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3DD ENTERTAINMENT LIMITED

FINANCIAL STATEMENTS

For the Year ended
31 MARCH 2016

Company no 02957521

3DD ENTERTAINMENT LIMITED
FINANCIAL STATEMENTS

For the year ended 31 MARCH 2016

Company registration number:	02957521
Registered office:	MSP Secretaries 27/28 Eastcastle Street London W1W 8DH
Directors:	Dominic Saville Lyndy Saville
Secretary:	Jennifer Bentley
Bankers:	Coutts & Co Media Banking Office 440 Strand London WC2R 0QS
Business Lender:	Business Loan Network Limited t/a ThinCats 2&3 Charter Point Way Ashby Park Ashby de la Zouch Leicestershire LE65 1NF
Solicitors:	Lee & Thompson 4 Gee's Court St Christopher's Place London W1U 1JD

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The directors present the report together with the unaudited financial statements for the year ended 31 March 2016.

Principal activity

The principal activity of the company continued to be that of distributors of television programmes and series, for sale worldwide on traditional and new media channels.

Business review

There was a profit for the year after taxation amounting to £305,629 (2015: £234,583). The directors do not recommend the payment of a dividend.

Directors

The directors' interests in the shares of the Company's ultimate parent company, 3DD Holdings Ltd, are disclosed in the directors' report of that company.

Financial risk management objectives and policies

The company uses various financial instruments which include cash, trade debtors, trade creditors and amounts due to group undertakings that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the company's operations. The existence of these financial instruments exposes the company to a number of financial risks, which are described in more detail below.

The main risks arising from the company's financial instruments are currency risk, interest rate risk, credit risk and liquidity risk. The directors review and agree policies for managing each of these risks and they are summarised below. These policies have remained unchanged from previous years.

Currency risk

The company is exposed to translation and transaction foreign exchange risk.

Approximately a third of the company's purchases are from mainland USA and are transacted in US dollars. The company does not adopt a prescribed policy to eliminate currency exposures but does purchase US dollars to hold for the purpose of settling these liabilities from time to time when rates are favourable.

The company's financial liabilities in currencies other than sterling at the year end amount in Euros £ 94,927 (Euro 124,354).Foreign exchange differences on retranslation of these liabilities are taken to the profit and loss account of the company.

Liquidity risk

The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

The company's policy throughout the year has been to achieve this objective through management's day to day involvement in business decisions rather than through setting maximum or minimum liquidity ratios.

Interest rate risk

The company finances its operations through peer-to-peer loans, as well as utilising realised profits.

The interest rate exposure of the financial assets and liabilities of the company as at 31 March 2016 is shown in the balance sheet. The balance sheet includes trade debtors and creditors as these do not attract interest and are therefore subject to fair value interest rate risk.

Credit risk

The company's principal financial assets are cash at bank and trade debtors. The credit risk associated with cash is limited as the counterparties have high credit ratings assigned by international credit-rating agencies. The principal credit risk arises, therefore, from trade debtors.

In order to manage credit risk management set limits for customers based on a combination of payment history and third party credit references. Credit limits are reviewed by the financial controller on a regular basis in conjunction with debt ageing and collection history.

Statement of directors' responsibilities

The directors are responsible for preparing 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 financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

Statement of directors' responsibilities (continued)

The directors are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. He is also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

BY ORDER OF THE BOARD

Jennifer Bentley
Secretary
7 OCTOBER 2016

Basis of Preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

The principal accounting policies of the company have remained unchanged from the previous year and are set out below.

Going concern

The Directors have prepared the accounts under the assumption that the company is a going concern on the basis that the company has the support of Business Loan Network Limited t/a ThinCats in the form of fully secured loans that provide sufficient funding to meet the company's projected cash requirements for a period of at least twelve months from the date of approval of these financial statements.

Turnover

Turnover (which excludes VAT) represents revenue that the company has earned in respect of programme sales.

Revenue is recognised when all of the following criteria are met:

a) a licence agreement has been signed by both parties
b) the arrangement is fixed and determinable
c) collection is reasonably assured

Tangible Fixed Assets and Depreciation

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets by equal annual instalments over their expected useful lives. The rates generally applicable are:

Leasehold properties	Straight line over the life of the lease
Fixtures and fittings	25% pa straight line basis
Computer software	25% pa straight line basis

Leased assets

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their expected useful lives. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease.

