DCD MEDIA PLC

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

Company number 03393610

Contents

DCD Media Plc

("DCD Media" or the "Company")

Audited results for the year ended 31 December 2015

DCD Media and its subsidiaries, the independent TV production and distribution group (the "Group"), today report results for the year ended 31 December 2015.

Financial Summary

Continuing operations:

• Revenue	£11.1m (2014: £9.7m)
• Gross profit	£2.9m (2014: £2.5m)
• Operating loss	£2.2m (2014: £0.9m)

Discontinued operations:

• Revenue	£0.0m (2014: £1.3m)
• Gross profit	£0.0m (2014: £0.3m)
• Operating profit	£0.0m (2014: £0.3m)

Group results:

• Operating loss	£2.2m (2014: £0.6m)
• Adjusted EBITDA	£0.2m (2014: (£0.2m))
• Adjusted loss before tax	£0.1m (2014: £0.5m)

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

Business highlights

- Continued focus on our rights business yields positive adjusted EBITDA of £0.2m and provides a platform for further growth
- DCD Rights acquired the Electric Sky Library
- September Films produced a second series of **Celebrity Squares** for ITV
- DCD Rights secured the co-production of **Penn & Teller: Fool Us in Vegas** for September Films in the USA
- Rize USA won a commission to produce ten part series **Got What it Takes?** for CBBC
- Sequence Post continued to expand its client base and improve its facilities

The Company continued the transformational work which began in 2013, to stabilise and rationalise DCD Media and we can report that the Board is confident there is a stable and sustainable business going forward. The focus of activity has been on the continued development of the rights and distribution business, while minimising the risk of losses in the production businesses and assessing the future potential for these entities.

Following an assessment and review of the production businesses, and against the significant headwind of tough trading conditions which has led to poor uptake of production commissions, the Board of DCD Media recently announced that it would immediately cease development activity within its production division. As a consequence, the Group unfortunately had to make a number of redundancies. The Group will, however, continue to focus on its two key production franchises, September Films' **Penn and Teller: Fool Us in Vegas** currently delivering season two to the CW Network in America, and Rize USA's **Got What it Takes?,** produced for CBBC in the UK.

The Board believes the business now has a solid platform for growth with a more focussed approach to rights and distribution.

During the year, the rights division saw its third consecutive year of turnover growth and the Board expects this to continue to drive the financial performance of the Group.

The rights division is already seeing encouraging trading and growth, resulting from a strong catalogue and unique mix of content ranging from observational documentaries to award–winning dramas. Specifically, we were delighted to make the acquisition of the Electric Sky library, which further added to the diverse range of content and also brought with it a viable IT platform which will assist with the further upscaling of the business planned in the short-term.

Notwithstanding the clear strategic shift to the rights and distribution model, the Board was delighted to record two notable commissions for production franchises in the year. DCD Rights secured the co-production of hit network show **Penn & Teller: Fool Us** for September Films in the USA with partners 1/17 Productions. And in the UK market, Rize USA won a commission to produce a ten part series of the hugely popular talent show for teenagers **Got What it Takes?** for CBBC.

David Craven, Executive Chairman and Chief Executive Officer, commented: "This has been another tough year for the production division, and we have reflected and analysed the commercial challenges which face small independent TV production companies in the UK. DCD Media has never benefitted from the large-scale operations which thrive in the marketplace due to their economies of scale that enable large groups of creatives to focus on what the broadcaster wants.

"The business reports a relatively modest adjusted EBITDA profit of £0.2m compared to £0.2m loss in 2014. This is a consequence of continued consolidation work undertaken in the last 18 months, the growth in rights and the two production franchises. The valuable intellectual property and back-catalogue, other format ownership and exploitation will continue to be a key strategic plank and cash-flow driver for the rights and distribution business going forward. The Board believes that it now has the platform for a sustainable rights and distribution business largely through a strong and experienced management team, solid funding sources and a creditable reputation in the marketplace.

"The financial performance therefore reflects a more cohesive business at a revenue level, with adjusted EBITDA losses eliminated and the reasonable expectation that the Group will report another adjusted EBITDA positive year in 2016.

"The Board is very confident we can see further expansion from the rights division in the new financial year. There is a great deal of work to be done, not least of which involves the continued engagement of new funding sources to support the buying process. However, we look forward to the rights business driving sustained growth in the coming years.''

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Executive Chairman's review

The business delivered a good underlying performance in the financial year to 31 December 2015.

Last year, the ambition once again for the Group was to focus on the future growth for the rights business and the Board is pleased to report the expansion plan has succeeded with an impressive 20% growth in rights and licensing turnover from the previous year with further expansion planned in the next financial year.

DCD Rights further consolidated its position as one of the world's top independent TV rights distributors in 2015 with considerable success in award-winning new dramas and factual programming as well as building its music library. The company, once again, delivered a profit and is poised for further growth in the next financial year.

The DCD Rights team enjoy continued support from the Group's major shareholder, Timeweave, which provides funding for the acquisition of third-party distribution rights. Timeweave made this fund available to support the development of the DCD Rights business whilst the restructuring of the Group was ongoing. Having demonstrated that such a fund is commercially viable, the future development of DCD Rights will be augmented with third party funding from the wider financial markets and significant progress has been made on this in 2016.

The Board now believes that we are well placed for the rights division to drive forward and deliver on the target of consistent double digit sales growth in the forthcoming years.

DCD Rights' drama library continues to go from strength to strength: Six-part political thriller series **The Code** scooped six awards at the prestigious annual AACTA Awards in Sydney, including "Best Television Drama Series" and "Best Direction in a Television Drama or Comedy". Kiwi telemovie **How To Murder Your Wife** won the award for "Best TV Movie" at the C21 Drama Awards, coming off the back of a triple win at the NYC International Film Festival earlier this year. Office comedy **Dreamland** won "Most Outstanding Comedy Program" at the Logies - Australia's annual television awards.

In the production businesses, the output of which is overseen by DCD Media and complimented by the Group's post-production and rights divisions, the team delivered some creditable productions.

Following the success of the first series of Celebrity Squares in 2014, September Films produced a second eight-part series of the Warwick Davis-fronted comedy game show in 2015 which premiered in April on primetime ITV. However, following two successive commissions for this primetime comedy game show, DCD Media was informed by ITV in November 2015 that a third series would not be commissioned for 2016, although Celebrity Squares may be re-commissioned again at a future date.

The CW Network in the US commissioned a second 13 part series of **Penn & Teller: Fool Us in Vegas,** a co-production between 1/17 Productions and September Films**.** The first series was fronted by Jonathan Ross, and aired on primetime on The CW securing the network's highest Monday night ratings in six years. In the UK, it successfully aired on primetime on Sunday nights on Channel 5, with ratings 30% up on the slot average.

Production hit a high note at the start of 2016, with the transmission of episode one of **Got What it Takes?** airing on CBBC in the first week of January. The 10-episode talent series had children competing for the chance to perform at Radio 1's **Big Weekend** festival. The show was received extremely well both in the press and on social media, and regularly made the top 25 on BBC's iPlayer chart.

Over the last year, Sequence, the London based post-production house, continued to develop relationships with independent music producers working for JA Digital and Globe/Universal Productions, as well as forging new relationships with local commercial producers.

Finally, the Board would like to thank members of the outgoing production team for their help and dedication to the Group over the years and wish them well for the future.

D Craven
Executive Chairman and Chief Executive Officer
2 June 2016

Group strategic report

Strategic outlook

We are greatly disappointed that the production entities have not proved capable of scaling nor reaching sustainable commercial levels of output. We have invested heavily in the production division over the years but have taken the difficult decision to curtail development work in the production companies.

We remain committed to two key franchises which remain part of the rights team focus. In this rapidly evolving TV and convergent content market; the highly-regarded rights management team and business forms the basis for an optimistic outlook for the forthcoming year.

If DCD Media acquires third party rights successfully and attracts further third party funders, the Board believes the market will remain highly attractive in the coming years.

The digital marketplace features in almost all of our transactions and we do anticipate significant opportunities as the convergent platforms continue to aggregate content in competition with traditional broadcasters. As ever, the secret to success lies in acquiring quality content and DCD Rights has a strong reputation in the marketplace for delivering on this measure.

Review of divisions for the year to 31 December 2015

Rights and Licensing

DCD Rights
The business remained profitable and delivered an increase in turnover of approximately 20% over the previous year; having benefited from some large sales to major international cable and SVOD platforms, which are expected to continue throughout 2016.

DCD Rights added to their extensive catalogue by acquiring a library from the administrators of Electric Sales Limited and Electric Sky Productions Limited (together the "Electric Sky Library").The Electric Sky Library comprises approximately 253 hours across 50 titles of owned productions, including, **The Fat Doctor** multiple series, **How Cities Work** and **Amazing Lives.**

DCD Rights' drama library continues to go from strength to strength: Six-part political thriller series **The Code** scooped six awards at the prestigious annual AACTA Awards in Sydney, including "Best Television Drama Series" and "Best Direction in a Television Drama or Comedy". Kiwi telemovie **How To Murder Your Wife** won the award for "Best TV Movie" at the C21 Drama Awards, coming off the back of a triple win at the NYC International Film Festival earlier this year. Office comedy **Dreamland** won "Most Outstanding Comedy Program" at the Logies - Australia's annual television awards.

