LUDORUM PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 MARCH 2015

Contents

DIRECTORS AND ADVISERS

Ludorum plc

Registered in England & Wales
Registered number: 5595899
Registered office: 10 The Old Power Station, 121 Mortlake High Street, London SW14 8SN

Directors

Richard Rothkopf (Chairman)
Robert Lawes (Chief Executive Officer)
Richard Hall (Non-Executive)

Company Secretary

Malcolm Paget

Bankers

Coutts & Co
440 Strand
London
WC2R 0QS

Independent Auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
1 Embankment Place
London
WC2N 6RH

Lawyers

Clifford Chance LLP
10 Upper Bank Street
London
E14 5JJ

Olswang LLP
90 High Holborn
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CHIEF EXECUTIVE'S REVIEW

Overview

This is our first annual report and financial statements for the group since the cancellation of Ludorum plc's admission to AIM in January 2015. The company's directors had concluded, given the size of the group, the lack of liquidity in the market for the company's shares and the costs of a listing, that admission on AIM was no longer in the interests of the company.

The results for the financial year ended 31 March 2015 reflect the challenging and competitive environment in which we currently operate as we continue to focus on and look to build long-term brand value for our global pre-school property, Chuggington.

Financial review

Revenues fell 23% year on year to £3.78m (2014: £4.91m). This reduction is the result of lower reported consumer products revenues of £2.71m (2014: £3.58m), a fall of 24% and a decline in broadcast revenues of 19% to £1.07m. Administrative costs were £0.99m a reduction of 22% over the prior year cost of £1.26m. The group made an operating loss of £0.10m for the 12 month period versus a £0.33m profit for the prior year, a decrease of £0.43m. EBITDA for the year decreased by £0.19m to £0.93m (2014: £1.12m) which is less than the decrease in operating profit mainly reflecting an increase in programming amortisation costs of £0.24m to £1.03m (2014: £0.79m).

At 31 March 2015, the group had a net overdraft position of £0.29m (2014 £0.66m). In December 2014 the group's overdraft facility was reduced from £0.75m to £0.50m and in July 2015, the group renewed its £0.50m overdraft facility. The net book value of investment in Chuggington at the year end was £4.14m (2014: £4.49m). The decrease in the book value is the net of additions of £0.68m from the production cost of Chuggington series 5, offset by an amortisation charge of £1.03m.

Chuggington

Notwithstanding the financial results, we can record some important achievements in the year. Chuggington series 5 was completed in early 2015 and has been delivered to our broadcast partners. We have now created 128 x 10" episodes and 46 x 4" shorter episodes. We have in place broadcast agreements with all leading broadcasters in their respective territories in over 175 countries including UK (BBC – Cbeebies), North America (The Disney Channel), Germany (Super RTL), France (TF1), Japan (Fuji TV) and Australia (ABC). As well as strong broadcast platform, we have recently concluded a number of SVOD deals with Netflix in US, Canada and Latin America and Amazon in the UK, Fuji in Japan and TF1 in France. We are encouraged by the success and demand for our content via SVOD distribution and see this is not only as a new revenue stream for the group, but also as a way of enhancing consumer awareness outside of our more traditional broadcast partners.

During the year under review we also operated our first Chuggington Live ticketed tour show in North America. The first show started in January 2015 and toured North America visiting 40 cities (including Broadway, New York) and attracted an audience of over 58,000. We have also seen significant success in our apps business with over 15 million downloads and our app revenues are generating significant growth, albeit from a low base.

Outlook

One of our fundamental priorities for the group is to leverage our successful global broadcast and SVOD platform and ensure that the master toy licensee for the property is fully engaged and committed to grow the property alongside Ludorum for the long term. During the year under review our master toy revenues fell to £1.20m (2014: £1.78m), a 33% reduction. To put this result in perspective, the master toy revenues were £3.44m in 2011 and £3.51m in 2012.

CHIEF EXECUTIVE'S REVIEW (Continued)

We remain committed to building Chuggington into an evergreen pre-school global train property. We have built a significant library of content and secured strong global broadcast distribution which is further enhanced by our recently concluded SVOD deals. We feel our content aligned to some great toy and ancillary merchandising product will help us achieve our strategic aim.

Robert Lawes

Chief Executive

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2015

The Directors present their Strategic Report for the Group for the year ended 31 March 2015. The Group's loss for the year ended 31 March 2015 attributable to shareholders was £429,000. The deficit on shareholders' funds at the year end was £679,000.

Principal activities and business review

Following approval from shareholders at a general meeting on 7 January 2015, Ludorum plc's admission to trading on AIM was cancelled with effect from 15 January 2015. The Company's Directors had concluded, given the size of the Group, the lack of liquidity in the market for the Company's shares and the costs of a listing, that admission on AIM was no longer in the interests of the Company.

The Group has continued the development and exploitation of its animated children's television series, "Chuggington". During the year the fifth series, comprising 10 episodes of 10 minutes each, was delivered to broadcasters. By the end of the fifth series the Group has produced 128 episodes of 10 minutes each along with 46 shorter episodes of 4 minutes each.

The television series has been produced in partnership with Tomy, our master toy partner and a major Japan-based toy manufacturer. The Group and Tomy have jointly financed the production of the first four series and Tomy is participating in the profits from the series. Tomy has initially funded 100% of the costs of the fifth series and will recover the Company's share of the costs of production from a reduced toy royalty payment for two years from January 2015.

The Group generates its income from exploiting "Chuggington". Income is derived mainly from the sale of broadcast, consumer product, including DVD, licences. In the case of consumer product licences, income usually takes the form of an initial non-refundable minimum guarantee against which the licensee recoups royalties earned until the minimum guarantee is exceeded, at which point further payments of overages are payable to the Group.

The Group comprises Ludorum plc, the parent company, and its wholly owned subsidiaries, Ludorum Enterprises Limited and Ludorum Inc. Ludorum Enterprises Limited's activities are the development and exploitation of "Chuggington". Ludorum Inc was a service company, resident in the USA. Following a review of how to service the group's North American activities, Ludorum Inc ceased operations in June 2015 and has now been dissolved.

The Group's results for the year are set out in the Consolidated Statement of Comprehensive Income on page 15. The Group's loss for the year ended 31 March 2015 attributable to shareholders was £429,000 (profit attributable to shareholders for the year ended 31 March 2014: £106,000). The group had a net deficit of £679,000 at the year-end (2014: £272,000).

Principal risks and uncertainties

The main risk areas for the Group are set out below:

Control of programme costs: There is a risk that the programme costs are not controlled in the production process. To minimise the risk, production costs are continuously monitored against a detailed budget which may also be adjusted, if necessary, to give an up to date estimate of the costs to completion.

Key creative talent: The quality of the Group's programmes relies on retaining key creative talent. The risk is mitigated by ensuring that key talent is secured by contract and participates in the financial success of the work that they help to produce.

Protecting intellectual property: The Group aims to maximise the exploitation of its intellectual property. The Group relies on intellectual property laws to protect its intellectual property rights but it cannot guarantee that these rights will not be challenged or circumvented.

