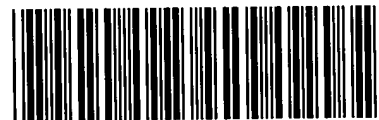


Alphaville Limited

FINANCIAL STATEMENTS

for the year ended
31 December 2015

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COMPANIES HOUSE

Registered number 4109183

Alphaville Limited

COMPANY INFORMATION

DIRECTORS

C Bavasso
C O'Reilly

REGISTERED OFFICE

c/o Withers
16 Old Bailey
London
EC4M 7EG

AUDITOR

Grant Thornton UK LLP
Grant Thornton House
Melton Street
Euston Square
London NW1 2EP

BANKERS

Barclays Bank Plc
Soho Square
27 Soho Square
London
W1D 3QR

LEGAL FORM

Limited Company (by shares)

COUNTRY OF INCORPORATION

United Kingdom

REGISTERED NUMBER

4109183

Alphaville Limited

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Alphaville Limited

STRATEGIC REPORT

The directors present their report with the financial statements for the year ended 31 December 2015.

Principal activities and business review

Alphaville Limited ("the Company") is a content company producing commercials, music videos, title and other film/TV sequences, short films and other digital content.

The results for the Company are shown on pages 5 to 27 and the Directors are satisfied with the Group's overall results and positioning for the future.

Review of the business

2015 has seen a continuation of the previous years' strategic developments within the Group which has allowed it to continue to increase the type and breadth of work it is able to produce.

The Group also continues its research and development activities in order to not only keep abreast of the extremely fast-paced developments within its field but also to enhance or even create those developments where possible.

Interest rate risk

The Group has a fixed-rate bank loan secured against its property which is due for review in 2020. Since the loan is at a fixed interest rate the Group is not subject, at this time, to the risk of interest rate changes.

Liquidity risk

The Group is very mindful of the need to maintain a healthy cash reserve.

The Group does not, at the present time and for the foreseeable future, have plans to sell its freehold property however it regularly reviews conditions within the property sales marketplace.

Foreign currency risk

The Group continues to have a wide geographical client base which means it must mitigate risks involved in transactions in foreign currencies. As in previous years the Group regularly reviews its non-Sterling currency balances as well as putting hedging structures in place when contracting in non-Sterling currencies. Both actions are designed to reduce exposure to fluctuations in foreign exchange rates.

Borrowing facilities

The Group has borrowing facilities in place with its bank. The continued borrowing facilities are subject to adhering to covenants, which are reviewed annually, as well as the submission of quarterly management results.

Alphaville Limited

STRATEGIC REPORT

Risks and uncertainties

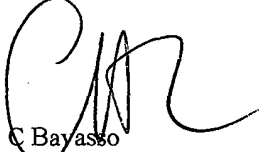
The marketplace continues to be extremely competitive, particularly in these times of economic uncertainty. The Group continues to see an increase in content being designed for interactive media and therefore its ongoing investment in this area is enabling it to increase both the amount of services it can provide and its client base.

Key performance indicators

The Group continuously monitors project performance against budget to ensure that the financial performance of its productions is in line with projections.

The Company also monitors its headcount to ensure that this is reflective of overall income and volume of work carried out.

On behalf of the board



C Bayasso
Director

29/7/16

Alphaville Limited

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

Directors

The directors who served during the year were:

Charlotte Bavasso
Christopher O'Reilly

Directors' Responsibilities Statement

The directors are responsible for preparing the Strategic Report, the Directors' 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 directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless satisfied that they give a true and fair view of the state of affairs of the company and of the surplus or deficit 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 accounting estimates that are reasonable and prudent; 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 company's transactions and 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. They are 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.

Environment, Health and Safety

The company is firmly committed to managing its activities so as to provide the highest level of protection to the environment and to safeguard the health and safety of its employees, customers and the community.

Results

The surplus for the year, after taxation, amounted to £1,523,691.