At MIPTV 2015, DCD Rights launched the highly-anticipated US version of **Penn & Teller: Fool Us**. Commissioned by The CW and produced by 1/17 Productions and September Films, **Penn & Teller: Fool Us in Vegas** was hosted by **Jonathan Ross** and filmed at the Penn & Teller Theatre at the Rio Hotel in Las Vegas.

DCD Rights also secured a sale to Showtime in the USA of a 90' film marking the 45th anniversary of Jimi Hendrix' passing, **Jimi Hendrix: Electric Church,** which premiered exclusively on Showtime in September. The film, produced by Experience Hendrix, features explosive, never-before-seen footage of one of the world's greatest rock musicians. **Jimi Hendrix: Electric Church** joins a raft of music acquisitions including **David Gilmour: Wider Horizons**, **Miley Cyrus' Bangerz Tour** and **Depeche Mode Live in Berlin**.

DCD Rights expanded its cookery library due to increased demand in the genre for the talent represented. Following on from the success of **Bitten: Sarah Graham Cooks Cape Town,** produced by Okhule Media, the new series **Sarah Graham's Food Safari,** explored some of Southern Africa's most interesting and exciting food, travelling from the open savannahs to beautiful cityscapes. DCD Rights secured a pre-sale acquisition for the series to The Cooking Channel in the US**.** In addition, DCDR acquired the rights to BBC Productions' prestigious series **A Cook Abroad**, 6 x 60', featuring some of the world's best known chefs including John Turode, Rick Stein and Rachel Koo, embarking on a tour of the world's most inspiring food cultures. A second series of **Sicily with Aldo & Enzo** was launched in the second half of the year, in which Sicilian chef, Enzo Oliveri, takes Italian mainland chef, Aldo Zilli, to ten uniquely different locations around Sicily, uncovering the secrets of the island's diverse culinary culture.

This year, there were two new appointments made to DCD Rights' sales team: **James Anderson**, previously Sales Manager at IMG Media, joined the company as Senior Sales Executive, responsible for Japan, Asia, Eastern Europe, Benelux, Africa and the Middle East. **Lenneke de Jong** has also been appointed as Sales Executive, responsible for Latin America, Spain, Portugal, Inflight, Non-Theatric and Clip sales.

DCD Publishing
DCD Publishing represented a range of properties and talent across all media, including television, book publishing, DVD, licensed consumer products, product endorsement and monetised social media.

The division saw through the publication of three books in 2015: **Sarah Shaw**'s account of her affair with a lift attendant as she worked at Bush House in the Seventies (Little Brown Book Group); the Porridge Pop-Up entrepreneur **Nik Williamson's Book of Grains** (Phaidon Art Books) and **Made In The Office** by **Rachel Maylor** (Frances Lincoln Publishers), which has also been accompanied by the development of a short YouTube food series.

Revenues were boosted by re-prints of The Shard visitors' guide and royalties from **Jack Monroe's A Girl Called Jack** cookery book, however, there was little expansion during the year, and due to limited new business it was concluded that the division would be best absorbed within the enlarged Rights division, rather than operating as a stand-alone entity.

Productions

The DCD Media productions division comprised the following UK and US-based brands:

Rize USA	London, UK	**September Films UK**	London, UK
September Films USA	Los Angeles, California	**Prospect Pictures**	London, UK
Prospect Cymru	London, UK		

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

September Films
Following the success of the first series of **Celebrity Squares** in 2014, September Films produced a second eight-part series of the Warwick Davis-fronted comedy game show in 2015 which premiered in April on primetime ITV.

September Films co-produced with US based 1/17 Productions the 13x60' series, **Penn & Teller: Fool Us in Vegas**, fronted by Jonathan Ross, which aired in primetime on The CW in the US. Here it secured the network's highest Monday night ratings in six years, and is currently being shown on Sunday night primetime on Channel 5 in the UK, with ratings 30% up on the slot average.

September Films will continue to be involved in the production of future series of **Penn & Teller: Fool Us in Vegas**.

Rize USA
Rize USA kicked off 2015 with **The Billion Pound Hotel**, a behind-the-scenes documentary exploring the ins and outs of one of Dubai's most luxurious hotels, the Burj Al Arab Jumeirah. Premiering in March on Channel 4, the documentary was highly successful, drawing in a 10.5% audience share, and trending 2nd in the UK, and 6th in the world on social media.

This was followed by cutting edge documentary **Love at First Swipe**, another Channel 4 commission which aired in May 2015. The film explored the rise of techno-erotic interactions, and the role of dating apps in facilitating modern relationships.

November saw the transmission of yet another Channel 4, 60-minute documentary, which followed the famous journey of the Venice-Simplon Orient Express in **The World's Most Famous Train**. The programme drew in over 2 million viewers and an 8.7% audience share, as well as a very successful social media response.

Productions hit a high note at the start of 2016, with the transmission of episode one of **Got What it Takes?** airing on CBBC in the first week of January. The 10-episode talent series saw children competing for the chance to perform at Radio 1's **Big Weekend** in May. The show was received extremely well, has regularly made the top 25 on BBC's iPlayer chart, and has continued to attract attention both in the press and on social media.

Rize USA will continue to be involved in the production of future series of **Got What it Takes?**.

Post - Production
Sequence Post
Over the last year, Sequence has continued to develop its relationships with independent music producers working for JA Digital and Globe/Universal Productions, as well as forging new relationships with local commercial producers.
Major music projects included a feature length Concert for **The Rolling Stones**, the Ed Sheeran film **Jumpers for Goalposts** (shown in Cinemas across the country), PJ Harvey's **The Hollow of the Hand**, **Eric Clapton Live at the Royal Albert Hal**l and **Adele: The Church Sessions**.

These projects have contributed to a positive 12 months, despite a decline in the quantity of documentary work contracted to Sequence from the Group. We have also secured another two promising projects which follow The Rolling Stones around their current tour of South America. Between now and August, the team will also be completing full picture post production on two feature films which are due for theatrical release. The first is a documentary, and the second, a concert film based on The Rolling Stones' historic night in Cuba.

Sequence Post (continued)
Sequence has continued to expand its facilities with the addition of an extra offline suite and an equipment upgrade to include a new 4K suite. This addition is a pivotal investment, primarily in aiding the company to secure more features work in the future.

Performance

At a turnover level, the Group delivered £11.1m in revenue all from continuing operations compared with £11.0m in 2014, of which only £9.7m related to continuing operations.

The Group made an operating loss for the year of £2.2m (2014: loss of £0.6m), which is stated after impairment and amortisation of intangible assets, including goodwill and trade names.

Adjusted EBITDA and Adjusted LBT 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 in the year ended 31 December 2015 was a profit of £0.2m (2014: loss of £0.2m).

Adjusted loss before tax for the Group was £0.1m in 2015 against an adjusted loss of £0.5m for the year to 31 December 2014.

The following table represents the reconciliation between the operating loss per the consolidated income statement and adjusted Loss Before Tax (LBT) and adjusted Earnings Before Interest Tax Depreciation and Amortisation (EBITDA):

	Year ended 31 December 2015 £m	**Year ended 31 December 2014 £m**
Operating loss per statutory accounts (continuing operations)	(2.2)	(0.9)
Add: Discontinued operations (note 9)	0.0	0.3
Operating loss per statutory accounts	**(2.2)**	**(0.6)**
Add: Amortisation of programme rights (note 11)	0.7	0.9
Add: Impairment of programme rights (note 11)	0.2	0.0
Add: Amortisation of trade names (note 11)	0.4	0.4
Add: Impairment of goodwill and related intangibles (note 11)	1.8	0.0
Less: Capitalised programme rights intangibles (note 11)	(0.7)	(0.9)
Less : Gain on sale of subsidiary (note 9)	0.0	(0.3)
Add: Depreciation (note 12)	0.1	0.1
EBITDA	**0.3**	**(0.4)**
Add: Restructuring (income)/costs (note 5)	(0.1)	0.3
Add : Stock and other provisions	0.0	0.1
Deduct : Write back of creditor	0.0	(0.2)
Adjusted EBITDA	**0.2**	**(0.2)**
Continuing adjusted EBITDA	*0.2*	*(0.2)*
Discontinued adjusted EBITDA	*0.0*	*(0.0)*
Less: Net financial expense (note 7)	(0.2)	(0.2)
Less: Depreciation	(0.1)	(0.1)
Adjusted LBT	**(0.1)**	**(0.5)**
Continuing adjusted LBT	*(0.1)*	*(0.5)*
Discontinued adjusted LBT	*0.0*	*(0.0)*

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 11.

The Group has seen amortisation and impairment of goodwill and trade names for the year of £2.2m (2014: £0.4m) and a net amortisation and impairment of programme rights of £0.8m (2014: £1.0m).

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

Goodwill
As a result of the decision to stop new development activity, the Directors have assessed the carrying value of goodwill attributable to September Films and have booked an impairment of £1.8m (2014: £nil).