Key performance indicators

The Group uses the following key performance indicators:

• Actual programme costs: Actual programme costs to date and future costs to completion are continuously monitored and compared with budgeted costs. We have been successful in ensuring that actual programme costs continue to be controlled in line with budget.

• Actual cash balance: The actual cash balance at the end of each calendar quarter is compared with the budgeted cash balance. Cash management is important because the Company tends to receive large receipts from licensees and the timing of actual receipts compared with budgeted receipts can impact the cash balance.

• Revenue growth: The Company aims to generate increasing revenue from Chuggington. Revenue in the year was lower than the prior year. The Group continues to face difficult trading conditions.

By order of the Board

Malcolm Paget

Company Secretary

7 September 2015

Ludorum plc

DIRECTORS' REPORT

The Directors of the Company present their Report and the audited consolidated financial statements for the year ended 31 March 2015.

The principal activities and business review is not shown in the Directors' report because it is shown in the Strategic Report, in line with s414C(11) Companies Act 2006.

Future developments

The Group has continued the development and exploitation of its animated children's television series, "Chuggington". A fifth series of 10 episodes of 10 minutes each was delivered in the year. No further episodic programme production is planned for the foreseeable future but the Group is actively looking at re-purposing its existing body of content, for example, for digital use.

Financial results and dividend

The Group's loss for the year ended 31 March 2015 attributable to shareholders was £429,000 (profit attributable to shareholders for the year ended 31 March 2014: £106,000).

The Directors do not recommend the payment of dividend (2014: £nil).

Financial risk management

The main financial risk management policies are set out below:

Liquidity risk

The Group manages liquidity risk by financing its activities through its cash resources and debt finance.

In March 2012 the Company issued £2.75m of loan notes held by client funds of Downing LLP (£1.5m) and D.C. Thomson & Co Limited (£1.25m). The loan notes are repayable, at par, in March 2017. Until March 2015 the coupon on the loan notes was the higher of 7.5% or 3% above LIBOR. From April 2015 the coupon is 12.5%. The loan notes are secured by a second charge over the Company's assets and a charge over the assets of Ludorum Enterprises Limited, a wholly owned subsidiary of the Company.

Interest rate risk

The Group has an exposure to interest rate risk arising from its loan notes and overdraft facility which are all denominated in sterling. Until March 2015 the coupon on the loan notes was the higher of 7.5% or 3% above LIBOR. From April 2015 the coupon is 12.5%.

Foreign exchange risk

The Group incurs some of its programme expenditure and other operating expenses in US dollars. The risk arising from a change in the rate of exchange between sterling and the US dollar is partly mitigated by the Group invoicing for some sales of licences in US dollars and by being reimbursed, by its development partner, in US dollars for some of the US dollar denominated programme costs that it incurs.

Credit risk

Credit risk arises on trade receivables and short term bank deposits. The Group extends credit following an assessment of the financial viability of the counterparty. This assessment helps to mitigate the Group's exposure to credit risk.

Price risk

Price risk arises principally in respect of programme production costs. A substantial proportion of production costs is subject to fixed price contracts, thus helping to mitigate this risk.

Capital risk

The Group manages its capital structure to ensure that it continues as a going concern, to provide returns to shareholders, to benefit other stakeholders and to maintain an optimum capital structure.

Further disclosures in respect of financial risk management are given in Note 25 to the financial statements.

Directors

The Directors who held office throughout the year and up to the date of signing the financial statements are:

Richard Rothkopf (Chairman)
Robert Lawes
Richard Hall (non-executive)

Their interests in the Company's issued share capital are set out below:

	31 March 2015	31 March 2014
Richard Rothkopf	728,736	728,736
Robert Lawes	1,147,732	1,081,066
Richard Hall	-	-

In accordance with the Company's articles of association, one third (or the number nearest to but not less than one third) of all directors will be required to retire and submit themselves for re-election at the next Annual General Meeting of the Company. Richard Hall will submit himself for re-election in 2015.

Directors' insurance

Insurance was in place during the year and remains in place to cover the Directors against liabilities arising in relation to the Company, as permitted by the Companies Act 2006.

Directors' indemnities

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors.

Share capital

Details of the Company's share capital are set out in Note 16 to the financial statements.

Substantial shareholdings

As at 27 August 2015 beneficial interests amounting to 3 per cent or more of the issued ordinary share capital of the Company notified to the Company, in addition to those holdings notified by Directors, comprised:

	Shares	%
D.C. Thomson & Co Limited	2,379,216	24.2
Taube Hodson Stonex Partners (UK) Limited	947,425	9.6
Funds advised by Downing LLP	1,437,796	14.6
Downing Corporate Finance Executive Pension Scheme	350,032	3.6

Disclosure of information to auditors

So far as each Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and each Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Employees

The Group recognises its responsibilities for the fair treatment of all its employees in accordance with national legislation applicable to the territories within which it operates. Having regard to their skills and abilities, the Group gives full and fair consideration to applications for employment received from disabled persons, and so far as particular disabilities permit, will give employees disabled during their period of employment continued employment in the same job or, if this is not practicable, a suitable alternative job. Equal opportunities for appropriate training, career development and promotion are available to all employees regardless of any physical disability or their gender, religion, race or nationality.

Employee involvement and consultation

The Directors attach great importance to the maintenance and development of employee involvement and training. The Directors ensure that the results for the half year and for the financial year are discussed with employees and that they are aware of Group developments.

Social responsibility

The Company recognises the importance of social, environmental and ethical matters and the Directors endeavour to take into account the interests of all stakeholders, including investors, employees, customers, suppliers and business partners when operating the business.

Health, safety and the environment

The Directors seek to minimise risk to the health and safety of the Group's employees and to the environment by effective management of the Group's activities. The Group does not operate in a business sector which causes significant pollution or other adverse environmental effects. The principal direct environmental impacts are the consumption of energy at its offices and the production of waste. Arrangements are in place for the collection and recycling of waste materials.

Going concern

The Directors have prepared cash flow forecasts for a period of more than twelve months from the date of signing these financial statements, which reflect their current best estimate of the trading, performance and cash flows. They have also prepared a sensitised case, reflecting both the potential for a downturn in trading performance and mitigating actions which management could take. On the basis of these forecasts, and the facilities available, they have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly we continue to adopt the going concern basis in preparing our financial statements.

Independent Auditors

During the year PricewaterhouseCoopers LLP were re-appointed as independent auditors to the Company and have expressed their willingness to continue in office. Accordingly, resolutions will be proposed at the Annual General Meeting of the Company to re-appoint PricewaterhouseCoopers LLP as auditors of the Company and to authorise the Directors to determine their remuneration.

By order of the board

Malcolm Paget

Company Secretary

7 September 2015

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and Financial Statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and parent company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the company and group for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

The directors consider that the annual report and financial statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess a company's performance, business model and strategy.

Each of the directors, whose names and functions are listed in the directors report confirm that, to the best of their knowledge:

- the group financial statements, which have been prepared in accordance with IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and loss of the group; and
- the directors' report includes a fair review of the development and performance of the business and the position of the group, together with a description of the principal risks and uncertainties that it faces.

