DCD MEDIA PLC

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

Company number 03393610

Contents

DCD Media Plc

("DCD Media" or the "Company")

Audited results for the year ended 31 December 2017

DCD Media and its subsidiaries, the independent TV distribution and production group (the "Group"), today report results for the year ended 31 December 2017.

Financial Summary

Continuing operations:

• Revenue	£10.2m (2016: £8.2m)
• Gross profit	£2.5m (2016: £2.5m)
• Operating profit/(loss)	£0.5m (2016: (£0.1m))

Discontinued operations:

• Revenue	£0.4m (2016: £0.4m)
• Gross profit	£0.3m (2016: £0.3m)
• Operating (loss)/profit	(£0.1m) (2016: £0.1m)

Group results:

• Operating profit	£0.4m (2016: £0.0m)
• Adjusted EBITDA	£0.8m (2016: £0.8m)
• Adjusted profit before tax	£0.8m (2016: £0.8m)

Please refer to the table within the Performance section within the Group Strategic Report for an explanation of the profit adjustments.

Business highlights

- Filming of the third series of **Penn & Teller: Fool Us in Vegas** was completed in H1 2017. The series is a co-production between 1/17 Productions and **September Films** for the CW Network in the USA.

- **DCD Rights** secured the distribution rights for the ongoing hit American series **Mama June: From Not to Hot** following its premiere on WE tv.

- **DCD Rights** signed a number of new deals for its diverse selection of factual and factual entertainment content, including presales for the brand new second season of Electric Pictures' reality series **Aussie Gold Hunters.**

- **DCD Rights'** distribution title, **My Baby, Psychosis & Me**, won Best Factual Documentary at the RTS Scotland Awards.

- **DCD Rights** signed a multi-territory deal with SundanceTV Global for conspiracy thriller **Acceptable Risk** as well as major deals with a number of high profile subscription streaming services.

- **MIPTV – DCD Rights** celebrated its first 10 years with an event at MIPTV in Cannes. After signing a number of early sales for the factual entertainment series **James Martin's French Adventures** distributed by DCD Rights, James Martin was on hand at the event, speaking directly to more potential buyers.

- **DCD Rights** has continued to secure additional funding for content acquisition.

- Series two of **Rize USA**'s hugely popular talent show for teenagers **Got What it Takes?** aired on CBBC.

- **DCD Rights** secured a format deal with WE TV for the return of the highly popular and long running **September Films**' series **Bridezillas,** which will make its debut in early 2018 on WEtv.

- Series three of **Rize's** popular children's reality show **Got What it Takes?** began to air in Q1 2018.

Overview

We are pleased to announce the full year results for DCD Media which demonstrate a strong operational platform that positions the company well for future organic growth.

Turnover for the year ending 31 December 2017 was £10.2m (2016: £8.2m) which represents a highly credible achievement of c.25% top-line growth. The Company achieved a 2.0% increase in adjusted EBITDA to £0.80m (2016: £0.79m). Operating profit was recorded at £0.4m and continued to improve against previous years (2016: £0.0m).

During the year, the business was profitable and the rights division saw its fifth consecutive year of turnover growth and with the benefit of access to additional funding, acquired rights and primed the market for sales in this fiscal year. The Board expects revenue growth to continue in the current financial year.

We were delighted that anticipated revenue growth in the second half of the fiscal year was delivered by a highly professional and energised management team. The Board believes the stable and scalable operational platform will enable the team to drive further sales growth. The Board is confident that the market backdrop will present significant opportunities and the prospects for further expansion are positive going forward into the new fiscal year.

The Board remains confident in the long-term potential of the DCD Media business. Continued year-on-year improvements in both revenue and EBITDA are a reflection of the historic work undertaken to consolidate the business into a pure-play international TV rights distribution. The growth has also been made possible as a consequence of access to competitively-priced third-party funding for the acquisition of programming rights.

Following an office move in the previous year; the team is now well-established with its new headquarters in premises off Edgware Road, Marylebone, close to the BBC and other key UK-based customers.

Over the last few years, under Timeweave's management, actions to restructure the Group, reduce the cost structure and refocus the business on the burgeoning sales and distribution market have been taken. This work also included the rationalising of the production divisions ensuring that output from productions has remained very strong through outsourced co-production arrangements.

The Board is particularly pleased, therefore, to note that core formats vesting in the production entities have been recommissioned under co-production arrangements which provides both continued cash flow for the Group and a growing library of 'owned' content to complement the third-party rights held under licence.

Notably, filming of the third series of **Penn & Teller: Fool Us in Vegas** was completed in the year H1 2017. The series is a co-production between 1/17 Productions and **September Films** for the CW Network in the USA. And series three of **Rize's** popular children's reality show **Got What it Takes?** is currently in production and began to air in Q1 2018.

We believe the marketplace continues to evolve and the consumption model for consumers shifting heavily towards on-demand content provision shows no signs of abating. Demand for quality content is therefore high and DCD Media has capitalised by increasing its sales territories as well as booking block deals with major international cable and SVOD platforms. The year also saw the continued expansion of the catalogue across all genres, with approximately 10% more hours available than in the previous year.

David Craven, Executive Chairman and Chief Executive Officer, commented: "We are delighted to report very strong sales growth in the business this year and there is plenty of capacity to grow in the market going forward. Positive trading conditions generally increases competition in the market for quality content and the DCD Rights team have prevailed against the tough commercial challenges which face small independent TV distributors.

"The key challenge going forward is to ensure the business has available funding together with strong pipelines and sources for award-winning content to showcase in the library for the coming years. DCD Media is very well-placed to benefit from a scaled operation and we fully expect the business to thrive in the marketplace.

"The DCD Media business reports an adjusted EBITDA profit of £0.80m compared with £0.79m in 2016. Although a modest increase, the top-line growth of c.25% in sales sets the business on the correct footing for continued growth. The success in revenue growth is brought about through a strong and experienced management team, more sources of programme funding and a strong, credible reputation in the marketplace.

"The Board remains optimistic for the future and we see expansion from the rights division. With continued access to funding; we have a thriving rights business capable of sustained growth in the future.''

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Executive Chairman's review

The core rights business continued its expansion phase with strong year-on-year revenue growth supported by a solid underlying EBITDA performance for the financial year.

Supporting this financial performance, DCD Rights consolidated its position as one of the world's top independent TV rights distributors in 2017 with quality additions to the library and sales to a wider client base than ever before. The team struck two significant 'block' international deals with major SVOD channels, as well as achieving a large number of international, multi-territory sales worldwide.

The DCD Rights team successfully negotiated a further season of the 1/17 Productions and DCD Media's co-production of **Penn & Teller: Fool Us**, for US network The CW. The entertainment show features world famous magicians Penn and Teller and continues to prove a top-rated show for the network.

Also, the team reached agreement with WEtv in the US to bring back the iconic, long-running show Bridezillas, in a new series of the September Films format, to be produced by WEtv. This new series reinvigorates the catalogue which sees more than 200 episodes of Bridezillas featured within the DCD Rights factual entertainment portfolio.

At MIPTV in April, DCD Rights celebrated its first 10 years of business, with the launch of **James Martin's French Adventure**. The celebrity chef was on hand to encourage buyers directly to acquire the show for audiences internationally. Earlier in 2017, DCD Rights announced the completion of a variety of early sales deals ahead of the launch and the series has now been marketed to over 40 territories.

DCD Rights' Factual Catalogue scooped awards including; **Ocean Adventurer** at the SAFTA's (South Africa Film and Television Awards), **My Baby, Psychosis & Me** at the RTS Scotland Awards together with **Real Detective**, which received four nominations at the Canadian Screen Awards.

At MIPCOM in autumn 2017, DCD Rights launched a major new contemporary political thriller **Romper Stomper**, starring David Wenham and Sophie Lowe. The STAN original series, which recorded more viewing in its first 24 hours than any previous premiere, was acquired by BBC Three UK and Sundance TV in an international, multi-territory deal with its contemporary and topical issues being faced by many countries worldwide.

The Board wants to thank the management team and staff at DCD Media for their hard work and dedication in the fiscal year and for their support over recent years helping to consolidate and reshape the business.

