

Company no: 10456505

EXPECTATION ENTERTAINMENT LTD

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

PARENT OF LEDBURY PRODUCTIONS LTD



EXPECTATION ENTERTAINMENT LTD

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EXPECTATION ENTERTAINMENT LTD

COMPANY INFORMATION

Directors	A Edwards P Fincham M Garside T Hincks
Registered number	10456505
Registered office	8b Ledbury Mews North London W11 2AF
Independent auditors	Shipleys LLP Chartered Accountants & Statutory Auditor 10 Orange Street London WC2H 7DQ

EXPECTATION ENTERTAINMENT LTD

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2023

Principal activities

The principal activity of the Group continues to be the development, production and exploitation of television programmes and other audio-visual content.

Review of the business

Financial key performance indicators

The Group uses profit after tax and turnover as its key performance indicators.

Profit after tax

The directors are pleased with the results of the Group. The profit for the financial year was £816k (2022: £1,464k).

Turnover

Turnover in the year was £52.2m (2022: £56.7m). The Group produced and delivered 17 productions during the year across all 5 genres it operates in: Entertainment, Comedy Entertainment, Scripted Drama, Scripted Comedy and Factual & Factual Drama.

Customer base

The Group has a good spread of customers, producing content in the financial year for the BBC, ITV, Channel 4, Sky, Amazon, UKTV, Acorn and ZDF and we continue to supply a range of broadcasters and platforms with no major reliance on any one customer

Dividend

The directors have not recommended a dividend.

Financial instruments

At the balance sheet date the Group held various financial instruments such as cash, trade debtors and trade creditors that arise directly from its operations.

EXPECTATION ENTERTAINMENT LTD

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023**

Principal risks and uncertainties

Interest rate risk

The Group is not materially exposed to interest rate risk as the cost of interest is included in production budgets and passed onto the broadcaster.

The Group makes use of short-term production loans that are at a variable market rate of interest using Bank of England's base rate and the Board continually reviews the Group's exposure to interest rate raises through instruments such as interest rate caps.

The Group currently has no other borrowings. Any future borrowings are expected to be for a short time so any interest rate risk exposure will be minimal.

Liquidity risk

The Group has no debt at the balance sheet date and has access to a working capital facility, so liquidity is not considered a significant risk to the Group.

Foreign currency risk

The Group transacts minimal purchases and sales in foreign currencies and is therefore not exposed to fluctuations in foreign currency.

Inflation

UK inflation has been close to 10% throughout the financial year and this has been felt across the TV production industry. The increased interest is included in budgets and passed onto the broadcaster and financiers so that the Group is not materially exposed.

Section 172 statement

The Directors of Expectation Entertainment Limited have acted in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in s172(1)(a-f) of the Act) in the decisions taken during the period ended 31 March 2023.

The Company is committed to being a responsible business. Our behaviour is aligned to the expectations of our people, suppliers, customers, communities, and societies as a whole.

Our strategy focusses on working with the best talent in front of and behind the camera, to create high quality distinctive and ambitious television productions for the UK and global markets. To do this, we need to develop and maintain strong client relations. We value all our suppliers and contractors and are committed to developing talent.

This report was approved by the board on 31 October 2023 and signed on its behalf.

Peter Fincham

P Fincham
Director

EXPECTATION ENTERTAINMENT LTD

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2023**

The directors present their report and the financial statements of the Group for the year ended 31 March 2023.

Principal activities and business review

The principal activity of the Group in the year under review was the development, production and exploitation of television programmes and other audio-visual content.

The Group's profit for the financial year amounted to £816,039 (2022: £1,493,605).

The directors consider the results of the Group to be satisfactory; and believe that the Group will continue to be profitable in the foreseeable future. The directors have not recommended a dividend.

Directors

The directors who were in office during the year and up to the date of signing the financial statements, unless otherwise stated, were:

A Edwards (appointed 11 February 2019)
P Fincham (appointed 1 November 2016)
M Garside (appointed 29 October 2018)
T Hincks (appointed 1 November 2016)

Directors' responsibilities statement

The directors are responsible for preparing the Group Strategic Report, Directors' Report and the consolidated financial statements, in accordance with applicable law.

Company law requires the directors to prepare consolidated financial statements for each financial year. Under that law they have elected to prepare the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the UK.

Under company law the directors must not approve the consolidated financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period. In preparing the consolidated 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 they have been prepared in accordance with IFRS as adopted by the UK, subject to any material departures disclosed and explained in the financial statements;
- assess the Group and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

EXPECTATION ENTERTAINMENT LTD

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023**

Disclosure of information to auditors

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

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditors are unaware, and
- the director has 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 and the Group's auditors are aware of that information.

EXPECTATION ENTERTAINMENT LTD

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023**

Streamline energy and carbon reporting

UK greenhouse gas emissions and energy use data for the year ended 31 March 2023.

	<u>Year to March 2023</u>		<u>Year to March 2022</u>	
<i>Energy consumption</i>	kWH		kWH	
Aggregate of energy consumption in the year	<u>355,408</u>		<u>449,409</u>	
<i>Emissions of CO2 equivalent</i>	Metric tonnes	Metric tonnes	Metric tonnes	Metric tonnes
Scope 1 - direct emissions				
- Gas combustion - productions	4,035		5,155	
- Gas combustion - corporate	7,036		12,445	
	<u>11,071</u>		<u>17,601</u>	
Scope 2 - indirect emissions				
- Electricity purchased		146,826		181,638
Scope 3 - other indirect emissions				
- Fuel consumed for transport not owned by the compar		<u>100</u>		<u>89</u>
Total gross emissions		<u>157,998</u>		<u>199,328</u>
<i>Intensity ratio</i>				
Tonnes CO2e per revenue (£'000)		<u>0.03</u>		<u>0.02</u>

Quantification and reporting methodology

The group has followed the 2019 HM Government Environmental Reporting Guidelines. The group has also the GHG Reporting Protocol - Corporate Standard and have used the 2020 UK Government's Conversion Factors for Company Reporting.

Intensity measurement

The chosen intensity measurement ratio is total gross emissions in metric tonnes CO2e per £'000 revenue, being the most appropriate measure for the group's principal activity of film and television production.

Measures taken to improve energy efficiency

The Company is committed to making effort to ensure that the production reduce its impact on our environment and increase awareness of sustainable behaviours. Following key steps are taken by the Company:

- Engage a Sustainability Consultant in pre-production to development a tailored environment policy.
- Calculate carbon footprint using carbon accounting software
- Offset to compensate for unavoidable emission to achieve carbon neutral status

EXPECTATION ENTERTAINMENT LTD

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023**

Going concern

The financial statements have been prepared on the going concern basis, which assumes that the Group will have sufficient working capital facilities to enable it to continue in business for a period of at least 12 months from approving the financial statements. In reaching this conclusion the Directors have considered the future cash flows of the Group and the available working capital facility. In addition, the Group considers a number of sensitivities, including a downside scenario and a reverse stress test, which models the scenarios that would lead to a default by the Group. Both the downside scenario and reverse stress test reflect lower activity levels than both the Group forecast and 2022 actual results.

