Gate Ventures PLC
Audited Report and Accounts Release
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Press Release

Wednesday, October 17, 2018

Gate Ventures PLC
("Gate Ventures" or "Gate" or the "Company")

Audited Report and Accounts Release

The Board of Gate Ventures PLC (»The Company«) is pleased to announce its audited annual results for The Company's fiscal year 2017/2018, dated July 1, 2017 to June 30, 2018 (»The Period«). The report is attached to this release.

»The Board of Gate Ventures is pleased to publish the Company's audited annual results for the financial period from July 1, 2017 to June 30, 2018. The Company has decreased investments yet increased intake of new capital in The Period, which will be used towards expanding the investment portfolio«, says Chairman Lord Michael Grade.

As The Company is still in the early phase of a longer-term strategy, it continues to generate losses, which is, however, in line with the Directors' expectations. The Company is still expecting payment of a subscription of GBP2,500,000 from a third-party investor due upon completion of the regulatory filings required to be made by the investor, and the Company has received a 12-month extension for repayment of GBP2,500,000 in operating loans originally due in April, 2019.

Financially, The Company saw a loss of GBP9,828,061 after taxation in The Period (2017: GBP5,087,133), with the earnings per share (basic and diluted) showing a loss of 2.2 pence. The carrying value of The Company's investments on the balance sheet has decreased to GBP7,559,249 (2017: GBP10,231,628).

A total of GBP6,385,000 in equity has been raised in The Period from investors and GBP2,500,000 in loans with The Board having signed a further subscription letter for a GBP2,500,000 investment due in November, which will allow The Company to maintain and continue making its strategic investments.

The financial statements have been prepared on a going concern basis. Whereas the Group's consolidated net assets were positive at 30 June 2018, as a result of the issue of new shares during the period, the early stage nature of the Group's activities mean that the underlying business is still loss making. In order to achieve its business plan the Group will need to finance its capital expenditure and working capital requirements from its existing resources, from future revenues generated by the Group as its operation continue to grow, specifically Gate Reality, and from external sources of finance as required. Accordingly, the Group is planning to raise further funds within the next 12 months.

After making due enquiries, the Directors have a reasonable expectation that the Group has adequate resources, supplemented by the additional funds to be raised, to continue as a going concern for the foreseeable future and that the carrying values of assets are not impaired. Thus, they continue to adopt the going concern basis of accounting in preparing these financial statements.

The Directors are not proposing the payment of a dividend.

Further Enquiries:

Gate Ventures PLC (The Company): assistance@gateplc.com // +44 (0) 20 3150 2477

Keswick Global AG (Certified Adviser): info@keswickglobal.com // +43 1 740 408045

Rossen & Company ApS (Financial PR): nic@rossen.com // +45 2072 9972

Notes to Editors:

Gate Ventures PLC, a global media and entertainment operating company, was founded in 2015 to exercise active ownership of various production platforms within film, lifestyle and theatre. Managed by senior investment profiles and prominent persons within the British entertainment sector, the board has raised over €28 million worldwide to date.

Since 2017, Gate Ventures PLC has been listed with NASDAQ First North in Copenhagen. Positions include Rise Art Ltd. (14%) *Fagara in Mara,* 2018 (10%), *Theory of Ambitions,* 2019 (2.5%), Gate Reality (100%), Bink (4%), Ensygnia (7%), Infinity Creative Media (14.41%) and *42nd Street* (53%).

The board of Gate Ventures PLC is comprised of Lord Michael Ian Grade, Baron of Yarmouth (Chairman, CBE), Sarah, Duchess of York (Executive Director), Mr. Geoffrey Stanton Morrow (CEO), Mr. Michael Sidney Linnit (CSO), Mr. Richard James Carter (CFO, ACMA, CGMA) and Mrs. Anita Luu (COO).

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GATE VENTURES PLC

(Company Number: 9376114)

ANNUAL REPORT

For the financial period from 1 July 2017 to 30 June 2018

Contents

Strategic Report

The Directors present their Strategic Report for the group for the year ended 30 June 2018.

