DCD MEDIA PLC

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

Company number 03393610

Contents

DCD Media Plc

("DCD Media" or the "Company")

Audited results for the year ended 31 December 2018

DCD Media and its subsidiaries, the independent TV distribution and production group (the "Group"), today report results for the year ended 31 December 2018.

Financial Summary

Continuing operations:

• Revenue	£7.05m (2017: £10.24m)
• Gross profit	£1.64m (2017: £2.52m)
• Operating (loss)/profit	(£0.07m) (2017: £0.52m)

Discontinued operations:

• Revenue	£0.0m (2017: £0.35m)
• Gross profit	£0.0m (2017: £0.28m)
• Operating profit/(loss)	£0.03m (2017: (£0.14m))

Group results:

• Operating (loss)/profit	(£0.04m) (2017: £0.38m)
• Adjusted EBITDA	(£0.03m) (2017: £0.80m)
• Adjusted (loss)/profit before tax	(£0.04m) (2017: £0.75m)

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

Business highlights

- The fourth series of **Penn & Teller: Fool Us** successfully aired on the CW Network in the US, as well as an additional one hour **Penn & Teller: April Fool Us** special triggering a further commission for 2019 to be produced by 1/17 Productions and **September Films**.

- **DCD Rights** concluded a new format deal for season 12 of long running and factual **September Films'** series, **Bridezillas**. Ten episodes have been commissioned by WEtv USA to be distributed internationally by **DCD Rights**.

- Season 4 of **Rize TV's** popular CBBC teen talent show, **Got What it Takes?** aired in November 2018 with the final to be concluded in Q2 2019 and the winner performing at BBC Radio 1's Big Weekend.

- **DCD Rights** catalogue grew from 2,700 to over 3,000 hours of programming continuing its policy to acquire long running factual series alongside quality drama, high end documentaries and music programming.

- **DCD Rights** agreed to co-produce two new crime series with First Look TV and UK TV Really Channel, **Nurses Who Kill** season 3 and **21st Century Serial Killers** accordingly**,** both of which are to be distributed internationally by **DCD Rights**.

- Acorn TV acquired all rights in the USA to new **DCD Rights** distributed drama **My Life is Murder**, launched at MIPCOM and starring Lucy Lawless. The series delivers in 2019.

- **DCD Rights** distributed high octane thriller, **Romper Stomper**, which went on to win the prestigious Australian LOGIE Award for *Most Outstanding Miniseries* of 2018.

- **DCD Rights** partnered with AMC International in a new feature documentary co-production by Bill & Ben Productions / Propellor Films called **An Accidental Studio**. This is about George Harrison's film company, Handmade Films, and is to be released in 2019.

- **DCD Rights** continued to secure additional funding for content acquisition during the year.

Overview

Trading for DCD Rights, the primary component of the business, continued to be suppressed in 2018 following a weak top-line performance as announced in the interim results for 2018.

Reported Group revenue, on continuing operations, for 2018 was £7.05m compared to £10.24m in 2017. Gross profit for the year was £1.64m compared to £2.52m, with an operating loss of £0.07m while in 2017 the business delivered an operating profit of £0.52m. Having completed the year-end audit we now report a slight reduction in sales turnover and the overall operating result, from the trading update released in February 2019 to now, as a consequence of adjustments made during this process.

Continued investment in programming acquisitions in the DCD Rights catalogue increased significantly during 2018 to 3,000 hours of high quality drama, factual and entertainment programming, adding over 300 hours in the year. Although DCD Rights has continued to make progress on acquiring new titles and expanding its growing catalogue in recent years, sales revenue generated from the increased investment into new content in 2018 did not fully materialise (acquisition spend in 2017 and 2018 was £13.4m and £14.4m respectively). This is partly as a consequence of a loss of several larger scale Video On Demand (VOD) deals which were anticipated in the year and also because the business has focused more on the drama genre which has a longer lead time to deliver sales revenue. Thus, despite the high levels of acquisition, the revenue figures for the year lagged behind those of 2017.

The majority of the increase in inventory manifesting itself in top-line sales contracts is not due for delivery until 2019. So as the interaction with customers remains strong and the global sales footprint has increased, DCD Rights sales revenue generated from the increased investment into the acquisition of new content in 2017 and 2018 may only be fully realised in 2019 and beyond.

In spite of the challenging conditions at a sales level, the team have made significant progress in developing depth in the catalogue, continuing a policy to acquire long-running factual series alongside quality drama, high-end documentaries and music programming.

Notably, two new crime series co-productions were agreed by DCD Rights with First Look TV and UK TV Really channel to produce **Nurses Who Kill** season 3, as well a **21st Century Serial Killers**, both of which are to be distributed internationally by DCD Rights. In the North American market, Acorn TV acquired all rights in the USA to new DCD Rights distributed drama **My Life is Murder**, launched at MIPCOM and starring Lucy Lawless. The series delivers in 2019.

DCD Rights distributed high-impact thriller **Romper Stomper** which scooped the prestigious Australian LOGIE Award for *Most Outstanding Miniseries* as well as *Most Outstanding Supporting Actress* of 2018 for Jacqueline McKenzie. DCD Rights partnered AMC International in a new feature documentary co-production by Bill & Ben Productions/Propellor Films for AMC Networks International, **An Accidental Studio**, about George Harrison's film company, Handmade Films, to be released in 2019.

The Directors are pleased to note that core formats vesting in the production entities have again been recommissioned under co-production and format 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.

The fourth series of **Penn & Teller: Fool Us** successfully aired on the CW Network in the US, as well as an additional one hour **April Fool Us** special, triggering a further commission for 2019 to be produced by 1/17 Productions and September Films. DCD Rights concluded a new format deal for season 12 of long running factual series **Bridezillas** commissioned by WEtv USA and to be distributed internationally by DCD Rights. Popular teen talent show, **Got What it Takes?** produced by Rize TV was commissioned for a further season by CBBC.

It is, however, notable that the cable television market operators, who provide the cornerstone marketplace for DCD Rights, have contracted their content acquisition budgets as a consequence of the pressure from the SVOD (Subscription Video On Demand) growth. The so-called 'cable cutting' phenomena has been gaining momentum in recent years as OTT (Over The Top) delivery has heaped pressure on the high fixed-cost base models of traditional cable providers. So, while the SVOD new entrants have acquired original content, the DCD Rights sales team have felt the effects from the downturn in the cable TV market.

The market conditions in 2019 continue to be challenging and have been exacerbated in the UK, particularly by the continuing uncertainly as a result of the 2016 EU referendum.

