings Ltd	Production	969	740
		1,105	**740**

13 Goodwill and intangible assets (continued)

Trade names	Segment (note 4)	Amortisation charge 31 December 2013 £'000	Amortisation charge 31 December 2012 £'000	Impairment charge 31 December 2013 £'000	Impairment charge 31 December 2012 £'000
Cash generating units (CGU):					
September Holdings Ltd	Production	419	419	-	-
Prospect Pictures Ltd	Production	43	43	150	-
		462	**462**	**150**	**-**

Management has assessed the value of September Films Holdings, Prospect Pictures Limited and Matchlight Limited and has considered the risk associated with the refocusing of the business and re-assessed future cash flows and consequently has reduced the value of goodwill by £1.1m and trade names by £0.15m.

The key assumptions used for value in use calculations are the discount factor and growth rates applied to the forecasts.

The rate used to discount the forecast cash flows is 12.1% for all CGUs. If the discount rates used were increased by 3% to 15.14%, it is estimated that the recoverable amount of goodwill would have impaired further by approximately £0.33m. If the discount rates were decreased to 9.14%, it is estimated that the recoverable amount of goodwill would be increased by approximately £0.38m.

Varying growth rates are applied dependent upon the historical growth of the CGU. These growth rates are only applied for the five years subsequent to the initial period of formally approved budgets.

	Discount factor 31 December 2013 %	Discount factor 31 December 2012 %	Growth rate 31 December 2013 %	Growth rate 31 December 2012 %
Cash generating units (CGU):				
DCD Rights Ltd	12.1	12.5	5	5
September Holdings Ltd	12.1	12.5	5	5
Prospect Pictures Ltd	12.1	12.5	5	5
Matchlight Ltd	12.1	12.5	5	5

Programme rights

The Board performed an impairment review of programme rights held by the business. The valuations of programme rights are based on the recoverable amounts from their value in use using a discount factor of 12.1%. The forecasts are based on historic sales of the programmes and future sales are forecast over a seven year period on a reducing basis. Seven years is used for the forecasts because the programme rights are held for periods longer than five years, but not more than ten years. If the discount rate was increased by 3% to 15.1% the carrying values would decrease by £0.004m. If the discount rate was decreased by 3% to 9.14% the carrying value of assets would increase by £0.004m.

14 Property, plant and equipment

	Office and technical equipment £'000	Motor vehicles £'000	Total £'000
Cost			
At 1 January 2012	863	47	910
Additions	110	-	110
Disposals	(445)	(1)	(446)
At 31 December 2012	**528**	**46**	**574**
At 1 January 2013	528	46	574
Additions	24	-	24
Disposals	(95)	-	(95)
At 31 December 2013	**457**	**46**	**503**
Depreciation			
At 1 January 2012	822	10	832
Provided in year	28	9	37
Disposed in year	(444)	-	(444)
At 31 December 2012	**406**	**19**	**425**
At 1 January 2013	406	19	425
Provided in year	59	9	68
Disposed in year	(95)	-	(95)
At 31 December 2013	**370**	**28**	**398**
Net book value			
At 31 December 2013	**87**	**18**	**105**
At 31 December 2012	**122**	**27**	**149**

The net book value of property, plant and equipment includes an amount of £17,861 (2012: £26,707) in respect of assets held under finance leases and hire purchase contracts. The related depreciation charge on these assets for the year was £8,846 (2012: £8,902).

15 Inventories and work in progress

	31 December 2013 £'000	31 December 2012 £'000
Pre-production costs	14	29
Finished stocks	119	44
	133	**73**

Notes to the consolidated financial statements for the year ended 31 December 2013

16 Trade and other receivables

	31 December 2013 £'000	31 December 2012 £'000
Trade receivables	2,384	2,067
Less: provision for impairment of trade receivables	(14)	(8)
Trade receivables – net	2,370	2,059
Taxation and social security	41	241
Other receivables	424	501
Due from related parties (note 24)	97	46
Prepayments and accrued income	2,575	1,888
Total trade and other receivables	**5,507**	**4,735**
Total financial assets other than cash and cash equivalents classified as loans and receivables	**2,794**	**2,710**

The average credit period taken on sales of goods is 82 days (2012: 52 days). No interest is charged on receivables within the agreed credit terms. Thereafter, interest may be charged.