BUSINESS STRATEGY AND MARKETS

The Company's strategy is to focus on investments in the media and entertainment sectors. In particular the Company seeks investment opportunities where they can add significant value through the "Asian-centric" expansion of the investee's business.

It aims to minimise its downside risk by taking relatively small stakes in non-Chinese companies, but then maximising its upside potential by holding significant stakes in potential China investments with those investee companies.

RESULTS AND DIVIDENDS

For the year ended 30 June 2018 the group made a loss after taxation of £9,828,061 (2017: 5,087,133). The directors do not propose a dividend (2017: £nil)

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS DURING THE YEAR

The Board is pleased to publish The Company's Annual report and accounts for the financial period from July 1, 2017 to June 30, 2018. The Company has diversified its investments and has had a significant intake of new capital during the period.

In the period, Gate added to its investment portfolio by committing to a £1.3m investment into Rise Art for a 14% stake (£200k was still to be invested at 30 June). Rise Art is the online e-commerce marketplace for contemporary art, hand-picked by experts. They are leading the art-tech revolution, helping consumers find and own original works of art from professional artists with their online marketplace and unique try-before-you-buy, art rentals. Founded in 2011, the company now works directly with over 500 artists, has more than 50,000 art works on offer and ships art to 35 countries worldwide. The Board see immense potential in this unique diversification within the art sector and consider Rise Art a potential game changer. The Board looks forward to working with Rise Art and seeing them build on the impressive results so far.

In January, the Board elected to dispose of its investment in Reach4Entertainment. The Board were very pleased with the progress R4E were making but due to other strategic projects on the horizon, the Board felt that this was the appropriate time to dispose of our interest. The investment was sold for £3,544,589 with a loss of £187,959 recognised in the Consolidated Statement of Profit and Loss.

Due to the experience of members of the Board, the company is expanding its involvement in the entertainment business to include film and television and as such has made a significant investment in two Chinese/Hong Kong Film productions during the period. The movie industry has always been an area in which the Board have wanted to make investments however it has taken until the current year to find the right opportunity for Gate.

'Fagara in Mara' is a light comedy adapted from a popular novel by Hong Kong native, Amy Cheung, a well-known author with over forty critically acclaimed books. Fagara in Mara brings together an exceptional cast, spanning three Chinese regions: Hong Kong's Sammi Cheng, Mainland China's Jiang Mengjie and Taiwan's Megan Lai. The film is directed by Heiward Mak, a Hong Kong female film director, writer and producer whose work has been featured at various international film festivals. Sammi Cheung has appeared in over 30 films which have earned her nominations and awards. She has 9.59 million followers on Weibo and over 700,000 Facebook followers. Bringing fans from Mainland China and Taiwan are the two supporting actors, Jiang Mengjie, and actor and singer, Megan Lai, both with large fan base and followers on Weibo.

Strategic Report (continued)

‘Theory of Ambitions’ is a big-budget blockbuster scheduled for global release at the beginning of 2019. Directed by award-winning director Philip Yung, widely considered to be the new star of Hong Kong's film industry following the success of his film Port of Call. Theory of Ambitions stars two of Asia's biggest movie stars, Tony Leung and Aaron Kwok, with over 2 million followers and over 13 million followers on Weibo respectively, as co-leads. Tony Leung was named by CNN as one of "Asia's 25 Greatest Actors of All Time”. Aaron Kwok is considered one of the Four Heavenly Kings of Hong Kong, created by Oriental Daily News this refer to the four biggest male entertainment superstars in Hong Kong, and received one of the Ten Most Outstanding Young Persons Awards in 2003.

The company intends to acquire properties, and package them to a point where they can be financed by distributors or large film conglomerates. The company currently owns the Rights to "Lucy Bloomer", in an association with MGM, starring Shirley MacLaine, and the motion picture "Not Bloody Likely", starring Kristin Scott Thomas and Jim Broadbent. Additionally, the company has acquired an option on an 8-part television series about George Washington and the American Civil War, and a proposed East-West joint venture on a series called "Opium", about the opium war in China.