The Directors consider the likelihood of these downside scenarios to be remote, however the Group would still have adequate resources to be able to trade and settle its liabilities as they fall due should these events occur. For this reason, they continue to adopt the going concern basis in preparing the Group's financial statements.

Charitable donations

The Group made charitable donations of £23,502 during the year (2022: £39,603).

Auditors

The auditors, Shipleys LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 31 October 2023 and signed on its behalf.

Peter Fincham

P Fincham
Director

EXPECTATION ENTERTAINMENT LTD

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EXPECTATION ENTERTAINMENT LTD

Opinion

We have audited the financial statements of Expectation Entertainment Ltd (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 March 2023 which comprise the Consolidated Statement of Profit or Loss and Other Comprehensive Income, the Consolidated Statement of Financial Position, the Company Statement of Financial Position, the Consolidated Statement of Cash Flows, the Company Statement of Cash Flows, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity and the related notes, including a summary of significant accounting policies set out on pages 24 - 31. The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the United Kingdom.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and the parent Company's affairs as at 31 March 2023 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the United Kingdom; 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 auditors' 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 United Kingdom, including the Financial Reporting Council's Ethical Standard 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the Group's and the parent Company's ability to continue to adopt the going concern basis of accounting included:

Considering the inherent risks associated with the group's and the parent company's business model including effects arising from macro-economic uncertainties such as Brexit and COVID-19, assessing and challenging the reasonableness of estimates made by the directors and the related disclosures and analysing how these risks might affect the group's and the parent company's financial resources or ability to continue operations over the going concern period.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's or the parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

EXPECTATION ENTERTAINMENT LTD

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EXPECTATION ENTERTAINMENT LTD
(CONTINUED)**

Other information

The other information comprises the information included in the Annual Report, other than the financial statements and our auditors' report thereon. The directors are responsible for the other information contained within the Annual Report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Opinion 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 Group 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 Group Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

EXPECTATION ENTERTAINMENT LTD

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EXPECTATION ENTERTAINMENT LTD (CONTINUED)

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 Group 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 5, 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.

Auditors' 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 auditors' 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We obtained an understanding of the Company's business, controls, legal and regulatory frameworks, laws and regulations and assessed the susceptibility of the Company's financial statements to material misstatement from irregularities, including fraud, and instances of non-compliance with laws and regulations.

Based on this understanding we designed our audit procedures to detect irregularities, including fraud. Testing undertaken included making enquiries on the management; journal entry testing; production agreements and any correspondence received from regulatory bodies; reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations. These procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error and were all deemed to relate to the production and exploitation of television series.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including

EXPECTATION ENTERTAINMENT LTD

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EXPECTATION ENTERTAINMENT LTD
(CONTINUED)**

those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

EXPECTATION ENTERTAINMENT LTD

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EXPECTATION ENTERTAINMENT LTD
(CONTINUED)**

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the Group's and the parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and the parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for the audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

EXPECTATION ENTERTAINMENT LTD

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EXPECTATION ENTERTAINMENT LTD
(CONTINUED)**

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.

Stephen Joberns

Stephen Joberns (Senior Statutory Auditor)

for and on behalf of
Shipleys LLP

Chartered Accountants & Statutory Auditor

10 Orange Street
London
WC2H 7DQ

1 November 2023

EXPECTATION ENTERTAINMENT LTD

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2023**

	Note	2023 £	2022 £
Revenue	4	52,274,776	56,675,071
Cost of sales		(44,033,151)	(48,442,735)
Gross profit		8,241,625	8,232,336
Administrative expenses		(7,294,428)	(6,697,265)
Profit from operations		947,197	1,535,071
Finance expense	8	(131,158)	(41,466)
Profit before tax		816,039	1,493,605
Tax		-	-
Profit for the year		816,039	1,493,605
Other comprehensive income:			

All activities comprise continuing operations.

There are no recognised gains or losses other than those passing through the statement of comprehensive income.

There was no other comprehensive income for 2023 or 2022.

The notes on pages 24 to 49 form part of these financial statements.

EXPECTATION ENTERTAINMENT LTD
REGISTERED NUMBER: 10456505

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2023

	Note	2023 £	2022 £
Assets			
Non-current assets			
Property, plant and equipment	11	92,518	116,007
Intangible assets	10	31,571	51,999
Right-of-use assets		1,240,551	1,368,401
Total non-current assets		1,364,640	1,536,407
Current assets			
Work in progress		13,775,103	8,808,363
Trade and other receivables		14,857,819	5,471,290
Cash and cash equivalents		4,453,739	9,605,608
Total current assets		33,086,661	23,885,261
Total assets		34,451,301	25,421,668

EXPECTATION ENTERTAINMENT LTD
REGISTERED NUMBER: 10456505

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 MARCH 2023

	Note	2023 £	2022 £
Liabilities			
Non-current liabilities			
Lease liabilities		855,933	1,046,233
Total non-current liabilities		<u>855,933</u>	<u>1,046,233</u>
Current liabilities			
Trade and other payables		26,331,114	21,077,547
Lease liabilities		5,143,155	2,446,210
Total current liabilities		<u>31,474,269</u>	<u>23,523,757</u>
Total liabilities		<u>32,330,202</u>	<u>24,569,990</u>
 Net assets/(liabilities)		 <u>2,121,099</u>	 <u>851,678</u>
 Equity	20		
Share capital	19	140	140
Share premium reserve		10,294,358	10,294,358
Share-based payment reserve		988,745	535,363
Retained earnings		(9,162,144)	(9,978,183)
		<u>2,121,099</u>	<u>851,678</u>
Total Equity		<u>2,121,099</u>	<u>851,678</u>

The financial statements on pages 15 to 49 were approved and authorised for issue by the board of directors on 31 October 2023 and were signed on its behalf by:

Peter Fincham

P Fincham
Director

The notes on pages 24 to 49 form part of these financial statements.