Disclosure of information to the auditor

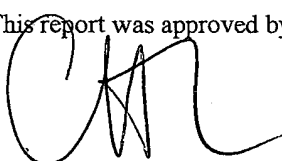
Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the directors are aware there is no relevant audit information of which the company's auditor is unaware
- the directors have taken all the steps that ought to have been 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

Auditors

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.



Charlotte Bavasso
Director

29/7/16

Alphaville Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NEXUS PRODUCTIONS LIMITED

We have audited the financial statements of Nexus Productions Limited for the year ended 31 December 2015 which comprise the group and parent company statements of financial position, the group statement of comprehensive income, the group statement of cash flows, the group and parent company statements of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an Auditor's Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for our audit work, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' responsibilities statement set out on Page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2015 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

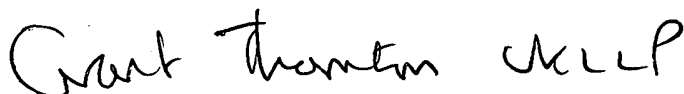
Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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



Steven Leith
Senior Statutory Auditor
For and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountant
London
Date : 29/7/16

Alphaville Limited
CONSOLIDATED INCOME STATEMENT
for the year ended 31 December 2015

	Notes	£	2015 £	£	2014 £
Turnover (including share of joint ventures)		11,476,864		10,496,933	
Less: share of joint ventures' turnover	4	(953,095)		(577,984)	
Group turnover	4		10,523,769		9,918,949
Cost of sales			(8,847,195)		(8,250,664)
Gross profit			1,676,574		1,668,285
Administrative expenses			(1,501,929)		(1,116,014)
Other operating income	5		185,513		1,749
Group operating profit			360,158		554,020
Share of operating profit of joint venture			106,283		(104,241)
Gain on financial assets at fair value			1,193,363		-
Interest receivable and similar income	6		1,720		1,735
Interest payable and similar charges	7		(58,802)		(31,584)
Profit on ordinary activities before taxation			1,602,722		419,930
Tax on profit on ordinary activities	11		(79,031)		(164,359)
Profit for the financial year			1,523,691		256,121
Profit for the financial year attributable to:					
Owners of the parent			1,239,333		180,454
Non-controlling interests			284,358		75,667

The operating profit for the year arises from the company's continuing operations.

Alphaville Limited

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME for the year ended 31 December 2015

	2015 £	2014 £
Profit for the financial year	1,523,691	256,121
Currency translation gains and losses on retranslation of overseas subsidiaries	(58,556)	(2,772)
Total comprehensive income for the financial year	<u>1,465,135</u>	<u>253,349</u>
Total comprehensive income for the financial year attributable to:		
Owners of the parent	1,180,777	177,682
Non-controlling interests	284,358	75,667

Alphaville Limited

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2015

	Notes	2015 £	£	2014 £	£
Fixed assets					
Tangible assets	13		1,202,660		2,810,768
Investments in joint ventures:					
Share of gross assets		426,307		397,506	
Share of gross liabilities		(32,074)		(33,842)	
			394,233		363,664
Investment property	14		3,750,000		-
			5,346,893		3,174,432
Current assets					
Debtors	16	1,628,032		2,034,615	
Cash at bank and in hand	17	1,407,762		1,570,105	
		3,035,794		3,604,720	
Creditors: amounts falling due within one year	18	(2,444,695)		(2,483,962)	
Net current assets			591,099		1,120,758
Total assets less current liabilities			5,937,992		4,295,190
Creditors: amounts falling after more than one year	19		(2,309,656)		(1,745,867)
Provisions for liabilities	20		(149,293)		(64,749)
Net assets			3,479,043		2,484,574
Capital and reserves					
Called up share capital	21		2		2
Profit and loss account			3,194,683		2,408,905
			3,194,685		2,408,907
Non-controlling interests			284,358		75,667
			3,479,043		2,484,574