Since beginning operations in early 2017, Gate Reality has moved firmly to the forefront of the Virtual and Augmented Reality sector producing 360º video, Virtual Reality and Augmented Reality content for some of the most prestigious companies in the world, including: Adidas, Pringles, Kellogg’s, Intel, Deloitte, NTT Docomo and NBC Universal.

Gate Reality has become a leader in creating unique sport content having worked with the Techeetah Formula E team and Gumball 3000 rally as well as producing pioneering content for Reading FC and a unique event activation with two NBA stars.

There are currently a wide array of projects in production including work with an acclaimed New York Chef, who is pioneering the pairing of VR and food; plus a 360-interactive map of a renowned Victorian Castle Resort in New York.

Aside from ongoing production work, Gate Reality has begun to focus on building and developing their own products and services, with a view to diversifying revenue streams and increasing the value of the company. One such example is an AR mobile app for buying tickets whereby print media ‘comes alive’ through the mobile app; triggering content and facilitating an immediate purchase.

Other investments

At 30 June 2018, Gate Ventures held 15,337,423 shares in Ensygnia. which represent 7.68% of the company’s issued capital. Ensygnia’s OneScan is a platform, mobile app and SDK (Software Development Kit). It allows business to easily and securely transact with their customers for such things as registering or transferring information, entering a competition, completing a survey, proving your identity online, making a payment or buying a product.

The Board is pleased with Engysnia’s performance and this year they have signed some very interesting opportunities with large companies such as Panasonic and Proctor and Gamble, and they have a strong pipeline of opportunities they are actively pursuing. Ensygnia continues to hit its targets and therefore the value of Gate’s investment has remained the same during the period with no gain or loss recognised. We hope to update you on more good news soon.

At 30 June 2018, Gate Ventures held 93,062 shares in Loyalty Angels. Gate currently owns 4.01% of the company’s issued capital. Loyalty Angels Ltd (Loyalty Angels) operate Bink. Bink’s loyalty app links consumer card payments to loyalty schemes, allowing customers to enjoy auto presentation of loyalty cards by linking them to their payment cards so there is no need to present the physical loyalty card.

Strategic Report *(continued)*

For retailers and brands, Bink makes it easier for them to engage with their customers by being able to understand their spending habits. Bink have made great progress since recently launching their product and are about to go live with Hertz, Iceland and Harvey Nichols. We have increased our valuation of our investment to reflect the price observed in a recent market transaction. The cumulative profit recognised in other comprehensive income on this investment is £2m with a gain of £1,278,522 recognised in Other Comprehensive Income for the period.

At 30 June 2018, Gate Ventures held 2,271 shares in Infinity Creative Media. Together they represent 14.41% of the company's issued capital. Infinity Creative Media Limited (Infinity) creates and owns the highest quality proprietary media content, designed for global commercial exploitation across multi-platform outlets. Infinity's first content formats have been launched utilising its unique Investor Funded Television (IFTV) model.

IFTV Series are high quality, magazine series funded by genre passionate high net worth investors and made for a global audience. The shows are shot in gloss HD and produced by highly experienced production teams based in the UK. The shows include The Wine Show, The Classic Car Show and The Art Show. Infinity also produced The Best FIFA Football Awards 2017 and 2018 on behalf of FIFA.

Infinity's global distribution partners include Sky Vision and Sony Pictures Television, and broadcast partners such as ITV, Channel 5, Sky Arts and HULU. The Board are very happy with the progress Infinity has made to date and hopes to record a profit on its investment in the medium term. Unfortunately the company has raised £1m during the period at a lower valuation than Gate's initial investment resulting a fair value loss of £1,682,626 which has been recorded in Other Comprehensive Income, valuing our investment at £1m based on this recent fund-raising round. The down round happened because the company failed to meet their short-term targets but as mentioned above, the Board of Gate are still very optimistic especially with their tweak in strategy to focus more on live events like The Best FIFA Football Awards. We remain very happy with the management and are optimistic about the future performance of Infinity.