All other leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight line basis over the lease term.

Investments

Investments are included at cost less amounts written off. Profits or losses arising from disposals of fixed asset investments are treated as part of the result from ordinary activities.

Deferred taxation

Deferred tax is recognised on all timing differences where the transactions or events that give the group an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax on defined benefit pension scheme surpluses or deficits is adjusted against these surpluses. 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 balance sheet date.

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 balance sheet date. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account.

Contributions to pension schemes

Defined Contribution Scheme
The pension costs charged against profits represent the amount of the contributions payable to the scheme in respect of the accounting period.

Related party disclosures

The company has taken advantage of the exemption available in FRS 8 from disclosing transactions with entities that are part of the 3DD Holdings Limited group of companies.

3DD ENTERTAINMENT LIMITED

PROFIT AND LOSS ACCOUNT

For the year ended 31 MARCH 2016

	Note	2016 £	2015 £
Turnover	1	**2,544,015**	2,408,810
Cost of sales		**(1,775,765)**	(1,688,087)
Gross profit		**768,250**	720,723
Other operating charges		**(219,182)**	(334,329)
Operating profit/(loss)		**549,068**	386,394
Other charges		**(6,698)**	(6,242)
Interest payable	2	**(161,959)**	(99,704)
Profit on ordinary activities before taxation		**380,411**	280,448
Tax on profit on ordinary activities	4	**(74,782)**	(45,865)
Profit on ordinary activities after taxation	13	**305,629**	234,583

All transactions arise from continuing operations.

There were no recognised gains or losses other than the profit for the financial year.

The accompanying accounting policies and notes form an integral part of these financial statements.

BALANCE SHEET AT 31 MARCH 2016

	Note	2016 £	2015 £
Fixed assets			
Intangible assets	5		
Tangible assets	6	**35,451**	66,355
		35,451	66,355
Current assets			
Debtors	7	**4,078,852**	3,576,457
Cash at bank and in hand		**10,604**	356
		4,089,456	3,576,813
Creditors: amounts falling due within one year	8	**(704,987)**	(868,779)
Net current assets		**3,384,469**	2,708,034
Total assets less current liabilities		**3,419,920**	2,774,389
Creditors: amounts falling due after more than one year	9	**(1,469,255)**	(1,138,508)
		1,950,665	1,635,881
Capital and reserves			
Called up share capital	12	**1,000**	1,000
Profit and loss account	13	**1,949,665**	1,634,881
Shareholders' funds		**1,950,665**	1,635,881

In preparing these accounts:

a The directors are of the opinion that the company is entitled to the exemption from audit conferred by Section 477 of the Companies Act 2006; and

b no notice has been deposited under Section 476 of the Companies Act 2006, and

c the directors acknowledges their responsibility for:

(i) ensuring that the company keeps accounting records which comply with Section 386 of the Companies Act 2006, and

(ii) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for the financial year in accordance with the requirements of the Companies Act 2006, and which otherwise comply with the requirements of this Act relating to accounts, so far as applicable to the company.

The financial statements were approved by the Director on 7 OCTOBER 2016.

[.....] **Dominic Saville, Director**

Company no 02957521

The accompanying accounting policies and notes form an integral part of these financial statements.

1 Turnover and profit on ordinary activities before taxation

The turnover of the company has been derived from its principal activity and is split as follows:

	2016	2015
	£	£
United Kingdom	**418,900**	400,130
Overseas	**2,125,115**	2,008,680
	2,544,015	2,408,810

The profit on ordinary activities before taxation is stated after:

	2016	2015
	£	£
(Gain)/loss on foreign exchange	**(35,813)**	11,819
Depreciation on tangible fixed assets owned	**30,903**	26,891

2 Interest payable and similar charges

	2016	2015
	£	£
On non-bank loans	**161,959**	99,704

3 Directors and employees

Staff costs during the year were as follows:

	2016	2015
	£	£
Wages and salaries	**248,710**	285,130
Social security costs	**27,885**	29,544
Other pension costs	**0**	0
	276,595	314,674

Directors and employees (continued)

The average number of employees of the company during the year was:

	2016 Number	2015 Number
Sales, production and marketing	**5**	6
Administration	**2**	2
	7	8

Remuneration in respect of directors was as follows:

	2016 £	2015 £
Emoluments	**19,500**	45,930
Pension contributions to money purchase pension schemes	**0**	0
	19,500	45,930

During the year no directors (2015: nil) participated in the company's money purchase pension scheme.