An allowance for impairment is made where there is an identified event which, based on previous experience, is evidence of a reduction in the recoverability of the outstanding amount. The Group provides, in full, for any debts it believes have become non-recoverable. The figures shown above are after deducting a specific provision for bad and doubtful debts of £14,000 (2012: £8,000). The increase in the bad debt provision is related to a small increase in the number of debts being identified where the Directors deem recovery of amounts owed to be unlikely. The Directors have reviewed their customer portfolio and marketplace and do not consider the risk of bad debt to be material to the business.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable set out above.

The ageing of trade receivables that have not been provided for are:

	31 December 2013 £'000	31 December 2012 £'000
Not due yet		
0-29 days	2,221	1,766
Overdue		
30-59 days	168	160
60-89 days	215	32
90-119 days	55	40
120+ days	477	324
	3,136	**2,322**
Trade debtors in current assets	2,370	2,059
Trade debtors in non-current assets	766	263
	3,136	**2,322**

17 Trade and other payables

	31 December 2013 £'000	31 December 2012 £'000
Trade payables	2,932	3,115
Other payables	296	314
Accruals and deferred income	2,627	3,335
Taxation and social security	387	422
Amount owed to related parties (note 24)	166	101
Total trade and other payables	**6,408**	**7,287**
Total financial liabilities, excluding loans and borrowings, classified as financial liability measured at amortised cost	**3,228**	**3,429**

18 Interest bearing loans and borrowings

Due within one year

	31 December 2013 £'000	31 December 2012 £'000
Bank overdrafts (secured)	629	634
Bank loan (secured)	480	960
Amount owed to related parties (note 24)	26	24
Obligations under finance leases	26	10
	1,161	**1,628**

The principal terms and the debt repayment schedule for the Group's loans and borrowings are as follows as at 31 December 2013:

	Currency	Nominal rate %	Year of maturity
Bank overdrafts (secured) *	Sterling	3.00 over Base Rate	2014
Bank loan (secured)**	Sterling	3.50 over LIBOR	2014
Amount owed to related parties (note 24)	Sterling	10.85	2015
Convertible debt (secured)	Sterling	8.22	2015
Convertible debt (secured)	Sterling	10.00	2015
Obligations under finance leases	Sterling	18.50	2014

Bank borrowings

*The bank overdraft has been extended to 30 June 2014, but is repayable on demand. The Directors expect the overdraft to be available to the Group for the foreseeable future.
**The bank loan is scheduled to be repaid in quarterly instalments up to November 2014, but is repayable on demand.

Bank overdrafts and bank loans are secured by a fixed charge over the Group's intangible programme rights and a floating charge over the remaining assets of the Group.

Convertible debt

Convertible debt is secured by a floating charge over the assets of the Group and is subordinate to bank overdrafts and bank borrowings.

In the year, the Group's largest shareholders agreed to lend a further £1.0m in the form of new convertible loan notes, having an interest rate of 10% and a conversion price of 0.5p. These notes are due for repayment on 30 May 2015 if not previously converted. At the AGM on the 28 June 2013, following the approval of the capital re-organisation, the conversion price became £5.

Due after more than one year

	31 December 2013 £'000	31 December 2012 £'000
Convertible debt (secured)	1,072	49
Amount owed to related parties (note 24)	29	54
Obligations under finance leases	-	27
	1,101	**130**

19 Deferred tax liabilities

Deferred tax liabilities are attributable to the following:

	Liabilities		Net	
	31 December 2013 £'000	31 December 2012 £'000	31 December 2013 £'000	31 December 2012 £'000
Intangible assets	315	483	315	483
Net tax liabilities	**315**	**483**	**315**	**483**

A deferred tax asset of £4.2m, arising principally from losses in the Group of £19.3m, has not been recognised (2012: £4.2m and £18.1m). These losses can be offset against future trading profits generated. The Directors believe at this stage that it is prudent not to recognise the deferred tax asset within the financial statements as the Directors do not believe that profits will be recognised in the near future.

Movement in deferred tax during the year:

	1 January 2013 £'000	Recognised in income £'000	31 December 2013 £'000
Intangible assets	483	(168)	315
Tax value of temporary difference	**483**	**(168)**	**315**

20 Financial risk management

Financial risk factors

The Group's financial assets and liabilities comprise cash, including short term deposits, trade and other receivables and trade and other payables that arise directly from its operations, overdrafts, bank loans and convertible debt. The main risks arising from the Group's financial assets and liabilities are interest rate risk, liquidity risk, credit risk and currency risk. The Board has reviewed and agreed policies for managing each of these risks and they are summarised below. The Group has no financial assets other than trade receivables and cash at bank. The values in the Consolidated Statement of Financial Position for the financial assets and liabilities are not materially different from their fair values.