Gate Ventures held 50,373,157 shares in Playjam as at 30 June 2018. Gate currently owns 25.67% of the company's issued capital, and when diluted, 20.45% including the company's option scheme. Unfortunately, Playjam for the moment has ramped down its services and looking at ways to minimalize costs. The Board are working to find value in the PlayJam brand however for now has been prudent and has written off its investment in Playjam to zero. A loss of £519,311 was recognised during the period.

42nd Street is produced for Gate by its directors Michael Grade and Michael Linnit. The show opened at the world famous, 2,300-seater Theatre Royal Drury Lane in March 2017 to outstanding reviews and has been extended until January 2019. During the period we have recorded a net loss of £2,757,470 relating to 42nd Street. This loss was mainly driven by the impact of unusual summer weather which negatively affected ticket sales of not only 42nd Street but the entire West End and caused the production to miss budgeted revenue figures. This has caused forecast returns from the investment to be reduced and also a delay in the receipt of these returns due to the extension of the musicals run. We are hopeful that the final run until January 2019 will gather momentum and help Gate minimise our loses.

The Board has access to a pipeline of great opportunities in the Theatre sector, including the show "Being Groucho" (formerly called "Being Woody", co-written by Gate director Geoff Morrow. This is the first time that Gate will own the full rights of any production, and it is hoped the show will open in London in the second quarter of 2019. Additionally, we hope to update our investors soon on other productions which the company is considering, including 'Stop the Train!', starring Nicholas Lyndhurst, of "Only Fools and Horses" fame, and 'Like Father', by Terence Rattigan as well as opening 42nd Street in Macau and Australia.

In the period, The Board were delighted to announce the appointment of Sarah Ferguson, Duchess of York, to The Board as Executive Director, and the appointment of Anita Luu as Executive Director and Chief Operating Officer, based in Hong Kong. Dr. Johnny Hon stepped down as Chairman with the position being taken up by Director Lord Michael Grade.

Strategic Report *(continued)*

During the period the company raised £6.385m in equity and £2.5m in loans with the Board having signed a further subscription letter for a £2.5m investment due in November. With further fund raising planned, the Board have also reduced the overheads going forward to ensure the Company can achieve its future strategic business plan.

The Group's operating expenses are in line with budget for the period. The increased administration costs from £3.9m to £5.4m are due to an increase in business development costs related to future projects. The administration costs also reflect 12 months of costs for Gate Reality, compared to 7 months in the same period last year. We have also incurred development and production costs relating to the performances of 'Legendary Romance' at the Williamstown Film Festival in August 2017 which resulted in additional administration expenses of £315k. The board expects to make a return on this initial outlay over the medium term when the production is staged either on Broadway or in London's West End.

Revenue and fair value losses of (£4,092k) generated from the investments described above, less the administrative costs of £5,400k have driven an operating loss of £9,838k and a loss before tax of £9,828k.

Other financial assets have decreased to £7,559k (June 2017: £10,231k) reflecting additional investments of £5,684k, disposals of £3,545k and net valuation losses of £4,647k. Loans and borrowings of £2,500k were raised, and cash and cash equivalents have increased to £282k (June 2017: £273k) reflecting additional investments made and the cash outflow from operating activities noted above, offset by £6,385k of funds raised in the period.

RISK FACTORS

Company Specific Risks

Market Competition

Key to the Company's success is its ability to identify and acquire suitable investment opportunities. Whilst the Company believes that the experience of its management team and its contacts in the relevant sectors are significant, the risk exists that larger, better financed and more established investment companies may prove more appealing to potential investees and that the Company may therefore be unable to acquire the investment portfolio it seeks.