The Board believes that we are well placed for DCD Media's rights and distribution business to deliver strong growth in 2018 and beyond.

D Craven
Executive Chairman and Chief Executive Officer
31 May 2018

Group strategic report

Strategic outlook

The backdrop for TV content consumption is positive, albeit TV markets can be volatile and smaller companies will continue to be under-funded when high value third-party rights are presented to the market.

Accordingly, and in common with other rights acquirers, the Group requires access to affordable third-party TV programming and funding, but remains confident that its key value drivers will continue to deliver these and associated year-on-year growth.

The Group's development strategy has an underlying value philosophy, focusing primarily on layering market leading quality content into the library supported by Timeweave and third-party funding. Management are now working more closely with evolving producers in the market and are taking initiatives to acquire small wholesale libraries where possible to create shareholder value and to generate improved equity returns.

The Board is therefore optimistic in its outlook for 2018 with all elements of the content acquisition process well advanced to ensure the Group has secured licence deals on quality titles to bring the library to market with a fresh and compelling offering.

The Board looks forward to future growth in 2018.

Review of divisions for the year to 31 December 2017

Rights and Licensing

DCD Rights
During the year, DCD Rights negotiated a further season of the 1/17 Productions and DCD Media owned, September Films, co-production of **Penn & Teller: Fool Us**, for US Network The CW. The competition based entertainment show features world famous magicians Penn and Teller and continues to prove a top rated show for the network.

In addition, the team reached agreement with WEtv in the US to bring back the iconic, long running show Bridezillas, in a new series of the September Films format, to be produced by WEtv. This new series reinvigorates the catalogue which now sees more than 200 episodes of Bridezillas featured within the DCD Rights factual entertainment portfolio with a plethora of international sales to territories ranging from the UK, Poland, Belgium and Australia.

Having already achieved success with reality content including the Bridezillas spin-off, **Marriage Boot Camp: Bridezillas**, **Marriage Boot Camp Reality Stars,** DCD Rights secured a deal for distribution rights for America's number one new reality show **Mama June: From Not To Hot**. The series included 30 hours of new reality content and the latter has captured the imagination of buyers from Italy, Latin America, Africa and New Zealand.

Following the success of factual crime programming, **Swipe Right for Murder**, in association with UKTV's Really Channel, Australia's Seven Network and MediaWorks New Zealand, became part of a new slate of co-production projects for DCD Rights, with the intention to boost its output to five series per year. A second series of **Nurses Who Kill**, also a co-production partnership, was unveiled for sales in October. Throughout the year, DCD Rights continued long-term relationships with independent producers in order to maintain the increased demand for market tailored programming.

During MIPTV in April, DCD Rights celebrated its first 10 years of business, with a cocktail party in Cannes and where the launch of **James Martin's French Adventure** was its focus. The celebrity chef was the guest of honour and encouraged buyers directly to acquire the show for audiences internationally. Earlier in the year, it was announced that DCD Rights had completed a variety of early sales deals ahead of the launch and the series has now been sold to over 40 territories.

At the midpoint, DCD Rights continued to match the demand for high quality factual and factual entertainment content. An assembly of new deals were signed, as well as pre-sales for a second season of reality series **Aussie Gold Hunters**, before heading to NATPE Budapest to showcase their latest releases.

With preparations to showcase even more factual content at MIPCOM, DCD Rights signed a number of significant presales for a range of new programming including; **Dangerous Borders: A Journey Across India And Pakistan** picked up by Arte (France and Germany), **Best Laid Plans** sold to Foxtel Australia and a second series of **Art Detectives**, which hit the headlines with its discovery of a Rubens masterpiece. Factual programming performed well on the international front and continues to sell well globally, alongside ongoing relationships with industry leading production companies. DCD Rights also continued to work alongside Matchlight in an output deal that includes recent titles, **The Real Doctor Zhivago** and the three-part **Darcey Bussell: Looking For…** series.

DCD Rights' Factual Catalogue also achieved great results by winning awards which included; **Ocean Adventurer** at the SAFTA's (South Africa Film and Television Awards), **My Baby, Psychosis & Me** at the RTS Scotland Awards together with **Real Detective**, which received four nominations at the Canadian Screen Awards.

Group strategic report

The DCD Rights Drama Catalogue maintained its excellence ahead of MIPTV earlier in the year with a significant multi-territory deal with Sundance TV Global for **Acceptable Risk**. The internationally produced conspiracy thriller aired across many countries later in the year and proved to be one of the highest rated shows on Danmarks Radio in Denmark.

At MIPCOM, DCD Rights launched a major new contemporary political thriller **Romper Stomper**, starring David Wenham and Sophie Lowe. The STAN original series, which recorded more viewing in its first 24 hours than any previous premiere, was acquired by BBC Three UK and Sundance TV in an international, multi-territory deal with its contemporary and topical issues being faced by many countries worldwide.

Having already proved popular with the first series, returning drama **Striking Out** was renewed in two early presale deals, extending its potential to international buyers as a trademark series. Both series were picked up by Channel 5 later in the year, to air during the launch of their new channel, 5Select. The first series also saw Amy Huberman win the award for 'Best Actress In A Lead Role In Drama' at the IFTA's and picked up a nomination for 'Best Drama'.

Dreamland (Utopia), a comedy now in its third series, accepted the award for 'Best Comedy Television Series' for the second time at the annual AACTA Awards, as well as nominations for its artistic flair. This was alongside nominations for distributed titles **Janet King: Playing Advantage** and **Deep Water: The Real Story**.

Deep Water and **Deep Water: The Real Story** were also nominated for six awards across both projects at the LOGIE awards in April. **Deep Water** continued its excellence at the Seoul Drama Awards, where the short series won the 'Silver Bird' Excellence Award For Mini Series. This deeply moving series sold into the BBC, North America and played out in a multi-territory deal on significant SVOD platforms.

Productions

The DCD Media productions division comprised the following brands:

September Films UK	London, UK
Rize Television	London, UK

The output of September Films is overseen by DCD Media and complimented by the Group's Rights and Licensing division.

September Films
As announced on 22 December 2017, September Films agreed to co-produce, with US based 1/17 Productions, a further series of the highly successful entertainment show, **Penn & Teller: Fool Us**. This is the fourth season produced in the US and the fifth season overall. It will consist of 13 episodes and continue to be hosted by Alyson Hannigan and again feature the world famous magicians Penn & Teller. The show will continue to be aired on The CW network in the US following the renewal of the licence accordingly.

September Films will continue to be involved in the production of future series of **Penn & Teller: Fool Us**. The company continues to review its library of formats and titles.

Rize
Rize continues to be involved in the production of **Got What It Takes?** which is now into its third series and began to air in Q1 2018. The second series finished in April 2017 culminating with the winner playing at **BBC Radio 1's Big Weekend** summer festival in Hull.

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

Post - Production

Sequence Post
During the year Sequence Post ceased trading following an over burdening rent increase imposed on it. Despite several attempts to save the business, management were unable to locate suitable and affordable new premises or to find an interested buyer to take the business forward. As a result, the staff were made redundant and the business ceased trading at the end of November 2017.

Group strategic report

Performance

At a turnover level, the Group delivered £10.6m in revenue, £10.2m from continuing operations compared with £8.2m in 2016. The Group is now entering a growth stage having previously consolidated the less profitable production strands of the business as mentioned in prior years.

The Group made an operating result for the year of £0.4m (2016: £0.0m), which is stated after impairment and amortisation of intangible assets, including goodwill and trade names.

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

The headline adjusted EBITDA in the year ended 31 December 2017 was £0.8m (2016: £0.8m), inclusive of £0.3m of foreign exchange gains (2016: £0.5m).

Adjusted continuing profit before tax for the Group was £0.8m in 2017 (2016: £0.8m).