Interest rate risk

The Group finances its operations at present through equity, bank overdraft, bank loan, convertible debt and production and other loan facilities provided by banks and other organisations. The Group manages its exposure to interest rate fluctuations by mixing the duration of its deposits and borrowings to reduce the impact of interest rate fluctuations. Production loan facilities are short term and secured on the licence fee payable by the commissioning broadcaster at various stages of the production, which minimises the impact of any variation in interest rates. The interest rate on the convertible loans referred to in note 18 is fixed at 10.00%.

Liquidity risk

The Group seeks to manage financial risk to ensure sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. Some liquidity risk arises from the nature of production income, which does not always arise in an even manner, and the Group's policy is to ensure there are sufficient cash reserves to meet liabilities during such periods.

Liquidity risk also arises from the interest charges and repayment terms of convertible debt, which the Group seeks to manage by means of periodic charges for central administration services and support to each Group entity. These are incorporated into rolling twelve month Group cash flow forecasts, which are reviewed by the Board monthly, and the cash flows are monitored at Group level by weekly cash reports from each operating entity. Short term flexibility is provided through the availability of bank overdraft facilities.

Credit risk

The Group’s principal financial assets are bank balances, cash and trade and other receivables. The Group’s credit risk is primarily attributable to its trade receivables. The Group operates to ensure that the payment terms of customers are matched to the Group's own contractual obligations in terms of delivery of programmes and rights. The principal source

20 Financial risk management (continued)

Credit risk (continued)

of Group income is commissioning broadcasters, who are not considered to be a significant credit risk because of their size and financial resources. Other Group income is derived from distribution sales worldwide, and credit risk is assessed in relation to knowledge of the customer or by credit references. To minimise credit risk contractual terms may require that payment is made before delivery of materials.

Currency risk

The Group operates in overseas markets and is subject to exposures on transactions undertaken during the year. The Group's exposure to exchange rate fluctuations is small based on its revenue and cost base and its policy is not to hedge against foreign currency transactions.

The sterling equivalent of the Group's assets and liabilities denominated in foreign currencies at 31 December 2013 and 31 December 2012 was as follows:

	Assets		**Liabilities**	
	31 December 2013 £'000	**31 December 2012 £'000**	**31 December 2013 £'000**	**31 December 2012 £'000**
US dollar	3,761	3,883	(2,488)	(1,786)
Euros	301	264	(213)	-
Other	433	-	(335)	-
Total assets/(liabilities)	**4,495**	**4,147**	**(3,036)**	**(1,786)**

Whilst the main currency that the Group is exposed to is US dollar, a 10% movement in its rate would not have a material impact on its reported results.

Interest rate and liquidity risk

Interest rate sensitivity
The sensitivity analysis has been based on the average exposure to floating rate debt during the year. It has been assumed that floating interest rates were 200 basis point higher than those actually incurred.

The effect of such a change would be to increase the loss before tax for the year by £30,300 (2012: loss of £16,600).

Capital risk management
The capital structure of the Group consists of convertible loan note loan financing, bank loan financing and the shareholders' equity comprising issued share capital and reserves.

The capital structure of the Group is reviewed on an ongoing basis with reference to the costs applicable to each element of capital, future requirements of the Group, flexibility of capital to be drawn down and availability of further capital should it be required. Management prepare cash flow projections to plan for repayment of loan facilities used. These projections are reviewed on a regular basis to check that the Group will be able to settle liabilities as they fall due.

The Group's objectives when maintaining capital are:

- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

20 Financial risk management (continued)

Liquidity and interest risk tables

The following table details the Group’s remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted contractual maturities of the financial liabilities.

31 December 2013	Weighted average effective interest rate %	Less than 1 month or on demand £'000	1-3 months £'000	3-12 months £'000	1-5 years £'000	More than 5 years £'000	Total £'000
Fixed rate							
Finance lease obligations	18.5%	1	11	14	-	-	**26**
Trade payables	0%	2,932	-	-	-	-	**2,932**
Floating rate							
Bank overdrafts	3.0%	629	-	-	-	-	**629**
Non-convertible debt	3.5%	480	-	-	-	-	**480**
Other debt	10.9%	2	4	20	29	-	**55**
Convertible debt	8.2%	-	-		39	-	**39**
Convertible debt	10.0%	-	-	-	946	-	**946**
Interest on convertible debt	-	-	-	-	14	-	**14**
Interest on convertible debt	-	-	-	-	73	-	**73**