Investments at an early stage of development

The Company may make investments in entities and assets at a relatively early stage of development. There can be no assurances that such companies or assets will successfully develop or that the technologies they have will be suitable for commercialisation. Such entities and assets may require the injection of further capital at a level that the Company, or any third party, is unable or unwilling to meet. Such an outcome may have a material adverse effect on the business, financial condition, results of operations and prospects of the Company.

Investments in unquoted companies, joint ventures or projects

The Company may invest in unquoted companies, joint ventures or projects which may, inter alia:

- be highly leveraged and subject to significant debt service obligations, stringent operational and financial covenants and risks of default under financing and contractual arrangements, which may have an adverse effect on their financial condition;
- have limited operating histories and smaller market shares than larger businesses making them more vulnerable to changes in market conditions or the activities of competitors;
- have limited financial resources;
- be more dependent on a limited number of management and operational personnel, increasing the impact of the loss of any one or more individuals;

- prove illiquid in terms of the ability to realise value, and
- require additional capital.

All or any of these factors may have a material adverse effect on the business, financial condition, results of operations and prospects of the Company.

Investment Process Risk

The Company may spend considerable resources negotiating and carrying out due diligence on potential investments which do not ultimately transpire. Additionally, errors or oversights in the Company's due diligence and valuation processes may result in the Company overpaying for its investments or investing in a business or project which turns out to have little or no value.

Country Specific Risk – Peoples Republic of China

The Company has a considerable focus in its investment strategy on investments that have considerable Asian-centric expansion opportunities, especially in the People's Republic of China. Consequently, the Company is exposed to the risk of unforeseen changes in such areas as foreign investment and ownership controls, foreign exchange restrictions, legal and regulatory changes, and tax and fiscal changes in that country. Such changes could have a material adverse effect on the business, financial condition, results of operations and prospects of the Company.

Technological change

The Company invests inter alia in the media and entertainment sector. Changes and new developments in certain technologies may render the products of companies in which the Company invests uncompetitive. This could have an adverse effect on the Company's results of operations and financial condition.

Financial resources

The Company's future capital requirements will depend on many factors, including the performance of its investees and opportunities for further investments that present themselves. In the future, the Company may require additional funds and may attempt to raise additional funds through equity or debt financings or from other sources. Any additional equity financing may be dilutive to holders of Ordinary Shares and any debt financing, if available, may require restrictions to be placed on the Company's future financing and operating activities. The Company may be unable to obtain additional financing on acceptable terms or at all if market and economic conditions, the financial condition or operating performance of the Company or investor sentiment (whether towards the Company in particular or towards the market sector in which the Company operates) are unfavourable. The Company's inability to raise additional funding may hinder its ability to grow in the future or to maintain its existing levels of operation.

Dependence upon key management personnel and executives

The Company is dependent on a small number of key management personnel. Whilst the Company has entered into incentivised employment agreements with its identified key executives and managers, the loss of the services of one or more of such key management personnel may have an adverse effect on the Company. The Company's ability to manage its financing and development activities will depend in large part on the efforts of these individuals.

The Company is dependent on UK, continental and other global economic conditions

The Company's performance depends to a significant extent on a number of macroeconomic factors which impact consumer and commercial spending, all of which are outside its control and difficult to predict. Factors which impact on consumer income and level of industrial activity include, among other things, GDP growth, unemployment rates, consumer and business confidence, social and industrial unrest, the availability and cost of credit, interest rates, taxation, regulatory changes, commodity and utility prices and terrorist attacks. Each of these factors could have a material adverse effect on the Company's business, financial condition and future prospects. If current volatile market conditions in the UK persist or worsen, the Company's business and operating results could be materially and adversely impacted. Since the start of the global financial crisis in 2008, the global economy has been experiencing a period of significant turbulence. Although a number of economies have and continue to enjoy a degree of recovery, there can be no certainty that national or international growth rates are sustainable. Accordingly, the demand for the Company's services may be adversely affected by a period of slow economic growth, which could have a material adverse effect on the future growth prospects, profitability and financial condition of the Company's business.