Approved and authorised for issue by the board on 29th July 2016

C Bavasso Director

Alphaville Limited

COMPANY STATEMENT OF FINANCIAL POSITION

31 December 2015

	Notes	2015 £	£	2014 £	£
FIXED ASSETS					
Investments	14		3,969		3,969
CURRENT ASSETS					
Debtors	16	2		2	
CREDITORS: Amounts falling due within one year	18	(3,969)		(3,969)	
NET CURRENT LIABILITIES			(3,967)		(3,967)
NET ASSETS			2		2
CAPITAL AND RESERVES					
Called up share capital	21		2		2
Profit and loss account			-		-
SHAREHOLDERS' FUNDS			2		2

The financial statements on pages 5 to 27 were approved by the board of directors and authorised for issue on 2016 and are signed on its behalf by

C Bavasso Director

C O'Reilly Director

Alphaville Limited
CONSOLIDATED STATEMENT OF CASH FLOWS
31 December 2015

	2015 £'000	2014 £'000
Cash flows from operating activities		
Profit for the financial year	360,158	554,020
Adjustments for:		
Depreciation of tangible assets	167,297	166,763
Interest paid	-	-
Interest received	1,720	1,735
Taxation	(103,209)	(282,894)
Decrease/(increase) in trade and other debtors	406,583	(130,537)
Increase/(decrease) in trade creditors	20,960	326,208
Cash from operations	853,509	635,295
Income taxes paid	-	-
Net cash generated from operating activities	853,509	635,295
Cash flows from investing activities		
Proceeds from sale of tangible assets	(7,953)	-
Purchases of tangible assets	(1,123,780)	(203,964)
Income from investment property asset	180,157	-
Interest received	-	-
Net cash from investing activities	(951,576)	(203,964)
Cash flows from financing activities		
Issue of ordinary share capital	-	-
Repayment of bank loans	(81,026)	(92,400)
New loan raised	300,000	-
Repayment of finance lease obligations	(51,021)	-
Interest paid	(58,802)	(31,584)
Dividends paid	(300,000)	(720,000)
Net cash used in financing activities	(190,849)	(843,984)
Net increase in cash and cash equivalents	(288,916)	(412,653)
Foreign exchange translation adjustment	126,573	(197,276)
Cash and cash equivalents at the beginning of the year	1,570,105	2,180,034
Cash and cash equivalents at end of year	1,407,762	1,570,105

Alphaville Limited

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For year ended 31 December 2015

	Called-up share capital	Share premium account	Profit and loss account	Amount attributable to owners of the parent	Non- controlling interests	Total
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2014	2	-	3,131,223	2,605,462	525,761	3,131,225
Profit and total comprehensive income for the year	-	-	256,121	179,904	76,217	256,121
Exchange adjustment on consolidation	-	-	(2,772)	(2,772)	-	(2,772)
Dividends paid	-	-	(900,000)	(720,000)	(180,000)	(900,000)
At 31 December 2014	2	-	2,484,572	2,062,594	421,978	2,484,574
Profit and total comprehensive income for the year	-	-	1,523,691	1,239,333	284,358	1,523,691
Exchange adjustment on consolidation	-	-	(59,222)	(58,556)	(666)	(59,222)
Dividends paid	-	-	(375,000)	(300,000)	(75,000)	(375,000)
Dividends declared	-	-	(95,000)	(80,000)	(15,000)	(95,000)
At 31 December 2015	2	-	3,479,041	2,863,371	615,670	3,479,043

Alphaville Limited

COMPANY STATEMENT OF CHANGES IN EQUITY

For year ended 31 December 2015

	Called-up share capital £'000	Share premium account £'000	Profit and loss account £'000	Total £'000
At 1 January 2014	2	-	-	2
Profit and total comprehensive income for the year	-	-	720,000	720,000
Dividends paid	-	-	(720,000)	(720,000)
At 31 December 2014	2	-	-	2
Profit and total comprehensive income for the year	-	-	380,000	380,000
Dividends paid	-	-	(380,000)	(380,000)
At 31 December 2015	2	-	-	2

Alphaville Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2015

1. Company information

Alphaville Limited is incorporated in United Kingdom and its principal place of business is 25 Chart Street London N1 6FA.