Trade names
Trade names are amortised over ten years on a straight line basis and a non-cash expense of £0.4m was expensed in the year relating to trade names. The carrying value of trade names after the amortisation was £0.6m (2014: £1.0m).

Restructuring costs

Restructuring income of £0.1m has been disclosed in the consolidated statement of comprehensive income and relates to net income from the Group's operations in the USA.

Earnings per share

Basic loss per share in the year was 254p (year ended 31 December 2014: 177p loss per share) and was calculated on the loss after taxation of £2.3m (year ended 31 December 2014: loss £0.7m) divided by the weighted average number of shares in issue during the year being 915,470 (2014: 414,281).

Balance sheet

The Group's net cash balances have decreased to £1.2m at 31 December 2015 from £1.3m at 31 December 2014. A substantial part of the Group cash balances represent working capital commitment in relation to its rights business and is not considered free cash. The decrease in the year is largely due to temporary movements in receivables and payables in working capital.

During the year, the 2013 and 2014 Convertible Loan Notes, which together with accrued interest totalled £2.1m, were converted into ordinary shares.

During the year, the Group accrued £0.4m of recharges for director, management and financial services from Timeweave Ltd, its major shareholder that remain unpaid. In addition, £0.2m of input VAT recovered by the Group and due to Timeweave on these recharges was also not paid.

At the year end, the Group had an available gross overdraft facility of £0.5m and a net facility of £0.25m.

Shareholders' equity

Retained earnings as at 31 December 2015 were £(60.8m) (2014: £(58.5m)) and total shareholders' equity at that date was £2.5m (2014: £2.6m).

Amounts attributable to non-controlling interests

At the year end, the Group held an 80% stake in Rize Television Ltd. An amount of £0.0m (2014: (£0.1m)) as equity representing the non-controlling interest of the Group is reported as at the year end.

Current trading

2016 has begun well for the Group's rights and distribution arm. However, as previously mentioned, the Board felt that the production entities had not reached a sustainable commercial level of output and the division has been reduced to continuing with two key franchises, ceasing all other production activity.

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 18 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 with other activities funded from a combination of equity and short and medium term debt instruments. The overdraft facility reduced by £0.25m throughout 2015 to £0.25m and is scheduled for review by the Group's principal bankers, Coutts & Co ("Coutts"), on 31 July 2016. The Directors have a reasonable expectation that an 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.

In considering the going concern basis of preparation of the Group's financial statements, the Board has 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 overdraft facility provided by its principal bankers for the foreseeable future.

In addition, the Group is in discussion with Timeweave Ltd, its major shareholder, to formalise the debt that has built-up on management charges which have not been cash-settled.

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.

The Directors have regular discussions with the Group's main shareholders and its principal bankers and 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 2015	**Year ended 31 December 2014**
Revenue from continuing operations (£m)	11.1	9.7
Operating loss from continuing operations (£m)	2.2	0.9
Adjusted EBITDA (£m)	0.2	(0.2)
Adjusted loss before tax (£m)	0.1	0.5

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
Production revenue will fall as the Group has ceased to pursue productions in development and is due to focus on its two current franchises. Distribution revenue is forecast to rise as this division is the prime focus of the Group going forward.

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 three ways: internally, ensuring that overall exposure is minimised; through a short term advance from a bank or other finance house; or through a short term loan from Timeweave Ltd, its main shareholder, 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 £1.2m (2014: £1.3m) including certain production related cash held to maintain the Group policy. The Group debt consists primarily of an overdraft,

Principal risks and uncertainties (continued)

Funding and liquidity (continued)
some convertible debt and accrued management recharges due to Timeweave. Details of interest payable, funding and risk mitigation are disclosed in notes 7, 16 and 18 to the consolidated financial statements.

Exchange rate risk
The Group's exposure to exchange rate fluctuations has historically been small. Management review expected cash inflows and outflows in source currency and when required, take out forward options to protect against any short term fluctuations.

D Craven
Executive Chairman and Chief Executive Officer

2 June 2016

Group report of the Directors for the year ended 31 December 2015

The Directors present their report together with the audited financial statements for the year ended 31 December 2015.

Principal activities

The main activities of the Group in the year continued to be distribution and rights exploitation and content production. 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 Group Strategic Report on pages 3 to 9, which should be read in conjunction with this report.

Results

The Group's loss before taxation for the year ended 31 December 2015 was £2.4m (2014: £0.9m). The loss for the year post-taxation was £2.2m (2014: £0.7m) and has been carried forward in reserves.

The Directors do not propose to recommend the payment of a dividend (2014: £nil).

Directors and their interests

	At 31 December 2015			At 31 December 2014		
	Ordinary shares of £1 each		**Deferred shares of £1 each**	**Ordinary shares of £1 each**		**Deferred shares of £1 each**
D Green	132,197		503,428	12,373		503,428
N Davies Williams	781		69,317	781		69,317
D Craven	-		-	-		-
N McMyn	-		-	-		-
A Lindley	-		-	-		-

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

Other than as disclosed in note 22 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 1 June 2016, of the following material interests in the voting rights of the Company under the provisions of the Disclosure and Transparency Rules:

Name	No. of £1 ordinary shares	%
Timeweave Ltd*	1,562,180	61.47
Henderson Global Investors Ltd	637,040	25.07
Colter Ltd*	124,000	4.88

*Timeweave Ltd and Colter Ltd are under common ownership (see note 27).

Share capital

Details of share capital are disclosed in note 19 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 to future strategy discussions and decisions on business issues.

Employment Involvement (continued)

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 18 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 2015.

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.

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 (Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' 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 19 to the Consolidated Financial Statements.

Resolutions at the Annual General Meeting

The Company's AGM will be held on Thursday 30 June 2016. 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 (2014: £nil). No donations were made to any political party in either year.

Group report of the Directors for the year ended 31 December 2015

Auditors

A resolution to re-appoint SRLV as the Company's auditors will be put forward at the AGM to be held on 30 June 2016.

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 2 June 2016 and signed on its behalf by:

D Craven
Executive Chairman and Chief Executive Officer

2 June 2016

Board of Directors

David Craven (Executive Chairman & CEO)

David Craven was appointed CEO of DCD Media in October 2012 and Executive Chairman in January 2014. 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.

Nicky Davies Williams (Executive Director)

Nicky Davies Williams was appointed CEO of DCD Rights, DCD Media's Distribution Division, in December 2005 when she sold NBD TV, a company she founded and ran successfully for over 22 years, to the Group. An English Literature graduate from Leeds University, she began her career in the music business, moving into film and television distribution at Island Pictures, where she rose to the post of Sales Director, prior to founding her own company in 1983. She has managed DCD Rights' growth into one of the world's leading independent distributors. Her experience includes non-executive directorships on the Board of The Channel Television Group from 1991-1998, and as a founding non-executive of the Women in Film and Television in the UK.

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 an executive director of Lightbulb. 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.

David Green (Non-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 a Non-Executive Director of the Group.

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 2015 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 the Financial Reporting Standard 102 “The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (‘FRS 102’).

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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2015 and of the Group’s loss 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 FRS 102; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters 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

2 June 2016

Consolidated income statement for the year ended 31 December 2015

	Note	Year ended 31 December 2015 £'000	Year ended 31 December 2014 £'000
Revenue	4	**11,115**	**9,708**
Cost of sales		(8,041)	(7,175)
Impairment of programme rights	5,11	(152)	(45)
		(8,193)	(7,220)
Gross profit		**2,922**	**2,488**
Selling and distribution expenses		**(37)**	**(42)**
Administrative expenses:			
- Other administrative expenses		(2,936)	(2,638)
- Impairment of goodwill and trade names	5,11	(1,772)	-
- Amortisation of trade names	5,11	(419)	(419)
- Restructuring income/(costs)	5	54	(323)
		(5,073)	**(3,380)**
Operating loss		**(2,188)**	**(934)**
Finance costs	7	(164)	(254)
Loss before taxation		**(2,352)**	**(1,188)**
Taxation	8	118	202
Loss after taxation from continuing operations		**(2,234)**	**(986)**
Profit on discontinued operations net of tax	9	-	293
Loss for the financial year		**(2,234)**	**(693)**
(Loss)/profit attributable to:			
Owners of the parent		(2,324)	(733)
Non-controlling interest		90	40
		(2,234)	**(693)**

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

	Note	2015	2014
Basic loss per share from continuing operations		**(254p)**	**(248p)**
Basic earnings per share from discontinued operations	9	**-**	**71p**
Total basic loss per share	10	**(254p)**	**(177p)**
Diluted loss per share from continuing operations		**(254p)**	**(248p)**
Diluted earnings per share from discontinued operations	9	**-**	**71p**
Total diluted loss per share	10	**(254p)**	**(177p)**

The notes on pages 21 to 47 are an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income for the year ended 31 December 2015

	Note	Year ended 31 December 2015 £'000	Year ended 31 December 2014 £'000
Loss for the financial year		**(2,234)**	**(693)**
Other comprehensive income			
Exchange gains arising on translation of foreign operations		4	10
Total other comprehensive income		4	10
Total comprehensive expenses		**(2,230)**	**(683)**
Total comprehensive (expense)/income attributable to:			
Owners of the parent		(2,320)	(723)
Non-controlling interest		90	40
		(2,230)	**(683)**

The notes on pages 21 to 47 are an integral part of these consolidated financial statements.