Litigation risks

All industries are subject to legal claims, with and without merit. The Company may become involved in legal disputes in the future. Defence and settlement costs can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation process, there can be no assurance that the resolution of any particular legal proceeding will not have a material effect on the Company's financial position or results of operations.

Restrictions on dividends

The Company's operating results and its financial condition are dependent on the trading performance of both itself and other companies in which the Company invests. Investee companies (both current and future) may from time to time be subject to restrictions on their ability to make distributions to the Company, as a result of factors such as restrictive covenants contained within loan agreements, foreign exchange limitations, regulatory, fiscal or other restrictions. There can be no assurance that such restrictions will not have a material adverse effect on the Company's business, operating results and financial condition.

There can be no assurance as to the level of future dividends. The declaration, payment and amount of any future dividends of the Company are subject to the discretion of the Directors of the Company, and will depend on, amongst other things, the Company's earnings, financial position, cash requirements and availability of profits.

Legal and compliance

The Company, in its dealing with corporate entities and private clients, has significant legal and compliance obligations. The Company is not currently aware of any material failure to adhere to applicable health and safety or environmental laws, litigation or breach of competition laws, or failure to comply with corporate, employee or taxation laws. If any of this were to occur in the future, this could have an adverse impact on the Company's results.

Foreign Exchange

The Company, as it expands, may be exposed to foreign currency exchange rate risk that could affect operating results and comparability of results between financial reporting periods. The Company will look, where appropriate, to hedge exposure to this risk, but there can be no guarantee that the Company would be able to compensate for, or hedge against, such adverse effects and therefore exchange rate movements could have a material adverse effect on the Company's prospects, results of operations and financial condition.

By order of the board

Richard Carter
Director

17 October 2018

Directors' report

(Company Number: 9376114)

The directors present their report and the financial statements for the period ended 30 June 2018.

Our strategy

The Company's strategy is to focus on investments in the media and entertainment sectors. In particular the Company seeks investment opportunities where they can add significant value through the "Asian-centric" expansion of the investee's business. Growth is built on leveraging our existing expertise in the UK and China to take advantage of opportunities in other territories. For more details, please refer to our strategic report.

Going concern

The financial statements have been prepared on a going concern basis as the Directors' continue to believe in the longer-term viability of the Group's business and they have a reasonable expectation that the Group will have adequate resources to continue in operational existence for the foreseeable future. As noted in the Strategic Report on page 3, the Group is still in the relatively early phases of its longer-term strategy and is therefore loss-making, which is in line with the Directors' expectations. The Group's projections for the period ended 31 December 2019 have been considered by the directors particularly the assumptions with regard to cash collection and repayment of current liabilities. Appropriate sensitivities have been applied to these projections to consider reasonably possible downward scenarios and this assessment indicates that additional funding is required during that period. On September 19, 2018, the Directors reached agreement for a further £2.5million subscription from a third-party investor. As of the report date, the funds have not been received from this executed subscription agreement; this, the directors understand, is largely due to the regulatory filings required to send funds internationally from China. Once received, the Directors believe this subscription will be sufficient to fund working capital for at least the next twelve months.

The Directors have received a 12-month extension for repayment of £2.5million in operating loans originally due in April, 2019. The Directors are currently in discussions for additional financings. Based on the above indications the directors believe that it remains appropriate to prepare the financial statements on a going concern basis.

However, the possibility that the £2.5 million subscription will not be received within the projected time scale represents a material uncertainty that may cast significant doubt on the Group's and parent company's ability to continue as a going concern and they may, as a consequence, be unable to realise their assets and discharge their liabilities in the normal course of business. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

Results and dividends

The loss for the period, after taxation, amounted to £9,828,061 (2016: £5,087,133).

The directors do not recommend the payment of a dividend.