EXPECTATION ENTERTAINMENT LTD
REGISTERED NUMBER: 10456505

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2023

	Note	2023 £	2022 £
Assets			
Non-current assets			
Property, plant and equipment	11	92,518	116,007
Intangible assets	10	31,571	51,999
Investment in subsidiaries		31	30
Right-of-use assets		1,240,551	1,368,401
Total non-current assets		1,364,671	1,536,437
Current assets			
Work in progress		1,636,513	2,223,121
Trade and other receivables		4,287,395	3,129,478
Cash and cash equivalents		2,661,520	4,673,380
Total current assets		8,585,428	10,025,979
Total assets		9,950,099	11,562,416

EXPECTATION ENTERTAINMENT LTD
REGISTERED NUMBER: 10456505

COMPANY STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 MARCH 2023

	Note	2023 £	2022 £
Liabilities			
Non-current liabilities			
Lease liabilities		855,933	1,046,233
Total non-current liabilities		855,933	1,046,233
Current liabilities			
Trade and other payables		6,486,125	9,482,972
Lease liabilities		491,155	296,210
Total current liabilities		6,977,280	9,779,182
Total liabilities		7,833,213	10,825,415
Net assets/(liabilities)		2,116,886	737,001
Equity	20		
Share capital	19	140	140
Share premium reserve		10,294,358	10,294,358
Share-based payment reserve		988,745	535,363
Retained earnings		(9,166,357)	(10,092,860)
Total Equity		2,116,886	737,001

The Company's profit for the year was £926,503 (2022 - £1,464,413).

The financial statements on pages 15 to 49 were approved and authorised for issue by the board of directors on 31 October 2023 and were signed on its behalf by:

Peter Fincham

P Fincham
Director

The notes on pages 24 to 49 form part of these financial statements.

EXPECTATION ENTERTAINMENT LTD

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2023**

	Share capital £	Share premium £	Capital redemption reserve £	Retained earnings £	Total attributable to equity holders of parent £	Total equity £
At 1 April 2021	140	10,294,358	81,981	(11,471,788)	(1,095,309)	(1,095,309)
Comprehensive income for the year						
Profit for the year	-	-	-	1,493,605	1,493,605	1,493,605
Total comprehensive income for the year	-	-	-	1,493,605	1,493,605	1,493,605
Contributions by and distributions to owners						
Transfer to/from retained earnings	-	-	453,382	-	453,382	453,382
Total contributions by and distributions to owners	-	-	453,382	-	453,382	453,382
At 31 March 2022	140	10,294,358	535,363	(9,978,183)	851,678	851,678
At 1 April 2022	140	10,294,358	535,363	(9,978,183)	851,678	851,678
Comprehensive income for the year						
Profit for the year	-	-	-	816,039	816,039	816,039
Total comprehensive income for the year	-	-	-	816,039	816,039	816,039
Contributions by and distributions to owners						
Transfer to/from retained earnings	-	-	453,382	-	453,382	453,382
Total contributions by and distributions to owners	-	-	453,382	-	453,382	453,382
At 31 March 2023	140	10,294,358	988,745	(9,162,144)	2,121,099	2,121,099

The notes on pages 24 to 49 form part of these financial statements.

EXPECTATION ENTERTAINMENT LTD

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2023**

	Share capital £	Share premium £	Capital redemption reserve £	Retained earnings £	Total equity £
At 1 April 2021	140	10,294,358	81,981	(11,557,273)	(1,180,794)
Comprehensive income for the year					
Profit for the year	-	-	-	1,464,413	1,464,413
Total comprehensive income for the year	-	-	-	1,464,413	1,464,413
Contributions by and distributions to owners					
Transfer to/from retained earnings	-	-	453,382	-	453,382
Total contributions by and distributions to owners	-	-	453,382	-	453,382
At 31 March 2022	140	10,294,358	535,363	(10,092,860)	737,001
At 1 April 2022	140	10,294,358	535,363	(10,092,860)	737,001
Comprehensive income for the year					
Profit for the year	-	-	-	926,503	926,503
Total comprehensive income for the year	-	-	-	926,503	926,503
Contributions by and distributions to owners					
Transfer to/from retained earnings	-	-	453,382	-	453,382
Total contributions by and distributions to owners	-	-	453,382	-	453,382
At 31 March 2023	140	10,294,358	988,745	(9,166,357)	2,116,886

The notes on pages 24 to 49 form part of these financial statements.

EXPECTATION ENTERTAINMENT LTD

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2023**

	Note	2023 £	2022 £
Cash flows from operating activities			
Profit for the year		816,039	1,493,605
Adjustments for			
Depreciation and amortisation	11	638,872	600,765
Finance costs	8	131,158	41,466
Share-based payments		453,382	453,382
		<u>2,039,451</u>	<u>2,589,218</u>
Movements in working capital:			
Change in trade and other receivables		(9,386,530)	2,113,974
Change in work in progress		(4,966,740)	1,546,430
Change in trade and other payables		5,253,568	(2,158,924)
Cash generated from operations		<u>(7,060,251)</u>	<u>4,090,698</u>
Net cash (used in)/from operating activities		<u>(7,060,251)</u>	<u>4,090,698</u>
Cash flows from investing activities			
Purchases of property, plant and equipment		(38,592)	(65,798)
Purchase of intangibles	10	(21,793)	-
Net cash used in investing activities		<u>(60,385)</u>	<u>(65,798)</u>
Cash flows from financing activities			
Proceeds from bank borrowings		4,652,000	1,700,000
Repayment of bank borrowings		(2,138,820)	(3,274,307)
Interest paid		-	(1,757)
Payment of lease liabilities		(544,413)	(546,104)
Net cash from/(used in) financing activities		<u>1,968,767</u>	<u>(2,122,168)</u>
Net cash (decrease)/increase in cash and cash equivalents		<u>(5,151,869)</u>	<u>1,902,732</u>
Cash and cash equivalents at the beginning of year		9,605,608	7,702,876
Cash and cash equivalents at the end of the year		<u><u>4,453,739</u></u>	<u><u>9,605,608</u></u>

The notes on pages 24 to 49 form part of these financial statements.

EXPECTATION ENTERTAINMENT LTD

**COMPANY STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2023**

	Note	2022 £	2021 £
Cash flows from operating activities			
Profit for the year		926,503	1,464,413
Adjustments for			
Depreciation and amortisation	11	638,872	600,765
Finance costs	8	131,158	41,466
Share-based payments		453,382	453,382
		<u>2,149,915</u>	<u>2,560,026</u>
Movements in working capital:			
Change in trade and other receivables		(1,157,917)	1,564,476
Change in work in progress		586,608	(710,174)
Change in trade and other payables		(2,985,668)	209,621
Cash generated from operations		<u>(1,407,062)</u>	<u>3,623,949</u>
Net cash (used in)/from operating activities		<u>(1,407,062)</u>	<u>3,623,949</u>
Cash flows from investing activities			
Purchases of property, plant and equipment		(38,592)	(65,798)
Purchase of intangibles	10	(21,793)	-
Net cash used in investing activities		<u>(60,385)</u>	<u>(65,798)</u>
Cash flows from financing activities			
Interest paid		-	(1,753)
Payment of lease liabilities		(544,413)	(546,104)
Net cash used in financing activities		<u>(544,413)</u>	<u>(547,857)</u>
Net cash (decrease)/increase in cash and cash equivalents		<u>(2,011,860)</u>	<u>3,010,294</u>
Cash and cash equivalents at the beginning of year		4,673,380	1,663,086
Cash and cash equivalents at the end of the year		<u>2,661,520</u>	<u>4,673,380</u>

The notes on pages 24 to 49 form part of these financial statements.