Consolidated statement of financial position as at 31 December 2015

Company number 03393610

	Note	Year ended 31 December 2015 £'000	Year ended 31 December 2014 £'000
Non-current assets			
Goodwill	11	1,017	2,789
Other intangible assets	11	745	1,316
Property, plant and equipment	12	68	79
Trade and other receivables	14	398	823
		2,228	**5,007**
Current assets			
Inventories and work in progress	13	5	49
Trade and other receivables	14	8,149	5,905
Cash and cash equivalents		1,594	1,948
		9,748	**7,902**
Current liabilities			
Bank overdrafts	16	(413)	(662)
Other loans	16,18	(61)	(147)
Unsecured convertible loan	16	(62)	(1,216)
Trade and other payables	15	(8,676)	(7,061)
Taxation and social security	15	(101)	(120)
Obligations under finance leases	16	(10)	(10)
		(9,323)	**(9,216)**
Non-current liabilities			
Unsecured convertible loan	16,18	-	(833)
Obligations under finance leases	16	(22)	(31)
Deferred tax liabilities	17	(125)	(220)
		(147)	**(1,084)**
Net assets		**2,506**	**2,609**
Equity			
Equity attributable to owners of the parent			
Share capital	19	12,272	10,145
Share premium account		51,215	51,118
Equity element of convertible loan		1	98
Translation reserve		(177)	(181)
Own shares held		(37)	(37)
Retained earnings		(60,800)	(58,476)
Equity attributable to owners of the parent		**2,474**	**2,667**
Non-controlling interest		32	(58)
Total Equity		**2,506**	**2,609**

The notes on pages 21 to 47 are an integral part of these consolidated financial statements.

The financial statements were approved and authorised for issue by the Board of Directors on 2 June 2016.

DCM Craven
Director

Consolidated statement of cash flows for the year ended 31 December 2015

Cash flow from operating activities including discontinued operations		Year ended 31 December 2015 £'000	Year ended 31 December 2014 £'000
Net loss before taxation		**(2,422)**	**(854)**
Adjustments for:			
Depreciation of tangible assets	12	57	56
Amortisation and impairment of intangible assets	11	2,996	1,373
Net bank and other interest charges	7	164	254
Profit on disposal of property, plant and equipment		-	(12)
Decrease/(increase) in provisions		(51)	71
Net exchange differences on translating foreign operations		4	10
Net cash flows before changes in working capital		**748**	**898**
Decrease in inventories	13	-	13
Increase in trade and other receivables	14	(1,750)	(1,072)
Increase in trade and other payables	15	1,712	1,985
Cash from continuing operations		**710**	**1,824**
Cash flow from discontinued operations			
Net loss before taxation		**-**	**(41)**
Adjustments for:			
Profit on disposal of undertakings		-	334
Depreciation of tangible assets		-	3
Net cash flows before changes in working capital		**-**	**296**
Increase in trade and other receivables		-	(46)
Decrease in trade and other payables		-	(160)
Cash from discontinued operations			**90**
Cash from operations		**710**	**1,914**
Interest paid		(22)	(51)
Net cash flows from operating activities		**688**	**1,863**
Investing activities			
Purchase of property, plant and equipment	12	(46)	(4)
Purchase of intangible assets	11	(653)	(930)
Net cash flows used in investing activities		**(699)**	**(934)**
Financing activities			
Repayment of finance leases		(8)	(6)
Repayment of loan		(147)	(480)
New loans raised		61	364
Net cash flows from financing activities		**(94)**	**(122)**
Net (decrease)/increase in cash		**(105)**	**807**
Cash and cash equivalents at beginning of year		1,286	479
Cash and cash equivalents at end of year	25	**1,181**	**1,286**

The notes on pages 21 to 47 are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity for the year ended 31 December 2015

	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 2013	**10,145**	**51,118**	**55**	**(191)**	**(37)**	**(57,743)**	**3,347**	**(98)**	**3,249**
Loss and total comprehensive income for the year	-	-	-	-	-	(733)	**(733)**	40	**(693)**
Equity element on issue of convertible loans	-	-	43	-	-		**43**	-	**43**
Exchange differences on translating foreign operations	-	-	-	10	-	-	**10**	-	**10**
Balance at 31 December 2014	**10,145**	**51,118**	**98**	**(181)**	**(37)**	**(58,476)**	**2,667**	**(58)**	**2,609**
Loss and total comprehensive income for the year	-	-	-	-	-	(2,324)	**(2,324)**	90	**(2,234)**
Shares allotted on conversion of loan notes	2,127	-	-	-	-	-	**2,127**	-	**2,127**
Equity element on conversion of convertible loans	-	97	(97)	-	-	-	**-**	-	**-**
Exchange differences on translating foreign operations	-	-	-	4	-	-	**4**	-	**4**
Balance at 31 December 2015	**12,272**	**51,215**	**1**	**(177)**	**(37)**	**(60,800)**	**2,474**	**32**	**2,506**

Notes to the consolidated financial statements for the year ended 31 December 2015

During the year, the principal activity of DCD Media Plc and subsidiaries (the Group) was the production of television programmes in the United Kingdom, and the worldwide distribution of those programmes for television and other media; the Group also distributes programmes on behalf of other independent producers. On 27 May 2016, the Group announced the cessation of development in its TV production divisions and the continued focus is primarily on the distribution division.

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 9th Floor, Winchester House, 259 - 269 Old Marylebone Road, London, NW1 5RA, 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 2015.

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 18 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 £0.25m, 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 31 July 2016. The facility has reduced by regular instalments from £0.5m. The term loan facility was fully repaid in 2014. The Directors have a reasonable expectation that an overdraft facility will continue to be available to the Group for the foreseeable future.

During the year, the Group converted the 2013 and 2014 convertible loan notes into ordinary share capital.

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.

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 major shareholder 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 amendments to standards issued by IASB become effective from 1 January 2015. These have been reviewed and no adjustments deemed necessary. Those becoming effective from 1 January 2016 have not been adopted early by the Group. Management have reviewed these standards and believe none 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 2015. 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:

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.

Notes to the consolidated financial statements for the year ended 31 December 2015

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 in 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 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 20, the Group has entered 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.

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

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 £1.6m. Details relating to the allocation of goodwill to cash-generating units and potential impairment calculations are given in note 11.

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 £0.1m. Details of the impairment review calculations are given in note 11.

Adequacy of accruals and provisions
Determining whether accruals and provisions are adequate requires an estimate to be made of the likelihood of a liability crystallising and the potential amount. Management has reviewed each provision and, where considered necessary, has taken external advice to ensure adequacy.

3 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:

- ***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.
- ***Production*** - This division is involved in the production of television content.
- ***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 activities that cannot be reported within the other reportable segments. They are managed separately because each business requires 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, segmental adjusted EBITDA and adjusted profit before tax.

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 allocated to their respective segments. Segment liabilities include all trading liabilities incurred by the segments. Loans and borrowings incurred by the Group are not allocated to segments. Details of these balances are provided in the reconciliations below:

Notes to the consolidated financial statements for the year ended 31 December 2015

3 Segment information (continued)

2015 Segmental Analysis – income statement

	Production	Rights and Licensing	Post Production	Other	Total 2015
	£'000	£'000	£'000	£'000	£'000
Total revenue	3,936	6,841	535	147	**11,459**
Inter-segmental revenue	(148)	-	(91)	(105)	**(344)**
Total revenue from external customers	3,788	6,841	444	42	**11,115**
Discontinued operations	-	-	-	-	**-**
Group's revenue per consolidated statement of comprehensive income	**3,788**	**6,841**	**444**	**42**	**11,115**
Operating (loss)/profit before tax – continuing operations	(1,939)	680	14	(943)	(2,188)
Operating (loss)/profit before interest and tax	**(1,939)**	**680**	**14**	**(943)**	**(2,188)**
Capitalisation of programme rights	(653)	-	-	-	**(653)**
Amortisation of programme rights	653	-	-	-	**653**
Impairment of programme rights	152	-	-	-	**152**
Amortisation of goodwill and trade names	419	-	-	-	**419**
Impairment of goodwill and trade names	1,772	-	-	-	**1,772**
Depreciation	-	19	32	6	**57**
Segmental EBITDA	**404**	**699**	**46**	**(937)**	**212**
Restructuring income	(54)	-	-	-	**(54)**
Segmental adjusted EBITDA	**350**	**699**	**46**	**(937)**	**158**
Net finance expense	-	(3)	-	(161)	**(164)**
Depreciation	-	(19)	(32)	(6)	**(57)**
Segmental adjusted profit/(loss) before tax	**350**	**677**	**14**	**(1,104)**	**(63)**

Notes to the consolidated financial statements for the year ended 31 December 2015