Directors

The directors who held office during the period were as follows:

HON, Johnny Sei Hoe, Dr (Resigned 14 December 2017)
GRADE OF YARMOUTH, Michael Ian, Lord
LINNIT, Michael Sidney
MORROW, Geoffrey Stanton
CARTER, Richard James
DUCHESS OF YORK, Sarah (Appointed 1 July 2017)
LUU, Anita (Appointed 5 December 2017)

Financial instruments

The group's principal financial instruments comprise bank balances, trade and other payables, trade and other receivables and other investments including available-for-sale assets. The main purpose of these instruments is to provide funds to finance the group's operation and provide opportunity for the group to generate investment profit. The main risks arising from the financial instruments are credit risk, liquidity risk and market risk. Further details of the principal risks facing the Group are included in the Strategic Report on pages 3 to 8.

Directors' report *(continued)*

Political contributions

Neither the Company nor any of its subsidiaries made any political donations or incurred any political expenditure during the period.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors is aware of that information.

By order of the board

Richard Carter
Director
17 October 2018

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Annual Report and the Group and parent Company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare Group and parent Company financial statements for each financial year. As required by the Nasdaq First North Nordic – Rulebook they are required to prepare the Group financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) and applicable law and have elected to prepare the parent Company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework.*

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 parent Company and of their profit or loss for that period. In preparing each of the Group and Parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant, reliable and prudent;
- for the Group financial statements, state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- for the parent Company financial statements, state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

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

Under applicable law and regulations, the directors are also responsible for preparing a Strategic Report and a Directors' Report that complies with that law and those regulations.

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

Independent auditor's report to the members of Gate Ventures PLC

1. Our opinion is unmodified

We have audited the financial statements of Gate Ventures PLC ("the Company") for the year ended 30 June 2018 which comprise the consolidated statement of profit and loss and other comprehensive income, consolidated balance sheet, consolidated statement of changes in equity, consolidated cash flow statement, company balance sheet, company statement of changes in equity and the related notes, including the accounting policies in note 1.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 30 June 2018 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU);
- the parent Company financial statements have been properly prepared in accordance with UK Accounting Standards, including FRS 101 Reduced Disclosure Framework; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed entities. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

2. Material uncertainty related to going concern

Going concern

We draw attention to note 1 to the financial statements which indicates that the Group's and the parent Company's ability to continue as a going concern is dependent upon the receipt of cash from an equity subscription agreement totaling £2.5 million. The Directors have received an executed subscription agreement; however, receipt of the funds by the Group have been delayed due to regulatory requirements imposed on the transfer of funds internationally from the investor's home country of China and there remains a possibility that the £2.5 million subscription will not be received within the projected time scale. These events and conditions, along with other matters explained in note 1, represent a material uncertainty that may cast significant doubt on the Group's and parent Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Accounting basis and disclosure quality

The Group is still in the relatively early phases of its longer-term strategy and is therefore loss-making and during the foreseeable future requires additional funding to allow it to continue to operate. Projections for the period to 31 December 2019 have been prepared indicating the level of additional funding required during that period. An agreement to provide the funding required is in place although there have been delays in the receipt of the funding. The financial statements explain how the Directors have formed a judgement that it is appropriate to prepare the accounts of the Group and Parent Company on a going concern basis. However the Directors have concluded that the factors discussed in note 1 represent a material uncertainty that may cast significant doubt regarding the Group's and parent Company's ability to continue as a going concern.

As this assessment involves a consideration of future events there is a risk that the judgement is inappropriate. Furthermore clear and full disclosure of the facts and the directors' rationale for the use of the going concern basis of preparation, including the related material uncertainty, is a key financial statement disclosure. Auditing standards require such matters to be reported as a key audit matter.