By order of the Board

Malcolm Paget

Company Secretary

7 September 2015

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LUDORUM PLC

Report on the financial statements

Our opinion
In our opinion:

- Ludorum Plc's group financial statements and parent company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2015 and of the group's loss and the group's and the parent company's cash flows for the year then ended;
- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited
The financial statements comprise:

- the consolidated and company balance sheets as at 31 March 2015;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated and company cash flow statements for the year then ended;
- the consolidated statement of changes in equity and the company statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and IFRSs as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

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

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received
Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 12, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Simon O'Brien (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
7 September 2015

Ludorum plc

Consolidated statement of comprehensive income

	Note	For the year ended 31 March 2015 £000	For the year ended 31 March 2014 £000
Revenue	2	**3,783**	4,912
Cost of sales		**(2,895)**	(3,323)
Gross profit		**888**	1,589
Administrative expenses		**(990)**	(1,263)
Operating (loss) / profit		**(102)**	326
Finance costs – bank and loan interest		**(248)**	(142)
Finance cost		**(248)**	(142)
(Loss) / profit before income tax		**(350)**	184
Income tax expense	6	**(85)**	(59)
(Loss) / profit for the year	3	**(435)**	125
Other comprehensive income / (loss):			
Foreign exchange differences which may be recycled into the statement		**6**	(19)
Total comprehensive (loss) / income for the year		**(429)**	106
Basic (loss) / earnings per share	7	**(4.42p)**	1.27p
Diluted (loss) / earnings per share	7	**(4.30p)**	1.23p

The notes on pages 20 to 43 are an integral part of these consolidated and parent company financial statements.

Ludorum plc

Consolidated and Company Balance sheets as at 31 March 2015

(Registered number 5595899)

	Note	**GROUP 2015 £000**	GROUP 2014 £000	**COMPANY 2015 £000**	COMPANY 2014 £000
Assets					
Non-current assets					
Investments	8	**-**	-	**3,551**	3,671
Property, plant and equipment	9	**-**	-	**-**	-
Intangible assets	10	**4,139**	4,493	**-**	-
		4,139	4,493	**3,551**	3,671
Current assets					
Trade and other receivables	11	**1,035**	1,791	**36**	71
Overseas tax receivable		**25**	34	**-**	-
Cash and cash equivalents	12	**704**	328	**-**	-
		1,764	2,153	**36**	71
Liabilities					
Current liabilities					
Trade and other liabilities	13	**(1,991)**	(2,952)	**(607)**	(555)
Borrowings	14	**(996)**	(984)	**(996)**	(984)
		(2,987)	(3,936)	**(1,603)**	(1,539)
Net current liabilities		**(1,223)**	(1,783)	**(1,567)**	(1,468)
Non-current liabilities					
Borrowings	14	**(2,750)**	(2,750)	**(2,750)**	(2,750)
Provision for liabilities	15	**(845)**	(232)	**-**	-
Net liabilities		**(679)**	(272)	**(766)**	(547)
Shareholders' deficit					
Ordinary shares	16	**98**	88	**98**	98
Deferred shares	16	**50**	50	**50**	50
Share premium	17	**11,270**	9,296	**11,270**	9,296
Share based payments reserve	18	**397**	2,359	**397**	2,359
Foreign currency translation	19	**(21)**	(27)	**-**	-
Accumulated losses	20	**(12,473)**	(12,038)	**(12,581)**	(12,350)
Total deficit		**(679)**	(272)	**(766)**	(547)

The notes on pages 20 to 43 are an integral part of these consolidated and parent company financial statements.

The financial statements on pages 15 to 43 were authorised for issue by the Board of Directors and signed on its behalf by:

Robert Lawes

Chief Executive Officer

7 September 2015

Ludorum plc

Consolidated statement of changes in equity

	Attributable to the owners of the parent					
Group **2015**	**Called up share capital £000**	**Share Premium £000**	**Accumulated losses £000**	**Share based payments reserve £000**	**Foreign currency translation £000**	**Total equity £000**
At 1 April 2014	**138**	**9,296**	**(12,038)**	**2,359**	**(27)**	**(272)**
Comprehensive income:						
Loss for the year	**-**	**-**	**(435)**	**-**	**-**	**(435)**
Other comprehensive income:	**-**	**-**	**-**	**-**	**6**	**6**
Total comprehensive income / (loss) for the year	**-**	**-**	**(435)**	**-**	**6**	**(429)**
Transactions with owners:						
Credit relating to share based payments reserve	**-**	**-**	**-**	**22**	**-**	**22**
Exercise of share options under the Share Ownership Arrangement	**10**	**1,974**	**-**	**(1,984)**	**-**	**-**
Total contributions for distribution to owners of the Company recognised directly in equity	**10**	**1,974**	**-**	**(1,962)**	**-**	**22**
At 31 March 2015	**148**	**11,270**	**(12,473)**	**397**	**(21)**	**(679)**
2014	Called up Share capital £000	Share Premium £000	Accumulated losses £000	Share based payments reserve £000	Foreign currency translation £000	Total equity £000
At 1 April 2013	138	9,296	(12,163)	2,318	(8)	(419)
Comprehensive income:						
Profit for the year	-	-	125	-	-	125
Other comprehensive income:	-	-	-	-	(19)	(19)
Total comprehensive income / (loss) for the year	-	-	125	-	(19)	106
Transactions with owners:						
Credit relating to share based payments reserve	-	-	-	41	-	41
Total contributions for distribution to owners of the Company recognised directly in equity	-	-	-	41	-	41
At 31 March 2014	138	9,296	(12,038)	2,359	(27)	(272)

Ludorum plc

Company statement of changes in equity

Company 2015	Called up Share capital £000	Share Premium £000	Accumulated losses £000	Share based payments reserve £000	Foreign currency translation £000	Total deficit £000
At 1 April 2014	148	9,296	(12,350)	2,359	-	(547)
Comprehensive income:						
Loss for the year	-	-	(231)	-	-	(231)
Total comprehensive loss for the year	-	-	(231)	-	-	(231)
Transactions with owners:						
Credit relating to share based payments reserve	-	-	-	22	-	22
Transfer relating to exercise of share options	-	1,984	-	(1,984)	-	-
Exercise of share options under the Share Ownership Arrangement	-	(10)	-	-	-	(10)
Total contributions for distribution to owners of the Company recognised directly in equity	-	1,974	-	(1,962)	-	12
At 31 March 2015	148	11,270	(12,581)	397	-	(766)
2014	**Called up Share capital £000**	**Share Premium £000**	**Accumulated losses £000**	**Share based payments reserve £000**	**Foreign currency translation £000**	**Total deficit £000**
At 1 April 2013	148	9,296	(12,224)	2,318	-	(462)
Comprehensive income:						
Loss for the year	-	-	(126)	-	-	(126)
Total comprehensive loss for the year	-	-	(126)	-	-	(126)
Transactions with owners:						
Credit relating to share based payments reserve	-	-	-	41	-	41
Total contributions for distribution to owners of the Company recognised directly in equity	-	-	-	41	-	41
At 31 March 2014	148	9,296	(12,350)	2,359	-	(547)