As a further backdrop to the markets, the trading conditions across the world were very recently destabilised by a number of major global channel mergers and acquisitions taking root, as the world of cable TV continued to consolidate against the ongoing growth of the world VOD and SVOD networks. Many networks had a hold on acquisitions whilst changes took place, however, we believe the continued growth and quality of the DCD Rights catalogue carefully curated toward the market will hold us in good stead as that continues. The Group is well positioned to react to the new environment as the market settles and offers new opportunities from the proliferations of new VOD channels as well as the cable and broadcast networks.

David Craven, Executive Chairman and Chief Executive Officer, commented: “We are clearly disappointed that a number of factors combined in the year to impact what was a continuously growing sales revenue pattern over the previous five years.

“The market is certainly in flux presently and we expect more uncertainty as the transition to digital content delivery and consumption continues. Given the ongoing investment in programming, through the support from our funding providers, the Directors believe the company is well placed to benefit from the emergent new order of digital delivery together with the traditional platforms which it will continue to support. While those sales in discussion and negotiation for 2019 are promising, obtaining commitment remains an ongoing challenge for the sales team.

“The key challenge moving forward is to ensure the business acquires the best available content for the existing funding and indeed sources award-winning, popular content to showcase in the library for the coming years, not just for 2019. It is notable that spending on DCD Rights acquisitions in 2018 was £1m greater than in 2017 and that 300 hours of additional, high quality content have been added to an already impressive catalogue.

“Therefore, in spite of the tough trading conditions, the Directors believe the work to drive investment into new programming coupled with the Group's strong brand and underlying catalogue remain attractive and the team is focused on optimising the performance of the rights library across the various global markets.’’

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Executive Chairman's review

The core rights business continued to grow its catalogue but saw a year-on-year revenue drop with a poor, marginally loss making, EBITDA performance for the financial year.

The sales and acquisition team focused in the year on continuing to build a strong commercial catalogue of successfully long running factual series. At the beginning of the year DCD Rights' major drama, six-part Australian thriller **Romper Stomper,** premiered in the UK on BBC 3. Additionally, the drama was acquired by Starz cable network in the US as well as winning the prestigious Australian LOGIE award for *Most Outstanding Miniseries* later in the year. Strong market feedback, in part, validates the shift towards more drama which although is a competitive marketplace, drives buyer interest more than almost any other genre.

The food and cookery catalogue kicked off the year with the launch of a further James Martin series, **James Martin's American Adventure,** launched at MIP TV where a number of key pre-sales were announced to Discovery Germany. During the year, the cookery shows continued to sell to cable networks around the world and were bolstered with the addition of further high-profile series, **Brent Owens Unwraps Mauritius**, **Ainsley Caribbean Kitchen**, as well as **Eat Grow Love**, all launched at MIPCOM.

MIP TV also saw the signing of a number of global deals across the factual and factual entertainment portfolio, including **Aussie Gold Hunters** to Viasat World and a series of deals with Discovery for **Mama June**.

Last year the business reported that an agreement had been reached 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 MIP TV**, Bridezillas** was secured by Nine Network Australia, and Medialaan Belgium, and in the UK, ITV signed season 8 of **Marriage Boot Camp Reality Stars**.

DCD Rights announced a deal with UK Indie Production company, Tern TV, for more than 30 hours of new series in factual programming to include **Emergency Helimedics**, **Art Detectives, Best Laid Plans** as well as **Flights from Hell** which sold to multiple territories including Nine Network Australia, TV2 Denmark, Channel 8 Israel and Sky New Zealand.

In the digital world, the final quarter of 2018 saw the first results of a new partnership deal with Ammo in the US, distributing multiple DCD Media titles on Amazon, as well as new digital outlets such as TUBI, VUDU and ROKU, all new growth channels largely supported by advertising. DCD Rights continued its relationship with the larger players such as Hulu and Netflix and the other key subscription channels as they evolve and others join. VOD distribution continued to grow as a sales opportunity throughout the year, with deals concluded with STAN in Australia, as well as RTE Eire and Iflix in Asia amongst others.

The Board would like to thank the management team and staff at DCD Media for their hard work and dedication in the fiscal year and for their support in difficult trading conditions.

D Craven
Executive Chairman and Chief Executive Officer
30 May 2019

Strategic outlook

We have a dedicated management team leading the Group through the challenges we are facing and believe through their hard work, we will deliver a stronger performance in 2019. Market conditions remain challenging and trading was weak in the year, however, the business may yet see the benefits of the investment made in its catalogue throughout 2018 and relationships with long-standing clients continue to develop as we engage these buyers with the new content offerings from the library. Converting sales pipeline to contractual commitment is challenging, however, we have a dedicated management team leading the Group through these challenges and through their hard work the Directors are reasonably optimistic that the sales engagement will be converted into top-line performance.

Review of divisions for the year to 31 December 2018

Rights and Licensing

DCD Rights

DCD Rights catalogue increased significantly during 2018 to 3,000 hours of high-quality drama, factual and entertainment programming, adding over 300 hours.

The team has been working closely with existing and new independent producers, which has seen the growth of distribution led co-productions structured through a combination of market pre-buys combined with DCD Media investment. This has the benefit of tailoring programming more specifically toward the international market as well as fulfilling demand from key cable channels who pre-buy in order to meet their viewer needs and brand the shows as network originals. In a highly competitive market for acquisitions, the creation of market led programming in partnership with producers is a trend that we see increasing over the coming years. This delivers not only programming in demand from our customers, but DCD Media also benefits from equity shares in programming in lieu of the early investment and partnership.

This partnership programming has led to longer lead times for delivery, which we continue to balance against the acquisition of network commissioned programming. The sales and acquisition team focused on continuing to build a strong commercial catalogue of successful and long running factual series. To that end, the first half of 2018 saw the launch of **Aussie Gold** season 3, two seasons of **Facing the Fire**, **Bridezillas** season 11, **Marriage Bootcamp** 9 &10 as well as two seasons of **Mama June**.

At MIP TV, the DCD Rights team announced the signing of a number of global deals across the factual and factual entertainment portfolio, including with Discovery for **Facing the Fire**, to Viasat World for **Aussie Gold Hunters,** and a series of deals with Discovery for the **Mama June.** Nine Network Australia and Medialaan Belgium acquired the new **Bridezillas** series**,** and in the UK, ITV signed season 8 of **Marriage Boot Camp Reality Stars**.

DCD Rights announced an agreement with UK Indie Production company, Tern TV, for more than 30 hours of new series in factual programming to include **Emergency Helimedics**, **Art Detectives**, **Best Laid Plans** as well as **Flights from Hel**l which sold to multiple territories including Nine Network Australia, TV2 Denmark, Channel 8 Israel and Sky New Zealand. Crime programming continued to be a key seller, with **Real Detective** selling to Sony TV in the UK, DCD Rights agreed two crime series co-productions with First Look TV to produce **21st Century Serial Killers** (7 x 60minute episodes) as well as **Nurses Who Kill 3** (10 x 60minute episodes), both in association with UK TV's Really Channel.