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

	Year ended 31 December 2017 £m	**Year ended 31 December 2016 £m**
Operating profit/(loss) per statutory accounts (continuing operations)	0.5	(0.1)
Add: Discontinued operations (note 9)	(0.1)	0.1
Operating result per statutory accounts	**0.4**	**0.0**
Add: Amortisation of programme rights (note 11)	0.1	0.3
Add: Impairment of programme rights (note 11)	0.0	0.0
Add: Amortisation of trade names (note 11)	0.2	0.4
Add: Impairment of goodwill and related intangibles (note 11)	0.0	0.0
Less: Capitalised programme rights intangibles (note 11)	0.0	(0.2)
Add: Depreciation (note 12)	0.0	0.0
EBITDA	**0.7**	**0.5**
Add: Restructuring costs (note 5)	-	0.3
Add: Loss on discontinued operations	0.1	-
Adjusted EBITDA	**0.8**	**0.8**
Less: Net financial expense (note 7)	(0.0)	(0.0)
Less: Depreciation (note 12)	(0.0)	(0.0)
Adjusted profit before tax	**0.8**	**0.8**

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 £0.2m (2016: £0.4m) and a net amortisation and impairment of programme rights of £0.0m (2016: £0.3m).

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

Goodwill
The Directors have assessed the carrying value of goodwill attributable to September Films and have booked no impairment in 2017 (2016: £Nil). This is in light of the back-end catalogue income expected to be received within the business.

Trade names

Trade names are amortised over ten years on a straight line basis and a non-cash expense of £0.2m was expensed in the year relating to trade names. The carrying value of trade names after the amortisation was £Nil (2016: £0.2m).

Restructuring costs

Restructuring costs of £0.0m (2016: £0.3m) have been disclosed in the consolidated statement of comprehensive income. The 2016 amount relates to non-recurring costs within the production entities whose activity was wound down in that year.

Earnings per share

Basic profit per share in the year was 17p (year ended 31 December 2016: 1p) and was calculated on the result after taxation of £0.422m (year ended 31 December 2016: £0.033m) divided by the weighted average number of shares in issue during the year being 2,541,419 (2016: 2,541,419).

Balance sheet

The Group's net cash balances have decreased to £1.3m at 31 December 2017 from £2.2m at 31 December 2016. 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.

At the year end, the Group had an available gross overdraft facility of £0.35m and a net facility of £0.175m.

Shareholders' equity

Retained earnings as at 31 December 2017 were £(60.6m) (2016: £(61.0m)) and total shareholders' equity at that date was £2.9m (2016: £2.5m).

Current trading

The Group has experienced a challenging start to the year in line with other content distribution companies. However, the second quarter has been more fruitful and the team at DCD Rights are confident in surpassing 2017 sales levels and will continue to grow the business.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance, financial position and borrowings are set out above. In addition, note 17 to the consolidated financial statements 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 from £0.25m to £0.175m during the year and has recently been extended to November 2018. The facility reduced by a further £25k after the year end giving a revised current limit of £0.15m. The overdraft will be reviewed further by the Group's principal bankers, Coutts & Co ("Coutts"), on 30 November 2018 but 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 Directors' forecasts and projections, which make allowance for potential changes in its trading performance, show that with the ongoing support of its shareholder 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.

Group strategic report

Key Performance Indicators (KPIs)

	Year ended 31 December 2017	Year ended 31 December 2016
Revenue from continuing operations (£m)	10.2	8.2
Continuing operating profit/(loss) from operations (£m)	0.5	(0.1)
Adjusted EBITDA (£m)	0.8	0.8
Adjusted profit before tax (£m)	0.8	0.8

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 £1.3m (2016: £2.2m) including certain production related cash held to maintain the Group policy. The Group debt consists primarily of an overdraft, some convertible debt and accrued management recharges due to Timeweave. Details of interest payable, funding and risk mitigation are disclosed in notes 7, 15 and 17 to the consolidated financial statements.

Exchange rate risk
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

31 May 2018

Group report of the Directors for the year ended 31 December 2017

The Directors present their report together with the audited financial statements for the year ended 31 December 2017.

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 4 to 8, which should be read in conjunction with this report.

Results

The Group's profit before taxation for the year ended 31 December 2017 was £0.5m (2016: loss of £0.1m). The result for the year post-taxation was £0.4m (2016: £0.0m) and has been carried forward in reserves.

The Directors do not propose to recommend the payment of a dividend (2016: £nil).

Directors and their interests

	At 31 December 2017			At 31 December 2016		
	Ordinary shares of £1 each		**Deferred shares of £1 each**	**Ordinary shares of £1 each**		**Deferred shares of £1 each**
N Davies Williams	781		69,317	781		69,317
D Craven	-		-	-		-
N McMyn	-		-	-		-
A Lindley	-		-	-		-

Mr Lindley and Mr McMyn are Non-Executive Directors. Biographies of the Company's Directors can be found on page 13.

Other than as disclosed in note 21 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 30 May 2018, 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	1,818,377	71.55
Lombard Odier Investment Managers	664,728	26.16

Share capital

Details of share capital are disclosed in note 18 to the consolidated financial statements.

Employee 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.

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 17 to 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 2017.

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.

Group report of the Directors for the year ended 31 December 2017

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 consolidated 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 consolidated 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 18 to the consolidated financial statements.

Resolutions at the Annual General Meeting

The Company's AGM will be held on Wednesday 27 June 2018. 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 dis-apply pre-emption rights and to purchase own shares.

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 (2016: £nil). No donations were made to any political party in either year.

Group report of the Directors for the year ended 31 December 2017

Auditors

After the year end, SRLV Audit Limited was appointed as auditor. A resolution to re-appoint SRLV Audit Limited as the Company's auditors will be put forward at the AGM to be held on 27 June 2018.

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 31 May 2018 and signed on its behalf by:

D Craven
Executive Chairman and Chief Executive Officer

31 May 2018

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 and licencing 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 of Tavistock Europe, 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. Neil was also appointed as Chief Financial Officer of Ultimate Finance Group in July 2015. 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. Andrew was a Director of the Tote for the six years up to its sale in 2011 and spent five years at Northern Foods plc before that.

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

Opinion

We have audited the financial statements of DCD Media Plc (the 'parent company') and its subsidiaries (the 'Group') for the year ended 31 December 2017 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, the statement of changes in equity and the notes to the parent company financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 December 2017 and of the Group's result for the year then ended;
- the consolidated financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

Valuation of intangibles, rights and licences
In line with the Group's accounting policy, management is required to perform an annual impairment assessment by comparing the carrying value of intangible assets to the net present value of forecast future cash flows generated from the underlying businesses ("Cash Generating Unit or CGU") or specific cash flows (for programme rights).

Management has developed two separate models for this purpose, one to assess the carrying value of goodwill and trade names, and the other to assess the carrying value of programme rights. At the year end, the Group held goodwill, trade names and programme rights.

Our response
We reviewed the capitalisation policy adopted by management, the method of determining amortisation and management's impairment assessment, plus allocation of items to the consolidated income statement where matched to related income.

Goodwill is fully amortised. The trade names and programme rights were amortised in line with policies adopted by management and the determination of discount factors utilised in management calculations supporting impairment assessments were considered reasonable.

Revenue recognition
Distribution revenue arises from the licensing of programme rights which have been obtained under distribution agreements. Distribution revenue is recognised in the statement of comprehensive income on signature of the licence agreement, and represents amounts receivable from such contracts. In line with the Group's accounting policy, 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.

Our response
Revenue is recognised appropriately in line with the stated consolidated or parent company financial statements accounting policy, IFRS requirements and the principles for revenue recognition contained within UK GAAP respectively.

Our application of materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based upon our professional judgement, we determined materiality for the financial statements as a whole as follows:

- For the consolidated financial statements, overall materiality was £162,000 (2016 - £172,000). We calculated this using 1.5% of revenue, including the revenue of discontinued operations (2016 – 2% of revenue).
- For the parent company financial statements, overall materiality was £117,000 (2016 - £167,000). We calculated this using 2% of total assets. In accordance with the ISA's, we restricted parent company materiality.

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality. The range of materiality allocated across the components was between £6,000 and £162,000. Certain components were audited to a local statutory audit materiality that was also less than our overall Group materiality.