31 December 2012	Weighted average effective interest rate %	Less than 1 month or on demand £'000	1-3 months £'000	3-12 months £'000	1-5 years £'000	More than 5 years £'000	Total £'000
Fixed rate							
Finance lease obligations	18.5%	1	1	8	27	-	**37**
Trade payables	0%	3,115	-	-	-	-	**3,115**
Floating rate							
Bank overdrafts	3.0%	634	-	-	-	-	**634**
Non-convertible debt	3.5%	960	-		-	-	**960**
Other debt	10.9%	2	4	18	54		**78**
Convertible debt	8.2%	-	-	-	39	-	**39**
Interest on convertible debt	-	-	-	-	10	-	**10**

The non-convertible debt is scheduled to be repaid in equal quarterly instalments up to November 2014, but is repayable on demand.

21 Share capital

	31 December 2013 £'000	31 December 2012 £'000
Allotted, called up and fully paid		
414,281 ordinary shares of £5 each (2012: 414,281,533 ordinary shares of 1p each)	2,072	4,143
1,522,997,160 deferred shares of 0.5p each (2012: nil)	7,615	-
50,933,729 deferred shares of 0.9p each (2012: 50,933,729)	458	458
Nil deferred shares of 9p each (2012: 61,595,283)	-	5,544
	10,145	**10,145**

21 Share capital (continued)

Pursuant to a resolution passed at the on 24 July 2012 and in accordance with the provisions of the Companies Act 2006 the Company ceased to have authorised share capital.

At the AGM in June 2013, shareholders granted approval for the sub-division of the Company's issued ordinary share capital into new ordinary shares of 0.5p each and new deferred shares of 0.5p each, followed immediately by the consolidation of the Company's issued ordinary share capital into new ordinary shares of £5 each. Each 9p deferred share was split into 18 0.5p deferred shares.

The deferred shares are not entitled to receive a dividend or other distribution, to attend or vote at any General Meeting and on return of capital on a winding up, shall only be entitled to receive the amount paid up on the shares after holders of the ordinary shares have received £100,000 for each ordinary share.

22 Contingent liabilities – sale and leaseback agreements

One subsidiary company has a liability to pay annual rentals under a sale and leaseback agreement relating to television programme rights until 2015. This obligation has not been recognised in the financial statements because at 31 December 2013 an amount of £516,925 (31 December 2012: £517,472) is held in a bank deposit account which may only be used to settle those rental obligations. The deposit is held with the same bank to which the rentals are paid, and full set-off is applicable in the event of the failure of the bank.

Other subsidiary companies have entered into sale and leaseback agreements relating to television programme rights where the obligations to pay rentals are guaranteed by amounts payable from bank deposits. These obligations have not been recognised in the financial statements because the contingent liability would only crystallise upon the failure of the bank holding the deposit. Further:

- the Group is not able to control the deposit account in pursuit of its own objectives and any payments under the lease are due out of this restricted account. The Group has neither control over the bank balance nor over any interest earned thereon;
- the risk of reimbursing the amount of fee receivable by the Group in respect of tax losses transferred and the risk of paying an amount due under the guarantee in case of collapse of the bank holding the deposit are remote; and
- other than the initial cash flows at inception of the arrangement, the only cash flows expected under this arrangement are the lease payments satisfied solely from funds withdrawn from the separate account established for this arrangement.

Given the above, the asset and the liability in respect of the sale and leaseback transactions do not represent an asset and a liability of the Group and according to SIC-27 "Evaluating the Substance of Transactions Involving the Legal Form of a Lease", and have not been recognised in these financial statements.

The liabilities from these agreements are as follows:

	Due within 1 year £'000	Due within 2 to 5 years £'000	Due after 5 years £'000	Total £'000
As at 31 December 2013	**3,343**	**4,176**	**-**	**7,519**
As at 31 December 2012	1,446	7,519	-	8,965

23 Capital commitments

There were no capital commitments at 31 December 2013 or 31 December 2012.

24 Transactions with Directors and other related parties

Loans to Directors

At 31 December 2013 and 2012 there were no loans due to Directors.

24 Transactions with Directors and other related parties (continued)

Other transactions

During the year the following amounts were charged by companies in which the Directors have an interest or share directorships:

Company	Director	Amount charged 2013 £'000	2012 £'000	Description
Polygon Productions Inc	D Green	144	107	Production services at September Films USA Inc
Nicola Crane Administration	A Lindley	-	20	Provision of business services
Timeweave Ltd	D Craven	43	-	Services as director of DCD Media Plc
Roscoe Capital Ltd	N McMyn	82	11	Provision of accounting services
Greed Ltd	S Nourmand*	-	30	Production services at September Films USA Inc
JRC Business Consulting Services Ltd	J Cusins**	-	26	Services as director of DCD Media Plc
Wildman and Co	T Wildman**	-	27	Services as director of DCD Media Plc

*S Nourmand resigned on 29 November 2012.
**J Cusins and T Wildman both resigned on 28 September 2012.