The food and cookery catalogue kicked off the year with the launch of a fresh offering from the hugely successful James Martin series, **James Martin's American Adventure.** The production launched to market at MIP TV where a number of key pre-sales were announced including to Discovery Germany. During the year, the cookery shows continued to sell to cable networks around the world and were bolstered with the addition of further high-profile series, **Brent Owens Unwraps Mauritius**, **Ansley Caribbean Kitchen**, as well as **Eat Grow Love**, all launched at MIPCOM.

The music programming catalogue continued to sell and the team agreed a deal for a second season of **The Great Songwriters** following the success of season 1, as well as over ten hours of concert programming.

In the drama genre, six-part Australian thriller **Romper Stomper** premiered in the UK, on BBC 3. The intense and powerful drama was acquired by Starz cable network in the US to premier in 2019. The catalogue benefited from an agreement with STV to market the original **Taggart, Rebus** and **Dr Finlay** series and in new production, investment was agreed in three new drama series for 2019 delivery.

MIPCOM saw the announcement of new cornerstone drama series **My Life is Murder** which is a 10-part detective series, staring Lucy Lawless the New Zealand actress and singer who played the title character in television series Xena: Warrior Princess. DCD Rights announced a significant pre-sale to Acorn TV in North America and the series is due to deliver in May 2019.

DCD Rights continued to successfully represent the BBC's Open University catalogue and launched **Magic Numbers: Hannah Fry's Mysterious World of Maths** at MIPCOM which stacked up strong international sales including to TV Ontario, Knowledge Network Canada, NRK Norway, SVT Sweden as well as RTL Germany and numerous other territories. To compliment this catalogue the factual team also announced other new independent documentaries such as **The Nile: 5000 Years of History** with Bethany Hughes with pre-sales to SBS Australia and Viasat Scandinavia and Eastern Europe.

As digital distribution becomes an ever-important element across the DCD Rights sales network, a new partnership deal with Ammo in the US was agreed, distributing multiple Group titles on Amazon, as well as new digital outlets such as TUBI, Vudu and ROKU which are all new growth channels largely supported by advertising. DCD Rights continued to work with the large VOD providers such as Hulu and Netflix and the other key subscription channels as they evolve and others emerge in the market. VOD distribution continued to grow as a sales opportunity throughout the year, with deals concluded with STAN in Australia, as well as RTE Eire and Iflix in Asia amongst others.

The Company continued to benefit from its successful relationships with third party funding partners, which enjoy strong and consistent returns to their investors; leading to an increase in available funding for programme advances from July 2018. The additional funding has clearly already augmented the library and is likely to drive sales in the short to medium term as the content acquisitions flowing from the extra funding deliver in 2019 and beyond.

As traditional broadcasters and now technology based networks compete for control of the viewing experience, the consumer-facing business model is evolving, yet content remains at the heart of the rights industry. What is clear is that, whatever the delivery mechanism, broadcasters need distribution partners. In this new world of almost limitless choice where new entrants can acquire, create, and distribute interesting content, the winners will be those who deliver compelling content that meets the need to be entertained and informed. DCD Rights is well-placed to continue its growth against this backdrop.

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

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 fifth season produced in the US and the sixth 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.

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 fourth series and began to air in Q4 2018. The third series finished in April 2018 culminating with the winner playing at **BBC Radio 1's Big Weekend** summer festival.

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

Performance

At a turnover level, the Group delivered £7.05m in revenue, all from continuing operations compared with £10.24m in 2017. The market is certainly in flux presently and we expect more uncertainty as the transition to digital content delivery and consumption continues. Specifically, several anticipated VOD deals failed to materialise in the year that were a feature of the sales performance in 2017.

The Group made an operating loss for the year of £0.04m (2017: profit of £0.38m), 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 2018 was a loss of £0.03m (2017: profit of £0.80m), inclusive of £0.01m of foreign exchange gains (2017: £0.27m).

Adjusted continuing loss before tax for the Group was £0.03m in 2018 (2017: profit of £0.76m).

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

	Year ended 31 December 2018 £m	Year ended 31 December 2017 £m
Operating (loss)/profit per statutory accounts (continuing operations)	(0.07)	0.52
Add: Discontinued operations (note 9)	0.03	(0.14)
Operating result per statutory accounts	**(0.04)**	**0.38**
Add: Amortisation of programme rights (note 11)	0.00	0.02
Add: Impairment of programme rights (note 11)	0.01	0.01
Add: Amortisation of trade names (note 11)	0.00	0.20
Add: Depreciation (note 12)	0.03	0.05
EBITDA	**0.00**	**0.66**
Add: (Profit)/loss on discontinued operations	(0.03)	0.14
Adjusted EBITDA	**(0.03)**	**0.80**
Less: Net financial income/expense (note 7)	0.02	(0.00)
Less: Depreciation (note 12)	(0.03)	(0.05)
Adjusted (loss)/profit before tax	**(0.04)**	**0.75**

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 not charged any amortisation or impairment of goodwill and trade names for the year (2017: charge of £0.20m), however, did recognise a small impairment charge of £0.01m (2017: £0.01m) to clear off the remaining balance of programme rights.

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 2018 (2017: £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. In 2018, no charge of amortisation was made as the trade name balance was fully amortised in the prior financial year. The carrying value of trade names was £Nil (2017: £Nil).

Restructuring costs

Restructuring costs of £0.03m (2017: £Nil) have been disclosed in the consolidated statement of comprehensive income. These are in relation to small charges incurred within Sequence Post Ltd, the post production business, that ceased trading in November 2017.

Earnings per share

Basic loss per share in the year was 1p (year ended 31 December 2017: profit of 17p) and was calculated on the loss after taxation of £0.04m (year ended 31 December 2017: profit of £0.42m) divided by the weighted average number of shares in issue during the year being 2,541,419 (2017: 2,541,419).

Balance sheet

The Group's net cash balances have increased to £2.3m at 31 December 2018 from £1.3m at 31 December 2017. 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 increase 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 £0.30m and a net facility of £0.15m.

Shareholders' equity

Retained earnings as at 31 December 2018 were £(60.6m) (2017: £(60.6m)) and total shareholders' equity at that date was £2.9m (2017: £2.9m).

Current trading

Market conditions remain challenging and the business has yet to see the benefits of the investment made in its catalogue throughout 2018 although, relationships with long-standing clients continue to develop as we engage these buyers with the new content offerings from the library.