2. Basis of preparation

These financial statements have been prepared 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 financial statements have been prepared on the historical cost basis except for the modification to a fair value basis for certain financial instruments as specified in the accounting policies below.

This is the first year in which the financial statements have been prepared under FRS 102. Refer to note 24 for an explanation of the transition.

The financial statements are presented in Sterling (£).

The group financial statements consolidate the financial statements of Alphaville Limited and all its subsidiary undertakings drawn up to 31 December each year.

The parent company has taken advantage of section 408 of the Companies Act 2006 and has not included its own Profit and Loss Account in these financial statements. The parent company's profit for the year was £1,523,691 (2014: £256,121).

The individual accounts of Alphaville Limited have also adopted the following disclosure exemptions:

- the requirement to present a statement of cash flows and related notes
- financial instrument disclosures, including:
 - categories of financial instruments,
 - items of income, expenses, gains or losses relating to financial instruments, and
 - exposure to and management of financial risks.

Going concern

After reviewing the group's forecasts and projections, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. The group therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

3. Principal accounting policies

3.1 Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the purchase method. The cost of the business combination is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquire plus costs directly attributable to the business combination.

Alphaville Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2015

Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets and liabilities is recognised as goodwill. If the net fair value of the identifiable assets and liabilities exceeds the cost of the business combination the excess is recognised separately on the face of the consolidated statement of financial position immediately below goodwill.

3.2 Investments in subsidiaries

The consolidated financial statements incorporate the financial statements of the company and entities (including special purpose entities) controlled by the group (its subsidiaries). Control is achieved where the group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in total comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate using accounting policies consistent with those of the parent. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Investments in subsidiaries are accounted for at cost less impairment in the individual financial statements.

3.3 Investments in joint ventures

Undertakings in which the group has a long term interest and shares control under a contractual arrangement are defined as joint ventures. Joint ventures are accounted for using the gross equity method.

3.4 Intangible assets

Intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses.

Software development costs are recognised as an intangible asset when all of the following criteria are demonstrated:

- The technical feasibility of completing the software so that it will be available for use or sale.
- The intention to complete the software and use or sell it.
- The ability to use the software or to sell it.
- How the software will generate probable future economic benefits.
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the software.
- The ability to measure reliably the expenditure attributable to the software during its development.

Amortisation is charged so as to allocate the cost of intangibles less their residual values over their estimated useful lives, using the straight-line method. The intangible assets are amortised over the following useful economic lives:

- | | |
|------------------------------|----------|
| - Software development costs | 5 years |
| - Goodwill | 10 years |

If there is an indication that there has been a significant change in amortisation rate or residual value of an asset, the amortisation of that asset is revised prospectively to reflect the new expectations.

Alphaville Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2015

If the net fair value of the identifiable assets and liabilities acquired exceeds the cost of a business combination, the excess up to the fair value of non-monetary assets acquired is recognised in profit or loss in the periods in which the non-monetary assets are recovered. Any excess exceeding the fair value of non-monetary assets acquired is recognised in profit or loss in the periods expected to be benefitted.

3.5 Tangible assets

Tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets, other than freehold land, over their expected useful lives, using the straight-line method. The rates applicable are:

- Freehold buildings	50 years
- Plant and machinery	3 years
- Computer hardware	3 years
- Furniture and equipment	4 years

3.6 Impairment of assets

At each reporting date fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

3.7 Investments

Investments comprise investments in unquoted equity instruments which are measured at fair value. Changes in fair value are recognised in profit or loss. Fair value is estimated by using a valuation technique.

3.8 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

3.9 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Alphaville Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2015

3.10 Leases

Leases are classified as finance leases wherever the terms of the lease transfer substantially all the risks and rewards of ownership to the leased asset to the group. All other leases are classified as operating leases.