Ludorum plc

Consolidated and Company Cash Flow statements for the year ended 31 March 2015

	Note	GROUP	GROUP	COMPANY	COMPANY
		For the year ended 31 March 2015 £000	For the year ended 31 March 2014 £000	**For the year ended 31 March 2015 £000**	For the year ended 31 March 2014 £000
Cash flows from operating activities					
Cash generated from operations	21	**910**	637	**118**	68
Interest paid		**(248)**	(142)	**(240)**	(142)
Taxation paid		**(85)**	(73)	**-**	-
Net cash generated from / (used in) operating activities		**577**	422	**(122)**	(74)
Cash flows from investing activities					
Repayment of long term loan		**-**	-	**110**	56
Investment in intangible assets		**(213)**	(1,066)	**-**	-
Net cash (used in) / generated from investing activities		**(213)**	(1,066)	**110**	56
Cash flows from financing activities					
Net cash generated from financing activities		**-**	-	**-**	-
Net increase / (decrease) in cash and cash equivalents and bank overdrafts		**364**	(644)	**(12)**	(18)
Cash and cash equivalents and bank overdrafts at 1 April		**(656)**	(12)	**(984)**	(966)
Cash and cash equivalents and bank overdrafts at 31 March	12	**(292)**	(656)	**(996)**	(984)

1. Accounting policies

Ludorum plc (the "Company") is a public limited company incorporated and domiciled in the United Kingdom. The address of its registered office is 10 The Old Power Station, 121 Mortlake High Street, London SW18 8SN. The Company's registered number is 5595899.

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to the whole year presented.

Basis of preparation

The financial statements have been prepared for the year ended 31 March 2015.

These financial statements have been prepared in accordance with EU adopted IFRS standards and interpretations of the IFRS Interpretations Committee (IFRS IC) and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The consolidated financial statements have been prepared on a going concern basis and under the historical cost convention. A summary of the more significant group accounting policies is set out below.

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from these estimates. The Directors consider that the key areas of judgement are:

(a) *Estimation of the fair value of options granted under share-based payment arrangements.* The fair value of share options is estimated when the options are granted. This value may be different from the value when the share options are eventually exercised.

(b) *Carrying value of intangible assets*
The carrying value of intangible assets is calculated as the cost of the assets less amortisation which writes off assets over a seven year life on a straight-line basis. The carrying value of the assets would be less if it were more appropriate to amortise the assets over a shorter period. We consider that the seven years period for amortisation is appropriate.

Going concern

The Directors have prepared cash flow forecasts for a period of more than twelve months from the date of signing these financial statements, which reflect their current best estimate of the trading, performance and cash flows. They have also prepared a sensitised case, reflecting both the potential for a downturn in trading performance and mitigating actions which management could take. On the basis of these forecasts, and the facilities available, they have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly we continue to adopt the going concern basis in preparing our financial statements.

Adoption of standards effective in the year 1 April 2014 to 31 March 2015

There are no IFRSs or IFRIC interpretations that are effective for the first time for the Group for the year beginning on 1 April 2014.

1. Accounting policies (continued)

Standards, amendments and interpretations that are not yet effective and have not been early adopted by the Group

There are no standards or interpretations which are effective after 1 April 2014 which have been early adopted by the Group. None of the standards or interpretations is expected to have a material impact on the Group. We set out below some of the new standards and interpretations.

IFRS 14, 'Regulatory Deferral Accounts' (effective 1 January 2016). The aim of the standard is to specify the financial reporting requirements for 'regulatory deferral account balances' that arise when an entity provides goods or services to customers at a price or rate that is subject to rate regulation by the state.

IFRS 15, 'Revenue from Contracts with Customers' (effective 1 January 2017). The standard specifies how and when income is recognised. The Directors do not expect this standard to change the Group's current income recognition policy.

IFRS 9, 'Financial instruments' (effective 1 January 2018). The standard requires financial assets to be classified into two measurement categories: those measured at fair value and those measured at amortised cost.

Basis of consolidation

The consolidated financial statements include the results of the Company and subsidiaries controlled by the Company drawn up to 31 March 2015. The financial statements of the subsidiaries are prepared for the same reporting periods as the Company. Subsidiaries are deconsolidated from the date that control ceases and that accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the consolidated statement of comprehensive income.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred.

1. Accounting policies (continued)

Foreign currency translation

Functional and presentational currency: items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The financial statements are presented in sterling, which is the Company's functional and presentation currency.

Transactions and balances: foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in the Consolidated statement of comprehensive income.

Group companies: The results and financial position of Group entities that have a functional currency different from the Group's presentation currency are translated into the presentation currency as follows:
- assets and liabilities are translated at the closing rate at the date of the balance sheet;
- income and expenses are translated at average exchange rates for the year.

All resulting exchange differences are recognised in the foreign currency translation reserve. On consolidation, exchange differences arising from the translation of the net investment in foreign entities are taken to shareholders' equity.

The principal overseas currency for the Group is the US dollar. The average rate for the year for the US dollar against sterling was 1.60 (2014: 1.60). The rate at 31 March 2015 for the US dollar against sterling was 1.56 (2014: 1.67).

Investment in subsidiaries

Investments in subsidiaries are stated at cost less any provision for impairment.

Property, plant and equipment

Property, plant and equipment is recorded at purchase cost less depreciation and, where appropriate, provision for impairment. Purchase cost includes the original purchase price of assets and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is calculated so as to write off, on a straight-line basis, the cost of the assets, less their estimated residual values, over their estimated useful life. Property, plant and equipment comprises office equipment which has an estimated useful life of three years. Estimated useful lives of assets are reviewed and adjusted, at each balance sheet date, if appropriate.

Intangible assets

Direct programme costs are capitalised up to the date of the first release of the programme. Direct programme costs comprise pre-production, production and post-production costs and capitalised interest on borrowing attributable to the financing of programme production. A charge is made to write down the cost of completed programmes, from first broadcast, on a straight line basis over the estimated useful life of seven years. This charge is included in cost of sales in the Consolidated statement of comprehensive income.

1. Accounting policies (continued)

The carrying value of intangible assets is subject to an impairment review where there are indicators that impairment may exist. An impairment loss is calculated by reference to the expected future revenues of the underlying property, taking into account the cost of sales, from which the discounted value of future cash flows relating to the intangible asset is determined and compared to the carrying value. Any impairment charge is included in the Consolidated statement of comprehensive income as part of cost of sales.

Trade receivables

Trade receivables are recognised, initially, at fair value, and subsequently measured at amortised cost, using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances held in current (checking) or deposit accounts with maturities of three months or less with recognised UK and US banks and bank overdrafts (included in borrowings).

Current income tax and deferred income tax

Current tax is recognised on profits at the weighted average rate of corporation tax applicable to small companies of 20% (2014: 20%).

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the same time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

1. Accounting policies (continued)

Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost and the difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Consolidated statement of comprehensive income over the year of the borrowing using the effective interest method.