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 16 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 £0.175m to £0.15m during the year and has recently been extended to November 2019. The overdraft will be reviewed further by the Group's principal bankers, Coutts & Co ("Coutts"), on 30 November 2019 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.

Key Performance Indicators (KPIs)

	Year ended 31 December 2018 £m	Year ended 31 December 2017 £m
Revenue from continuing operations	7.05	10.24
Continuing operating (loss)/profit from operations	(0.07)	0.52
Adjusted EBITDA	(0.03)	0.80
Adjusted (loss)/profit before tax	(0.04)	0.75

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.

Securing funding from external parties to grow the catalogue through acquisition is key to the rights and licencing business. The Board is comfortable given the relationships with current funding partners they have adequate resources to meet their acquisition plans for the foreseeable future.

The Group's cash and cash equivalents net of overdraft at the end of the period was £2.3m (2017: £1.3m) including certain production related cash held to maintain the Group policy. The Group debt consists primarily of an overdraft and accrued management recharges due to Timeweave. Details of interest payable, funding and risk mitigation are disclosed in notes 7, 15 and 16 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

30 May 2019

Group report of the Directors for the year ended 31 December 2018

The Directors present their report together with the audited financial statements for the year ended 31 December 2018.

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 9, which should be read in conjunction with this report.

Results

The Group's loss before taxation for the year ended 31 December 2018 was £0.02m (2017: profit of £0.38m). The result for the year post-taxation was £0.04m (2017: profit of £0.42m) and has been carried forward in reserves.

The Directors do not propose to recommend the payment of a dividend (2017: £Nil).

Directors and their interests

	At 31 December 2018			At 31 December 2017		
	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 15.

Other than as disclosed in note 19 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 2019, 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 17 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 16 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. From the 28 September 2018 there was a requirement for AIM listed entities to explain how they adhere to a recognised Corporate Governance policy.

The corporate governance framework which the group operates, including board leadership and effectiveness, board remuneration, and internal control is based upon practices which the Board believes are proportional to the size, risks, complexity and operations of the business and is reflective of the group's values. Of the two widely recognised formal codes, the Board decided to adhere to the Quoted Companies Alliance's (QCA) Corporate Governance Code for small and mid-size quoted companies (revised in April 2018 to meet the new requirements of AIM Rule 26). The full code and how the Company adheres to this can be found on the Group's website at www.dcdmedia.co.uk/investors/corporate-governance .

The QCA Code is constructed around ten broad principles and a set of disclosures. The QCA has stated what it considers to be appropriate arrangements for growing companies and asks companies to provide an explanation about how they are meeting the principles through the prescribed disclosures.

We have considered how we apply each principle to the extent that the board judges these to be appropriate in the circumstances, and below we provide an explanation of the approach taken. A full explanation for each principle can be seen on the website accordingly. Consideration to the ownership of the business is key in where the board deviate from any QCA code directives. The company is owned 97.71% by two institutional investors with the four board members made up of three directors from Timeweave Ltd, its majority shareholder. Timeweave Ltd owns 71.55% and Lombard Odier Investment managers 26.16% accordingly.

The Directors confirm that the annual report and accounts, taken as a whole, is fair, balanced and understandable while providing the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

Board composition and compliance

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.

The Board of DCD Media currently comprises two executive Directors and two non-executive Directors. 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.

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. The Company will take all reasonable steps to ensure compliance by Directors and applicable employees with the provisions of the AIM Rules relating to dealings in securities.

Board evaluation

While there is no formal evaluation of the board on an annual basis in place the director's and the committees do evaluate the contribution of each on an ongoing basis. The board recognise the importance of evaluating the performance of each individual member but also recognise that for the size of company this form of self-evaluation is sufficient currently. Going forward as the company grows we will look to utilise external facilitators in future board evaluations.

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.

Audit Committee

During the financial period under review, the members of the Audit Committee were Neil McMyn (Chairman) and Andrew Lindley. The responsibilities of the committee include the following:

- ensuring that the financial performance of the Group is properly monitored, controlled and reported on;
- reviewing accounting policies, accounting treatment and disclosures in the financial reports;
- meeting the auditors and reviewing reports from the auditors relating to accounts and internal control systems; and
- overseeing the Group's relationship with external auditors, including making recommendations to the Board as to the appointment or re-appointment of the external auditors, reviewing their terms of engagement, and monitoring the external auditors' independence, objectivity and effectiveness.

During the year, the committee met to review audit planning and findings with regard to the Annual Report. In addition, it reviewed the appointment of auditors, and agreed unanimously to re-elect SRLV Audit Limited.

Remuneration Committee

During the financial period under review, the members of the Remuneration Committee were Neil McMyn (Chairman) and Andrew Lindley.

The responsibilities of the committee include the following:

- reviewing the performance of the Executive Directors and setting the scale and structure of their remuneration with due regard to the interest of shareholders; and
- overseeing the evaluation of the Executive Directors.

Shareholder engagement

The Directors of the Company are open for discussion with shareholders at any point. Furthermore, they seek to keep shareholders informed through detailed full year and interim results notices, the AGM, RNS releases, an up to date and detailed website as well as through more modern platforms such as Twitter and LinkedIn. The Company promotes the AGM as a chance to ask questions and discuss issues face to face with the board. Given that only 2% of shares are in the public domain (outside of the two major institutional investors) there has been little shareholder engagement in the past few years at the AGM.

Strategy and business model

We aim to deliver original, inspiring and popular television programmes and media content for clients around the world, enabling them to achieve high audience satisfaction and ratings. Furthermore, we aim to become the world's top independent TV rights distributor.

Staff and corporate culture

We encourage a collaborative, innovative and respectful culture across our workforce. We aim to empower our staff as much as possible and to ensure they feel involved with the business and its overall strategy. The business has a minimal level of staff turnover, and while the team is only small, we believe this is testament to the fact that the business is so connecting from top down. We have regular one-to-one meetings with key management personnel to ensure staff are engaged. These, along with team meetings allow for corporate culture to be encouraged and to allow staff to see how they affect it and how they can impact it.

Internal control

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

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

Going concern

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

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 17 to the consolidated financial statements.

Resolutions at the Annual General Meeting

The Company's AGM will be held on Thursday 27 June 2019. 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.

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.

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 (2017: £nil). No donations were made to any political party in either year.

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 2019.