We agreed with the audit committee that we would report to them misstatements identified during our audit above £8,000 (Group audit) (2016 - £9,000) £6,000 (parent company audit) (2016 - £8,000) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

An overview of the scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements, including those that required significant auditor consideration at the component and Group level. In particular, we looked at where the Directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all our audits, we also addressed the risk of management override of internal controls, including estimates whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud. The Group engagement team performed all of the audit procedures. Procedures were performed to address the risks identified and for the most significant assessed risks of material misstatement. The procedures performed are outlined in the key audit matters section of this report.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.

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

- adequate accounting records have not been kept 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.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement on page 11, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other matters which we are required to address

SRLV Audit Limited was appointed by the audit committee on 14 February 2018 to audit the financial statements for the year ended 31 December 2017. SRLV Audit Limited is associated with the previous auditor, SRLV and therefore the total uninterrupted period of engagement is six years, covering the periods ending 31 December 2012 to 31 December 2017.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the parent company and we remain independent of the Group and the parent company in conducting our audit.

Our audit opinion is consistent with the additional report to the audit committee.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' 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.

Marc Voulters (Senior Statutory Auditor)
for and on behalf of
SRLV Audit Limited
Chartered Accountants
Statutory Auditor
89 New Bond Street
London
W1S 1DA
31 May 2018

Consolidated income statement for the year ended 31 December 2017

	Note	Year ended 31 December 2017 £'000	Year ended 31 December 2016 £'000
Revenue	4	**10,243**	**8,165**
Cost of sales		(7,708)	(5,642)
Impairment of programme rights	5,11	(13)	(9)
		(7,721)	(5,651)
Gross profit		**2,522**	**2,514**
Administrative expenses:			
- Other administrative expenses		(1,792)	(1,914)
- Amortisation of trade names	5,11	(209)	(419)
- Restructuring costs	5	-	(287)
		(2,001)	**(2,620)**
Operating profit/(loss)		**521**	**(106)**
Finance costs	7	(2)	(24)
Profit/(loss) before taxation		**519**	**(130)**
Taxation	8	40	76
Profit/(loss) after taxation from continuing operations		**559**	**(54)**
(Loss)/profit on discontinued operations net of tax	9	(137)	87
Profit for the financial year		**422**	**33**
Profit attributable to:			
Owners of the parent		422	33
		422	**33**
Earnings per share attributable to the equity holders of the Company during the year (expressed as pence per share)			
Basic profit/(loss) per share from continuing operations		**22p**	**(2p)**
Basic earnings per share from discontinued operations	9	**(5p)**	**3p**
Total basic profit per share	10	**17p**	**1p**
Diluted profit/(loss) per share from continuing operations		**21p**	**(2p)**
Diluted earnings per share from discontinued operations	9	**(5p)**	**3p**
Total diluted profit per share	10	**16p**	**1p**

The notes on pages 22 to 46 are an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income for the year ended 31 December 2017

	Year ended 31 December 2017 £'000	Year ended 31 December 2016 £'000
Profit for the financial year	**422**	**33**
Other comprehensive income		
Exchange gains arising on translation of foreign operations	-	177
Total other comprehensive income	-	177
Total comprehensive income	**422**	**210**
Total comprehensive income attributable to:		
Owners of the parent	422	210
	422	**210**

The notes on pages 22 to 46 are an integral part of these consolidated financial statements.

Consolidated statement of financial position as at 31 December 2017

Company number 03393610

	Note	As at 31 December 2017 £'000	As at 31 December 2016 £'000
Non-current assets			
Goodwill	11	1,017	1,017
Other intangible assets	11	19	265
Property, plant and equipment	12	35	94
Trade and other receivables	13	64	224
		1,135	**1,600**
Current assets			
Trade and other receivables	13	10,937	8,975
Cash and cash equivalents	24	1,323	2,628
		12,260	**11,603**
Total assets		**13,395**	**13,203**
Current liabilities			
Bank overdrafts	24	-	(427)
Other loans	15,17	-	(133)
Unsecured convertible loan	15	(73)	(67)
Trade and other payables	14	(10,378)	(10,014)
Taxation and social security	14	(48)	(25)
Obligations under finance leases	15	-	(23)
		(10,499)	**(10,689)**
Non-current liabilities			
Deferred tax liabilities	16	-	(40)
		-	**(40)**
Total liabilities		**(10,499)**	**(10,729)**
Net assets		**2,896**	**2,474**
Equity			
Equity attributable to owners of the parent			
Share capital	18	12,272	12,272
Share premium account	18	51,215	51,215
Equity element of convertible loan		1	1
Translation reserve		-	-
Own shares held		(37)	(37)
Retained earnings		(60,555)	(60,977)
Equity attributable to owners of the parent		**2,896**	**2,474**
Total equity		**2,896**	**2,474**

The notes on pages 22 to 46 are an integral part of these consolidated financial statements.

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 31 May 2018.

D Craven
Director

Consolidated statement of cash flows for the year ended 31 December 2017

Cash flow from operating activities including discontinued operations		Year ended 31 December 2017 £'000	Year ended 31 December 2016 £'000
Net profit/(loss) before taxation		**382**	**(43)**
Adjustments for:			
Depreciation of tangible assets	12	47	37
Amortisation and impairment of intangible assets	11	246	676
Net bank and other interest charges	7	2	24
Net cash flows before changes in working capital		**677**	**694**
Decrease in inventories		-	5
Increase in trade and other receivables	13	(1,793)	(652)
Increase in trade and other payables	14	387	1,257
Cash from continuing operations		**(729)**	**1,304**
Cash flow from discontinued operations			
Net profit before taxation		**(137)**	**87**
Adjustments for:			
Loss/(profit) on discontinued operations		137	(87)
Net cash flows before changes in working capital		**-**	**-**
Cash from discontinued operations		**-**	**-**
Cash from operations		**(729)**	**1,304**
Interest paid		(2)	(25)
Net cash flows from operating activities		**(731)**	**1,279**
Investing activities			
Sale of property, plant and equipment	12	13	-
Purchase of property, plant and equipment	12	(4)	(63)
Purchase of intangible assets	11	-	(196)
Net cash flows used in investing activities		**9**	**(259)**
Financing activities			
Repayment of finance leases		(23)	(10)
Repayment of loan		(133)	(61)
New loans raised		-	71
Net cash flows from financing activities		**(156)**	**-**
Net (decrease)/increase in cash		**(878)**	**1,020**
Cash and cash equivalents at beginning of year		2,201	1,181
Cash and cash equivalents at end of year	24	**1,323**	**2,201**

The notes on pages 22 to 46 are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity for the year ended 31 December 2017

	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 2015	12,272	51,215	1	(177)	(37)	(60,800)	**2,474**	32	**2,506**
Profit and total comprehensive income for the year	-	-	-	-	-	33	**33**	(32)	**1**
Exchange differences on translating foreign operations	-	-	-	(33)	-	-	**(33)**	-	**(33)**
Movement between reserves	-	-	-	210	-	(210)	**-**	-	**-**
Balance at 31 December 2016	**12,272**	**51,215**	**1**	**-**	**(37)**	**(60,977)**	**2,474**	**-**	**2,474**
Profit and total comprehensive income for the year	-	-	-	-	-	422	**422**	-	**422**
Balance at 31 December 2017	**12,272**	**51,215**	**1**	**-**	**(37)**	**(60,555)**	**2,896**	**-**	**2,896**

During the year, the principal activity of DCD Media Plc and subsidiaries (the Group) was the worldwide distribution of programmes for television and other media; the Group also distributes programmes on behalf of other independent producers.

DCD Media Plc is the Group's ultimate parent company, and it is incorporated and registered in England and Wales. 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. Amounts are presented in rounded thousands. The accounts have been drawn up to the date of 31 December 2017.

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 performance section of the Strategic Report. In addition, note 17 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 £0.15m (£0.175m at 31 December 2017) with other activities funded from a combination of equity and short and medium term debt instruments.

The Group's overdraft facility has been extended by its principal bankers until 30 November 2018. The Directors have a reasonable expectation that an overdraft facility will continue to be available to the Group for the foreseeable future and beyond the current extension period.