The balances outstanding at the year-end were as follows:

Company	Director	Amount payable 2013 £'000	2012 £'000	Description
Polygon Productions Inc	D Green	-	-	Net trading balance
Greed Ltd	S Nourmand	-	90	Net trading balance
Timeweave Ltd	D Craven	43	-	Provision of director services
Roscoe Capital Ltd	N McMyn	93	11	Provision of accounting services
		136	**101**	

Other related parties

In December 2012, a group company, Sequence Post Ltd, obtained a loan of £77,700 from Timeweave Ltd, a shareholder in DCD Media Plc, to fund the acquisition of new IT equipment. The loan and interest combined is repayable in equal instalments over three years. At the year end, £54,523 was still outstanding (2012: £77,700 outstanding).

At 31 December 2013, a group company, DCD Rights Ltd, was owed £96,504 from Timeweave Ltd (31 December 2012: £46,000) and owed £86,113 to Timeweave Ltd (31 December 2012: £nil). In 2012, DCD Rights Ltd secured a deal with Timeweave Ltd to create a new fund for the acquisition of third-party distribution rights. After the respective year ends, these amounts were invoiced and settled.

Compensation of key management personnel of the Group

	31 December 2013 £'000	31 December 2012 £'000
Short-term employee benefits	1,391	1,042
Termination payments	32	215
Pension benefits	5	2
	1,428	**1,259**

Only directors and employees who attend the monthly executive meetings are deemed to be key management personnel. In 2012, some key personnel waived bonuses that had been accrued in previous years, thereby reducing the net short-term employee benefit figure.

24 Transactions with Directors and other related parties (continued)

The principal operating subsidiary companies are listed below:

Subsidiary	Country of incorporation	% owned	Nature of business
DCD Publishing Ltd	England & Wales	100%	Production, marketing of DVDs and brand representation
DCD Productions (UK) Ltd	England & Wales	100%	Production of programmes for television
DCD Rights Ltd	England & Wales	100%	Distribution of programme rights
September Films Ltd	England & Wales	100%	Production of programmes for television
September Films USA Inc	USA	100%	Production of programmes for television
Sequence Post Ltd	England & Wales	100%	Post production
Matchlight Ltd	England & Wales	100%	Production of programmes for television
Prospect Pictures Ltd	England & Wales	100%	Production of programmes for television
Prospect Cymru/Wales Ltd	England & Wales	100%	Production of programmes for television
Rize Television Ltd	England & Wales	80%	Production of programmes for television

25 Retirement benefit schemes

The Group contributes to the personal pension plans of two employees (2012: three). Contributions in the year amounted to £5,130 (2012: £14,954).

26 Operating lease rental commitments

The Group maintains property, plant and equipment on operating leases.

The total future value of minimum lease payments are is due as follows:

	31 December 2013 £'000	31 December 2012 £'000
Not later than one year	239	377
Later than one year and not later than five years	262	500
Later than five years	-	-
	501	**877**

27 Notes supporting the cash flow statement

Cash and cash equivalents for the purposes of the cash flow statement comprises:

	31 December 2013 £'000	31 December 2012 £'000
Cash available on demand	1,108	3,728
Overdraft	(629)	(634)
	479	**3,094**

28 Events after the reporting date

A new loan note instrument was signed on 30 May 2014 and has a maturity date of 31 May 2016. The convertible element of the loan notes is subject to shareholder approval of, inter alia, the authorisation to issue sufficient shares to satisfy the conversion rights, which will be put to shareholders in the upcoming AGM. The notes accrue interest at 10% per annum from the date of issue unless the authorities are not approved in which case interest increases to 20% per annum, back dated to date of issue. The new notes will be convertible at £1.00 per share. The conversion price of the convertible loan notes that were signed in May 2013 will be changed to match that of the new 2014 convertible loan notes.

29 Ultimate parent company and ultimate controlling party

The Directors consider the family interests of Mr Joe Lewis to have ultimate control by virtue of their indirect beneficial ownership of the issued share capital of Timeweave Ltd, registered in England and Wales and Colter Ltd, a company incorporated in the Bahamas.