Disclosure of information to the auditors

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

- so far as that Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and

- that Director has taken all the steps that they ought to have taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

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

Directors' Report approved by the Board on 30 May 2019 and signed on its behalf by:

D Craven
Executive Chairman and Chief Executive Officer
30 May 2019

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 European Chief Financial Officer of Tavistock Group, an international private investment organisation. Previously Neil spent nine years with Arthur Andersen Corporate Finance in Edinburgh and six years in advisory and funds management roles at Westpac Institutional Bank in Sydney. Neil was also appointed as Chief Financial Officer of Ultimate Finance Group in July 2015 and director of Timeweave Ltd in June 2017. 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, 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 2018 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 2018 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 £109,130 (2017 - £162,000). We calculated this using 1.5% of revenue, including the revenue of discontinued operations (2017 – 1.5% of revenue).
- For the parent company financial statements, overall materiality was £100,000 (2017 - £117,000). 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 £8,777 and £109,130. 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 £5,456 (Group audit) (2017 - £8,000) £5,000 (parent company audit) (2017 - £6,000) 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 13, 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 2018. SRLV Audit Limited is associated with the previous auditor, SRLV and therefore the total uninterrupted period of engagement is seven years, covering the periods ending 31 December 2012 to 31 December 2018.

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
30 May 2019

Consolidated income statement for the year ended 31 December 2018

	Note	Year ended 31 December 2018 £'000	Year ended 31 December 2017 £'000
Revenue	4	**7,051**	**10,243**
Cost of sales		(5,392)	(7,708)
Impairment of programme rights	5,11	(19)	(13)
		(5,411)	(7,721)
Gross profit		**1,640**	**2,522**
Administrative expenses:			
- Other administrative expenses		(1,715)	(1,792)
- Amortisation of trade names	5,11	-	(209)
		(1,715)	**(2,001)**
Operating (loss)/profit		**(75)**	**521**
Finance costs	7	17	(2)
(Loss)/profit before taxation		**(58)**	**519**
Taxation	8	(13)	40
(Loss)/profit after taxation from continuing operations		**(71)**	**559**
Profit/(loss) on discontinued operations net of tax	9	35	(137)
(Loss)/profit for the financial year		**(36)**	**422**
(Loss)/profit attributable to:			
Owners of the parent		(36)	422
		(36)	**422**
Earnings per share attributable to the equity holders of the Company during the year (expressed as pence per share)			
Basic (loss)/profit per share from continuing operations		**(2p)**	**22p**
Basic earnings per share from discontinued operations	9	**1p**	**(5p)**
Total basic (loss)/profit per share	10	**(1p)**	**17p**
Diluted (loss)/profit per share from continuing operations		**(2p)**	**21p**
Diluted earnings per share from discontinued operations	9	**1p**	**(5p)**
Total diluted (loss)/profit per share	10	**(1p)**	**16p**

The notes on pages 24 to 47 are an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income for the year ended 31 December 2018

	Year ended 31 December 2018 £'000	Year ended 31 December 2017 £'000
(Loss)/profit for the financial year	**(36)**	**422**
Total comprehensive income	**(36)**	**422**
Total comprehensive income attributable to:		
Owners of the parent	(36)	422
	(36)	**422**

Consolidated statement of financial position as at 31 December 2018

Company number 03393610

	Note	As at 31 December 2018 £'000	As at 31 December 2017 £'000
Non-current assets			
Goodwill	11	1,017	1,017
Other intangible assets	11	-	19
Property, plant and equipment	12	27	35
Trade and other receivables	13	279	64
		1,323	**1,135**
Current assets			
Trade and other receivables	13	9,071	10,937
Cash and cash equivalents	22	2,276	1,323
		11,347	**12,260**
Total assets		**12,670**	**13,395**
Current liabilities			
Unsecured convertible loan	15	-	(73)
Trade and other payables	14	(9,769)	(10,378)
Taxation and social security	14	(42)	(48)
		(9,811)	**(10,499)**
Total liabilities		**(9,811)**	**(10,499)**
Net assets		**2,859**	**2,896**
Equity			
Equity attributable to owners of the parent			
Share capital	17	12,272	12,272
Share premium account	17	51,215	51,215
Equity element of convertible loan		-	1
Own shares held		(37)	(37)
Retained earnings		(60,591)	(60,555)
Equity attributable to owners of the parent		**2,859**	**2,896**
Total equity		**2,859**	**2,896**

The notes on pages 24 to 47 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 30 May 2019.

D Craven
Director

Consolidated statement of cash flows for the year ended 31 December 2018

Cash flow from operating activities including discontinued operations		Year ended 31 December 2018 £'000	Year ended 31 December 2017 £'000
Net (loss)/profit before taxation		**(23)**	**382**
Adjustments for:			
Depreciation of tangible assets	12	29	47
Amortisation and impairment of intangible assets	11	19	246
Net bank and other interest charges	7	(17)	2
Corporation tax		(14)	-
Net cash flows before changes in working capital		**(6)**	**677**
Decrease/(increase) in trade and other receivables	13	1,650	(1,793)
(Decrease)/increase in trade and other payables	14	(651)	387
Cash from continuing operations		**993**	**(729)**
Cash flow from discontinued operations			
Net profit before taxation		**35**	**(137)**
Adjustments for:			
(Profit)/loss on discontinued operations		(35)	137
Net cash flows before changes in working capital		**-**	**-**
Cash from discontinued operations		**-**	**-**
Cash from operations		**993**	**(729)**
Interest received/(paid)		-	(2)
Net cash flows from operating activities		**993**	**(731)**
Investing activities			
Sale of property, plant and equipment	12	-	13
Purchase of property, plant and equipment	12	(21)	(4)
Net cash flows used in investing activities		**(21)**	**9**
Financing activities			
Repayment of finance leases		-	(23)
Repayment of loan		-	(133)
Settlement of convertible loans		(19)	-
Net cash flows from financing activities		**(19)**	**(156)**
Net increase/(decrease) in cash		**953**	**(878)**
Cash and cash equivalents at beginning of year		1,323	2,201
Cash and cash equivalents at end of year	22	**2,276**	**1,323**

The notes on pages 24 to 47 are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity for the year ended 31 December 2018

	Share capital	Share premium	Equity element of convertible loan	Translation reserve	Own shares held	Retained earnings	Equity attributable to owners of the parent	Amounts attributable to non-controlling interest	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
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**
Loss and total comprehensive income for the year	-	-	-	-	-	(36)	**(36)**	-	**(36)**
Disposal of convertible loan notes	-	-	(1)	-	-	-	**(1)**	-	**(1)**
Balance at 31 December 2018	**12,272**	**51,215**	**-**	**-**	**(37)**	**(60,591)**	**2,859**	**-**	**2,859**

Notes to the consolidated financial statements for the year ended 31 December 2018

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 2018.