EXPECTATION ENTERTAINMENT LTD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

1. Company information

The financial statements of Expectation Entertainment Ltd ("the Group") for the year ended 31 March 2023 were authorised for issue in accordance with a resolution of the directors on 31 October 2023. The Company is a private limited company incorporated and domiciled in the UK. The Company number is 10456505 and the registered office is located at 8b Ledbury Mews North, London, England, W11 2AF.

The Company's principal activity is the development, production and exploitation of television programmes and other audio-visual content. Information on the Company's ultimate controlling party and other related party relationships are provided in note 22.

2. Significant accounting policies

2.1 Basis of preparation

The financial statements have been prepared on an accruals basis and under the historical cost convention, unless otherwise stated. There is no material difference between the fair value of financial assets and liabilities and their carrying amount.

The financial statements are presented in Great British Pounds and all values are rounded to the nearest pound except when otherwise indicated.

A consolidated statement of comprehensive income is published; a separate statement of comprehensive income for the parent company is omitted from the group financial statements by virtue of section 408 of the Companies Act 2006. The parent company's profit for the year was £926,503 (2022: £1,464,413).

2.2 Statement of Compliance

The financial statements of the Group are prepared in accordance with applicable International Financial Reporting Standards ("IFRS") as adopted by the European Union.

2.3 Going concern

The financial statements have been prepared on the going concern basis, which assumes that the Group will have sufficient working capital facilities to enable it to continue in business for a period of at least 12 months from approving the financial statements. In reaching this conclusion the Directors have considered the future cash flows of the Group and the available working capital facility. In addition, the Group considers a number of sensitivities, including a downside scenario and a reverse stress test, which models the scenarios that would lead to a default by the Group. Both the downside scenario and reverse stress test reflect lower activity levels than both the Group forecast and 2023 actual results.

The Directors consider the likelihood of these downside scenarios to be remote, however the Group would still have adequate resources to be able to trade and settle its liabilities as they fall due should these events occur. For this reason, they continue to adopt the going concern basis in preparing the Group's financial statements.

EXPECTATION ENTERTAINMENT LTD

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

2. Significant accounting policies (continued)

2.4 Basis of consolidation

The Group financial statements consolidate those of the parent Company and all of its subsidiaries as of 31 March 2023.

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary or a business is the fair values of the assets transferred, the liabilities incurred to former owners of the acquiree and the equity interests issued to the Group. The consideration transferred includes the fair values of any asset or liability resulting from a contingent consideration arrangement.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values on the acquisition date. Acquisition-related costs are expensed as incurred.

Intercompany transactions, unrealised gains and losses on intragroup transactions and balances between group companies are eliminated on consolidation.

EXPECTATION ENTERTAINMENT LTD

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

2. Significant accounting policies (continued)

2.5 Revenue

Revenue and attributable profit are recognised once delivery of the production to the broadcaster occurs. Revenue and attributable profit are recognised on an episodic basis or on final delivery depending on the delivery pattern to the broadcaster. Revenue recognition is not different by genre.

Production budgets are updated on a regular basis so both under and overspends are accounted for once known. In the case of episodic delivery, any overspend or underspend will be recognised in accordance with the episodic delivery pattern.

Provision is made for any loss making contracts as soon as identified.

The Group operates through one segment; the development, production and exploitation of television programmes and other audio-visual content. All revenue has been recognised from contracts with customers. There have not been any impairment losses recognised on any receivables.

The total revenue recognised in the year was £52,274,776 (2022: £56,675,071). All revenue arose within the United Kingdom.

Revenue is generated through the development, production and exploitation of audio-visual content including television programmes. The single performance obligation identified in a contract is satisfied once delivery has been made to the broadcaster as prescribed in the contract. This could be for any of various stages of the television programme creation process e.g. a treatment, script, pilot, or a full TV series. Revenue recognition will be based on each deliverable or in the case of a TV series, episodic delivery. Consideration received is fixed and is due in line with the terms of the contract.

The Group has not noted any significant judgements exercised in evaluating when a customer obtains control of promised services or the transaction price and the amounts allocated to the performance obligation is recognised at a point in time. There are different points in time which could be the delivery of a treatment, script pilot or an episode of a series.

Delivery is deemed to have taken place once the broadcaster has received the deliverable. The transaction price is the total consideration included in the contract and as there is only one performance obligation, the total consideration has been allocated against the single performance obligation.

Related statement of financial position accounts

Net trade receivables – The Group records accounts receivable amounts at the contractual amount, less an allowance for doubtful accounts. The Group maintains an allowance for doubtful accounts at an amount it estimates to be sufficient to cover the risk that an account will not be collected, the allowance is £nil at the year ended 31 March 2023 (2022: £nil).

The Group regularly evaluates its trade receivables, especially receivables that are past due, and will reassess its allowance for doubtful accounts based on identified customer collection issues. In circumstances where the Group is aware of a customer's inability to meet its financial obligation, the Group records a specific allowance for doubtful accounts to reduce its net recognised receivable to an amount the Group reasonably expects to collect.

EXPECTATION ENTERTAINMENT LTD

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

2. Significant accounting policies (continued)

The following table provides information about net trade receivables as of 31 March:

	2023	2022
Trade Receivables	2,855,083	1,395,892
Allowance for doubtful accounts	-	-
	<u>2,855,083</u>	<u>1,395,892</u>

Contract assets – Primarily reflects estimated revenue expected to be billed, as the Group does not have the unconditional contractual right to invoice these amounts. The Group receives payments from customers based on the terms established in contracts. An amount of £1,901,109 is included in "Accrued income and other prepayments" in the Statement of financial position at 31 March 2023 (2022: £1,262,169).

Contract liabilities – Includes funds received for production and development services in advance of services being rendered. An amount of £16,493,540 is included in deferred income in the Statement of financial position at 31 March 2023 (2022: £14,044,451). The funds will be recognised as revenue within the next 12 months from the Statement of financial position date.

Practical expedients, exemptions and other matters

The Group has taken advantage of paragraph 14 of IFRS 15 and has applied this standard to a portfolio of production and development contracts on the basis of similarities in the contracts, where fundamentally, irrespective of the broadcaster, the obligations in the agreements are the same.

The performance obligations for all production and developments are part of contracts that have an expected duration of less than one year. In line with paragraph 120 of IFRS 15, the Group is exempt from disclosing the aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied at 31 March 2023 and an explanation of when the entity expects to recognise the associated.

2.6 Production costs, development costs and deferred production expenditure

Production costs, development costs and deferred production expenditure are capitalised as incurred and released to the Statement of comprehensive income in accordance with the production and development revenue, with the exception of unfunded development costs. Unfunded development costs are written off as incurred.