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.

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 2017. These have been reviewed and no adjustments deemed necessary. Those becoming effective from 1 January 2018 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.

Application of new and revised International Financial Reporting Standards (IFRSs)

New and revised IFRSs in issue but not yet effective

The Group has not applied the following new and revised IFRSs that have been issued but are not yet effective:

Standard	Description	Issued date	Effective date
IFRS 9 Financial Instruments	Amendments regarding prepayment features with negative compensation and modifications of financial liabilities	Oct-17	Jan-19
IFRS 17 Insurance Contracts	Original issue	May-17	Jan-21
IAS 28 Investments in Associates and Joint Ventures	Amendments regarding long-term interests in associates and joint ventures	Oct-17	Jan-19
IFRS 15 Revenue from Contracts with Customers	Clarifications to IFRS 15	Apr-16	Jan-18
IFRS 16 Leases	Relates to measurement, presentation and disclosure of leases	Jan-16	Jan-19

No early adoption has been taken up where permitted on any of the above revisions, amendments and original issue IFRSs.

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.

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 2017. 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.

1 Principal accounting policies (continued)

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.

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.

1 Principal accounting policies (continued)

Programme rights (continued)
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.

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 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.

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.

1 Principal accounting policies (continued)

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 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 19, 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.

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 £1.0m. 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 £0.0m. 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 DCD Rights.
- ***Production*** - This division is involved in the production of television content.
- ***Post-Production*** – This division is involved in post-production and contains Sequence Post.

3 Segment information (continued)

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:

2017 Segmental analysis – income statement

	Production	Rights and Licensing	Post Production	Other	Total 2017
	£'000	£'000	£'000	£'000	£'000
Total revenue	409	9,925	349	65	**10,748**
Inter-segmental revenue	(91)	-	-	(65)	**(156)**
Total revenue from external customers	318	9,925	349	-	**10,592**
Discontinued operations	-	-	(349)	-	**(349)**
Group's revenue per consolidated statement of comprehensive income	**318**	**9,925**	**-**	**-**	**10,243**
Operating (loss)/profit before tax – continuing operations	(194)	1,155	-	(440)	521
Operating loss before tax – discontinued operations	-	-	(137)	-	(137)
Operating (loss)/profit before interest and tax	**(194)**	**1,155**	**(137)**	**(440)**	**384**
Amortisation of programme rights	24	-	-	-	**24**
Impairment of programme rights	10	-	-	3	**13**
Amortisation of goodwill and trade names	-	-	-	209	**209**
Depreciation	-	34	13	-	**47**
Segmental EBITDA	**(160)**	**1,189**	**(124)**	**(228)**	**677**
Continuing adjusted EBITDA	*(160)*	*1,189*	*-*	*(228)*	*801*
Discontinued adjusted EBITDA	*-*	*-*	*(124)*	*-*	*(124)*
Net finance expense	(10)	-	-	8	**(2)**
Depreciation	-	(34)	(13)	-	**(47)**
Segmental adjusted (loss)/profit before tax	**(170)**	**1,155**	**(137)**	**(220)**	**628**
Continuing segmental adjusted (loss)/profit before tax	(170)	1,155	-	(220)	**765**
Discontinuing segmental adjusted (loss)/profit before tax	-	-	(137)	-	**(137)**

3 Segment information (continued)

2017 Segmental analysis – financial position

	Production	Rights and Licensing	Post Production	Other	Total 2017
	£'000	£'000	£'000	£'000	£'000
Non-current assets	-	35	-	-	**35**
Reportable segment assets	128	12,049	42	159	**12,378**
Goodwill	393	624	-	-	**1,017**
Total Group assets	**521**	**12,673**	**42**	**159**	**13,395**
Reportable segment liabilities	(56)	(9,338)	(62)	(970)	**(10,426)**
Loans and borrowings	-	-	-	(73)	**(73)**
Total Group liabilities	**(56)**	**(9,338)**	**(62)**	**(1,043)**	**(10,499)**

2016 Segmental analysis – income statement

	Production	Rights and Licensing	Post Production	Other	Total 2016
	£'000	£'000	£'000	£'000	£'000
Total revenue	703	7,558	455	105	**8,821**
Inter-segmental revenue	(147)	-	(23)	(54)	**(224)**
Total revenue from external customers	556	7,558	432	51	**8,597**
Discontinued operations	-	-	(432)	-	**(432)**
Group's revenue per consolidated statement of comprehensive income	**556**	**7,558**	**-**	**51**	**8,165**
Operating (loss)/profit before tax – continuing operations	(750)	655	(9)	(11)	(115)
Operating profit before tax – discontinued operations	-	-	-	96	96
Operating (loss)/profit before interest and tax	**(750)**	**655**	**(9)**	**85**	**(19)**
Capitalisation of programme rights	(196)	-	-	-	**(196)**
Amortisation of programme rights	248	-	-	-	**248**
Impairment of programme rights	9	-	-	-	**9**
Amortisation of goodwill and trade names	419	-	-	-	**419**
Depreciation	-	27	9	1	**37**
Segmental EBITDA	**(270)**	**682**	**-**	**86**	**498**
Restructuring expense	287	-	-	-	**287**
Segmental adjusted EBITDA	**17**	**682**	**-**	**86**	**785**
Net finance income/(expense)	3	(2)	-	(25)	**(24)**
Depreciation	-	(27)	(9)	(1)	**(37)**
Segmental adjusted profit/(loss) before tax	**20**	**653**	**(9)**	**60**	**724**
Continuing segmental adjusted (loss)/profit before tax	20	653	-	60	**733**
Discontinuing segmental adjusted (loss)/profit before tax	-	-	(9)	-	**(9)**

3 Segment information (continued)

2016 Segmental analysis – financial position

	Production	Rights and Licensing	Post Production	Other	Total 2016
	£'000	£'000	£'000	£'000	£'000
Non-current assets	-	46	21	27	**94**
Reportable segment assets	571	11,179	83	144	**11,977**
Goodwill	393	624	-	-	**1,017**
Trade-names	209	-	-	-	**209**
Total Group assets	**1,173**	**11,803**	**83**	**144**	**13,203**
Reportable segment liabilities	(361)	(9,060)	(33)	(1,019)	**(10,473)**
Loans and borrowings	(126)	(23)	-	(67)	**(216)**
Deferred tax liabilities	(40)	-	-	-	**(40)**
Total Group liabilities	**(527)**	**(9,083)**	**(33)**	**(1,086)**	**(10,729)**

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 2017 £'000	Year ended 31 December 2016 £'000
United Kingdom	1,286	1,252
Rest of Europe	1,458	5,053
North and South America, including Canada	1,857	1,345
Rest of the World	5,642	515
	10,243	**8,165**

Due to the significant change in the way in which television programming can be viewed, more towards streaming video on demand (SVOD) platforms, deals are becoming increasingly multi-territory ones. This has resulted in many sales being classed as “Rest of the World” where previously they would have been more easily assessed under one of the other categories.

Notes to the consolidated financial statements for the year ended 31 December 2017

5 Expenses by nature

	Year ended 31 December 2017 £'000	Year ended 31 December 2016 £'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	25	37
Operating lease rentals:		
Other	250	151
Gain on foreign exchange fluctuations	(268)	(535)
Depreciation, amortisation and impairment:		
Intangible assets - programme amortisation in cost of sales (note 11)	24	248
Intangible assets - programme impairment in cost of sales (note 11)	13	9
Intangible assets - trade names amortisation in administrative expenses (note 11)	209	419
Property, plant and equipment (note 12)	47	37
Staff costs (note 6)	1,204	1,394
Restructuring costs (see below)	-	287

In 2016, restructuring costs arise from wages for staff who are now redundant and the corresponding redundancy charges made within the production side of the business that is now closed. Other restructuring costs included non-recurring expenses in relation to production activity that will no longer be incurred going forward.