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 16 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 2019. 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 2018. These have been reviewed and no adjustments deemed necessary. Those becoming effective from 1 January 2019 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 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 2018. 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.

1 Principal accounting policies (continued)

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**

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).

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 £Nil. 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 two 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.

Notes to the consolidated financial statements for the year ended 31 December 2018

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:

2018 Segmental analysis – income statement

	Production	Rights and Licensing	Post Production	Other	Total 2018
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Total revenue	534	6,716	-	49	**7,299**
Inter-segmental revenue	(200)	-	-	(48)	**(248)**
Total revenue from external customers	334	6,716	-	1	**7,051**
Group's revenue per consolidated statement of comprehensive income	**334**	**6,716**	**-**	**1**	7,051
Operating profit/(loss) before tax – continuing operations	440	(572)	-	58	(74)
Operating profit before tax – discontinued operations			35	-	35
Operating profit/(loss) before interest and tax	**440**	**(572)**	**35**	**58**	**(39)**
Impairment of programme rights	19	-	-	-	**19**
Depreciation	-	29	-	-	**29**
Segmental EBITDA	**459**	**(543)**	**35**	**58**	**9**
Continuing adjusted EBITDA	*459*	*(543)*	*-*	*58*	*(26)*
Discontinued adjusted EBITDA	*-*	*-*	*35*	*-*	*35*
Net finance (expense)/income	(1)	-	-	18	**17**
Depreciation	-	(29)	-	-	**(29)**
Segmental adjusted profit/(loss) before tax	**458**	**(572)**	**35**	**76**	**(3)**
Continuing segmental adjusted profit/(loss) before tax	458	(572)	-	76	**(38)**
Discontinuing segmental adjusted profit before tax	-	-	35	-	**35**

3 Segment information (continued)

2018 Segmental analysis – financial position

	Production	Rights and Licensing	Post Production	Other	Total 2018
	£'000	£'000	£'000	£'000	£'000
Non-current assets	-	27	-	-	**27**
Reportable segment assets	82	11,425	-	146	**11,653**
Goodwill	393	624	-	-	**1,017**
Total Group assets	**475**	**12,049**	**-**	**146**	**12,670**
Reportable segment liabilities	(48)	(9,197)	-	(566)	**(9,811)**
Total Group liabilities	**(48)**	**(9,197)**	**-**	**(566)**	**(9,811)**

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)**

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 2018 £'000	Year ended 31 December 2017 £'000
United Kingdom	568	1,286
Rest of Europe	1,348	1,458
North and South America, including Canada	2,774	1,857
Rest of the World	2,361	5,642
	7,051	**10,243**

Due to the significant change in the way in which television programming can be viewed, more towards VOD 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.

5 Expenses by nature

	Year ended 31 December 2018 £'000	Year ended 31 December 2017 £'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	25
Operating lease rentals:		
Other	173	250
Gain on foreign exchange fluctuations	-	(268)
Depreciation, amortisation and impairment:		
Intangible assets - programme amortisation in cost of sales (note 11)	-	24
Intangible assets - programme impairment in cost of sales (note 11)	19	13
Intangible assets - trade names amortisation in administrative expenses (note 11)	-	209
Property, plant and equipment (note 12)	29	47
Staff costs (note 6)	1,032	1,221

6 Directors and employees

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

	Year ended 31 December 2018 £'000	Year ended 31 December 2017 £'000
Wages and salaries	905	1,070
Social security costs	113	120
Other pension costs (note 20)	14	26
Redundancy costs	-	5
	1,032	**1,221**

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

	Year ended 31 December 2018 No.	Year ended 31 December 2017 No.
Sales and distribution	12	13
Post-production	-	4
Directors and administration	6	5
	18	**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	2018 Total £'000
D Craven	100	-	-	**100**
N Davies Williams	159	3	15	**177**
N McMyn	25	-	-	**25**
A Lindley	-	-	-	**-**
	284	**3**	**15**	**302**

	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**

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 2018 was 3,218 (2017: 3,218).

7 Finance costs

	Year ended 31 December 2018 £'000	Year ended 31 December 2017 £'000
Bank overdraft	-	7
Convertible loan interest charge	(18)	5
Other interest charges	1	(10)
	(17)	**2**

During the year, the outstanding convertible loan balance was settled and the interest charge to date was reversed.

8 Taxation on ordinary activities

Recognised in the statement of comprehensive income:

	Year ended 31 December 2018 £'000	**Year ended 31 December 2017 £'000**
Current tax expense:		
Continuing operations		
UK corporation tax	(13)	-
Current year charge	**(13)**	**-**
Deferred tax credit:		
Reversal of temporary differences under IFRS	-	40
Total tax (charge)/credit in statement of comprehensive income	**(13)**	**40**

Tax charge/(credit) represents:	**Year ended 31 December 2018 £'000**	**Year ended 31 December 2017 £'000**
(Loss)/profit on ordinary activities – continuing operations	(58)	519
Profit/(loss) on ordinary activities – discontinued operations	35	(137)
	(23)	382
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2017: 19.00%)	(4)	73
Effects of:		
Expenses not deductible for tax purposes (amortisation and impairment of intangibles)	9	90
Brought forward losses utilised	10	(191)
Depreciation in excess of capital allowances	(15)	(12)
Adjustment for prior years	13	-
Total tax charge/(credit)	**13**	**(40)**

A deferred tax asset of approximately £2.3m (2017: £2.3m) 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 2018 tax rate of 19% (2017: 19%).

9 Discontinued operations

In November 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. The business did not trade in 2018 with only a small number of accounting adjustments occurring.

Result of discontinued operations	Year ended 31 December 2018 £'000	Year ended 31 December 2017 £'000
Profit/(loss) from discontinued operations before tax	35	(137)
Tax expense	-	-
Profit/(loss) from discontinued operations after tax	**35**	**(137)**
Basic earnings per share (pence)	1p	(5p)

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.

	Loss £'000	Weighted average number of shares	2018 Per share amount pence	Profit £'000	Weighted average number of shares	2017 Per share amount pence
Basic and diluted (loss)/profit per share (Loss)/profit attributable to ordinary shareholders	(36)	2,541,419	(1)	422	2,541,419	17

At the end of December 2018, there were no convertible loan balances, and as such there was no potential dilution in earnings per share. As a result, diluted and actual earnings per share are the same. In 2017, had the convertible loan balance held at the year-end been converted at the respective conversion prices the number of shares issued would have been 2,614,288 and diluted earnings per share would have decreased to 16 pence were this transaction to take place.