Operating leases

Payments relating to operating leases are recognised in the Consolidated statement of comprehensive income on a straight-line basis over the lease term. Initial rent deposits are shown as a receivable in the balance sheet.

Provisions for liabilities

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not estimated for future operating losses.

Share based payments

All share based payment arrangements are recognised in the financial statements. The fair values of Directors' and employees services which are rewarded using share based payment arrangements are determined by reference to the fair value of the instrument granted to the Director or employee. This fair value is estimated at the date of the grant of the instrument.

Equity-settled share-based payments are recognised as an expense in the Consolidated statement of comprehensive income, with a corresponding credit to the share-based payments reserve.

Cash-settled share-based payments are recognised as an expense in the Consolidated statement of comprehensive income, with a corresponding credit to the shared-based payments liability account, included in trade payables. The liability is revalued at each balance sheet date.

Where the Director or employee has the choice as to whether to settle in equity or cash, the arrangement is accounted for as a cash-settled share-based payment and recognised accordingly.

The grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution. The fair value of options is measured by reference to the grant date fair value and is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity.

1 Accounting policies (continued)

Share capital

Called up share capital is determined using the nominal value of shares that have been issued. Called up share capital consists of ordinary shares with a nominal value of 1 pence each and deferred shares with a nominal value of 99 pence each. The deferred shares have no right to vote. The rights of the deferred shares to receive dividends or participate in the distribution of capital upon the winding up of the Company are so limited as to render the deferred shares of negligible value.

The share premium account includes any premium received above the nominal value of shares on the initial issuing of a share. Any transaction costs associated with the issuing of shares are deducted from the share premium account.

Pension costs

The Group's contribution to employees' defined-contribution pension schemes are charged to the consolidated statement of comprehensive income on the basis of the contributions payable during the year. Differences between contributions payable and contributions actually paid are shown as either accruals or prepayments at the year end.

Segmental reporting

The Group's operating segments are reported in a manner consistent with the internal reporting provided to the Board of Directors which has been identified, as a body, as the chief operating decision maker ("CODM"). As set out in Note 2, the Group has only one operating segment, the development and exploitation of its rights in Chuggington.

Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of services in the ordinary course of the Group's activities. Revenue is shown net of value added tax and after eliminating sales within the Group. The Group derives its revenue from the exploitation of rights in its programming, principally contracts in respect of TV and consumer product rights. Amounts invoiced in respect of contracts are initially taken to deferred income and released in line with the recognition policies below:

Revenue from the sale of broadcast rights is recognised in full on the commencement of the broadcast licence period in the relevant territory.

Advances from the sale of consumer product licences are recognised as revenue on a straight-line basis over the length of the licence period. If the licensee earns revenue in excess of the advance paid, the licensee must pay royalties to the Group which are recognised by the Group as they arise, on an accruals basis. Any advances which have not yet been recognised at this point are recognised as revenue immediately.

2. Segmental reporting

The Group currently has one operating segment, the development and exploitation of its rights in Chuggington. Management information used by the Chief Operating Decision Maker ("CODM") is in a format similar to the Consolidated statement of comprehensive income and Balance sheets. The CODM is considered to be the Board of Directors.

In order to comply with the requirements of IFRS 8, further information about revenue derived from the Group's product lines is set out below.

Revenue by product line

	For the year ended 31 March 2015 £000	For the year ended 31 March 2014 £000
Broadcasting rights	**1,074**	1,328
Consumer products	**2,706**	3,577
Other	**3**	7
	3,783	4,912

Geographical analysis of revenue by location

	For the year ended 31 March 2015 £000	For the year ended 31 March 2014 £000
UK, Europe, Middle East & Africa	**1,710**	2,353
Asia & Australasia	**660**	917
Americas	**1,413**	1,642
	3,783	4,912

Revenue of £1.202m (2014: £1.783m) representing 32% of total revenue (2014: 36%), is derived from Tomy. These revenues are attributable to income from broadcasting rights and consumer products.

All material assets are located in the UK**.**

3. (Loss) / profit for the year

The following items have been included in arriving at the (loss) / profit for the year:

	For the year ended 31 March 2015 £000	For the year ended 31 March 2014 £000
Staff costs (see Note 5)	**553**	800
Depreciation of property, plant and equipment (see Note 9)	**-**	2
Amortisation of intangible assets (see Note 10)	**1,032**	792
Foreign exchange losses	**70**	1
Operating lease rentals	**-**	59

4. Independent Auditors' remuneration

	For the year ended 31 March 2015 £000	For the year ended 31 March 2014 £000
Audit services		
Fees payable to the Company's auditors for the audit of parent Company and consolidated financial statements	20	46
Fees payable to the Company's auditors for other audit services	15	34
Other services		
Tax services	49	22
	84	102

5. Employees and Directors

	For the year ended 31 March 2015 £000	For the year ended 31 March 2014 £000
Staff costs for the Group during the year		
Wages and salaries	**439**	689
Social security costs	**57**	83
Other pension costs	**35**	(13)
	531	759
Costs attributable to Share Schemes	**22**	41
Total staff costs	**553**	800
Monthly average number of people employed (including executive Directors)		
Management and administration	**5**	7
Sales	**2**	7
Creative and IT	**6**	7
	13	21

	For the year ended 31 March 2015 £000	For the year ended 31 March 2014 £000
Aggregate Directors' emoluments	**265**	288
Emoluments of highest paid Director	**189**	192
Pension contributions of highest paid Director (included in emoluments above)	**24**	24
Number of shares held by the Employee Benefit Trust for the benefit of the highest paid Director	**-**	356,040

The Board of Directors are considered to be key management.

6. Income tax expense

	For the year ended 31 March 2015 £000	For the year ended 31 March 2014 £000
Current tax		
UK taxation	-	-
Overseas taxation – withholding taxes	**59**	45
Overseas taxation – US income taxes	**26**	14
Total overseas taxation	**85**	59
Total current tax expense	**85**	59
Deferred taxation	**-**	-
Total income tax expense	**85**	59

The tax assessed for the year differs from the UK Small Company's tax rate in the UK. The difference is explained below:

	For the year ended 31 March 2015 £000	For the year ended 31 March 2014 £000
(Loss) / profit before taxation	**(350)**	184
(Loss) / profit before taxation multiplied by the weighted-average rate of UK corporation tax applicable to small companies of 20% (2014: 20%)	**70**	(37)
Effects of:		
Overseas taxation	**(85)**	(59)
Expenses not deductible for tax purposes	**(1)**	(1)
Losses brought forward	**-**	38
Losses available to carry forward and other timing differences	**(69)**	-
Total income tax expense	**(85)**	(59)

The UK corporation tax rate will be 20% from 1 April 2015 and this has been reflected in the financial statements. Further changes to the UK corporation tax rates were announced in the Chancellor's Budget on 8 July 2015. These include reductions to the main rate to 19% from 1 April 2017 and to 18% from 1 April 2020. As these changes had not been substantively enacted at the balance sheet date their effects are not included in these financial statements.