Assets held under finance leases are recognised initially at the fair value of the leased asset (or, if lower, the present value of the minimum lease payments) at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation using the effective interest method so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are deducted in measuring profit or loss. Assets held under finance leases are included in tangible fixed assets and depreciated and assessed for impairment losses in the same way as owned assets.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the lease term, unless the rental payments are structured to increase in line with expected general inflation, in which case the group recognises annual rent expense equal to amounts owed to the lessor.

The aggregate benefit of lease incentives are recognised as a reduction to the expense recognised over the lease term on a straight line basis.

3.11 Derivative financial instruments

Derivative financial instruments are recognised at fair value using a valuation technique with any gains or losses being reported in profit or loss. Outstanding derivatives at reporting date are included under the appropriate format heading depending on the nature of the derivative.

3.12 Provisions for liabilities

Provisions are recognised when the group has a present obligation (legal or constructive) as a result of a past event, it is probable that the group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

3.13 Taxation

Current tax is recognised for the amount of income tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated.

Alphaville Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2015

Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

If and when all conditions for retaining tax allowances for the cost of a fixed asset have been met, the deferred tax is reversed.

Deferred tax is recognised when income or expenses from a subsidiary or associate have been recognised, and will be assessed for tax in a future period, except where:

- the group is able to control the reversal of the timing difference
- it is probable that the timing difference will not reverse in the foreseeable future.

A deferred tax liability or asset is recognised for the additional tax that will be paid or avoided in respect of assets or liabilities that are recognised in a business combination. The amount attributed to goodwill is adjusted by the amount of deferred tax recognised.

Deferred tax is calculated using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

With the exception of changes arising on the initial recognition of a business combination, the tax expense (income) is presented either in profit or loss, other comprehensive income or equity depending on the transaction that resulted in the tax expense (income).

Deferred tax liabilities are presented within provisions for liabilities and deferred tax assets within debtors. Deferred tax assets and deferred tax liabilities are offset only if:

- the group has a legally enforceable right to set off current tax assets against current tax liabilities, and
- the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously.

3.14 Turnover

Turnover is measured at the fair value of the consideration received or receivable, net of discounts and value added taxes. Turnover includes revenue earned from the rendering of services.

Rendering of services

Turnover from the rendering of services is derived from the Group's principal activity and is recognised net of VAT. Production turnover is recognised over the period of the production. Gross profit on production activity is recognised based upon the stage of completion of the production and in accordance with the underlying contract. Overspends are recognised as they arise and underspends are recognised upon completion and delivery of the production.

3.15 Employee benefits

Short-term employee benefits and contributions to defined contribution plans are recognised as an expense in the period in which they are incurred.

Alphaville Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2015

3.16 Foreign currency translation

Functional currency and presentation currency

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position are presented in Sterling (£).

Transactions and balances

In preparing the financial statements of the individual entities, transactions in currencies other than the functional currency of the individual entities (foreign currencies) are recognised at the spot rate at the dates of the transactions, or at an average rate where this rate approximates the actual rate at the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise. However, in the consolidated financial statements exchange differences arising on monetary items that form part of the net investment in a foreign operation are recognised in other comprehensive income and are not reclassified to profit or loss.

In preparing the financial statements of the individual entities, transactions in currencies other than the functional currency of the individual entities (foreign currencies) are recognised at the spot rate at the dates of the transactions, or at an average rate where this rate approximates the actual rate at the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise. However, in the consolidated financial statements exchange differences arising on monetary items that form part of the net investment in a foreign operation are recognised in other comprehensive income and are not reclassified to profit or loss.

Translation of group companies

For the purpose of presenting consolidated financial statements, the assets and liabilities of the group's foreign operations are translated from their functional currency to Sterling (£) using the closing exchange rate. Income and expenses are translated using the average rate for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising on the translation of group companies are recognised in other comprehensive income and are not reclassified to profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

3.17 Key judgements

Judgements in applying accounting policies and key sources of estimation uncertainty

Management consider the only key judgement to be in relation to the market value of property.

3.18 Research and Development

Research and development expenditure is written off in the statement of comprehensive income in the period in which it is incurred.