Parent company balance sheet as at 31 December 2013

Company number 03393610

	Note	31 December 2013 £'000	31 December 2012 £'000
Fixed assets			
Intangible assets	3	-	-
Property, plant and equipment	4	16	4
Investments	5	6,422	7,228
		6,438	**7,232**
Current assets			
Stock	6	-	14
Debtors	7	883	1,394
Cash at bank and in hand		-	1
		883	**1,409**
Creditors: amounts falling due within one year	8	**(2,449)**	**(2,253)**
Net current liabilities		**(1,566)**	**(844)**
Total assets less current liabilities		**4,872**	**6,388**
Creditors: amounts falling due after more than one year	9	**(1,072)**	**(49)**
Net assets		**3,800**	**6,339**
Capital and reserves			
Called up share capital	11	10,145	10,145
Share premium account	12	51,118	51,118
Equity element of convertible loan	12	55	1
Own shares held	12	(37)	(83)
Profit and loss account	12	(57,481)	(54,842)
Shareholders' funds		**3,800**	**6,339**

The financial statements were approved and authorised for issue by the Board of Directors on 30 May 2014.

DCM Craven
Director

Notes to the parent company financial statements for the year ended 31 December 2013

1 Principal accounting policies

These financial statements have been prepared in accordance with the historical cost convention and applicable accounting standards, on a going concern basis under UK GAAP. The principal accounting policies have remained consistent with those adopted in the previous year.

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the CEO's statement. The financial position of the Group, its cash position and borrowings are set out in the financial review section of the statement. In addition note 20 sets out the Group's objectives, policies and processes for managing its financial instruments and risk. The Directors have adopted the going concern assumption in the preparation of the financial statements; please see note 1 of the Group accounts for more detail.

Leasing

Rentals payable under operating leases are charged to the income statement on a straight line basis over the period of the lease.

Pension costs

The Company made contributions to the personal pension plan of one employee in the year. Contributions are charged against profits as they accrue.

Deferred taxation

Deferred tax is recognised on all timing differences where the transactions or events that give the company an obligation to pay more tax in the future, or right to pay less tax in the future, have occurred by the statement of financial position date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the statement of financial position date. Deferred tax balances are not discounted.

Foreign currency

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 statement of financial position date. Any differences are taken to the income statement.

Intangible assets - Programme rights

Internally developed programme rights are stated at the lower of cost, less accumulated amortisation, or recoverable amount. Cost comprises the cost of all productions and all other directly attributable costs incurred up to completion of the programme and all programme development costs. Where programme development is not expected to proceed, the related costs are written off to the income statement. Amortisation of programme costs is charged in the ratio that actual revenue recognised in the current year bears to estimated ultimate revenue. At each statement of financial position date, the Directors review the carrying value of programme rights and consider whether a provision is required to reduce the carrying value of the investment in programmes to the recoverable amount. The expected life of these assets is not expected to exceed 7 years.

Purchased programme rights are stated at the lower of cost, less accumulated amortisation, or recoverable amount. Purchased programme rights are amortised over a period in line with expected useful life, not exceeding 7 years.

Amortisation and any charge in respect of writing down to recoverable amount during the year are included in the income statement within cost of sales.

Tangible fixed assets and depreciation

Property, plant and equipment are stated at cost net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over the expected useful economic lives on the following basis:

Office and technical equipment	25-33% straight line

Financial instruments

Financial assets are recognised in the statement of financial position at the lower of cost and net realisable value. Provision is made for diminution in value where appropriate. Income and expenditure arising on financial instruments is recognised on the accruals basis, and credited or charged to the income statement in the financial year to which it relates.

1 Principal accounting policies (continued)

Convertible debt

The proceeds received on issue of the Company's convertible debt are allocated into their liability and equity components and presented separately in the balance sheet.

The amount initially attributed to the debt component equals the discounted cash flows using a market rate of interest that would be payable on a similar debt instrument that did not include an option to convert.

Investments

Investments held as fixed assets are stated at cost less any provision for impairment. Investments held as current assets are stated at the lower of cost or net realisable value.

The difference between the net proceeds of the convertible debt and the amount allocated to the debt component is credited direct to equity and not subsequently re-measured. On conversion, the debt and equity elements are credited to share capital and share premium as appropriate.

Transaction costs that relate to the issue of the instrument are allocated to the liability and equity components of the instrument in proportion to the allocation of proceeds.

2 (Loss)/profit for the financial year

DCD Media Plc has taken advantage of section s408 Companies Act 2006 and has not included its own income statement in these financial statements. The Company's loss for the year after tax was £2,620,796 (2012: profit £947,420).