2.7 Employee costs

Pension obligations - The Group operates defined contribution personal pension schemes in the UK. The pension plans are open to all eligible individuals. The contributions to these schemes are charged to the Statement of comprehensive income in the period in which the contributions are payable.

EXPECTATION ENTERTAINMENT LTD

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

2. Significant accounting policies (continued)

2.8 Property and equipment and depreciation rates

Property and equipment are stated at cost less accumulated depreciation and impairments. Repairs and maintenance expenditures that do not enhance the use or extend the life of property and equipment are expensed as incurred.

Depreciation for most property and equipment is recognised using the straight-line method over the estimated useful lives of the assets, which is:

Leasehold improvements	Over the life of the lease
Production equipment	33% (3 years)
Computer equipment	33% (3 years)
Fixtures, fittings & office equipment	20% (5 years)

Depreciation commences when property or equipment is ready for its intended use.

Depreciation continues to be charged on assets up to and including the last day of the accounting month prior to disposal, or until the asset becomes fully written off.

The asset's net book values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. The carrying value of fixed assets are reviewed for impairment if events or changes in circumstances suggest that their carrying value may not be recoverable. Impairment amounts are charged immediately to the Statement of comprehensive income.

2.9 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses. The amortisation cost is included within administrative expenses in the Statement of comprehensive income.

The assets have a finite useful life. The estimated useful lives range as follows:

Software	over the term of the lease.
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EXPECTATION ENTERTAINMENT LTD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

2. Significant accounting policies (continued)

2.10 Leases

For any new contracts entered into on or after 1 April 2019, the Group considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract
- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

On the statement of financial position, right-of-use assets have been included in property, plant and equipment and lease liabilities have been included in trade and other payables.

EXPECTATION ENTERTAINMENT LTD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

2. Significant accounting policies (continued)

2.11 Inventory & work in progress

Inventory and work in progress is valued at the lower of cost and net realisable value. Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion.

2.12 Dilapidation provisions

Under IFRS a provision is made where there is a present obligation as a result of a past event (i.e. to move out of the premises) based on expected future payment to return the property to its original state discounted back to the net present value.

2.13 Taxation

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of comprehensive income because of items of income or expense that are taxable or deductible in other years (temporary difference) and items that are never taxable or deductible (permanent difference). The current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Tax credits – Tax credits will not be recognised until there is a reasonable assurance that the obligations under the tax legislation will be satisfied.

2.14 Foreign currency translation

General

Transactions in foreign currencies are recorded at the rate ruling at the end of the prior month. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the statement of financial position date. All differences are taken to the Statement of comprehensive income.

2.15 Financial instruments

The Group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other receivables and payables.

Instruments that are payable or receivable within one year, typically trade receivables and payables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

EXPECTATION ENTERTAINMENT LTD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

2. Significant accounting policies (continued)

2.15 Financial instruments (continued)

2.16 Government grants

The receipt of funds from government grants is recognised in the Statement of Comprehensive Income when the Group is certain that the grant will be received. Grants will be recognised net in the Statement of Comprehensive Income, on a systematic basis, over the same period during which the expenses, for which the grant was intended to compensate, are recognised.

2.17 Share-based payment

Benefits to employees are provided in the form of share-based payment transactions, whereby employees render services in exchange for rights over shares ('equity settled transactions'). The fair value of the employee services rendered is measured by reference to the fair value of the options granted. This cost is charged to the Statement of comprehensive income over the vesting period, with a corresponding increase in the share-based payment reserve. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of shares that will ultimately vest. The charge or credit to the Statement of comprehensive income for a period represents the movement in the cumulative expense recognised at the beginning and end of that period and is recognised in share based payment expense.

EXPECTATION ENTERTAINMENT LTD

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

3. Significant estimates and judgements

The preparation of these financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

Judgements and estimates are continually evaluated and are based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Expectation makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions 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.

(a) Establishing useful economic lives for depreciation and amortisation purposes

Long-lived assets, consisting primarily of property, plant and equipment, comprise a significant portion of the total assets. The annual charge depends primarily on the estimated useful economic lives of each type of asset and estimates of residual values. The directors regularly review these asset useful economic lives and change them as necessary to reflect current thinking on remaining lives in light of prospective economic utilisation and physical condition of the assets concerned. Changes in asset useful lives can have a significant impact on depreciation and amortisation charges for the period. Detail of the useful economic lives is included in the accounting policies.

(b) Expected credit loss

The Group makes an estimate of the recoverable value of trade and other receivables. The Group uses estimates based on historical experience in determining the level of debts, which the Group believes, will not be collected. These estimates include such factors as the current credit rating of debtor, the ageing profile of debtors and historical experience. Any significant reduction in the level of customers that default on payments or other significant improvements that resulted in a reduction in the level of expected credit loss would have a positive impact on the operating results. The level of expected credit loss required is reviewed on an on-going basis.

4. Revenue

Revenue arises wholly from the development, production, and exploitation of television programmes and other audio-visual content within the United Kingdom.

The following is an analysis of the Group's revenue for the year from continuing operations:

	2023	2022
	£	£
Production and Development Income	52,274,776	56,675,071
	<u>52,274,776</u>	<u>56,675,071</u>

EXPECTATION ENTERTAINMENT LTD

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

5. Operating profit/(loss) on ordinary activities before taxation

The profit/(loss) on ordinary activities before taxation is stated after charging/(crediting):

	2023 £	2022 £
Staff costs	5,361,363	4,720,828
Amortisation	42,221	33,389
Depreciation	596,651	567,376
Fees payable to the company's auditor for the audit of the company's financial statements	26,500	26,500
Fees payable for the audit of the subsidiary financial statements	45,000	17,000
Fees payable to the company's auditor for non-audit services	2,750	2,750
Fees payable for the subsidiary's auditor for non-audit services	28,000	9,500
	<u>5,361,363</u>	<u>4,720,828</u>

6. Staff costs

Employment costs (including Directors)

	2023 £	2022 £
Employee benefit expenses (including directors) comprise:		
Wages and salaries	4,472,425	3,994,116
Social security costs	575,363	499,426
Pension costs	313,576	227,287
	<u>5,361,364</u>	<u>4,720,829</u>

The monthly average number of persons, including the directors, employed by the Group during the year was as follows:

	2023 No.	2022 No.
Management and administration	19	19
Creative and development	29	25
Production*	124	191
	<u>172</u>	<u>235</u>

*Production staff are not full-time employees but freelancers employed on specific productions on short-term contracts.

EXPECTATION ENTERTAINMENT LTD

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

7. Directors' remuneration

	2023	2022
	£	£
Directors' emoluments	745,946	990,345
Group contributions to pension schemes	25,394	14,074
	<u>771,340</u>	<u>1,004,419</u>

The highest paid Director in the year received remuneration of £345,993 (2022: £403,113). There were nil (2022: nil) share options exercised during the year.