Alphaville Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2015

4. Turnover

Turnover, analysed geographically between markets, was as follows:

	2015 £	2014 £
Europe	2,255,989	5,685,885
Rest of the world	8,267,780	4,233,064
Group turnover	<u>10,523,769</u>	<u>9,918,949</u>
Share of joint ventures' turnover - Australia	<u>953,095</u>	<u>577,984</u>

5. Other operating income

	2015 £	2014 £
Rental income	180,157	-
Lease incentive	5,356	-
	<u>185,513</u>	<u>-</u>

6. Interest receivable and similar income

	2015 £	2014 £
Bank deposit interest	1,720	1,735
	<u>1,720</u>	<u>1,735</u>

7. Interest payable and similar charges

	2015 £	2014 £
Interest on loan repayable	58,802	31,584
	<u>58,802</u>	<u>31,584</u>

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NOTES TO THE FINANCIAL STATEMENTS
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8. Employees

Staff costs during the year were as follows:

	2015 £	2014 £
Wages and salaries	2,812,295	2,321,281
Social security costs	341,175	279,491
Cost of defined contribution scheme	3,205	-
	<u>3,156,675</u>	<u>2,600,772</u>

The average number of employees, including the directors, during the year was as follows:

	2015	2014
Production	36	28
Administration	4	4
	<u>40</u>	<u>32</u>

9. Directors' remuneration

	2015 £	2014 £
Directors' emoluments	277,632	231,448
Company contributions to defined contribution schemes	182	-
	<u>277,814</u>	<u>231,448</u>

During the year retirement benefits were accruing to two directors (2014 - 0) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £153,695 (2014 - £152,499)

Alphaville Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2015

10. Profit on ordinary activities before taxation

The profit on ordinary activities before taxation is stated after:

	2015 £	2014 £
Directors' remuneration	277,814	231,448
Depreciation of tangible fixed assets	167,297	166,763
Impairment of tangible fixed assets	7,953	2,332
Operating leases:		
Plant and machinery	1,946	1,922
Audit remuneration - audit	13,350	12,350
Audit remuneration – non audit	5,650	5,650
Taxation compliance services	3,500	3,500
Foreign exchange (gains)/losses	53,043	(30,754)
	<u>530,553</u>	<u>393,211</u>

11. Taxation

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

	2015 £	2014 £
Corporation tax:		
Current tax on surplus for the year	1,115	126,091
Adjustments in respect of previous periods	(25,157)	(3,352)
Overseas taxation	2,276	2,555
	<u>(21,766)</u>	<u>125,294</u>
Deferred taxation: origination and reversal of timing differences	91,019	15,056
Deferred taxation: changes in tax rates	(6,475)	-
	<u>62,778</u>	<u>140,350</u>
Tax on results on ordinary activities		
Share of joint venture's tax	16,253	24,009
Total taxation charge	<u>79,031</u>	<u>164,359</u>

The tax assessed for the year is lower than the standard rate of corporation tax in the UK of 20.25% (2014 – 21.49%). The differences are explained as follows:

Alphaville Limited
NOTES TO THE FINANCIAL STATEMENTS
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	2015 £	2014 £
Profit on ordinary activities before tax	1,602,668	419,930
Profit on ordinary activities multiplied by effective rate of corporation tax in the UK 20.25% (2014: 21.49%)	320,827	90,256
Effects of:		
Fixed asset differences	27,456	-
Other timing differences	-	144
Expenses not deductible for tax purposes	28,006	31,515
Depreciation in excess of capital allowances	-	-
Income not taxable for tax purposes	(249,117)	-
Foreign tax credits	2,222	-
Profits charged at higher/(lower) rate of tax	-	650
Adjust closing deferred tax to average rate of 20%	(16,588)	(1,268)
Difference in tax rates	-	46,414
Adjustments to tax charge in respect of previous periods	(25,157)	(3,352)
Other movements	(8,618)	-
Tax charge for period	79,031	164,359

12. Dividends

A dividend of £300,000 was paid during the year (2014: £720,000). A further dividend of £80,000 was paid in February 2016.