3 Segment information (continued)

2015 Segmental analysis – financial position

	Production	Rights and Licensing	Post Production	Other	Total 2015
	£'000	£'000	£'000	£'000	£'000
Non-current assets	117	46	21	1	**185**
Reportable segment assets	828	9,097	145	261	**10,331**
Goodwill	393	624	-	-	**1,017**
Trade-names	628	-	-	-	**628**
Total Group assets	**1,849**	**9,721**	**145**	**261**	**11,976**
Reportable segment liabilities	(488)	(7,684)	(91)	(927)	**(9,190)**
Loans and borrowings	(61)	(32)	-	(62)	**(155)**
Deferred tax liabilities	(125)	-	-	-	**(125)**
Total Group liabilities	**(674)**	**(7,716)**	**(91)**	**(989)**	**(9,470)**

Notes to the consolidated financial statements for the year ended 31 December 2015

3 Segment information (continued)

2014 Segmental analysis – income statement

	Production	Rights and Licensing	Post Production	Other	Total 2014
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Total revenue	4,766	6,015	609	173	**11,563**
Inter-segmental revenue	-	(310)	(142)	(128)	**(580)**
Total revenue from external customers	4,766	5,705	467	45	**10,983**
Discontinued operations	(1,275)	-	-	-	**(1,275)**
Group's revenue per consolidated statement of comprehensive income	**3,491**	**5,705**	**467**	**45**	**9,708**
Operating (loss)/profit before tax – continuing operations	**(572)**	**220**	**(9)**	**(573)**	**(934)**
Operating profit (loss) before tax - discontinued operations	**294**	**-**	**-**	**(1)**	**293**
Operating (loss)/profit before interest and tax	**(278)**	**220**	**(9)**	**(574)**	**(641)**
Capitalisation of programme rights	(930)	-	-	-	**(930)**
Amortisation of programme rights	909	-	-	-	**909**
Impairment of programme rights	45	-	-	-	**45**
Amortisation of goodwill and trade names	419	-	-	-	**419**
Gain on sale of subsidiary	(334)	-	-	-	**(334)**
Depreciation	4	10	35	10	**59**
Segmental EBITDA	**(165)**	**230**	**26**	**(564)**	**(473)**
Restructuring costs	294	-	-	29	**323**
Write back of creditor	-	-	-	(177)	**(177)**
Stock and other provisions	-	80	-	-	**80**
Results of sold subsidiary	41	-	-	-	**41**
Segmental adjusted EBITDA	**170**	**310**	**26**	**(712)**	**(206)**
Net finance expense	-	(2)	-	(252)	**(254)**
Depreciation	(4)	(10)	(35)	(10)	**(59)**
Segmental adjusted profit/(loss) before tax	**166**	**298**	**(9)**	**(974)**	**(519)**

3 Segment information (continued)

2014 Segmental analysis – financial position

	(Production) £'000	Rights and Licensing £'000	Post Production £'000	Other £'000	Total 2014 £'000
Non-current assets	269	43	30	6	**348**
Reportable segment assets	1,459	7,158	129	327	**9,073**
Goodwill	2,165	624	-	-	**2,789**
Trade-names	1,047	-	-	-	**1,047**
Total Group assets	**4,671**	**7,782**	**129**	**327**	**12,909**
Reportable segment liabilities	1,206	6,222	52	363	**7,843**
Loans and borrowings	147	41	-	2,049	**2,237**
Deferred tax liabilities	220	-	-	-	**220**
Total Group liabilities	**1,573**	**6,263**	**52**	**2,412**	**10,300**

4 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 from continuing operations by geographical market, irrespective of the origin of the goods or services:

	Year ended 31 December 2015 £'000	Year ended 31 December 2014 £'000
United Kingdom	5,939	5,013
Rest of Europe	1,416	1,099
North and South America, including Canada	3,056	1,687
Rest of the World	704	1,909
	11,115	**9,708**

5 Expenses by nature

	Year ended 31 December 2015 £'000	Year ended 31 December 2014 £'000
Auditor's remuneration:		
Fees payable to the Company's auditor:		
For the audit of the Company's annual accounts	25	25
For the audit of other Group companies	44	43
Operating lease rentals:		
Other	208	259
(Gain)/loss on foreign exchange fluctuations	(24)	57
Depreciation, amortisation and impairment:		
Intangible assets - programme amortisation in cost of sales (note 11)	653	909
Intangible assets - programme impairment in cost of sales (note 11)	152	45
Intangible assets - goodwill impairment in administrative expenses (note 11)	1,772	-
Intangible assets - trade names amortisation in administrative expenses (note 11)	419	419
Property, plant and equipment (note 12)	57	59
Staff costs (note 6)	1,790	2,277
Restructuring (income)/costs (see below)	(54)	323

In 2015, net restructuring income arises out of the Group's US production companies and restructuring costs in 2014 relate largely to redundancies.

6 Directors and employees

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

	Year ended 31 December 2015 £'000	Year ended 31 December 2014 £'000
Wages and salaries	1,611	2,052
Social security costs	176	222
Other pension costs (note 23)	3	3
	1,790	**2,277**

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

	Year ended 31 December 2015 No.	Year ended 31 December 2014 No.
Sales and distribution	13	13
Production	6	14
Post-production	7	7
Directors and administration	5	5
	31	**39**

6 Directors and employees (continued)

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	2015 Total £'000
D Green	-	-	-	**-**
D Craven	100	-	-	**100**
N Davies Williams	141	-	10	**151**
N McMyn	131	-	-	**131**
A Lindley	9	-	-	**9**
	381	**-**	**10**	**391**

	Emoluments £'000	Pension Contributions £'000	Money value of non-cash benefits received £'000	2014 Total £'000
D Green	-	-	-	**-**
D Craven	200	-	1	**201**
N Davies Williams	69	-	6	**75**
N McMyn	60	-	-	**60**
A Lindley	-	- -	-	**-**
	329	**-**	**7**	**336**

Employee Benefit Trust

In 2012, 7,218,750 shares, that had been held by the directors of Done and Dusted Ltd, 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 in 2013, the number of shares at 31 December 2015 was 3,218 (2014: 3,218).

Employee Share Option Scheme

In 2013, 18,800,000 options over the Company's 1p ordinary share capital were granted. As a result of share consolidations in the interim, the equivalent number of options would be 18,800 over the Company's £1.00 ordinary share capital. 25% of the options were due to vest in January 2014 and a further 25% in January of each of the three following years 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. No options have been exercised to date. If all hurdles were to be met in line with the agreement, the weighted average number of options outstanding at 31 December 2015 is 1,500. The Directors have assessed the likelihood that the future 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.

7 Finance costs

	Year ended 31 December 2015 £'000	Year ended 31 December 2014 £'000
Bank overdraft	13	27
Convertible loan interest charge	141	203
Bank loan	-	12
Other interest charges	10	12
	164	**254**

8 Taxation on ordinary activities

Recognised in the statement of comprehensive income:

	Year ended 31 December 2015 £'000	Year ended 31 December 2014 £'000
Current tax credit/(expense):		
Continuing operations		
UK corporation tax	-	(16)
US federal and state income taxes	23	123
Current year credit	**23**	**107**
Deferred tax credit:		
Reversal of temporary differences under IFRS	95	95
Total tax credit in statement of comprehensive income	**118**	**202**

Tax credit represents:	Year ended 31 December 2015 £'000	Year ended 31 December 2014 £'000
Loss on ordinary activities – continuing operations	(2,352)	(1,188)
Profit on ordinary activities – discontinued operations	-	293
	(2,352)	(895)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.0% (2014: 21.5%)	(470)	(192)
Effects of:		
Expenses not deductible for tax purposes (amortisation and impairment of intangibles)	533	185
Expenses not deductible for tax purposes (other)	-	14
Net losses in year carried forward/(brought forward losses utilised)	2	(12)
Depreciation in excess of capital allowances	11	13
Rate differential on foreign taxes	42	210
Prior year tax adjustment	-	(16)
Total tax credit	**118**	**202**

A deferred tax asset of approximately £3.9m (2014: £4.0m) 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 based upon the 2016 tax rate of 20% (2014 asset based on the 2015 rate of 20%).

9 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.

Result of discontinued operations	Year ended 31 December 2015 £'000	Year ended 31 December 2014 £'000
Loss from discontinued operations after tax	**-**	**(1)**

9 Discontinued operations (continued)

On 9 October 2014, the Group announced that it had sold its interest in Matchlight Limited.

Result of discontinued operations	Year ended 31 December 2015 £’000	Year ended 31 December 2014 £’000
Revenue	-	1,275
Expenses	-	(1,315)
Loss from discontinued operations before tax	-	(40)
Tax expense	-	-
Loss from discontinued operations after tax	**-**	**(40)**

The entity had net liabilities of £470,000 at the date of sale. The entity did not have any significant non-current assets at the date of disposal. The profit on disposal amounted to £334,000.

	Year ended 31 December 2015 £’000	Year ended 31 December 2014 £’000
Profit on discontinued operations	-	293
Basic earnings per share (pence)	-	71p

As mentioned in note 10 below, diluted earnings per share has not been considered for either the 2015 or 2014 figures as, due to the overall loss position of the group, this effect would be anti-dilutive.