3 Intangible assets

	Programme Rights £'000
Cost	
At 1 January 2013 and at 31 December 2013	**320**
Amortisation and impairment	
At 1 January 2013 and at 31 December 2013	**320**
Net book value	
At 31 December 2013	-
At 31 December 2012	-

4 Property, plant and equipment

	Office and technical equipment £'000
Cost	
At 1 January 2013	16
Additions	20
Disposals	(4)
At 31 December 2013	**32**

4 Property, plant and equipment (continued)

Depreciation	Office and technical equipment £'000
At 1 January 2013	12
Provided in year	8
Disposals	(4)
At 31 December 2013	**16**
Net book value	
At 31 December 2013	**16**
At 31 December 2012	4

5 Fixed asset investments

	Shares in subsidiary undertakings £'000
Cost or valuation	
At 31 December 2013	**25,294**
Accumulated amortisation	
At 1 January 2013	18,066
Provided in year	806
At 31 December 2013	**18,872**
Net book value	
At 31 December 2013	**6,422**
At 31 December 2012	7,228

The principal operating subsidiary companies are listed below. All are 100% owned, unless noted otherwise:

DCD Publishing Ltd
DCD Productions (UK) Ltd
DCD Rights Ltd
September Films Ltd
Matchlight Ltd*
Prospect Pictures Ltd
Prospect Cymru/Wales Ltd
Sequence Post Ltd
September Films USA Incorporated
Rize Television Ltd **

September Films Ltd, DCD Productions (UK) Ltd, Prospect Pictures Ltd, Prospect Cymru/Wales Ltd, Matchlight Ltd, September Films USA Incorporated, September Scripted Incorporated, September Scripted Productions Limited Liability Company and Rize Television Ltd are involved with the production of programmes for television and other media.

DCD Rights Ltd sell programme rights worldwide to all media. DCD Publishing Ltd produces and markets DVDs to the retail market.

Box TV Ltd, DCD Drama Ltd, DCD Media USA Incorporated, Done and Dusted Group Ltd, September Films NY Inc. (formerly known as Done and Dusted Incorporated), September Films West Coast Inc. (formerly known as Done and Dusted Productions Incorporated), Done and Dusted West Coast Incorporated, September Scripted Incorporated, Exterminator Limited Liability Company and September Scripted Productions Limited Liability Company are not part of ongoing trading operations.

Sequence Post Ltd is involved in post-production.

*The investment in Matchlight Ltd, a wholly owned subsidiary, is held by September Films Limited and DCD Productions (UK) Ltd.

** The company holds an 80% equity stake in Rize Television Ltd, a production company and focuses on factual, factual entertainment and reality programming for the international market.

5 Fixed asset investments (continued)

During the prior year, the Company disposed of its 19.9% trade investment in Classical TV Ltd. This had been granted to the Company in May 2008 in exchange for services to be provided to Classical TV Ltd by DCD employees. The carrying value of this asset of this investment at the point of disposal was £nil.

All the subsidiary companies are incorporated in England and Wales, except for:

- September Films NY Inc. which is incorporated in New York, and September Films West Coast Inc. which is incorporated in California. Both of these companies are 100% owned by Done and Dusted Group Ltd;
- Done and Dusted West Coast Incorporated which is incorporated in California and is 100% owned by September Films West Coast Inc.;
- September Films USA Incorporated, which is incorporated in California and is 100% owned by September Films Ltd;
- Exterminator Limited Liability Company, which is incorporated in Louisiana and is 100% owned by September Films USA Incorporated;
- September Scripted Incorporated, which is incorporated in California and is 100% owned by September Films Ltd;
- September Scripted Productions Limited Liability Company, which is incorporated in California and is 100% owned by September Scripted Incorporated;

6 Stock

	31 December 2013 £'000	31 December 2012 £'000
Finished products	**-**	**14**

7 Debtors

	31 December 2013 £'000	31 December 2012 £'000
Trade debtors	-	29
Amounts owed by group undertakings	805	1,272
Other debtors	1	4
Prepayments and accrued income	77	89
	883	**1,394**

8 Creditors: amounts falling due within one year

	31 December 2013 £'000	31 December 2012 £'000
Bank overdraft (secured)	73	616
Bank loans (secured)	480	960
Trade creditors	127	165
Amounts owed to group undertakings	1,298	1
Taxation and social security	174	280
Other creditors	117	90
Accruals and deferred income	180	141
	2,449	**2,253**