6. Income tax expense *(continued)*

The unrecognised deferred tax asset at 31 March 2015 is estimated to be £ 9.71m (gross) and £ 1.74m (net), based on a corporation tax rate of 18%. At 31 March 2014 the unrecognised deferred tax asset was £9.36m (gross) and £1.87m (net). The deferred tax asset is in respect of trading losses incurred and other timing differences and has not been recognised in the financial statements owing to a prudent view being taken of its recoverability.

7. (Loss) / earnings per share

Basic (loss) / earnings per share ("EPS") is calculated by dividing the (loss) / earnings attributable to owners of the parent by the weighted average number of ordinary shares in issue during the year. Diluted EPS is calculated by adjusting the weighted average number of shares in issue to assume conversion of all dilutive potential ordinary shares.

Basic and diluted EPS	**(Loss) / earnings attributable to owners of the parent £000**	**Weighted average number of shares (basic)**	**Weighted average number of shares (diluted)**	**Per-share amount (pence) (basic)**	**Per-share amount (pence) (diluted)**
2015	**(435)**	**9,850,001**	**10,120,819**	**(4.42p)**	**(4.30p)**
2014	125	9,850,001	10,127,819	1.27p	1.23p

8. Investments

Company	**2015 £000**	2014 £000
At 1 April	**3,671**	**3,727**
Repayments	**(120)**	**(56)**
At 31 March	**3,551**	**3,671**

The investments relate to movements in funding provided to subsidiaries on long-term loans treated as part of the net investment in that subsidiary. Investments in Group companies are recorded at cost, which is considered to be the fair value of the consideration year.

The following subsidiaries were directly owned by Ludorum plc. Ludorum Inc ceased trading in June 2015 and was dissolved at that time.

Subsidiary	**Date of incorporation**	**Country of incorporation**	**Type of shares**	**Holding**	**Activity**
Ludorum Inc	12 April 2006 (dissolved June 2015)	USA	Ordinary	100%	Service company
Ludorum Enterprises Limited	17 May 2006	England & Wales	Ordinary	100%	Rights exploitation

9. Property, plant and equipment

	Group Office equipment £000	Company Office equipment £000
Cost		
At 1 April 2013	147	107
Additions	-	-
Disposals	-	-
At 31 March 2014	147	107
Additions	-	-
Disposals	-	-
At 31 March 2015	147	107
Accumulated depreciation		
At 1 April 2013	145	107
Charge for the year	2	-
At 31 March 2014	147	107
Charge for the year	-	-
At 31 March 2015	147	107
Net book value		
At 31 March 2013	2	-
At 31 March 2014	-	-
At 31 March 2015	-	-

The Group considers at each reporting date whether there is any indication of impairment of its assets. In the event that impairment is identified, the carrying amount of the assets is written down immediately to its estimated recoverable amount.

10. Intangible assets

Group	Capitalised costs £000
Cost	
At 1 April 2013	5,880
Additions	1,329
At 31 March 2014	7,209
Additions	678
At 31 March 2015	7,887
Accumulated amortisation	
At 1 April 2013	1,924
Charge for the year	792
At 31 March 2014	2,716
Charge for the year	1,032
At 31 March 2015	3,748
Net book value	
At 31 March 2013	3,956
At 31 March 2014	4,493
At 31 March 2015	4,139

Included in the net book value of intangible assets above is £240,000 (2014: £288,000) of capitalised borrowing costs. The remaining amortisation period for capitalised costs is, on average, 3.9 years (2014: 4.1 years). Amortisation is included in cost of sales on the Statement of Comprehensive Income.

11. Trade and other receivables

	GROUP 2015 £000	GROUP 2014 £000	**COMPANY 2015 £000**	COMPANY 2014 £000
Amounts falling due within one year				
Trade receivables	**553**	789	**-**	-
Prepayments and accrued income	**414**	805	**16**	60
Other receivables	**68**	197	**20**	11
	1,035	1,791	**36**	71

The carrying value of trade and other receivables is considered to be equal to the fair value, owing to the short term nature of these items.

12. Cash and cash equivalents

	GROUP 2015 £000	GROUP 2014 £000	**COMPANY 2015 £000**	COMPANY 2014 £000
Cash and cash equivalents				
Cash at bank and in hand	704	328	-	-
	704	328	-	-

Short -term bank deposits are invested with banks and earn interest at prevailing short-term deposit rates. The fair value of cash and cash deposits is the same as the carrying value.

Cash and cash equivalents and bank overdrafts include the following for the purposes of the cash flow statement:

	GROUP 2015 £000	GROUP 2014 £000	**COMPANY 2015 £000**	COMPANY 2014 £000
Cash and cash equivalents	**704**	328	**-**	-
Bank overdrafts	**(996)**	(984)	**(996)**	(984)
	(292)	(656)	**(996)**	(984)

13. Trade and other liabilities

	GROUP 2015 £000	GROUP 2014 £000	**COMPANY 2015 £000**	COMPANY 2014 £000
Trade payables	**324**	789	**112**	145
Social security and other taxes	**63**	68	**(5)**	(2)
Deferred income	**433**	689	**-**	-
Accruals	**993**	1,355	**322**	412
Other liabilities	**178**	51	**178**	-
	1,991	2,952	**607**	555

The carrying value of trade and other liabilities is considered to be equal to the fair value.

In these financial statements, £232,000 in respect of the amounts due to Tomy for financing the Group's share of the production costs of Chuggington series 5, previously included in other liabilities in 2014 has been reclassified and included in provision for liabilities in that year (see Note 15).

14. Borrowings

The following borrowings are included in current and non-current liabilities:

	GROUP 2015 £000	GROUP 2014 £000	**COMPANY 2015 £000**	COMPANY 2014 £000
Bank overdrafts (see Note 12)	**996**	984	**996**	984
Loan notes	**2,750**	2,750	**2,750**	2,750
	3,746	3,734	**3,746**	3,734
Undrawn borrowing				
Bank overdraft	**207**	49	**207**	49

The Group has an overdraft facility from Coutts & Co of £500,000. The facility was reduced from £750,000 during the year. The overdraft is secured by a first charge over the Company's assets (including the Company's intellectual property). Ludorum has the legal right to set off balances within the Group. The net position within the Group is £293,000 (2014: £701,000).

In March 2012 the Company issued £2.75m of loan notes held by client funds of Downing LLP (£1.5m) and D.C. Thomson & Co Limited (£1.25m). The loan notes are repayable, at par, in March 2017. Until March 2015 the coupon on the loan notes was the higher of 7.5% or 3% above LIBOR. From April 2015 the coupon is 12.5%. The loan notes are secured by a second charge over the Company's assets and a charge over the assets of Ludorum Enterprises Limited, a wholly owned subsidiary of the Company.

The table below analyses the Group's borrowings into maturity groupings based on the remaining year at the balance sheet date to the contracted maturity date.