10 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.

	Loss £'000	Weighted average number of shares	2015 Per share amount pence	Loss £'000	Weighted average number of shares	2014 Per share amount pence
Basic and diluted loss per share						
Loss attributable to ordinary shareholders	(2,324)	915,470	(254)	(733)	414,281	(177)

If convertible loan balances held at the year-end were converted at their respective conversion prices the number of shares issued would be 2,603,880 (2014: 2,495,234 shares if all the convertible loan balances held at the prior year end had been converted at their respective conversion prices).

The consequence of this transaction has not been considered for either the 2015 or 2014 figures as the effect would be anti-dilutive.

Notes to the consolidated financial statements for the year ended 31 December 2015

11 Goodwill and intangible assets

	Goodwill £'000	Trade Names £'000	Programme Rights £'000	Total £'000
Cost				
At 1 January 2014	**17,388**	**8,036**	**39,599**	**65,023**
Additions	-	-	930	930
Disposals	-	-	(2,832)	(2,832)
At 31 December 2014	**17,388**	**8,036**	**37,697**	**63,121**
At 1 January 2015	17,388	8,036	37,697	63,121
Additions	-	-	653	653
Disposals	-	-	(1,600)	(1,600)
At 31 December 2015	**17,388**	**8,036**	**36,750**	**62,174**
Amortisation and impairment				
At 1 January 2014	**14,599**	**6,570**	**39,239**	**60,408**
Amortisation provided in year in cost of sales	-	-	909	909
Impairment provided in year in cost of sales	-	-	45	45
Amortisation provided in year in administrative expenses	-	419	-	419
Disposals	-	-	(2,765)	(2,765)
At 31 December 2014	**14,599**	**6,989**	**37,428**	**59,016**
At 1 January 2015	**14,599**	**6,989**	**37,428**	**59,016**
Amortisation provided in year in cost of sales	-	-	653	653
Impairment provided in year in cost of sales	-	-	152	152
Amortisation provided in year in administrative expenses	-	419	-	419
Impairment provided in year in administrative expenses	1,772	-	-	1,772
Disposals	-	-	(1,600)	(1,600)
At 31 December 2015	**16,371**	**7,408**	**36,633**	**60,412**
Net book value				
At 31 December 2015	**1,017**	**628**	**117**	**1,762**
At 31 December 2014	2,789	1,047	269	4,105

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:

	Segment (note 3)	Goodwill carrying amount 31 December 2015 £'000	31 December 2014 £'000
Cash generating units (CGU):			
DCD Rights Ltd	Rights and Licensing	624	624
September Films Ltd	Production	393	2,165
		1,017	**2,789**

Notes to the consolidated financial statements for the year ended 31 December 2015

11 Goodwill and intangible assets (continued)

Goodwill and trade names (continued)

	Segment (note 3)	Trade name carrying amount 31 December 2015 £'000	31 December 2014 £'000
Cash generating units (CGU):			
September Films Ltd	Production	628	1,047
		628	**1,047**

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 2017. The forecasts are then extrapolated for a further three years using growth rates noted below and then a further two years to December 2022 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.

Goodwill	Segment (note 3)	Impairment charge 31 December 2015 £'000	31 December 2014 £'000
Cash generating units (CGU):			
September Films Ltd	Production	1,772	-
		-	**-**

Trade names	Segment (note 3)	Amortisation charge 31 December 2015 £'000	31 December 2014 £'000	Impairment charge 31 December 2015 £'000	31 December 2014 £'000
Cash generating units (CGU):					
September Films Ltd	Production	419	419	-	-
		419	**419**	**-**	**-**

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 12.5% for all CGUs. If the discount rates used were increased by 3% to 15.5%, it is estimated that the recoverable amount of goodwill would have impaired by approximately £0.06m. If the discount rates were decreased to 9.5%, it is estimated that the recoverable amount of goodwill would be increased by approximately £0.06m.

11 Goodwill and intangible assets (continued)

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		Growth rate	
	31 December 2015 %	31 December 2014 %	31 December 2015 %	31 December 2014 %
Cash generating units (CGU):				
DCD Rights Ltd	12.5	11.8	5	5
September Films Ltd	12.5	11.8	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 12.5%. 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 15.5% the carrying values would decrease by £2,000. If the discount rate was decreased by 3% to 9.5% the carrying value of assets would increase by £2,000.

12 Property, plant and equipment

	Office and technical equipment £'000	Motor vehicles £'000	Total £'000
Cost			
At 1 January 2014	457	46	503
Additions	4	47	51
Disposals	(57)	(46)	(103)
At 31 December 2014	**404**	**47**	**451**
At 1 January 2015	404	47	451
Additions	45	1	46
At 31 December 2015	**449**	**48**	**497**
Depreciation			
At 1 January 2014	370	28	398
Provided in year	49	10	59
Disposed in year	(54)	(31)	(85)
At 31 December 2014	**365**	**7**	**372**
At 1 January 2015	**365**	**7**	**372**
Provided in year	47	10	57
At 31 December 2015	**412**	**17**	**429**
Net book value			
At 31 December 2015	**37**	**31**	**68**
At 31 December 2014	39	40	79

The net book value of property, plant and equipment includes an amount of £30,709 (2014: £40,717) in respect of assets held under finance leases and hire purchase contracts. The related depreciation charge on these assets for the year was £10,008 (2014: £9,562).

13 Inventories and work in progress

	31 December 2015 £'000	31 December 2014 £'000
Pre-production costs	5	13
Finished stocks	-	36
	5	**49**

14 Trade and other receivables

Due after one year

	31 December 2015 £'000	31 December 2014 £'000
Trade receivables	325	702
Other receivables	73	121
Total trade and other receivables due after one year	**398**	**823**

Due within one year

	31 December 2015 £'000	31 December 2014 £'000
Trade receivables	2,088	1,447
Less: provision for impairment of trade receivables	(35)	(9)
Trade receivables – net	2,053	1,438
Taxation and social security	75	401
Other receivables	787	160
Due from related parties (note 22)	611	492
Prepayments and accrued income	4,623	3,414
Total trade and other receivables due within one year	**8,149**	**5,905**
Total financial assets other than cash and cash equivalents classified as loans and receivables	**2,664**	**1,930**

The average credit period taken on sales of goods is 96 days (2014: 84 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 £35,000 (2014: £9,000). The movement 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.

14 Trade and other receivables (continued)

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

	31 December 2015 £'000	31 December 2014 £'000
Not due yet		
0-29 days	1,501	995
Overdue		
30-59 days	405	560
60-89 days	97	124
90-119 days	105	204
120+ days	270	257
	2,378	**2,140**
Trade debtors in current assets	2,053	1,438
Trade debtors in non-current assets	325	702
	2,378	**2,140**

15 Trade and other payables

	31 December 2015 £'000	31 December 2014 £'000
Trade payables	636	2,107
Other payables	652	260
Accruals and deferred income	6,480	4,154
Taxation and social security	101	120
Amount owed to related parties (note 22)	908	540
Total trade and other payables	**8,777**	**7,181**
Total financial liabilities, excluding loans and borrowings, classified as financial liability measured at amortised cost	**1,288**	**2,367**

16 Interest bearing loans and borrowings

Due within one year

	31 December 2015 £'000	31 December 2014 £'000
Bank overdrafts (secured)	413	662
Convertible debt (unsecured)	62	1,216
Amount owed to related parties (note 22)	61	147
Obligations under finance leases	10	10
	546	**2,035**

The principal terms and the debt repayment schedule for the Group's loans and borrowings are as follows as at 31 December 2015:

	Currency	Nominal rate %	Year of maturity
Bank overdrafts (secured) *	Sterling	3.5 over Base Rate	2016
Convertible debt (unsecured)	Sterling	8.22	2016
Other debt	Sterling	10.0	2016
Obligations under finance leases	Sterling	6.7	2017

16 Interest bearing loans and borrowings (continued)

Bank borrowings

* The bank overdraft has been extended to the 31 July 2016, but is repayable on demand. The Directors expect an overdraft facility to be available to the Group for the foreseeable future.

Bank overdrafts 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 unsecured and is subordinate to the bank overdraft.

In 2013, the Group's largest shareholders agreed to lend £1.0m in the form of new convertible loan notes, that had an interest rate of 10% and a conversion price of 0.5p. As a result of the share consolidation in 2013 the conversion price became £5.00 and as a result of the capital re-organisation approved by the shareholders at the AGM on 30 June 2014, the conversion price became £1.00. On 28 May 2015, DCD Media agreed with Timeweave Ltd and Henderson, together being the Special Majority Noteholders, that the conversion date of the 2013 Convertible Loan Note Instrument would be extended from 30 May 2015 to such further date as agreed by the Majority Noteholders. On 7 October 2015, they were converted along with accrued interest (being £1,200,000 in total) into 1,200,000 ordinary £1 shares.