4 Tax on profit on ordinary activities

The tax charge is based on the profit for the year and represents:

	2016	2015
	£	£
United Kingdom corporation tax at 20 % (2015: 20%)	**-**	-
Adjustments in respect of prior years	**-**	-
Total current tax		
Foreign tax	**55,624**	45,865
Adjustments in respect of prior years	**-**	-
Total current tax	**55,624**	45,865
Origination & reversal of timing differences	**0**	0
Impact of change in rate	**0**	0
Total deferred tax credit	**0**	0
Tax on profit on ordinary activities	**55,624**	45,865

Factors affecting the tax charge for period:

Profit on ordinary activities before tax	**380,411**	280,448
Profit on ordinary activities before tax multiplied by the standard rate of corporation tax 20% (2015: 20%)	**76,082**	56,089
Effect of:		
Expenses not deductible for tax purposes	**-**	-
Capital allowances for the period in excess of depreciation	**-**	(7,098)
Withholding tax for which there is no double tax relief	**-**	-
Adjustments in respect of prior year	**-**	-
Utilisation of tax losses	**-**	-
Marginal small profits relief	**(1,300)**	(3,862)
Difference in tax rate	**-**	-
Current tax charge for period	**74,782**	45,129

5 Intangible fixed assets

	Accumulated library rights £
Cost	
At 1 April 2016 and 31 March 2016	**494,685**
Amortisation	
At 1 April 2015 and 31 March 2016	494,685
Net book amount at 31 March 2015 and 2016	-

6 Tangible fixed assets

	Short leasehold property £	Office equipment figures and fittings £	Computer software £	Total £
Cost				
At 1 April 2015	78,854	49,917	102,990	231,761
Additions				
At 31 March 2016	**78,854**	**49,917**	**102,990**	**231,761**
Depreciation				
At 1 April 2014	28,209	42,949	94,247	165,406
Charge for the year	16,881	6,453	7,570	30,904
At 31 March 2016	45,091	49,402	101,817	196,310
Net book amount at 31 March 2016	**33,763**	**515**	**1,173**	**35,451**
Net book amount at 31 March 2015	50,644	6,968	8,743	66,355

7 Debtors

	2016	2015
	£	£
Trade debtors	1,830,835	1,675,395
Amounts owed by other group undertakings	2,193,235	1,733,022
Other debtors	26,230	68,482
Prepayments and accrued income	28,552	99,558
	4,078,852	3,576,457

8 Creditors: amounts falling due within one year

	2016	2015
	£	£
Non-bank loans	**381,301**	425,404
Trade creditors	**81,865**	83,315
Corporation tax	**0**	0
Other taxation and social security	**44,187**	63,924
Accruals and deferred income	**147,517**	239,901
Other creditors	**50,117**	56,235
	704,987	868,779

9 Creditors: amounts falling due after more than one year

	2016	2015
	£	£
Non-Bank loans	**1,042,426**	781,406
Director loans	**426,829**	357,102
Other creditors		-
	1,469,255	1,138,508

Creditors: amounts falling due after more than one year (continued)

The company's sole lender remains The Business Loan Network, trading as ThinCats, who hold a floating charge on all existing and future assets of the company for securing all existing and future debts via a cross guarantee between 3DD Productions and 3DD Holdings with the company.