	GROUP 2015 £000	GROUP 2014 £000
Less than one year	**996**	984
Between one and two years	**2,750**	-
Between two and five years	**-**	2,750
Over five years	**-**	-
	3,746	3,734

15. Provision for liabilities

	GROUP 2015 £000	GROUP 2014 £000	**COMPANY 2015 £000**	COMPANY 2014 £000
At 1 April	**232**	-	**-**	-
Charge for the year	**650**	232	**-**	-
Released in the year	**(37)**	-	**-**	-
	845	232	**-**	-

The provision for liabilities is in respect of the amounts due to Tomy, for financing the Group's share of the production costs of Chuggington series 5. The amounts due to Tomy are to be settled by the Group by a reduced royalty received from Tomy, for the period 1 January 2015 to 31 December 2016 only.

In these financial statements, £232,000 previously included in other liabilities in 2014 has been reclassified and included in provision for liabilities in that year. The directors consider this to be a more accurate reflection of the nature of the balance.

16. Called up share capital

Group & Company	**2015 Number**	2014 Number	**2015 £000**	2014 £000
Issued and fully-paid				
Ordinary shares of 1 pence each	**9,850,001**	9,850,001	**98**	98
Deferred shares of 99 pence each	**50,001**	50,001	**50**	50
Total shares issued – Company	**9,900,002**	9,900,002	**148**	148
Less shares held in EBT	**-**	(936,000)	**-**	(10)
	9,900,002	8,964,002	**148**	138

During the year 936,000 ordinary shares were transferred from the EBT to participants in the Group's Share Ownership Arrangement following the participants' exercise of their share options. The shares previously held in the EBT were treated in the same way as treasury shares on consolidation and deducted from the issued share capital. In the Parent Company these shares are shown as issued share capital.

Share-based payment arrangements

At the year end the Group has two share-based payment arrangements in place, the Long Term Incentive Plan and the EMI share options scheme. A third share-based payment arrangement, the Share Ownership Arrangement, ended during the year.

Long Term Incentive Plan

In October 2013 the Company established a Long Term Incentive Plan ("LTIP") for the benefit of two directors, Richard Rothkopf and Robert Lawes. Both directors were granted the option to acquire 492,000 ordinary shares of the Company at an exercise price of £1.25. Richard Rothkopf's award comprised unapproved share options whereas Robert Lawes' award was split between 181,818 HMRC - approved Enterprise Management Incentive share options and 310,682 unapproved share options.

16. Called up share capital (continued)

Each award will vest as follows:

(a) One third will vest on the third anniversary of the date of grant if the Company's share price is £3.25 or more and the Company's post – tax profit for the financial year ending immediately prior to the third anniversary of the date of grant is £700,000 or more. (Tranche 1)
(b) One third will vest on the fourth anniversary of the date of grant if the Company's share price is £4.15 or more and the Company's post – tax profit for the financial year ending immediately prior to the fourth anniversary of the date of grant is £1.7m or more. (Tranche 2)
(c) The remainder will vest on the fifth anniversary of the date of grant if the Company's share price is £5.00 or more and the Company's post – tax profit for the financial year ending immediately prior to the fourth anniversary of the date of grant is £2.9m or more. (Tranche 3)

In the event that any of the above targets are not met, the relevant proportion of the award will be rolled forward to the next target. In the event that a subsequent target is met, all previous targets will be deemed to have been met. If the targets for the fifth anniversary are not met then any unvested proportion of the award will lapse, unless the Remuneration Committee determines that there are exceptional circumstances which would justify rolling forward the award by one year only.

Vesting may be accelerated in the event that the Company is acquired on a takeover or merger. If the takeover or merger occurs within two years of the date of grant and the takeover price is between £3.25 and £3.99 then one third of the shares under option will vest. If the takeover price is £4 or more then all options vest. If the takeover occurs after two years of the grant date, one third of the options will vest if the takeover price is between £3.25 and £4.14, two thirds will vest if the takeover price is between £4.15 and £4.99 and all options vest if the takeover price is £5 or more.

Any outstanding options will lapse should a director leave the Company's employment.

The fair value of awards under the LTIP has been estimated at £0.01 per share by using the "Hull White" model, a variant of the Black-Scholes approach. The main assumptions made are set out in the table below.

	Tranche 1	**Tranche 2**	**Tranche 3**
Expected life (years)	3	4	5
Expected volatility	19.98%	23.71%	23.65%
Dividend yield	0%	0%	0%
Risk free rate	0.86%	1.2%	1.54%

The LTIP gives beneficiaries the right to take their benefit in equity only. Accordingly the LTIP has been accounted for as an equity-settled share-based arrangement so that the fair value of the share based payments are recognised as an expense in the consolidated statement of comprehensive income, with a corresponding credit to the shared-based payments reserve.

16. Called up share capital (continued)

EMI share option scheme

In February 2009 the Company implemented an HMRC-approved Enterprise Management Incentive share option scheme for the benefit of Group employees, other than directors. The options can be exercised after three years, although the Directors have the discretion to allow employees who cease employment with the Group within three years to exercise some or all of their share options. Share options lapse, if not exercised, after ten years.

Movements in the number of share options outstanding and their related weighted average exercise price are as follows:

	2015		2014	
	Average Exercise price (£)	**Number of options**	Average Exercise price (£)	Number of options
At 1 April	1.40	277,818	2.34	121,000
Granted under LTIP to Robert Lawes	-	-	1.25	181,818
Granted to other Group employees	-	-	1.15	50,000
Forfeited	1.88	(7,000)	2.40	(75,000)
	1.39	270,818	1.40	277,818

At 31 March 2015, 42,000 share options were exercisable. Share options outstanding at the year-end have the following expiry dates.

	Exercise	**2015**	2014
	Price (£)	**Number**	Number
3 February 2019	**1.02**	**22,000**	22,000
11 October 2019	**1.25**	**181,818**	181,818
18 November 2019	**2.40**	**9,000**	9,000
20 December 2020	**3.70**	**8,000**	10,000
4 February 2021	**3.68**	**5,000**	5,000
1 January 2024	**1.15**	**45,000**	50,000
		270,818	277,818

The share option scheme gives beneficiaries the right to take their benefit in equity only. Accordingly the share option scheme has been accounted for as an equity-settled share-based arrangement so that the fair value of the share based payments are recognised as an expense in the Consolidated statement of comprehensive income, with a corresponding credit to the shared-based payments reserve.

Share ownership arrangement

In July 2009 the Company established a Share Ownership Arrangement (“SOA”) whereby the Company issued 936,000 ordinary shares to an Employee Benefit Trust (“EBT”). The shares were jointly owned by the EBT and the participants in the SOA. The participants are the Company’s executive directors, two former directors and one other former senior Group employee. No further shares have since been issued to the EBT.

16. Called up share capital (continued)

Two thirds of a participant's shares subject to the trust deed vested from 1 May 2010 and the further one third vested from 1 May 2011. From the date of vesting a participant can exercise a put option to require the EBT to acquire all or a proportion of his entitlement. On exercising the put option the participant will receive the value of the increase in the share price since the SOA was established plus the lower of the value of the shares when the SOA was established and the value of the shares when the put option is exercised.