In 2014, the Group's largest shareholders agreed to lend a further £0.8m in the form of new convertible loan notes, having an interest rate of 10% and a conversion price of £5.00. As a result of the capital re-organisation approved by the shareholders at the AGM on 30 June 2014, the conversion price became £1.00. On 7 October 2015, these convertible loan notes and accrued interest to that date totalling £927,138 were converted into 927,138 ordinary £1 shares.

Due after more than one year

	31 December 2015 £'000	31 December 2014 £'000
Convertible debt (unsecured)	-	833
Obligations under finance leases	22	31
	22	**864**

17 Deferred tax liabilities

Deferred tax liabilities are attributable to the following:

	Liabilities		Net	
	31 December 2015 £'000	31 December 2014 £'000	31 December 2015 £'000	31 December 2014 £'000
Intangible assets	125	220	125	220
Net tax liabilities	**125**	**220**	**125**	**220**

A deferred tax asset of £3.9m, arising principally from losses in the Group of £18.8m, has not been recognised (2014: £4.0m and £19.9m). 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 sufficient profits will be recognised in the near future to make use of these losses.

Movement in deferred tax during the year:

	1 January 2015 £'000	Recognised in income £'000	31 December 2015 £'000
Intangible assets	220	95	125
Tax value of temporary difference	**220**	**95**	**125**

Notes to the consolidated financial statements for the year ended 31 December 2015

18 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, 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.

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 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 2015 and 31 December 2014 was as follows:

	Assets		**Liabilities**	
	31 December 2015 £'000	**31 December 2014 £'000**	**31 December 2015 £'000**	**31 December 2014 £'000**
US dollar	2,178	3,351	(352)	(281)
Euros	147	473	(48)	(499)
Other	190	489	(148)	-
Total assets/(liabilities)	**2,515**	**4,313**	**(548)**	**(780)**

Whilst the main foreign 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.

18 Financial risk management (continued)

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 £8,000 (2014: loss of £23,000).

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.

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 2015	**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	6.7%	1	2	7	22	-	**32**
Trade payables	N/a	636	-	-	-	-	**636**
Convertible debt	8.2%			39			**39**
Interest on convertible debt	N/a	-	-	23	-	-	**23**
Other debt	10.0%	-	-	61	-	-	**61**
Floating rate							
Bank overdrafts	3.5%	413	-	-	-	-	**413**

31 December 2014	**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	6.7%	1	2	10	28	-	**41**
Trade payables	N/a	1,202	-	-	-	-	**1,202**
Convertible debt	8.2%	-	-	39	-	-	**39**
Interest on convertible debt	N/a	-	-	19	-	-	**19**
Convertible debt	10%	-	-	947	772	-	**1,719**
Interest on convertible debt	N/a		-	211	61	-	**272**
Other debt	7.7%	-	-	147	-	-	**147**
Floating rate							
Bank overdrafts	3.5%	662	-	-	-	-	**662**

19 Share capital

	31 December 2015 £'000	31 December 2014 £'000
Allotted, called up and fully paid		
2,541,419 ordinary shares of £1 each (2014: 414,281 ordinary shares of £1 each)	2,541	414
9,730,514 deferred shares of £1 each (2014: 9,730,514 deferred shares of £1 each)	9,731	9,731
	12,272	**10,145**

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

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.

On 7 October 2015, the 2013 and 2014 Convertible Loan Notes and accrued interest to that date were converted into 2,127,138 ordinary £1 shares.

20 Contingent liabilities – sale and leaseback agreements

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 2015	**1,629**	**771**	**-**	**2,400**
As at 31 December 2014	1,777	2,400	-	4,177

21 Capital commitments

There were no capital commitments at 31 December 2015 or 31 December 2014.

22 Transactions with directors and other related parties

Loans to Directors

At 31 December 2015 and 2014 there were no loans due to Directors.

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 2015 £'000	Amount charged 2014 £'000	Description
Timeweave Ltd	D Craven	417	378	Provision of director, finance and management services

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

Company	Director	Amount payable 2015 £'000	Amount payable 2014 £'000	Description
Timeweave Ltd	D Craven	603	-	Provision of director, finance and management services

Other related party transactions

In 2012, DCD Rights Ltd secured a deal with Timeweave Ltd, a shareholder of DCD Media plc, to create a new fund for the acquisition of third-party distribution rights. At 31 December 2015, DCD Rights Ltd was owed £611,122 from Timeweave Ltd (31 December 2014: £491,604) and owed £305,446 to Timeweave Ltd (31 December 2014: £540,111).

In September 2015, Rize Television Ltd obtained a loan from Timeweave Ltd to fund the production of **Got What it Takes?** for CBBC. The facility was for £125,582 and at 31 December 2015, £60,887 was outstanding. At the date of signing these accounts, the full facility balance is outstanding.

In November 2014, Rize Television Ltd obtained a loan from Timeweave Ltd to fund the production of **How to Remember Everything** for ITV. At 31 December 2014, £146,676 was outstanding. The loan was fully repaid in 2015.

During 2013 and 2014, the Group issued convertible loan notes to major shareholders.

2013 Convertible Loan Notes

	31 December 2015 Loan Note £'000	31 December 2015 Accrued Interest £'000	31 December 2015 Total £'000	31 December 2014 Loan Note £'000	31 December 2014 Accrued Interest £'000	31 December 2014 Total £'000
Timeweave Ltd *	-	-	-	676	107	783
Henderson *	-	-	-	252	40	293
David Green **	-	-	-	72	12	83
	-	**-**	**-**	**1,000**	**159**	**1,159**

On 7 October 2015, the 2013 convertible loan notes and accrued interest to that date totalling £1,200,000 were converted into 1,200,000 ordinary £1 shares.

22 Transactions with directors and other related parties (continued)

2014 Convertible Loan Notes

	31 December 2015 Loan Note £'000	31 December 2015 Accrued Interest £'000	31 December 2015 Total £'000	31 December 2014 Loan Note £'000	31 December 2014 Accrued Interest £'000	31 December 2014 Total £'000
Timeweave Ltd *	-	-	-	569	33	602
Henderson *	-	-	-	217	13	230
David Green **	-	-	-	30	2	32
	-	**-**	**-**	**816**	**48**	**864**

*denotes shareholder
** denotes shareholder and director

On 7 October 2015, the 2014 convertible loan notes and accrued interest to that date totalling £927,138 were converted into 927,138 ordinary £1 shares.

Compensation of key management personnel of the Group

	31 December 2015 £'000	31 December 2014 £'000
Short-term employee benefits	696	785
Termination payments	-	-
Pension benefits	3	3
	699	**788**

Only directors and employees who attend the monthly executive meetings are deemed to be key management personnel.

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
Sequence Post Ltd	England & Wales	100%	Post production
Prospect Cymru/Wales Ltd	England & Wales	100%	Production of programmes for television
Rize Television Ltd	England & Wales	80%	Production of programmes for television

23 Retirement benefit schemes

The Group contributes to the personal pension plans of one employee (2014: one). Contributions in the year amounted to £2,880 (2014: £2,880)

24 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 2015 £'000	31 December 2014 £'000
Not later than one year	148	199
Later than one year and not later than five years	77	62
	225	**261**

25 Notes supporting the cash flow statement

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

	31 December 2015 £'000	31 December 2014 £'000
Cash available on demand	1,594	1,948
Overdraft	(413)	(662)
	1,181	**1,286**

26 Events after the reporting date

On 27 May 2016, the Board announced the reduction of its production division to focus on two key franchises, September Films' **Penn and Teller: Fool Us in Vegas** currently delivering season two to the CW Network in America, and Rize USA's **Got What it Takes?,** produced for CBBC in the UK. As a consequence, the Group will make a number of redundancies in its production division.

Additionally, the Board announced that DCD Publishing has been absorbed within DCD Rights and will no longer operate as a separate business division within the group.

27 Ultimate parent company and ultimate controlling party

The immediate parent company is Timeweave Ltd, registered in England and Wales. The results of DCD Media Plc are consolidated in the accounts of Mayfair Capital Investments UK Ltd, registered in England and Wales.

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 Mayfair Capital Investments UK Ltd and Colter Ltd, a company incorporated in the Bahamas.

Parent company balance sheet as at 31 December 2015

Company number 03393610

	Note	31 December 2015 £'000	31 December 2014 £'000
Fixed assets			
Intangible assets	3	-	-
Property, plant and equipment	4	1	6
Investments	5	4,008	6,134
Trade and other receivables	6	73	121
		4,082	**6,261**
Current assets			
Trade and other receivables	6	1,050	751
Cash at bank and in hand		-	12
		1,050	**763**
Creditors: amounts falling due within one year	7	**(2,939)**	**(3,440)**
Net current liabilities		**(1,889)**	**(2,677)**
Total assets less current liabilities		**2,193**	**3,584**
Creditors: amounts falling due after more than one year	8	**-**	**(833)**
Net assets		**2,193**	**2,751**
Capital and reserves			
Called up share capital	10	12,272	10,145
Share premium account	11	51,215	51,118
Equity element of convertible loan	11	1	98
Own shares held	11	(37)	(37)
Profit and loss account	11	(61,258)	(58,573)
Shareholders' funds		**2,193**	**2,751**

The notes on pages 49 to 55 are an integral part of these financial statements.

