

PLAYNETWORK LTD
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

	Page
Company information	1
Balance sheet	2 - 3
Notes to the financial statements	4 - 14

PLAYNETWORK LTD

COMPANY INFORMATION

Directors	N J Gilbert A M V Quinton
Registered number	07084876
Registered office	11th Floor, Whitefriars Lewins Mead Bristol BS1 2NT
Independent auditor	Blick Rothenberg Audit LLP Chartered Accountants & Statutory Auditor 16 Great Queen Street Covent Garden London WC2B 5AH

- 1 -

PLAYNETWORK LTD

REGISTERED NUMBER:07084876

BALANCE SHEET AS AT 31 DECEMBER 2020

	Note	2020 £	2019 £
Fixed assets			
Tangible assets	5	5,072	34,487
		5,072	34,487
Current assets			
Stocks	6	172,526	346,502
Debtors: amounts falling due within one year	7	5,004,017	2,831,578
Cash at bank and in hand		447,831	1,075,392
		5,624,374	4,253,472
Creditors: amounts falling due within one year	8	(2,229,125)	(1,252,195)
Net current assets		3,395,249	3,001,277
Total assets less current liabilities		3,400,321	3,035,764
Provisions for liabilities			
Deferred tax		-	(9,191)
Other provisions		(1,888,346)	(1,797,081)
		(1,888,346)	(1,806,272)
Net assets		1,511,975	1,229,492

PLAYNETWORK LTD**BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2020**

	Note	2020 £	2019 £
Capital and reserves			
Called up share capital	10	990	990
Share premium account		530,156	530,156
Profit and loss account		980,829	698,346
		<u>1,511,975</u>	<u>1,229,492</u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime within Part 15 of the Companies Act 2006 and in accordance with Section 1A of Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The company has opted not to file the profit and loss account in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

N J Gilbert
Director

Date: 21 December 2021

The notes on pages 4 to 14 form part of these financial statements.

PLAYNETWORK LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

1. General information

PlayNetwork Ltd is a private company limited by shares incorporated in England and Wales. The address of its registered office is 11th Floor, Whitefriars, Lewins Mead, Bristol, England, BS1 2NT.
The financial statements are presented in Sterling (£).

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

2.2 Going concern

The company is a limited risk distributor and as such is guaranteed a net margin each year due to support from fellow group companies. Covid 19 has had a material impact on the performance of the business causing a decline in revenues however the company has remained profitable. A large proportion of the revenues in the company are generated from the retail sector which has been disproportionately affected by Covid 19. As such the company is dependent on the support of its parent undertaking to continue as a going concern.

Post year end, the immediate parent, Playnetwork Inc was acquired by Mood Media Inc ("Mood"). As such, the directors of Playnetwork Limited have made enquiry into the financial position of Mood in assessing whether Mood has sufficient resources to support Playnetwork Limited, for them to be in a position to prepare the accounts of Playnetwork Limited on a going concern basis. In performing this assessment, the directors have reviewed the financial position of Mood, and of its forecasted performance for the next twelve months, along with its scheduled debt repayments.

Having undertaken this assessment, the directors have determined that Mood has sufficient financial resources to provide the required level of support and have therefore prepared the accounts on a going concern basis.

2. Accounting policies (continued)**2.3 Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the company has transferred the significant risks and rewards of ownership to the buyer;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.4 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.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

2.5 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

Long-term leasehold property	- over the length of the lease
Motor vehicles	- 33%
Fixtures and fittings	- 33%
Office equipment	- 33%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.6 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.7 Financial instruments

The company has elected to apply Sections 11 and 12 of FRS 102 in respect of financial instruments.

Financial assets and financial liabilities are recognised when the company becomes party to the contractual provisions of the instrument. Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

The company's policies for its major classes of financial assets and financial liabilities are set out below.

Financial assets

Basic financial assets, including trade and other debtors, cash and bank balances and intercompany working capital balances are initially recognised at transaction price.

Such assets are subsequently carried at amortised cost using the effective interest method, less any impairment.

2. Accounting policies (continued)

(continued)

Financial liabilities

Basic financial liabilities, including trade and other creditors and intercompany working capital balances, are initially recognised at transaction price.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Impairment of financial assets

Financial assets 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 profit and loss account.

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

For financial assets measured at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If the financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets and financial liabilities

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount reported in the balance sheet 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.

2.8 Cash

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

2. Accounting policies (continued)

2.9 Share capital

Ordinary shares are classified as equity.

2.10 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is Sterling (£).