6 Directors and employees

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

	Year ended 31 December 2017 £'000	Year ended 31 December 2016 £'000
Wages and salaries	1,070	1,145
Social security costs	120	120
Other pension costs (note 22)	26	6
Redundancy costs	5	123
	1,221	**1,394**

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

	Year ended 31 December 2017 No.	Year ended 31 December 2016 No.
Sales and distribution	13	12
Production	-	2
Post-production	4	4
Directors and administration	5	4
	22	**22**

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	2017 Total £'000
D Craven	100	-	-	**100**
N Davies Williams	169	19	12	**200**
N McMyn	24	-	-	**24**
A Lindley	-	-	-	**-**
	293	**19**	**12**	**324**

	Emoluments £'000	Pension Contributions £'000	Money value of non-cash benefits received £'000	2016 Total £'000
D Green*	-	-	-	**-**
D Craven	75	-	-	**75**
N Davies Williams	160	1	11	**172**
N McMyn	32	-	-	**32**
A Lindley	5	-	-	**5**
	272	**1**	**11**	**284**

* David Green resigned from the board on 18 August 2016

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 2017 was 3,218 (2016: 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. None of the hurdles were met and the options have now lapsed.

7 Finance costs

	Year ended 31 December 2017 £'000	Year ended 31 December 2016 £'000
Bank overdraft	7	16
Convertible loan interest charge	5	5
Other interest charges	(10)	3
	2	**24**

8 Taxation on ordinary activities

Recognised in the statement of comprehensive income:

	Year ended 31 December 2017 £'000	Year ended 31 December 2016 £'000
Current tax (expense)/credit:		
Continuing operations		
UK corporation tax	-	-
US federal and state income taxes	-	(10)
Current year credit	**-**	**(10)**
Deferred tax credit:		
Reversal of temporary differences under IFRS	40	86
Total tax credit in statement of comprehensive income	**40**	**76**

Tax credit represents:	Year ended 31 December 2017 £'000	Year ended 31 December 2016 £'000
Profit/(loss) on ordinary activities – continuing operations	519	(130)
(Loss)/profit on ordinary activities – discontinued operations	(137)	87
	382	(43)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2016: 19.25%)	73	(8)
Effects of:		
Expenses not deductible for tax purposes (amortisation and impairment of intangibles)	90	114
Brought forward losses utilised	(191)	(180)
Depreciation in excess of capital allowances	(12)	7
Rate differential on foreign taxes	-	(9)
Total tax charge/(credit)	**(40)**	**(76)**

A deferred tax asset of approximately £2.3m (2016: £2.5m) arising principally from losses in the Group 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 2017 tax rate of 19% (2016 asset based on a rate of 19%).

9 Discontinued operations

During 2017, the Board made the decision to cease trading within Sequence Post Ltd. The business had been loss making and following a notification to increase rental charges the business was no longer viable. The staff were made redundant in November 2017 and it is the Board's intention to strike the company off by 31 December 2018.

Result of discontinued operations	Year ended 31 December 2017 £'000	Year ended 31 December 2016 £'000
Loss from discontinued operations before tax	(137)	(9)
Tax expense	-	-
Loss from discontinued operations after tax	**(137)**	**(9)**

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 and it was subsequently struck off the register on 9 January 2018.

9 Discontinued operations (continued)

Result of discontinued operations	Year ended 31 December 2017 £'000	Year ended 31 December 2016 £'000
Profit from discontinued operations before tax	-	96
Tax expense	-	-
Profit from discontinued operations after tax	**-**	**96**

	Year ended 31 December 2017 £'000	Year ended 31 December 2016 £'000
(Loss)/profit on discontinued operations	(137)	87
Basic earnings per share (pence)	(5p)	3p

Diluted earnings per share would remain at a loss of 5 pence (2016: remains at a profit of 3 pence) were convertible loan balances held at the year-end converted at their respective conversion prices.

10 Earnings per share

The calculation of the basic profit per share is based on the profit attributable to ordinary shareholders divided by the weighted average number of shares in issue during the year. The calculation of diluted profit per share is based on the basic profit 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.

	Profit £'000	Weighted average number of shares	2017 Per share amount pence	Profit £'000	Weighted average number of shares	2016 Per share amount pence
Basic and diluted profit per share						
Profit attributable to ordinary shareholders	422	2,541,419	17	33	2,541,419	1

If convertible loan balances held at the year-end were converted at their respective conversion prices the number of shares issued would be 2,614,288 (2016: 2,608,890 shares if all the convertible loan balances held at the prior year end had been converted at their respective conversion prices). Diluted earnings per share would decrease to 16 pence were this transaction to take place. Prior year figures have not been restated as there would be no change to the prior year numbers due to the small profit made.

11 Goodwill and intangible assets

	Goodwill £'000	Trade Names £'000	Programme Rights £'000	Total £'000
Cost				
At 1 January 2016	17,388	8,036	36,750	62,174
Additions	-	-	196	196
At 31 December 2016	**17,388**	**8,036**	**36,946**	**62,370**
At 1 January 2017	17,388	8,036	36,946	62,370
Additions	-	-	-	-
At 31 December 2017	**17,388**	**8,036**	**36,946**	**62,370**
Amortisation and impairment				
At 1 January 2016	**16,371**	**7,408**	**36,633**	**60,412**
Amortisation provided in year in cost of sales	-	-	248	248
Impairment provided in year in cost of sales	-	-	9	9
Amortisation provided in year in administrative expenses	-	419	-	419
At 31 December 2016	**16,371**	**7,827**	**36,890**	**61,088**
At 1 January 2017	16,371	7,827	36,890	61,088
Amortisation provided in year in cost of sales	-	-	24	24
Impairment provided in year in cost of sales	-	-	13	13
Amortisation provided in year in administrative expenses	-	209	-	209
At 31 December 2017	**16,371**	**8,036**	**36,927**	**61,334**
Net book value				
At 31 December 2017	**1,017**	**-**	**19**	**1,036**
At 31 December 2016	1,017	209	56	1,282

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 2017 £'000	31 December 2016 £'000
Cash generating units (CGU):			
DCD Rights Ltd	Rights and Licensing	624	624
September Films Ltd	Production	393	393
		1,017	**1,017**

11 Goodwill and intangible assets (continued)

Goodwill and trade names (continued)

	Segment (note 3)	Trade name carrying amount 31 December 2017 £'000	31 December 2016 £'000
Cash generating units (CGU):			
September Films Ltd	Production	-	209
		-	**209**

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 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 2019. The forecasts are then extrapolated for a further five years using models that estimate the distribution income profile of the GGU's library. 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 2017 £'000	31 December 2016 £'000
Cash generating units (CGU):			
September Films Ltd	Production	-	-
		-	**-**

Trade names	Segment (note 3)	Amortisation charge 31 December 2017 £'000	31 December 2016 £'000	Impairment charge 31 December 2017 £'000	31 December 2016 £'000
Cash generating units (CGU):					
September Films Ltd	Production	209	419	-	-
		209	**419**	**-**	**-**

The key assumption used for value in use calculations is the discount factor applied to the forecasts.

The rate used to discount the forecast cash flows is 6.9% for all CGUs. If the discount rates used were increased by 3% to 9.9%, the carrying value of goodwill would still not be impaired.

11 Goodwill and intangible assets (continued)

	Discount factor 31 December 2017 %	31 December 2016 %
Cash generating units (CGU):		
DCD Rights Ltd	6.9	4.9
September Films Ltd	6.9	4.9

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 6.9%. 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 or decreased by 3% to 9.9% or 3.9% the change in carrying value would not be a material amount.

12 Property, plant and equipment

	Office and technical equipment £'000	Motor vehicles £'000	Total £'000
Cost			
At 1 January 2016	449	48	497
Additions	63	-	63
Disposals	(246)	-	(246)
At 31 December 2016	**266**	**48**	**314**
At 1 January 2017	266	48	314
Additions	4	-	4
Disposals	(164)	(48)	(212)
At 31 December 2017	**106**	**-**	**106**
Depreciation			
At 1 January 2016	**412**	**17**	**429**
Provided in year	27	10	37
Disposals	(246)	-	(246)
At 31 December 2016	**193**	**27**	**220**
At 1 January 2017	193	27	220
Provided in year	42	5	47
Disposals	(164)	(32)	(196)
At 31 December 2017	**71**	**-**	**71**
Net book value			
At 31 December 2017	**35**	**-**	**35**
At 31 December 2016	73	21	94

The net book value of property, plant and equipment includes an amount of £nil (2016: £21,221) in respect of assets held under finance leases and hire purchase contracts. The related depreciation charge on these assets for the year was £4,874 (2016: £10,008).