11 Goodwill and intangible assets

	Goodwill £'000	Trade Names £'000	Programme Rights £'000	Total £'000
Cost				
At 1 January 2017	17,388	8,036	36,946	62,370
At 31 December 2017	**17,388**	**8,036**	**36,946**	**62,370**
At 1 January 2018	17,388	8,036	36,946	62,370
At 31 December 2018	**17,388**	**8,036**	**36,946**	**62,370**
Amortisation and impairment				
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**
At 1 January 2018	16,371	8,036	36,927	61,334
Impairment provided in year in cost of sales	-	-	19	19
At 31 December 2018	**16,371**	**8,036**	**36,946**	**61,353**
Net book value				
At 31 December 2018	**1,017**	**-**	**-**	**1,017**
At 31 December 2017	1,017	-	19	1,036

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 2018 £'000	31 December 2017 £'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)

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 2020. 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 2018 £'000	Impairment charge 31 December 2017 £'000
Cash generating units (CGU):			
September Films Ltd	Production	-	-
		-	**-**

Trade names	Segment (note 3)	Amortisation charge 31 December 2018 £'000	Amortisation charge 31 December 2017 £'000	Impairment charge 31 December 2018 £'000	Impairment charge 31 December 2017 £'000
Cash generating units (CGU):					
September Films Ltd	Production	-	209	-	-
		-	**209**	**-**	**-**

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 4.1% for all CGUs. If the discount rates used were increased by 3% to 7.1%, the carrying value of goodwill would still not be impaired.

	Discount factor 31 December 2018 %	Discount factor 31 December 2017 %
Cash generating units (CGU):		
DCD Rights Ltd	4.1	6.9
September Films Ltd	4.1	6.9

Programme rights

The Board performed an impairment review of programme rights held by the business. The full balance brought forward from the prior year was written off in the 2018 and there is nothing further to amortise or impair at the current time.

12 Property, plant and equipment

	Office and technical equipment £'000	Motor vehicles £'000	Total £'000
Cost			
At 1 January 2017	266	48	314
Additions	4	-	4
Disposals	(164)	(48)	(212)
At 31 December 2017	**106**	**-**	**106**
At 1 January 2018	106	-	106
Additions	21	-	21
At 31 December 2018	**127**	**-**	**127**
Depreciation			
At 1 January 2017	**193**	**27**	**220**
Provided in year	42	5	47
Disposals	(164)	(32)	(196)
At 31 December 2017	**71**	**-**	**71**
At 1 January 2018	71	-	71
Provided in year	29	-	29
At 31 December 2018	**100**	**-**	**100**
Net book value			
At 31 December 2018	**27**	**-**	**27**
At 31 December 2017	35	-	35

The net book value of property, plant and equipment includes an amount of £Nil (2017: £Nil) in respect of assets held under finance leases and hire purchase contracts. There was no depreciation charge in relation to assets held under finance leases in either the current or prior year.

13 Trade and other receivables

Due after one year

	31 December 2018 £'000	31 December 2017 £'000
Trade receivables	233	6
Other receivables	46	58
Total trade and other receivables due after one year	**279**	**64**

Due within one year

	31 December 2018 £'000	31 December 2017 £'000
Trade receivables	5,313	5,109
Less: provision for impairment of trade receivables	-	-
Trade receivables – net	5,313	5,109
Taxation and social security	250	58
Other receivables	662	737
Due from related parties (note 19)	-	413
Prepayments and accrued income	2,846	4,620
Total trade and other receivables due within one year	**9,071**	**10,937**
Total financial assets other than cash and cash equivalents classified as loans and receivables	**8,284**	**10,305**

The average credit period taken on sales of goods is 287 days (2017: 185 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 (2017: £Nil). 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 2018 £'000	31 December 2017 £'000
Not due yet		
0-29 days	3,193	1,758
Overdue		
30-59 days	152	419
60-89 days	538	220
90-119 days	105	92
120+ days	1,558	2,626
	5,546	**5,115**
Trade debtors in current assets	5,313	5,109
Trade debtors in non-current assets	233	6
	5,546	**5,115**

14 Trade and other payables

	31 December 2018 £'000	31 December 2017 £'000
Trade payables	140	221
Other payables	365	600
Accruals and deferred income	7,925	8,330
Taxation and social security	42	48
Amount owed to related parties (note 19)	1,339	1,227
Total trade and other payables	**9,811**	**10,426**
Total financial liabilities, excluding loans and borrowings, classified as financial liability measured at amortised cost	**9,769**	**10,378**

15 Interest bearing loans and borrowings

Due within one year

	31 December 2018 £'000	31 December 2017 £'000
Bank overdraft (secured)	-	-
Convertible debt (unsecured)	-	73
	-	**73**

The principal terms and the debt repayment schedule for the Group's loans and borrowings are as follows as at 31 December 2018:

	Currency	Nominal rate %	Year of maturity
Bank overdraft (secured)	Sterling	3.5 over Base Rate	2019
Convertible debt (unsecured)	Sterling	8.0	2018

Bank borrowings

The bank overdraft has been extended to 30 November 2019 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. As at 31 December 2018 there was no convertible debt outstanding.

16 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.

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 2018 and 31 December 2017 was as follows:

	Assets		Liabilities	
	31 December 2018 £'000	31 December 2017 £'000	31 December 2018 £'000	31 December 2017 £'000
US dollar	4,339	3,788	(8)	(11)
Euros	435	429	(24)	(10)
Other	578	398	-	-
Total assets/(liabilities)	**5,352**	**4,615**	**(32)**	**(21)**

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. Assets include monies due on contracts while above liabilities exclude the commissions payable, these currently sit as accruals and deferred income than trade and other payables. Taking the net balance of these two the 10% movement in exchange rate is not material, while on a stand-alone basis of either assets or liabilities it would appear to be.

16 Financial risk management (continued)

Interest rate and liquidity risk

Interest rate sensitivity
The sensitivity analysis has been based on the average exposure to floating rate debt during the year. It has been assumed that floating interest rates were 200 basis 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 (2017: loss of £1,000).

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

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

The Group's objectives when maintaining capital are:

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

Liquidity and interest risk tables

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

31 December 2018	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	140	-	-	-	-	**140**
Floating rate							
Bank overdrafts	3.5%	-	-	-	-	-	**-**

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%	-	-	-	-	-	**-**

17 Share capital

	31 December 2018 £'000	31 December 2017 £'000
Share capital	12,272	12,272
Share premium	51,215	51,215
	63,487	**63,487**

Issued capital comprises:

	31 December 2018 £'000	31 December 2017 £'000
Allotted, called up and fully paid		
2,541,419 ordinary shares of £1 each	2,541	2,541
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 2018 and 31 December 2018	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.

18 Capital commitments

There were no capital commitments at 31 December 2018 or 31 December 2017.