The SOA gave participants the right to take their benefit in equity only. Accordingly the SOA has been accounted for as an equity-settled share-based arrangement so that the fair value of the share based payments are recognised as an expense in the consolidated statement of comprehensive income, with a corresponding credit to the shared-based payments reserve.

The fair value of the awards under the SOA has been estimated, at the award date, at £2.12 per share by using a Monte Carlo simulation. This fair value represents the weighted average of two Monte Carlo simulations for the fair value of the participants' interests that vest in May 2010 and May 2011. The main assumptions made in these two simulations are set out below.

	Vesting May 2010	Vesting May 2011
Weighted average share price	£2.10	£2.10
Expected volatility	20.84%	8.29%
Option life	10 months	22 months
Expected dividends	nil	nil
Risk free interest rate	0.72%	0.82%

There is no pre-determined exercise price in respect of the participants' interest. It was assumed that participants would exercise their interest in full as soon as they vest. However, participants have yet to exercise their options. Expected volatilities are based on average Company share price volatility for periods equal to the assumed option life.

All participants exercised their options during the year.

17. Share premium account

Group & Company	**2015 £000**	2014 £000
At 1 April	**9,296**	9,296
Transfer from share based payments reserve	**1,974**	-
	11,270	9,296

18. Share based payments reserve

Group & Company	2015 £000	2014 £000
At 1 April	**2,359**	2,318
Charge relating to the share based payments	**22**	41
Termination of share ownership arrangement	**(1,984)**	-
	397	2,359

19. Foreign currency translation

Group	2015 £000	2014 £000
At 1 April	**(27)**	(8)
Translation differences arising	**6**	(19)
	(21)	(27)

20. Accumulated losses

	GROUP 2015 £000	GROUP 2014 £000	COMPANY 2015 £000	COMPANY 2014 £000
At 1 April	**(12,038)**	(12,163)	(12,350)	(12,224)
(Loss) / profit for the year	**(435)**	125	**(231)**	(126)
	(12,473)	(12,038)	**(12,581)**	(12,350)

21. Cash flows from operating activities

	GROUP 2015 £000	GROUP 2014 £000	**COMPANY 2015 £000**	COMPANY 2014 £000
(Loss) / profit for the year	**(435)**	125	(231)	(126)
Adjustments for:				
Interest paid	**248**	142	240	142
Tax paid	**85**	59	-	-
Depreciation of property, plant and equipment	**-**	2	-	-
Amortisation of intangible assets	**1,032**	792	-	-
Charge relating to share based payments	**22**	41	22	41
Change in working capital				
Decrease / (increase) in trade and other receivables	**635**	(62)	35	(8)
(Decrease) / increase in trade and other payables	**(677)**	(462)	52	19
Cash generated by operations	**910**	637	118	68

22. Reconciliation of net cash flow to movement in net debt

The following borrowings are included in current and non-current liabilities:

	GROUP 2015 £000	GROUP 2014 £000	**COMPANY 2015 £000**	COMPANY 2014 £000
Net debt at beginning of year	**(3,906)**	(3,262)	**(4,234)**	(4,216)
Increase / (decrease) in cash and cash equivalents	**376**	(626)	**-**	-
Increase in bank overdraft	**(12)**	(18)	**(12)**	(18)
Decrease / (increase) in net debt	**364**	(644)	**(12)**	(18)
Net debt at end of year	**(3,542)**	(3,906)	**(4,246)**	(4,234)

23. Operating lease commitments

Group	**2015 £000**	2014 £000
Commitments under non-cancellable operating leases expiring		
Within one year	**18**	15
Between two and five years	**4**	-
	22	15

Company	**2015 £000**	2014 £000
Commitments under non-cancellable operating leases expiring		
Within one year	**-**	15
Between two and five years	**-**	-
	-	15

24. Related parties

Included in trade and other liabilities at the end of the year is £111,248 in respect of unpaid remuneration owed to Directors of the Company and the employer's National Insurance payable on this remuneration (2014: £135,023) and £133,358 in respect of accrued pension costs owed to the Directors (2014: £109,358). Richard Hall, a director of the Company is also a director of D.C. Thomson & Co Ltd, which holds £1.25 m of loan notes issued by the Company (see note 14), and of Parragon Books Limited. Parragon Books Limited had a publishing licence with Ludorum Enterprises Limited which expired during the year.

25. Financial instruments

Financial instruments by category

Trade and other receivables (excluding prepayments) as shown in note 11 and cash and cash equivalents as shown in note 12 are categorised as loans and other receivables under IFRS 7. Borrowings as shown in note 14 and trade and other payables (excluding statutory liabilities) as shown in note 13 are categorised as other liabilities at amortised cost. The fair value of all financial instruments is deemed to be the same as historic cost.

Liquidity risk

The Group manages liquidity risk by financing its activities through its cash resources. In 2012 the Group redeemed £1.5m of loan notes and issued a further £2.75m of loan notes. See note 14 for maturity analysis of loan notes. The Group also has a £500,000 overdraft facility which was reduced from £750,000 during the year. £207,000 of the £500,000 facility was unused at the end of the year.

25 Financial instruments (continued)

Interest rate risk

The Group has an exposure to interest rate risk arising from its loan notes and overdraft facility which are all denominated in sterling. The interest payable on the loan notes is the greater of 7.5% or 3% above LIBOR for the first three years, until March 2015. From April 2015 the interest rate is 12.5%.

Foreign currency risk

The Group incurs some of its capitalised programme costs and other operating expenses in US dollars. The Group also invoices for some its broadcast and licence fees in US dollars and Euros.

US dollar and Euro denominated financial instruments at each year end are as follows:

	GROUP 2015 £000	GROUP 2014 £000	**COMPANY 2015 £000**	COMPANY 2014 £000
Euro payables	**63**	175	**-**	5
US dollar payables	**643**	791	**-**	-
	706	966	**-**	5
Euro receivables	**197**	603	**-**	-
Euro bank balances	**3**	12	**-**	-
US dollar receivables	**218**	255	**-**	-
US dollar bank balances	**163**	32	**-**	-
	581	902	**-**	-

A 10% increase or decrease in the value of the US dollar and the Euro against sterling at the end of the year would have an insignificant effect on the Group's reported loss for the year. A 10% variation is considered reasonable and within the recent actual fluctuations of sterling against the US dollar and the Euro.

Credit risk

Credit risk arises on trade receivables and short term bank deposits. Credit is only extended following an assessment of the financial viability of the counterparty.

Price risk

Price risk principally arises in respect of programme production costs. A substantial proportion of programme production costs are subject to fixed price contracts.

25 Financial instruments (continued)

Capital risk

The Group manages its capital (defined as shareholders' funds) to ensure that the Group can continue as a going concern, to provide returns to shareholders, to benefit other stakeholders and to maintain an optimum capital structure. The Company last raised £1.4m by means of a placing of its ordinary shares in July 2010.

26. Company loss for the year

As permitted by Section 408 of the Companies Act 2006, the Company's Statement of Comprehensive Income" has not been included in these financial statements. The Company's loss for the year amounted to £231,000 (2014: £126,000).