8. Interest payable and similar charges

Recognised in profit or loss

	2023	2022
	£	£
Finance expense		
Interest expense from leasing arrangements	142,340	39,117
Foreign exchange loss	(11,182)	2,349
Total finance expense	<u>131,158</u>	<u>41,466</u>

EXPECTATION ENTERTAINMENT LTD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

9. Tax expense

9.1 Income tax recognised in profit or loss

	2023 £	2022 £
Current Tax		
Current tax on profits for the year	-	-
Total current tax	-	-
Deferred tax expense		
<i>Origination and reversal of timing differences</i>	-	-
Total deferred tax	-	-
Total tax	-	-

9.1 Income tax recognised in profit or loss

The reasons for the difference between the actual tax charge for the year and the standard rate of corporation tax in the United Kingdom applied to profits for the year are as follows:

	2023 £	2022 £
Profit for the year	816,039	1,493,605
Profit before income taxes	816,039	1,493,605
Tax using the Company's domestic tax rate of 19% (2022:19%)	155,047	283,785
Expenses not deductible for tax purposes, other than goodwill, amortisation and impairment	95,581	9,901
Utilisation of tax losses	(248,255)	(295,649)
Fixed asset differences	(2,373)	1,963
Total tax expense	-	-

It is estimated that the Group has £7,183,203 (2022: £8,489,806) of losses available to carry forward against future trading profits. The associated deferred tax asset of £1,795,801 (2022: £2,053,992) has not been recognised.

EXPECTATION ENTERTAINMENT LTD

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

10. Intangible assets

Group and Company

	Computer software £
Cost	
At 1 April 2021	272,055
At 31 March 2022	272,055
Additions - external	21,793
At 31 March 2023	293,848
	Computer software £
Accumulated amortisation and impairment	
At 1 April 2021	186,667
Charge for the year - owned	33,389
At 31 March 2022	220,056
Charge for the year - owned	42,221
At 31 March 2023	262,277
Net book value	
At 1 April 2021	85,388
At 31 March 2022	51,999
At 31 March 2023	31,571

EXPECTATION ENTERTAINMENT LTD

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

11. Property, plant and equipment**Group**

	Leasehold Improvements £	Production Equipment £	Computer equipment £	Fixtures, Fittings & Furniture £	Total £
Cost or valuation					
At 1 April 2021	174,183	26,273	223,225	73,758	497,439
Additions	25,331	812	28,280	11,375	65,798
Disposals	-	-	-	(215)	(215)
At 31 March 2022	199,514	27,085	251,505	84,918	563,022
Additions	-	7,715	29,422	1,455	38,592
At 31 March 2023	199,514	34,800	280,927	86,373	601,614
	Long-term leasehold property £	Plant and machinery £	Computer equipment £	Office equipment £	Total £
Accumulated depreciation and impairment					
At 1 April 2021	135,017	25,050	153,369	37,622	351,058
Charge owned for the year	40,284	1,255	38,871	15,547	95,957
At 31 March 2022	175,301	26,305	192,240	53,169	447,015
Charge owned for the year	5,067	2,414	41,112	13,488	62,081
At 31 March 2023	180,368	28,719	233,352	66,657	509,096
Net book value					
At 1 April 2021	39,166	1,223	69,856	36,136	146,381
At 31 March 2022	24,213	780	59,265	31,749	116,007
At 31 March 2023	19,146	6,081	47,575	19,716	92,518

EXPECTATION ENTERTAINMENT LTD

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

12. Leases**Group****(i) Leases**

Lease liabilities are due as follows:

	2023	2022
	£	£
Current	491,155	296,210
Non-current	855,933	1,046,233
	<u>1,347,088</u>	<u>1,342,443</u>

The Group just has entered into leases agreements for its main office buildings, with the exception of short-term leases, which are reflected on the balance sheet as a right-of-use asset and a lease liability. There are no low value leases and no variable lease payments associated with the office buildings. The leases impose a restriction that the right-of-use asset can only be used by the Group. The leases are non-cancellable or may only be cancelled by incurring a substantive termination fee. The Group is prohibited from selling or pledging the underlying leased assets as security. The Group must keep the office building in a good state of repair and return the property in its original condition at the end of the lease term. Further, the Group must insure the property and incur maintenance fees on such items in accordance with the lease contracts.

At 31 March 2023 the Group had not committed to leases which had not yet commenced.

Lease payments not recognised as a liability

The group has elected not to recognise a lease liability for short term leases (leases with an expected term of 12 months or less) for the year ended 31 March 2023. Payments made under such leases are expensed on a straight-line basis. There were no variable lease payments or leases of low value assets.

Right-of-use assets

The table below describes the nature of the Group's leasing activities by type of right-of-use asset recognised on the balance sheet:

Right-of-use asset	Number of right-of-use assets leased	Range of remaining term	Average remaining lease term
Office Building - 31 March 2023	<u>3</u>	<u>1-4 years</u>	<u>3 years</u>
Office Building - 31 March 2022	<u>3</u>	<u>1-5 years</u>	<u>4 years</u>

Of the above leases, no leases had lease extension options, contained options to purchase, had variable payments linked to an index or had termination options.

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The lease liabilities are secured by the related underlying assets. Future minimum lease payments at 31 March 2023 were as follows:

	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Total
	£	£	£	£	£	£
31 March 2023						
Lease payments	539,985	394,286	289,985	208,154	-	1,432,410
Finance charges	(48,830)	(27,930)	(8,562)	-	-	(85,322)
Net present values	<u>491,155</u>	<u>366,356</u>	<u>281,423</u>	<u>208,154</u>	<u>-</u>	<u>1,347,088</u>
	Within 1 year	1-2 years	2-3 years	2-3 years	2-3 years	Total
	£	£	£	£	£	£
31 March 2022						
Lease payments	312,413	289,985	289,985	289,985	208,154	1,390,522
Finance charges	(16,203)	(17,394)	(11,124)	(3,358)	-	(48,079)
Net present values	<u>296,210</u>	<u>272,591</u>	<u>278,861</u>	<u>286,627</u>	<u>208,154</u>	<u>1,342,443</u>

The table below shows the movements to the right-of-use assets during the year:

Group and Company

	Buildings - Right-of-use assets
	£
Cost	
At 1 April 2021	2,583,471
Additions	-
31 March 2022	<u>2,583,471</u>
Additions	<u>528,504</u>
Disposals	<u>(1,246,453)</u>
Revaluations	<u>(121,787)</u>
At 31 March 2023	<u>1,743,735</u>
Depreciation	
At 1 April 2021	743,652
Provided during the year	<u>471,418</u>
31 March 2022	<u>1,215,070</u>
Provided during the year	<u>539,178</u>
Disposals	<u>(1,246,453)</u>
Revaluations	<u>(4,611)</u>
At 31 March 2023	<u>503,184</u>