9 Creditors: amounts falling due after more than one year

	31 December 2013 £'000	31 December 2012 £'000
Convertible debt (secured)	**1,072**	**49**

Notes to the parent company financial statements for the year ended 31 December 2013

10 Bank and other borrowings

	31 December 2013 £'000	31 December 2012 £'000
Due within one year or on demand		
Bank loans and overdrafts - secured (a)	553	1,576
	553	**1,576**
Due after more than one year		
Convertible loan notes (b)	53	-
Convertible loan notes (c)	1,019	49
Total borrowings	**1,625**	**1,625**

a) In August 2012 DCD Media entered into a new loan facility with Coutts & Co bank. The facility was for £1.2m, incurs interest at LIBOR plus 3.5% and is repayable in quarterly instalments to 30 November 2014 or on demand. In the period to 31 December 2013 the Group repaid £0.48m of this loan, leaving a balance of £0.48m at 31 December 2013. A further £0.24m has been repaid since the year end.

The Group's day-to-day operations are funded from cash generated from trading and the use of a net overdraft facility of £0.55m. The Group's overdraft facility has been extended by its principal bankers until the end of June 2014 and the Directors expect that it will be extended further. Accounts with positive balances in the overall overdraft facility are reflected in bank and cash in the current assets section of the balance sheet.

The secured bank loans and overdrafts are secured by a fixed charge over the company's intangible programme rights assets.

(b) The 2005 and 2008 loan notes are repayable once the Coutts facilities have been repaid.

(c) In the year, the Group's largest shareholders agreed to lend a further £1.0m in the form of new convertible loan notes, having an interest rate of 10% and a conversion price of 0.5p. These notes are due for repayment on 30 May 2015 if not previously converted. At the AGM on the 28 June 2013, following the approval of the capital re-organisation, the conversion price became £5.

11 Share capital

See Group accounts note 21.

12 Share premium account and reserves

	Share premium £'000	Equity element of convertible loan £'000	Profit and loss account £'000	Own shares held £'000	Total £'000
				-	
At 1 January 2012	49,391	154	(55,789)	-	(6,244)
Profit for the year	-	-	947	-	947
Transferred from assets	-	-	-	(83)	(83)
Shares issued on conversion of loan	1,727	(153)	-	-	1,574
At 31 December 2012	**51,118**	**1**	**(54,842)**	**(83)**	**(3,806)**
At 1 January 2013	51,118	1	(54,842)	(83)	(3,806)
Loss for the year	-	-	(2,621)	-	(2,621)
Equity element on issue of convertible loans	-	54	-	-	54
Shares allocated from employee benefit trust	-	-	(18)	46	28
At 31 December 2013	**51,118**	**55**	**(57,481)**	**(37)**	**(6,345)**

13 Pension costs

The Company made contributions of £2,250 (2012: £5,713) to the personal pension scheme of one employee (2012: one employee) for part of the year.

14 Events after the reporting date

See Group accounts note 28.

15 Transactions with Directors and other related parties

During the year the following amounts were paid to companies in which the Directors have an interest:

Company	Director	Amount paid 2013 £'000	Amount paid 2012 £'000	Description
JRC Business Consulting Services Ltd	J Cusins	-	26	Services as Director of DCD Media Plc
Wildman and Co	T Wildman	-	27	Services as Director of DCD Media Plc
Roscoe Capital Ltd	N McMyn	82	11	Provision of accounting services
Timeweave Ltd	D Craven	43	-	Services as Director of DCD Media Plc
Nicola Crane Administrative Services	A Lindley	-	20	Provision of business services

At 31 December 2013, £93,369 was due to Roscoe Capital Ltd (2012: £10,975) and £42,675 to Timeweave Ltd (2012: £nil).

The company has taken advantage of the exemptions available under Financial Reporting Standard No. 8 'Related party disclosures', not to disclose any transactions or balances with entities that are 100% controlled by DCD Media plc. Balances outstanding with group companies that are not 100% controlled by DCD Media plc are disclosed below.

	Balance outstanding at 31 December 2013 £	Transactions in the year to 31 December 2013 £	Balance outstanding at 31 December 2012 £	Transactions in the year to 31 December 2012 £
Amounts owed from:				
Rize Television Limited	(13,670)	64,257	2,864	22,814
	(13,670)	64,257	2,864	22,814

16 Ultimate parent company and ultimate controlling party

The Directors consider the family interests of Mr Joe Lewis to have ultimate control by virtue of their indirect beneficial ownership of the issued share capital of Timeweave Ltd, registered in England and Wales and Colter Ltd, a company incorporated in the Bahamas.

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