The financial statements were approved and authorised for issue by the Board of Directors on 2 June 2016.

DCM Craven
Director

Notes to the parent company financial statements for the year ended 31 December 2015

1 Principal accounting policies

These financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), and with the Companies Act 2006.

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 18 of the consolidated financial statements 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.

Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have made the following judgements:

- Determine whether amounts recoverable from group companies are recoverable and the carrying value of investments are appropriate. These decisions depend on the financial position of the relevant group company and forecasts of future cash flows.
- Assess the recoverability of other debtors. The directors have assessed the financial position of the relevant counterparties.
- Determine whether leases are finance or operating leases. Material leases have been reviewed to assess appropriateness of classification.
- Review the carrying value of tangible fixed assets.
- Assess the adequacy of accruals and provisions. Directors have assessed the likelihood and scale of potential liabilities that were present at the balance sheet date.

Changes to accounting standards

The company has adopted FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland” which is effective for accounting periods beginning on or after 1 January 2015.

No adjustments to comparatives or opening reserves have been considered necessary to bring prior periods in line with this standard and therefore no reconciliation at transition or between 2014 comparatives and previously reported results has been presented.

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 has made no contributions to employee personal pension plans during the year. Contributions in prior years were charged against profits as they accrued.

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.

Principal accounting policies (continued)

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.

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.

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.

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.

2 Loss 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 £2,685,200 (2014: loss £1,091,960).

3 Intangible assets

	Programme Rights £'000
Cost	
At 1 January 2015 and at 31 December 2015	**320**
Amortisation and impairment	
At 1 January 2015 and at 31 December 2015	**320**
Net book value	
At 31 December 2015	-
At 31 December 2014	-

4 Property, plant and equipment

	Office and technical equipment £'000
Cost	
At 1 January 2015 and at 31 December 2015	**32**
Depreciation	
At 1 January 2015	26
Provided in year	5
At 31 December 2015	**31**
Net book value	
At 31 December 2015	**1**
At 31 December 2014	6

5 Fixed asset investments

	Shares in subsidiary undertakings £'000
Cost or valuation	
At 1 January 2015 and 31 December 2015	**25,294**
Accumulated amortisation	
At 1 January 2015	19,160
Provided in year	2,126
At 31 December 2015	**21,286**
Net book value	
At 31 December 2015	**4,008**
At 31 December 2014	6,134

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
Rize Television Ltd (80%)
Prospect Cymru/Wales Ltd
Sequence Post Ltd

5 Fixed asset investments (continued)

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

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

DCD Rights Ltd sell programme rights worldwide to all media. DCD Publishing Ltd 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 sales.

Sequence Post Ltd is involved in post-production.

Box TV Ltd, DCD Drama Ltd, Done and Dusted Group Ltd, September Films NY Inc., September Films West Coast Inc. and September Scripted Incorporated are not part of ongoing trading operations.

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;
- September Films USA Incorporated, which is incorporated in California and is 100% owned by September Films Ltd;
- September Scripted Incorporated, which is incorporated in California and is 100% owned by September Films Ltd.

6 Trade and other receivables

Non-current assets	**31 December 2015 £'000**	**31 December 2014 £'000**
Other debtors	**73**	**121**

Current assets	**31 December 2015 £'000**	**31 December 2014 £'000**
Trade debtors	-	1
Amounts owed by group undertakings	868	564
VAT recoverable	45	60
Other debtors	59	51
Prepayments and accrued income	78	76
	1,050	**751**

7 Creditors: amounts falling due within one year

	31 December 2015 £'000	**31 December 2014 £'000**
Bank overdraft (secured)	6	-
Convertible debt (unsecured)	62	1,216
Trade creditors	72	175
Amounts owed to group undertakings	2,044	1,966
Amounts due to related parties	603	-
Taxation and social security	4	4
Other creditors	-	-
Accruals and deferred income	148	79
	2,939	**3,440**

8 Creditors: amounts falling due after more than one year

	31 December 2015 £'000	31 December 2014 £'000
Convertible debt (unsecured)	**-**	**833**

9 Bank and other borrowings

	31 December 2015 £'000	31 December 2014 £'000
Due within one year or on demand		
Bank overdrafts - secured (a)	6	-
Convertible loan notes (b)	62	58
Convertible loan notes (c)	-	1,158
	68	**1,216**
Due after more than one year		
Convertible loan notes (d)	-	833
Total borrowings	**68**	**2,049**

a) The Group's day-to-day operations are funded from cash generated from trading and the use of a net overdraft facility of £0.25m. The facility is repayable on demand. At the time of signing the accounts the facility has been extended by its principal bankers until 31 July 2016. The directors expect a facility to remain available to the Group for the foreseeable future. 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 overdraft is secured by a fixed charge over the company's and group's intangible programme rights assets.

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

(c) In 2013, the Group's largest shareholders agreed to lend £1.0m in the form of new convertible loan notes, that had an interest rate of 10% and a conversion price of 0.5p. As a result of the share consolidation in 2013 the conversion price became £5.00. As a result of the capital re-organisation approved by the shareholders at the AGM on 30 June 2014, the conversion price became £1.00. On 1 October 2015, DCD Media received notice from noteholders that they intended to convert their holdings into ordinary shares.

(d) In 2014, the Group's largest shareholders agreed to lend a further £0.8m in the form of new convertible loan notes that had an interest rate of 10% and a conversion price of £5.00. As a result of the capital re-organisation approved by the shareholders at the AGM on 30 June 2015, the conversion price became £1.00. On 7 October 2015, the 2014 convertible loan notes and accrued interest to that date totalling £927,138 were converted into 927,138 ordinary £1 shares.

10 Share capital

See Group accounts note 19.

11 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 2014	51,118	55	(57,481)	(37)	(6,345)
Loss for the year			(1,092)		(1,092)
Equity element on issue of convertible loans	-	43	-	-	43
At 31 December 2014	**51,118**	**98**	**(58,573)**	**(37)**	**(7,394)**
At 1 January 2015	51,118	98	(58,573)	(37)	(7,394)
Loss for the year	-	-	(2,685)	-	(2,685)
Equity element on conversion of convertible loans	97	(97)	-	-	-
At 31 December 2015	**51,215**	**1**	**(61,258)**	**(37)**	**(10,079)**

12 Financial instruments

	31 December 2015 £'000	31 December 2014 £'000
Financial assets		
Financial assets measured at fair value through the profit and loss	-	12
Financial assets that are debt instruments measured at amortised cost	1,050	751
	1,050	**763**
Financial liabilities		
Financial liabilities measured at amortised cost	2,939	4,273
	2,939	**4,273**

Financial assets measured at amortised cost include trade and other debtors, recoverable VAT, prepayments and accrued income and amounts owed by group undertakings.

Financial liabilities measured at amortised cost include trade and other creditors, amounts owed to group undertakings and related parties, accruals and deferred income and convertible debt.

13 Pension costs

The Company did not make any contributions to personal pension schemes (2014: contribution of £550 for one employee for part of the year).

14 Events after the reporting date

See Group accounts note 26.

15 Transactions with Directors and other related parties

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

Company	Director	Amount paid 2015 £'000	Amount paid 2014 £'000	Description
Timeweave Ltd	D Craven	417	378	Provision of director and accounting services to DCD Media Plc.

At 31 December 2015, £602,776 was due to Timeweave Ltd (2014: £nil).

The company has taken advantage of the exemptions available under FRS 102 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 2015 £	Transactions in the year to 31 December 2015 £	Balance outstanding at 31 December 2014 £	Transactions in the year to 31 December 2014 £
Amounts owed from:				
Rize Television Limited	(13,638)	70,816	(12,796)	62,275
	(13,638)	70,816	(12,796)	62,275

2013 Convertible Loan Notes

	31 December 2015 Loan Note £'000	31 December 2015 Accrued Interest £'000	31 December 2015 Total £'000	31 December 2014 Loan Note £'000	31 December 2014 Accrued Interest £'000	31 December 2014 Total £'000
Timeweave Ltd *	-	-	-	676	107	783
Henderson *	-	-	-	252	40	293
David Green **	-	-	-	72	12	83
	-	**-**	**-**	**1,000**	**159**	**1,159**

15 Transactions with Directors and other related parties (continued)

2014 Convertible Loan Notes

	31 December 2015 Loan Note £'000	31 December 2015 Accrued Interest £'000	31 December 2015 Total £'000	31 December 2014 Loan Note £'000	31 December 2014 Accrued Interest £'000	31 December 2014 Total £'000
Timeweave Ltd *	-	-	-	569	33	602
Henderson *	-	-	-	217	13	230
David Green **	-	-	-	30	2	32
	-	**-**	**-**	**816**	**48**	**864**

*denotes shareholder
** denotes shareholder and director

16 Ultimate parent company and ultimate controlling party

The immediate parent company is Timeweave Ltd, registered in England and Wales. The results of DCD Media Plc are consolidated in the accounts of Mayfair Capital Investments UK Ltd, registered in England and Wales.

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 Mayfair Capital Investments UK Ltd and Colter Ltd, a company incorporated in the Bahamas.

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