Alphaville Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2015

13. Tangible fixed assets

	<i>Freehold buildings £</i>	<i>Leasehold property £</i>	<i>Computer equipment £</i>	<i>Fixtures, fittings & office equipment £</i>	<i>Total £</i>
Cost					
1 January 2015	3,016,811	57,618	694,171	74,618	3,843,218
Additions	-	841,216	223,472	59,092	1,123,780
FRS 102 adjustment	(3,016,811)	-	-	-	(3,016,811)
Disposals	-	-	(28,735)	(48,804)	(77,539)
31 December 2015	-	898,834	888,908	84,906	1,872,648
Depreciation					
1 January 2015	460,173	5,395	501,430	65,452	1,032,450
Charged in the year	-	27,127	129,330	10,840	167,297
FRS 102 adjustment	(460,173)	-	-	-	(460,173)
Disposals	-	-	(23,124)	(46,462)	(69,586)
31 December 2015	-	32,522	607,636	29,830	669,988
Net book value					
31 December 2015	-	866,312	281,272	55,076	1,202,660
31 December 2014	2,556,638	52,223	192,741	9,166	2,810,768

Plant and machinery with a carrying value of £138,867 (2014: £0) are held under finance leases.

14. Investment property

	<i>Long-term freehold investment property £</i>
Valuation	
At 1 January 2015	3,750,000
At 31 December 2015	3,750,000

The 2015 valuation was made by Jorden Salata, a firm of chartered surveyors, on an open market value for existing use basis.

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NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2015

15. Investments in subsidiaries

At 2015 the group and the company had interests in the following subsidiaries:

	Type of shares held	Proportion held (%)	Country of incorporation	Nature of business
Subsidiaries				
Nexus Productions Limited	Ordinary	80%	United Kingdom	Production
Nexus (Paris) SARL	Ordinary	100%	France	Production
Pluck & Play Limited	Ordinary	80%	United Kingdom	Production

Interests in joint ventures

At 2015 the group and the company had interests in the following joint ventures:

	Type of shares held	Proportion held (%)	Country of incorporation	Nature of business
Joint venture				
Mighty Nice Pty Limited	Ordinary	50%	Australia	Production

The group

	Share of net assets £	Loans £	Total £
At 1 January 2015	308,194	-	308,194
Share of profit for the year after taxation	90,030	-	90,030
Share of other comprehensive income	-	-	-
At 31 December 2015	<u>398,224</u>	<u>-</u>	<u>398,224</u>

16. Debtors

	The group 2015 £	2014 £	The company 2015 £	2014 £
Trade debtors	1,100,875	1,930,929	-	-
Other debtors	251,563	8,036	-	-
Prepayments and accrued income	275,592	95,648	-	-
Unpaid share capital	2	2	2	2
	<u>1,628,032</u>	<u>2,034,615</u>	<u>2</u>	<u>2</u>

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NOTES TO THE FINANCIAL STATEMENTS

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17. Cash and cash equivalents

	2015 £	2014 £
Cash in bank and at hand	1,407,762	1,570,105
	<u>1,407,762</u>	<u>1,570,105</u>

18. Creditors: amounts falling due within one year

	The group 2015 £	2014 £	The company 2015 £	2014 £
Bank loans	180,597	89,339	-	-
Finance lease obligations	50,429	-	-	-
Trade creditors	666,312	505,885	-	-
Amounts owed to subsidiary undertakings	-	-	3,948	3,948
Amounts owed to associated undertakings	21	21	21	21
Taxation and social security	141,635	98,352	-	-
Corporation tax	1,115	126,091	-	-
Other creditors	200,821	59,200	-	-
Accruals and deferred income	1,203,765	1,605,074	-	-
	<u>2,444,695</u>	<u>2,483,962</u>	<u>3,969</u>	<u>3,969</u>

19. Creditors: amounts falling due after more than one year

	The group 2015 £	2014 £	The company 2015 £	2014 £
Finance lease obligations	81,009	-	-	-
Bank loans	1,873,583	1,745,867	-	-
Other creditors	355,064	-	-	-
	<u>2,309,656</u>	<u>1,745,867</u>	<u>-</u>	<u>-</u>