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Net book value**At 31 March 2023****1,240,551**

At 31 March 2022

1,368,401**13. Investment in subsidiaries**

	2023	2022
	£	£
Company		
At start of period	30	34
Additions	1	1
Disposals	-	(5)
At 31 March	<u>31</u>	<u>30</u>

During the year ended 31 March 2023 the Company directly owns the investment in the following companies:

Name of subsidiary	Class of share held	Country of incorporation	Proportion held	Nature of business
Guilt Limited	Ordinary shares	UK	50.1%	Television programme production activities
Intelligence Productions Limited	Ordinary shares	UK	100%	Television programme production activities
Grand Tour Productions Limited	Ordinary shares	UK	100%	Television programme production activities
Ledbury Productions Limited	Ordinary shares	UK	100%	Television programme production activities
Expectation Quiz Limited	Ordinary shares	UK	100%	Television programme production activities
Expectation Drama Limited	Ordinary shares	UK	100%	Television programme production activities
Expectation Comedy Change Limited	Ordinary shares	UK	100%	Television programme production activities
Expectation Comedy Alma Limited	Ordinary shares	UK	100%	Television programme production activities

EXPECTATION ENTERTAINMENT LTD

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Expectation Drama (2) Limited	Ordinary shares	UK	100%	Television programme production activities
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The registered office of each of the subsidiary company is as follows:

Guilt Limited (a Scottish Company): Moray Park, Findhorn Road, Forres, Scotland, IV36 3TP

Intelligence Productions Limited: 8b Ledbury Mews North, London, England, W11 2AF

Grand Tour Productions Limited: 27 Mortimer Street, London, England, W1T 3BL

Ledbury Productions Limited: 8b Ledbury Mews North, London, England, W11 2AF

Expectation Quiz Limited: 8b Ledbury Mews North, London, England, W11 2AF

Expectation Drama Limited: 8b Ledbury Mews North, London, England, W11 2AF

Expectation Comedy Change Limited: 8b Ledbury Mews North, London, England, W11 2AF

Expectation Comedy Alma Limited: 8b Ledbury Mews North, London, England, W11 2AF

Expectation Drama (2) Limited: 8b Ledbury Mews North, London, England, W11 2AF

The subsidiaries above are all exempt from the requirements of the Companies Act 2006 under the provisions of s479A-s479C relating to the audit of individual financial statements.

14. Work in progress

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Work in progress	13,775,103	8,808,363	1,636,513	2,223,121

During the year £nil (2022: £nil) was recognised as an expense for inventories written down to their net realisable value.

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15. Trade and other receivables

	Group 2023 £	<i>Group 2022 £</i>	Company 2023 £	<i>Company 2022 £</i>
Trade receivables	2,855,082	1,395,892	1,039,332	733,927
Amounts owed by group companies	-	-	2,047,204	884,457
Other receivables	9,601,023	2,406,605	194,821	217,953
Prepayments and accrued income	2,401,714	1,668,793	1,006,038	1,293,141
	14,857,819	5,471,290	4,287,395	3,129,478

Credit quality of receivables

A detailed review of the credit quality of each client is completed before an engagement commences and the concentration of credit risk is limited as exposure is spread over small number of very large and reliable customers.

The credit risk relating to trade receivables is analysed as follows:

	Group 2023 £	<i>Group 2022 £</i>	Company 2023 £	<i>Company 2022 £</i>
Trade receivables	2,855,083	1,395,892	1,039,332	733,927
Expected credit loss	-	-	-	-
	2,855,083	1,395,892	1,039,332	733,927

The other classes of assets within trade and other receivables do not contain impaired assets.

The net carrying value is judged to be a reasonable approximation of fair value.

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The following is an ageing analysis of those trade receivables that were not past due and those that were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default.

	Group 2023 £	<i>Group 2022 £</i>	Company 2023 £	<i>Company 2021 £</i>
Not past due	1,065,993	561,535	-	191,824
Up to 3 months	1,662,723	694,846	1,008,489	515,911
3 to 6 months	124,457	136,314	28,012	22,995
Older than 6 months	1,910	3,197	2,831	3,197
	<u>2,855,083</u>	<u>1,395,892</u>	<u>1,039,332</u>	<u>733,927</u>

16. Trade and other payables

	Group 2023 £	<i>Group 2022 £</i>	Company 2023 £	<i>Company 2022 £</i>
Current				
Trade payables	(1,769,671)	(2,669,273)	(754,486)	(941,079)
Bank loan	(4,652,000)	(2,150,000)	-	-
Amounts owed to group companies	-	-	(12)	(41,089)
Other taxation and social security	(308,693)	(763,049)	(480,383)	(773,063)
Accruals and deferred income	(20,439,496)	(17,076,773)	(4,943,639)	(7,286,041)
Other payables	(3,813,254)	(568,452)	(307,605)	(441,700)
	<u>(30,983,114)</u>	<u>(23,227,547)</u>	<u>(6,486,125)</u>	<u>(9,482,972)</u>

In the year, the Group entered into three further short-term bank loans for £700,000, £942,000 and £400,000 to fund three of its productions. The interest on the loan of £700,000 accrues at 1.8% above base and the repayment date is 30 June 2023. The interest on the loan of £942,000 accrues at 1.8% above base and is repayable on 30 November 2023. The interest on the loan of £400,000 accrues at 1.8% above base and is repayable on 30 June 2023. The loan of £1,700,000 from the prior year was repaid during the year ended 31 March 2023. Further drawdowns of £2,610,000 remain payable at the year end. Interest on this loan is also 1.8% above base and repayable on receipt of the future anticipated tax credit.

The directors consider that the carrying amount of trade and other payables approximates to their fair values.

EXPECTATION ENTERTAINMENT LTD

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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17. Financial instruments and risk management

	Group 2023 £	<i>Group 2022 £</i>	Company 2023 £	<i>Company 2022 £</i>
Financial assets - loans and receivables				
Trade and other receivables	14,357,214	<i>3,802,497</i>	1,739,587	<i>1,836,337</i>
Cash and cash equivalents	4,453,739	<i>9,605,608</i>	2,661,520	<i>4,673,380</i>
	<u>18,810,953</u>	<i><u>13,408,105</u></i>	<u>4,401,107</u>	<i><u>6,509,717</u></i>

Prepayments are excluded, as this analysis is required only for financial instruments.

	Group 2023 £	<i>Group 2022 £</i>	Company 2023 £	<i>Company 2022 £</i>
Financial liabilities - held at amortised cost				
Trade and other payables	14,489,575	<i>9,183,092</i>	3,970,991	<i>5,177,308</i>

Statutory liabilities and deferred income are excluded from the trade payables balance, as this analysis is required only for financial instruments.