13 Trade and other receivables

Due after one year

	31 December 2017 £'000	31 December 2016 £'000
Trade receivables	6	147
Other receivables	58	77
Total trade and other receivables due after one year	**64**	**224**

Due within one year

	31 December 2017 £'000	31 December 2016 £'000
Trade receivables	5,109	3,800
Less: provision for impairment of trade receivables	-	(11)
Trade receivables – net	5,109	3,789
Taxation and social security	58	340
Other receivables	737	736
Due from related parties (note 21)	413	902
Prepayments and accrued income	4,620	3,208
Total trade and other receivables due within one year	**10,937**	**8,975**
Total financial assets other than cash and cash equivalents classified as loans and receivables	**5,846**	**4,525**

The average credit period taken on sales of goods is 185 days (2016: 168 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 £nil (2016: £11k). The Directors have reviewed their customer portfolio and marketplace and do not consider the risk of bad debt to be material to the business.

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

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

	31 December 2017 £'000	31 December 2016 £'000
Not due yet		
0-29 days	1,758	1,686
Overdue		
30-59 days	419	596
60-89 days	220	185
90-119 days	92	8
120+ days	2,626	1,461
	5,115	**3,936**
Trade debtors in current assets	5,109	3,789
Trade debtors in non-current assets	6	147
	5,115	**3,936**

14 Trade and other payables

	31 December 2017 £'000	31 December 2016 £'000
Trade payables	221	697
Other payables	600	339
Accruals and deferred income	8,330	6,811
Taxation and social security	48	25
Amount owed to related parties (note 21)	1,227	2,167
Total trade and other payables	**10,426**	**10,039**
Total financial liabilities, excluding loans and borrowings, classified as financial liability measured at amortised cost	**821**	**1,036**

15 Interest bearing loans and borrowings

Due within one year

	31 December 2017 £'000	31 December 2016 £'000
Bank overdraft (secured)	-	427
Convertible debt (unsecured)	73	67
Amount owed to related parties (note 21)	-	133
Obligations under finance leases	-	23
	73	**650**

The principal terms and the debt repayment schedule for the Group's loans and borrowings are as follows as at 31 December 2017:

	Currency	Nominal rate %	Year of maturity
Bank overdraft (secured)	Sterling	3.5 over Base Rate	2018
Convertible debt (unsecured)	Sterling	8.0	2018

Bank borrowings

The bank overdraft has been extended to 30 November 2018, 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.

16 Deferred tax liabilities

Deferred tax liabilities are attributable to the following:

	Liabilities		Net	
	31 December 2017 £'000	31 December 2016 £'000	31 December 2017 £'000	31 December 2016 £'000
Intangible assets	-	40	-	40
Net tax liabilities	**-**	**40**	**-**	**40**

A deferred tax asset of £2.3m, arising principally from losses in the Group of £12.1m, has not been recognised (2016: £2.5m and £13.1m). 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 in the relevant entities to make use of these losses.

Movement in deferred tax during the year:

	1 January 2017 £'000	Recognised in income £'000	31 December 2017 £'000
Intangible assets	40	40	-
Tax value of temporary difference	**40**	**40**	**-**

17 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 working capital. 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.

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.

17 Financial risk management (continued)

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 2017 and 31 December 2016 was as follows:

	Assets		Liabilities	
	31 December 2017 £'000	31 December 2016 £'000	31 December 2017 £'000	31 December 2016 £'000
US dollar	3,788	3,644	(11)	(12)
Euros	429	444	(10)	(33)
Other	398	175	-	-
Total assets/(liabilities)	**4,615**	**4,263**	**(21)**	**(45)**

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.

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 points higher than those actually incurred. The effect of such a change would be to decrease the profit before tax for the year by £1,000 (2016: loss of £9,000).

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.

17 Financial risk management (continued)

Liquidity and interest risk tables

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

31 December 2017	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							
Trade payables	n/a	282	-	-	-	-	**282**
Convertible debt	8.0%	-	-	39	-	-	**39**
Interest on convertible debt	n/a	-	-	34	-	-	**34**
Floating rate							
Bank overdrafts	3.5%	-	-	-	-	-	**-**

31 December 2016	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	20	-	-	**23**
Trade payables	n/a	807	-	-	-	-	**807**
Convertible debt	8.0%	-	-	39	-	-	**39**
Interest on convertible debt	n/a	-	-	28	-	-	**28**
Other debt	10.0%	-	94	39	-	-	**133**
Floating rate							
Bank overdrafts	3.5%	427	-	-	-	-	**427**

18 Share capital

	31 December 2017 £'000	31 December 2016 £'000
Share capital	12,272	12,272
Share premium	51,215	51,215
	63,487	**63,487**

Issued capital comprises:

	31 December 2017 £'000	31 December 2016 £'000
Allotted, called up and fully paid		
2,541,419 ordinary shares of £1 each (2016: 2,541,419 ordinary shares of £1 each)	2,541	2,541
9,730,514 deferred shares of £1 each (2016: 9,730,514 deferred shares of £1 each)	9,731	9,731
	12,272	**12,272**

Fully paid ordinary shares:

Ordinary shares have full voting, dividend and capital distribution rights attached to them.

	Number of shares	Share capital £'000	Share premium £'000
Balance at 1 January 2017 and 31 December 2017	12,271,933	12,272	51,215

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.

19 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.

19 Contingent liabilities – sale and leaseback agreements (continued)

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 2017	**-**	**-**	**-**	**-**
As at 31 December 2016	771	-	-	771

20 Capital commitments

There were no capital commitments at 31 December 2017 or 31 December 2016.

21 Transactions with directors and other related parties

Loans to Directors

At 31 December 2017 and 2016 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:

		Amount charged		
		2017	2016	
Company	**Director**	**£'000**	**£'000**	**Description**
Timeweave Ltd	D Craven	215	210	Provision of director, finance and management services

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

		Amount payable		
		2017	2016	
Company	**Director**	**£'000**	**£'000**	**Description**
Timeweave Ltd	D Craven	858	828	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 2017, DCD Rights Ltd was owed £412,554 from Timeweave Ltd (31 December 2016: £901,706) and owed £369,577 to Timeweave Ltd (31 December 2016: £1,339,106).

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. At 31 December 2017 the loan had been fully repaid with nothing outstanding (31 December 2016: £132,582 outstanding).

Compensation of key management personnel of the Group

	31 December 2017 £'000	31 December 2016 £'000
Short-term employee benefits	495	572
Termination payments	2	-
Pension benefits	20	4
	517	**576**

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

21 Transactions with directors and other related parties (continued)

The principal operating subsidiary companies are listed below:

Subsidiary	Country of incorporation	% owned	Nature of business
DCD 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
Rize Television Ltd	England & Wales	100%	Production of programmes for television

22 Retirement benefit schemes

The Group contributed to the personal pension plans of 18 employees in 2017 (2016: 18). Contributions in the year amounted to £25,546 (2016: £5,796).

23 Operating lease rental commitments

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

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

	31 December 2017 £'000	31 December 2016 £'000
Not later than one year	144	209
Later than one year and not later than five years	313	429
	457	**638**

24 Notes supporting the cash flow statement

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

	31 December 2017 £'000	31 December 2016 £'000
Cash available on demand	1,323	2,628
Overdraft	-	(427)
	1,323	**2,201**

25 Ultimate parent company and ultimate controlling party

The immediate parent company is Timeweave Ltd, registered in England and Wales. The smallest and largest group that consolidates the results of the Company is Mayfair Capital Investments UK Ltd, registered in Scotland. The results of Mayfair Capital Investments UK Ltd can be obtained from Companies House website at www.companieshouse.gov.uk .