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the profit and loss account within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

2.11 Pensions

Defined contribution pension plan

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

2.12 Interest income

Interest income is recognised in profit or loss using the effective interest method.

PLAYNETWORK LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.13 Provisions for liabilities

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the company becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the balance sheet.

2.14 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.15 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants of a revenue nature are recognised in the profit and loss account in the same period as the related expenditure.

3. Employees

The average monthly number of employees, including directors, during the year was 35 (2019 - 35).

PLAYNETWORK LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

4. Intangible assets

Website costs £

Cost

At 1 January 2020

236,143

At 31 December 2020

236,143

Amortisation

At 1 January 2020

236,143

At 31 December 2020

236,143

Net book value

At 31 December 2020

-

At 31 December 2019

-

PLAYNETWORK LTD**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020****5. Tangible fixed assets**

	Long-term leasehold property £	Motor vehicles £	Fixtures and fittings £	Office equipment £	Total £
Cost					
At 1 January 2020	19,733	6,000	53,465	142,919	222,117
Additions	-	-	-	9,012	9,012
At 31 December 2020	19,733	6,000	53,465	151,931	231,129
Depreciation					
At 1 January 2020	15,745	6,000	51,320	114,565	187,630
Charge for the year on owned assets	3,781	-	2,145	32,501	38,427
At 31 December 2020	19,526	6,000	53,465	147,066	226,057
Net book value					
At 31 December 2020	207	-	-	4,865	5,072
At 31 December 2019	3,988	-	2,145	28,354	34,487

- 11 -

PLAYNETWORK LTD**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020****6. Stocks**2020
£2019
£

Finished goods and goods for resale	172,526	346,502
	<u>172,526</u>	<u>346,502</u>

7. Debtors

	2020 £	2019 £
Trade debtors	1,019,255	897,738
Amounts owed by group undertakings	3,220,906	1,673,760
Other debtors	309,961	208,285
Prepayments and accrued income	453,895	51,795
	<u>5,004,017</u>	<u>2,831,578</u>

8. Creditors: amounts falling due within one year

	2020 £	2019 £
Trade creditors	157,407	150,539
Amounts owed to group undertakings	157,948	212,602
Corporation tax	82,807	-
Other taxation and social security	70,951	24,045
Other creditors	129,550	149,986
Accruals and deferred income	1,630,462	715,023
	<u>2,229,125</u>	<u>1,252,195</u>

PLAYNETWORK LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

9. Provisions

	Warranty provision £	Licence provision £	Total £
At 1 January 2020	39,790	1,757,291	1,797,081
Charged to profit or loss	-	668,540	668,540
Utilised in year	(19,598)	(557,677)	(577,275)
At 31 December 2020	20,192	1,868,154	1,888,346

The provision for warranties relates to media players sold in 2019 and 2018. This provision has been estimated based on historical warranty data associated with similar products. The company expects to settle the majority of the liability over the next year. The provision for licences relates to royalties due in respect of music services provided in overseas territories. The provision has been estimated based on management experience of worldwide average rates and within the UK. The company expects to settle the majority of the liability when payment is due in the future.

10. Share capital

	2020 £	2019 £
Shares classified as equity		
Allotted, called up and fully paid		
925 Ordinary shares of £1 each	925	925
65 65 Ordinary A shares of £1 each	65	65
	<u>990</u>	<u>990</u>

11. Commitments under operating leases

At 31 December 2020 the company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2020 £	2019 £
Not later than 1 year	25,000	22,945
Later than 1 year and not later than 5 years	47,945	-
	<u>72,945</u>	<u>22,945</u>

PLAYNETWORK LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

12. Parent undertaking

At the year end, the immediate parent was Playnetwork Inc and the ultimate parent was New TT Holdco LLC.

At the date of approval of the financial statements, the immediate parent undertaking is Mood Media Borrower LLC, a company incorporated in USA. Group financial statements are not prepared.

The parent undertaking of the smallest group of undertakings for which group financial statements are drawn up is Mood Media Inc. These financial statements are not publicly available.

The ultimate parent company is Mood Media Inc, a company incorporated in the United States of America. Group financial statements are prepared but are not publicly available..

13. Related party transactions

The company has taken advantage of the exemption contained in FRS 102 section 33 "Related Party Disclosures" from disclosing transactions with entities which are a wholly owned part of the group.

14. Auditor's information

The auditor's report on the financial statements for the year ended 31 December 2020 was unqualified.

The audit report was signed on 21 December 2021 by Simon Rothenberg (senior statutory auditor) on behalf of Blick Rothenberg Audit LLP.