There is no material difference between the book value and the fair value of the financial assets and financial liabilities disclosed above.

The Group's operations expose it to financial risks that include market risk and liquidity risk. The Directors review and agree policies for managing each of these risks and they are summarised below.

	Group 2023 £	<i>Group 2022 £</i>	Company 2023 £	<i>Company 2022 £</i>
Cash at bank and short-term deposits				
A1	4,366,705	<i>9,536,294</i>	2,602,038	<i>4,660,362</i>
Not rated	87,034	<i>69,314</i>	59,481	<i>13,018</i>
	<u>4,453,739</u>	<i><u>9,605,608</u></i>	<u>2,661,519</u>	<i><u>4,673,380</u></i>

A1 rating means that the risk of default for the investors and the policy holder is deemed to be very low. Not rated balances relate to petty cash amounts.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (S&P) (if available) or to historical information about counterparty default rates:

	Group 2023 £	<i>Group 2022 £</i>	Company 2023 £	<i>Company 2022 £</i>
Trade receivables				
Group 1	151,841	<i>21,685</i>	10,630	<i>21,600</i>
Group 2	2,703,242	<i>1,374,207</i>	1,028,702	<i>712,327</i>
Group 3	-	<i>-</i>	-	<i>-</i>
	<u>2,855,083</u>	<i><u>1,395,892</u></i>	<u>1,039,332</u>	<i><u>733,927</u></i>

Group 1 – new customers (less than 6 months).

Group 2 – existing customers (more than 6 months) with no defaults in the past.

Group 3 – existing customers (more than 6 months) with some defaults in the past.

Market Risk – cash flow interest rate risk

The outstanding borrowings of the Group are of the level for there to be minimal interest rate risk, relating to the interest rate receivable on bank deposit balances. As the financial statements of the Group are not sensitive to any reasonably possible change in interest rates of +/- 1%, no additional interest rate sensitivity disclosures are considered necessary. These changes are considered to be reasonably possible based on observation of current market conditions.

EXPECTATION ENTERTAINMENT LTD

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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Liquidity risk

The Group actively maintains cash and banking facilities that are designed to ensure it has sufficient available funds for operations and planned expansions. The table below analyses the financial liabilities into relevant maturity groupings based on the remaining period at the Statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Group	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
As at 31 March 2023:				
Trade and other payables	<u>14,489,575</u>	<u>-</u>	<u>-</u>	<u>-</u>
As at 31 March 2022:				
Trade and other payables	<u>9,183,092</u>	<u>-</u>	<u>-</u>	<u>-</u>
Company	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
As at 31 March 2023:				
Trade and other payables	<u>3,970,991</u>	<u>-</u>	<u>-</u>	<u>-</u>
As at 31 March 2022				
Trade and other payables	<u>5,177,308</u>	<u>-</u>	<u>-</u>	<u>-</u>

Capital risk management

The Group manages its capital to ensure it will be able to continue as a going concern while maximising the return to shareholders through optimising the debt and equity balance.

The Group monitors cash balances and prepare regular forecasts, which are reviewed by the board.

18. Fair value measurements of financial instruments

Financial assets and financial liabilities measured at fair value are required to be grouped into three Levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: unobservable inputs for the asset or liability.

There were no financial asset or liabilities measured at fair value as at 31 March 2023 or 31 March 2022.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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19. Share capital**Authorised**

	2023 Number	2023 £	2022 Number	2022 £
Shares treated as equity				
Ordinary A shares of £0.01 each	3,316	33	3,316	33
Ordinary A1 shares of £0.01 each	1	-	1	-
Ordinary B shares of £0.01 each	6,380	64	6,380	64
Ordinary B1 shares of £0.01 each	3,330	33	3,330	33
Ordinary C shares of £0.01 each	956	10	956	10
	<u>13,983</u>	<u>140</u>	<u>13,983</u>	<u>140</u>

Issued and fully paid

	2023 Number	2023 £	2022 Number	2022 £
Ordinary A shares of £0.01 each				
At 1 April and 31 March	<u>3,316</u>	<u>33</u>	<u>3,316</u>	<u>33</u>

	2023 Number	2022 Number
Ordinary A1 shares of £0.01 each		
At 1 April and 31 March	<u>1</u>	<u>1</u>

	2023 Number	2023 £	2022 Number	2022 £
Ordinary B shares of £0.01 each				
At 1 April and 31 March	<u>6,380</u>	<u>64</u>	<u>6,380</u>	<u>64</u>

	2023 Number	2023 £	2022 Number	2022 £
Ordinary B1 shares of £0.01 each				
At 1 April and 31 March	<u>3,330</u>	<u>33</u>	<u>3,330</u>	<u>33</u>

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19. Share capital (continued)

	2023 Number	2023 £	2022 Number	2022 £
Ordinary C shares of £0.01 each				
At 1 April and 31 March	<u>956</u>	<u>10</u>	<u>956</u>	<u>10</u>

Share options:

Options over 4,501 Ordinary C shares of £0.01 were issued to senior management in the prior year. The fair value of the share options granted during the prior year is determined using the binomial option model. Vesting of the share options is subject to continued employment within the Company and the options can only be exercised on the event of sale, listing or winding up of the Company.

Details of the number of share options and the weighted average exercise price (WAEP) outstanding during the year are as follows:

	2023 Number	2023 WAEP	2022 Number	2022 WAEP
Balance brought forward	4,501	0.01	4,501	0.01
Balance carried forward	<u>4,501</u>	<u>0.01</u>	<u>4,501</u>	<u>0.01</u>

The total charge for the year was £453,382 (2022: £453,382).

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20. Reserves

The ordinary share capital account represents the amount subscribed for shares at nominal value.

Share premium

The share premium account represents premiums received on the initial issuing of the share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Retained earnings

Retained earnings include all results as disclosed in the statement of comprehensive income.

21. Capital commitments

At the year end the Group had no capital commitments (2022: £nil).

22. Ultimate controlling party and related party transactions

(i) Ultimate controlling party and related party transactions

There is not a majority shareholder therefore there is no controlling party.

During the year, the Company has made sales of £838,129 (2022: £656,824) to BBC Studios Distribution Limited, a related party due to its shareholding. At the 31 March 2023, £nil (2022: £677) was outstanding. During the year the Company incurred production costs of £849,699 (2022: £671,698) to BBC Studios Distribution Limited and as at 31 March 2023 £nil (2022: £6,818) was outstanding.

(ii) Remuneration of Key Management Personnel

The Company consider that the Directors are their key management personnel and further detail of their remuneration is disclosed in note 7.

No key personnel other than the directors have been identified in relation to the year ended 31 March 2023 or the year ended 31 March 2022.

23. Events after the reporting period

There are no material events to be disclosed after the reporting period