19 Transactions with directors and other related parties

Loans to Directors

At 31 December 2018 and 2017 there were no loans due to Directors.

19 Transactions with directors and other related parties (continued)

Other transactions

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

Company	Director	Amount charged 2018 £'000	2017 £'000	Description
Timeweave Ltd	D Craven	108	215	Provision of director, finance and management services
Ultimate Finance Group Ltd	N McMyn	17	-	Provision of director, finance and management services

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

Company	Director	Amount payable 2018 £'000	2017 £'000	Description
Timeweave Ltd	D Craven	504	858	Provision of director, finance and management services
Ultimate Finance Group Ltd	N McMyn	(20)	-	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 2018, DCD Rights Ltd was owed £Nil from Timeweave Ltd (31 December 2017: £412,554) and owed £835,046 to Timeweave Ltd (31 December 2017: £369,577).

Compensation of key management personnel of the Group

	31 December 2018 £'000	31 December 2017 £'000
Short-term employee benefits	435	495
Termination payments	-	2
Pension benefits	6	20
	441	**517**

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

The principal operating subsidiary companies are listed below:

Subsidiary	Country of incorporation	% owned	Nature of business
DCD Rights Ltd	England & Wales	100%	Distribution of programme rights
September Films Ltd	England & Wales	100%	Production of programmes for television
Rize Television Ltd	England & Wales	100%	Production of programmes for television

20 Retirement benefit schemes

The Group contributed to the personal pension plans of 18 employees in 2018 (2017: 18). Contributions in the year amounted to £14,555 (2017: £25,546).

Notes to the consolidated financial statements for the year ended 31 December 2018

21 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 2018 £'000	31 December 2017 £'000
Not later than one year	144	144
Later than one year and not later than five years	170	313
	314	**457**

22 Notes supporting the cash flow statement

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

	31 December 2018 £'000	31 December 2017 £'000
Cash available on demand	2,276	1,323
	2,276	**1,323**

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

Parent company balance sheet as at 31 December 2018

Company number 03393610

	Note	As at 31 December 2018 £'000	As at 31 December 2017 £'000
Fixed assets			
Intangible assets	3	-	-
Investments	4	1,675	1,675
Trade and other receivables	5	46	58
		1,721	**1,733**
Current assets			
Trade and other receivables	5	1,497	1,494
Cash at bank and in hand		45	41
		1,542	**1,535**
Total assets		**3,263**	**3,268**
Creditors: amounts falling due within one year	6	**(1,580)**	**(1,650)**
Total liabilities		**(1,580)**	**(1,650)**
Net assets		**1,683**	**1,618**
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
Own shares held		(37)	(37)
Profit and loss account		(61,767)	(61,833)
Shareholders' funds		**1,683**	**1,618**

The notes on pages 50 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 30 May 2019.

D Craven
Director

Parent company statement of changes in equity for the year ended 31 December 2018

	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 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**
Disposal of convertible loan notes			**(1)**			**(1)**
Profit and total comprehensive income for the year	**-**	**-**	**-**	**-**	66	**66**
Balance at 31 December 2018	**12,272**	**51,215**	**-**	**(37)**	**(61,767)**	**1,683**

Notes to the parent company financial statements for the year ended 31 December 2018

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 2018.

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 Executive Chairman's review. 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 16 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

No pension costs were paid in the current or prior year. 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.

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.

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 Result 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 profit for the year after tax was £66,000 (2017: loss of £218,000). The result for the year includes £25,000 for the audit of the Company as parent of the DCD Media Plc group (2017: £25,000).

3 Intangible assets

	Programme Rights £'000
Cost	
At 1 January 2018	**6,069**
At 31 December 2018	**6,069**
Amortisation and impairment	
At 1 January 2018	**6,069**
At 31 December 2018	**6,069**
Net book value	
At 31 December 2018	**-**
At 31 December 2017	-

4 Fixed asset investments

	Shares in subsidiary undertakings £'000
Cost	
At 1 January 2018 and 31 December 2018	**25,294**
Accumulated amortisation	
At 1 January 2018 and 31 December 2018	**23,619**
Net book value	
At 31 December 2018	**1,675**
At 31 December 2017	1,675

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	(838)	(573)
September Films Ltd	England & Wales	Production of programmes for television	725	446
Rize Television Ltd	England & Wales	Production of programmes for television	261	12

All companies within the group have their registered office at 9th Floor, Winchester House, 259 - 269 Old Marylebone Road, London, NW1 5RA.

DCD Rights Ltd sells 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.

All the subsidiary companies are registered in England and Wales.

5 Trade and other receivables

Non-current assets	31 December 2018 £'000	31 December 2017 £'000
Other debtors	**46**	**58**

Current assets	31 December 2018 £'000	31 December 2017 £'000
Amounts owed by group undertakings	1,441	1,434
VAT recoverable	11	22
Other debtors	20	21
Prepayments and accrued income	25	17
	1,497	**1,494**

6 Creditors: amounts falling due within one year

	31 December 2018 £'000	31 December 2017 £'000
Convertible debt (unsecured)	-	73
Trade creditors	-	10
Amounts owed to group undertakings	1,014	625
Amounts due to related parties	508	858
Accruals and deferred income	58	84
	1,580	**1,650**

8 Bank and other borrowings

	31 December 2018 £'000	31 December 2017 £'000
Due within one year or on demand		
Bank overdrafts - secured (a)	-	-
Convertible loan notes (b)	-	73
Total borrowings	**-**	**73**

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 (£0.3m gross) at 31 December 2018. 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 2019. 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) During the year, the outstanding convertible loan balance was settled and the interest charge to date was reversed.

9 Share capital

See note 17 to the consolidated financial statements.

10 Financial instruments

	31 December 2018 £'000	31 December 2017 £'000
Financial assets		
Financial assets that are debt instruments measured at amortised cost	1,543	1,552
	1,543	**1,552**
Financial liabilities		
Financial liabilities measured at amortised cost	1,580	1,650
	1,580	**1,650**

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 (2017: £Nil).

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:

Company	Director	Amount charged 2018 £'000	Amount charged 2017 £'000	Description
Timeweave Ltd	D Craven	108	215	Provision of director, finance and management services
Ultimate Finance Group	N McMyn	17	-	Provision of director, finance and management services

At 31 December 2018, £508,838 was due to Timeweave Ltd (2017: £858,290) and £20,256 was due from Ultimate Finance Group Ltd from a prepayment (2017: £Nil).

The company has taken advantage of the exemptions available under FRS 102 not to disclose any transactions or balances with entities that are 100% controlled by DCD Media Plc.

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

Corporate information

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