Alphaville Limited
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for the year ended 31 December 2015

Bank loans are repayable as follows:

	The group 2015 £	2014 £	The company 2015 £	2014 £
Within one year	180,597	89,339	-	-
Between one to two years	180,597	89,339	-	-
Between two to five years	1,692,986	268,017	-	-
More than five years	-	1,388,511	-	-
	<u>2,054,180</u>	<u>1,835,206</u>	<u>-</u>	<u>-</u>

The bank loan is secured by a mortgage over the Company's freehold buildings.

The bank loan is repayable over a period of 5 years however the repayment profile is calculated on the basis of a 15-year amortization profile with the first repayment made in July 2009. Interest accrues on the loan at an interest rate equal to the Base Rate plus 3%.

20. Provisions for liabilities

	Deferred taxation £
At 1 January 2015	64,749
Origination and reversal of timing differences	91,019
Changes in tax rates	(6,475)
At 31 December 2015	<u>149,293</u>

21. Called up share capital

	2015 £	2014 £
Authorised, allotted and unpaid:		
2 ordinary shares of £1 each	2	2
	<u>2</u>	<u>2</u>

22. Pension commitments

The Group operates a defined contribution pension scheme to provide retirement benefits for staff. The total pension charge for the year was £3,205 (2014: £nil).

Alphaville Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2015

23. Leasing commitments

The group's future minimum operating lease payments are as follows:

Land & buildings	2015	2014
	£	£
Within one year	391,819	-
Between two and five years	1,567,276	-
More than five years	4,398,848	-
	<u>6,357,943</u>	<u>-</u>

Initial rent of £391,819 per annum will be reviewed on the fifth anniversary of the lease, being February 2020.

Plant & machinery	2015	2014
	£	£
Within one year	1,946	1,922
Between two and five years	1,946	3,892
	<u>3,892</u>	<u>5,814</u>

The group's future minimum finance lease payments are as follows:

Plant & machinery	2015	2014
	£	£
Within one year	50,429	-
Between two and five years	81,009	-
	<u>131,438</u>	<u>-</u>

Certain plant and machinery are held under finance lease arrangements. Finance lease liabilities are secured by the related assets held under finance leases. The lease agreements generally include fixed lease payments and a purchase option at the end of the term.

The company's future minimum operating lease receipts are as follows:

Land & buildings	2015	2014
	£	£
Within one year	410,141	-
Between two and five years	1,852,510	-
More than five years	2,664,562	-
	<u>4,927,213</u>	<u>-</u>

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for the year ended 31 December 2015

The company has entered into operating lease contracts with two separate third parties for the rental of land and buildings. One lease has a current expiry date in July 2020 and the other has a current expiry date in August 2030.

24. Transactions with related parties

	2015 £	2014 £
Purchases from joint venture - Mighty Nice Pty Ltd	93,242	434,804
Trade creditors amounts due to joint venture	43,842	38,379

25. Transition to FRS 102

During the year, the company has adopted FRS 102 for the year ended 2015 and has not had to re-state the comparative prior year amounts, however there have been adjustments during the year. The date of transition was 1st December 2014.

Investment property

The company has entered into an operating lease agreement with a third party which occupies freehold property owned by, and previously occupied by, the company. This property was originally classified as a tangible fixed asset and amortised on a straight-line basis at 2% of its value per year. This freehold property is now classified, under FRS102, as an investment property with an open market value as at 31 December 2015. All initial costs and accumulated amortization have been reversed and the subsequent gain has been recorded in the statement of comprehensive income.

Deferred taxation

Deferred taxation has been calculated on the gain attributable to the reclassification and subsequent revaluation of the investment property under FRS102.

26. Ultimate controlling party

The company is jointly owned by C Bavasso and C O'Reilly, directors of the company.

27. Capital commitments

The directors have confirmed that there were no capital commitments at 31 December 2015.