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 Ltd and Colter Ltd, a company incorporated in the Bahamas. The Directors consider Mayfair Capital Investments Ltd, a company incorporated in the Bahamas to be the ultimate parent company.

Parent company balance sheet as at 31 December 2017

Company number 03393610

	Note	As at 31 December 2017 £'000	As at 31 December 2016 £'000
Fixed assets			
Intangible assets	3	-	-
Property, plant and equipment	4	-	-
Investments	5	1,675	3,876
Trade and other receivables	6	58	76
		1,733	**3,952**
Current assets			
Trade and other receivables	6	1,494	1,309
Cash at bank and in hand		41	-
		1,535	**1,309**
Total assets		**3,268**	**5,261**
Creditors: amounts falling due within one year	7	**(1,650)**	**(3,425)**
Total liabilities		**(1,650)**	**(3,425)**
Net assets		**1,618**	**1,836**
Capital and reserves			
Called up share capital	9	12,272	12,272
Share premium account		51,215	51,215
Equity element of convertible loan		1	1
Own shares held		(37)	(37)
Profit and loss account		(61,833)	(61,615)
Shareholders' funds		**1,618**	**1,836**

The notes on pages 49 to 54 are an integral part of these parent company financial statements.

The parent company financial statements were approved and authorised for issue by the Board of Directors on 31 May 2018.

D Craven
Director

Parent company statement of changes in equity for the year ended 31 December 2017

	Share capital £'000	Share premium £'000	Equity element of convertible loan £'000	Own shares held £'000	Retained earnings £'000	Total equity £'000
Balance at 31 December 2015	**12,272**	**51,215**	**1**	**(37)**	**(61,258)**	**2,193**
Loss and total comprehensive income for the year	-	-	-	-	(357)	**(357)**
Balance at 31 December 2016	**12,272**	**51,215**	**1**	**(37)**	**(61,615)**	**1,836**
Loss and total comprehensive income for the year	-	-	-	-	(218)	**(218)**
Balance at 31 December 2017	**12,272**	**51,215**	**1**	**(37)**	**(61,833)**	**1,618**

Notes to the parent company financial statements for the year ended 31 December 2017

During the year, the principal activity of DCD Media Plc was that of a parent company.

DCD Media Plc is the Group's ultimate parent company, and it is incorporated and registered in England and Wales. 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 financial statements are presented in Pounds Sterling (£), which is also the functional currency of the Company. Amounts are presented in rounded thousands. The accounts have been drawn up to the date of 31 December 2017.

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 17 to 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 consolidated financial statements for more detail. The Company has taken advantage of the reduced disclosure requirements to not prepare a statement of cash flows in line with FRS 102 paragraph 1.11 and 1.12.

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.

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

Pension costs were paid for no employees during the year (2016: one). Pension costs are charged against profits when they are 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.

Equity

See relevant accounting policy of the consolidated financial statements.

Notes to the parent company financial statements for the year ended 31 December 2017

1 Principal accounting policies (continued)

Revenue and attributable profit

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.

All revenue excludes value added tax.

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 408 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 £218,000 (2016: loss of £357,000). The result for the year includes £25,000 for the audit of the Company as parent of the DCD Media Plc group (2016: £25,000).

3 Intangible assets

	Programme Rights £'000
Cost	
At 1 January 2017	**320**
Additions	5,749
At 31 December 2017	**6,069**
Amortisation and impairment	
At 1 January 2017	**320**
Additions	5,746
Provided in year	3
At 31 December 2017	**6,069**
Net book value	
At 31 December 2017	**-**
At 31 December 2016	-

4 Property, plant and equipment

	Office and technical equipment £'000
Cost	
At 1 January 2017	**32**
Disposals	**(32)**
At 31 December 2017	**-**
Depreciation	
At 1 January 2017	**32**
Disposals	**(32)**
At 31 December 2017	**-**
Net book value	
At 31 December 2017	**-**
At 31 December 2016	-

5 Fixed asset investments

	Shares in subsidiary undertakings £'000
Cost	
At 1 January 2017 and 31 December 2017	**25,294**
Accumulated amortisation	
At 1 January 2017	21,418
Provided in year	2,201
At 31 December 2017	**23,619**
Net book value	
At 31 December 2017	**1,675**
At 31 December 2016	3,876

5 Fixed asset investments (continued)

All shares held in subsidiary undertakings are ordinary shares with full voting, dividend and distribution rights.

The principal operating subsidiary companies are listed below. All are 100% owned:

Company name	Place of incorporation	Principal activity	Net assets £'000	Profit/(loss) for year £'000
DCD Rights Ltd	England & Wales	Distribution of programme rights	(266)	371
September Films Ltd	England & Wales	Production of programmes for television	310	292
Sequence Post Ltd	England & Wales	Post production	(775)	(137)
Rize Television Ltd	England & Wales	Production of programmes for television	248	(3)

All companies within the group have their registered office at 9th Floor, Winchester House, 259 - 269 Old Marylebone Road, London, NW1 5RA. This is the principal place of business for all companies apart from Sequence Post Ltd which was at 6A Middleton Place, London, W1W 7TE.

DCD Rights Ltd sell programme rights worldwide to all media.

September Films Ltd and Rize Television Ltd are involved with the production of programmes for television and other media.

Sequence Post Ltd is involved in post-production. In November 2017 Sequence Post ceased trading as outlined in the group notes above and will be wound up in 2018.

All the subsidiary companies are registered in England and Wales.

6 Trade and other receivables

Non-current assets	31 December 2017 £'000	31 December 2016 £'000
Other debtors	**58**	**76**

Current assets	31 December 2017 £'000	31 December 2016 £'000
Amounts owed by group undertakings	1,434	1,241
VAT recoverable	22	26
Other debtors	21	23
Prepayments and accrued income	17	19
	1,494	**1,309**

7 Creditors: amounts falling due within one year

	31 December 2017 £'000	31 December 2016 £'000
Bank overdraft (secured)	-	10
Convertible debt (unsecured)	73	67
Trade creditors	10	28
Amounts owed to group undertakings	625	2,357
Amounts due to related parties	858	828
Accruals and deferred income	84	135
	1,650	**3,425**

8 Bank and other borrowings

	31 December 2017 £'000	31 December 2016 £'000
Due within one year or on demand		
Bank overdrafts - secured (a)	-	10
Convertible loan notes (b)	73	67
Total borrowings	**73**	**77**

a) The Group's day-to-day operations are funded from cash generated from trading and the use of a net overdraft facility of £0.15m (£0.35m gross) at 31 December 2017. The facility is repayable on demand. At the time of signing the accounts the facility has been extended by its principal bankers until 30 November 2018. The Directors have a reasonable expectation that an overdraft facility will continue to be available to the Group for the foreseeable future and beyond the current extension period.

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.

9 Share capital

See note 18 to the consolidated financial statements.

10 Financial instruments

	31 December 2017 £'000	31 December 2016 £'000
Financial assets		
Financial assets that are debt instruments measured at amortised cost	1,494	1,092
	1,494	**1,092**
Financial liabilities		
Financial liabilities measured at amortised cost	1,650	3,424
	1,650	**3,424**

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.

11 Pension costs

During the year the Company made no contributions towards a personal pension scheme (2016: contributions of £0.4k to one employee's personal pension scheme were made).

12 Transactions with Directors and other related parties

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

		Amount charged		
Company	**Director**	**2017 £'000**	**2016 £'000**	**Description**
Timeweave Ltd	D Craven	215	210	Provision of director, finance and management services

At 31 December 2017, £858,290 was due to Timeweave Ltd (2016: £828,352).

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.

13 Ultimate parent company and ultimate controlling party

The immediate parent company is Timeweave Ltd, registered in England and Wales. The smallest and largest group that consolidates the results of the Company is Mayfair Capital Investments UK Ltd, registered in Scotland. The results of Mayfair Capital Investments UK Ltd can be obtained from Companies House website at www.companieshouse.gov.uk .

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 Ltd and Colter Ltd, a company incorporated in the Bahamas. The Directors consider Mayfair Capital Investments Ltd, a company incorporated in the Bahamas to be the ultimate parent company.

Corporate information

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