10 Deferred Tax

	2016	2015
	£	£
At beginning of year	**201**	201
Other movement	**0**	0
At end of year	**201**	201

11 Borrowings

Borrowings are repayable as follows:

	2016	2015
	£	£
Within one year – non-bank loans	**376,047**	246,386
Within one year – director loans	**30,000**	30,000
After one and within six years – non-bank loans	**1,042,426**	781,406
	1,448,473	1,057,792

12 Share capital

	2016	2015
	£	£
Authorised		
1,250,000 ordinary shares of £0.001 each	**1,250**	1,250
Allotted, called up and fully paid		
1,000,000 ordinary shares of £0.001 each	**1,000**	1,000

13 Reserves

	Profit and loss account £
At 1 April 2015	**1,644,036**
Profit for the year	**305,629**
At 31 March 2016	**1,949,665**

14 Reconciliation of movements in shareholder's funds

	2016 £	2015 £
Profit for the financial year	**305,629**	234,583
Shareholders' funds at 1 April 2015	**1,645,036**	1,401,298
Shareholders' funds at 31 March 2016	**1,950,665**	1,635,881

15 Capital commitments

The company had no capital commitments at 31 March 2016 nor 31 March 2015.

16 Contingent liabilities

There were no contingent liabilities at 31 March 2016 nor 31 March 2015.

17 Pensions

Money Purchase Scheme
The company operates a money purchase pension scheme for the benefit of the employees. The assets of the scheme are administered by trustees in a fund independent from those of the company.

18 Leasing commitments

Operating lease payments commitments are £10,464 (2015: £24,173). The leases to which these amounts relate expire as follows:

	2016	2015
	£	£
Within one year	**10,464**	24,173
Between one and five years	**27,036**	14,703

19 Transactions with directors /and other related parties

InD DVD Limited
3DD Entertainment Limited charged management expenses amounting to £ 3,200 (2015: £3,200) to InD DVD Limited. The amount owed by InD DVD Limited at the year-end was £ 141,593 (2015: £138,539).

20 Controlling related party

The directors consider that the ultimate parent undertaking of this company is 3DD Holdings Limited (registration number 05102800), incorporated in England and Wales. Copies of the parent undertakings' accounts are available from the company from the company's registered offices. . The company is controlled by D T Saville by virtue of his majority shareholding in the ultimate parent company. The company is exempt from disclosing related party transactions with other entities within the group structure.

3DD ENTERTAINMENT LIMITED

DETAILED Trading and PROFIT AND LOSS ACCOUNT

For the year ended 31 MARCH 2016

	2016	2015
	£	£
Sales		
Turnover - UK	**418,900**	400,130
Sales - Rest of World	**2,125,115**	2,008,680
	2,544,015	2,408,810
Cost of sales	**(1,775,765)**	(1,688,087)
Gross profit	**768,250**	720,723
Administrative expenses		
Salaries and wages - gross	**248,710**	285,130
Employers national insurance contribution	**27,885**	29,544
Directors remuneration - gross	**17,981**	40,360
Directors remuneration - national insurance	**1,519**	5,570
Directors remuneration - pension costs	**0**	0
Salaries and wages - pension costs	**0**	0
Staff training/recruitment	**120**	120
Rent and rates	**77,639**	110,699
Insurance	**2,741**	7,861
Light, heat and power	**7,018**	2,641
Cleaning and laundry	**7,195**	5,233
Repairs and renewals	**20,811**	14,194
Printing, postage and stationery	**10,901**	9,249
Telephone	**12,074**	13,467
Website maintenance and computer costs	**47,649**	47,205
Hire of equipment	**0**	0
Travel costs	**4,721**	1,435
Entertaining	**0**	0
Legal and professional fees	**29,582**	24,776
Accountancy	**7,732**	6,606
Bank charges	**6,699**	6,242
Buildings maintenance and repairs	**7,476**	2,372
Advertising and Promotion	**0**	(513)
Research/other	**0**	150
Charitable donations	**700**	0
Subscriptions	**2,845**	731
Depreciation on short leasehold	**16,881**	11,989
Depreciation on fixtures, fittings and equipment	**14,022**	14,902
	572,902	639,961
Management fees receivable	**311,208**	311,208
Operating profit/(loss)	**506,556**	391,971
(Loss)/profit on foreign exchange	**35,813**	(11,819)
Interest payable	**(161,959)**	(99,704)
Taxation	**(74,782)**	(45,865)
Net profit for the year	**305,629**	234,583