Our response

Our procedures included:

- **Funding assessment:** we assessed the reasonableness of the directors' expectations regarding collection of the £2.5million subscription amount through inspection of executed subscription agreements and an assessment of the regulatory issues delaying payment.
- **Our sector experience:** we have evaluated the reasonableness of assumptions used in forecast models, in particular those relating to cash collection and repayment of current liabilities.
- **Sensitivity analysis:** we assessed possible downside scenarios that would result in the cash flow falling below operating expense requirements and considered whether they could be considered to be reasonably possible; and
- **Assessing transparency**: we considered the going concern disclosure for clarity, including that there is disclosure of a material uncertainty.

3. Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. Going concern is a significant key audit matter and is described in section 2 above. We summarise below the other key audit matter in arriving at our audit opinion above, together with our key audit procedures to address the matters. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In arriving at our audit opinion above, the key audit matter were as follow:

Key audit matter	The risk	Our response
Valuation of Other financial assets **Other financial assets:** £7,559,249 *(2017:* £10,231,628*)*	**Subjective valuation:** The Group has invested in a portfolio of businesses, some of which are at relatively early stages of maturity and therefore have a limited track record of historical financial performance and no quoted or readily available measure of fair value. Estimating the fair value of the Group's investments in these businesses, which are classified as either available for sale or fair value through profit or loss financial assets, is subjective due to the inherent uncertainty involved in preparing and assessing valuation models for such businesses.	**Control design:** Evaluating the Group's procedures for assessing and measuring changes in fair value; **Comparing valuations:** Comparing the Directors' valuations to most recent fundraising valuations, other available valuations and other information available to the Directors through the Group's relationship with the investee; **Assessing transparency:** Assessing whether the Group's disclosures about the key judgements and sensitivities to changes in key assumptions reflect the risks inherent in the valuation of financial assets.

4. Our application of materiality and an overview of the scope of our audit

Materiality for the Group financial statements as a whole was set at £61,000 *(2017: £77,000)*, determined with reference to a benchmark of Group total assets of £8,945,834 *(2017:* £11,924,694*)*, of which it represents 0.7% *(2017: 0.6%).*

Materiality for the parent Company financial statements as a whole was set at £48,800 *(2017:* £61,600*)*, determined with reference to a benchmark of Company total assets, of which it represents 0.5% *(2017: 0.6%).*

We agreed to report to the Board of Directors any corrected or uncorrected identified misstatements exceeding £4,850 *(2017: £3,850)*, in addition to other identified misstatements that warranted reporting on qualitative grounds.

Of the Group's 3 (2017: 3) reporting components, we subjected 2 (2017: 2) to full scope audits for group purposes. The components within the scope of our work accounted for the percentages illustrated below:

Group Revenue (%)	**100%** (*2017: 100%)*
Group loss before tax (%)	**98%** (*2017: 99%)*
Group total assets (%)	**99%** (*2017: 99%)*

All component audits, including the audit of the parent Company, were performed by the Group team using component materiality of £48,800 for Gate Ventures Plc and £24,400 for Gate Reality Limited, having regard to the mix of size and risk profile of the Group across the components.

5. We have nothing to report on the other information in the Annual Report

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Strategic report and directors' report

Based solely on our work on the other information:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

6. We have nothing to report in respect of the matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

7. Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 9, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group's and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

8. The purpose of our audit work and to whom we owe our responsibilities

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

S. Richardson

Simon Richardson (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London E14 5GL

17 October 2018

Consolidated Statement of Profit and Loss and Other Comprehensive Income

for the year ended 30 June 2018

(Company Number: 9376114)

	Note	For the year ended 30 June 2018	For the year ended 30 June 2017
		£	**£**
Revenue			
- Interest income from theatre production investments		**(103,332)**	**171,630**
- Interest income from movie production investments		**104,550**	**-**
- Income from virtual reality content production		**165,459**	**136,243**
- Fair value losses on investments		**(4,259,603)**	**(1,153,534)**
- Other revenue		**-**	**256,887**
	1,4	**(4,092,926)**	**(588,774)**
Cost of sales		**(138,784)**	**(300,972)**
Gross (loss)/profit		**(4,231,710)**	**(889,746)**
Administrative expenses	*1,5,6*	**(5,400,416)**	**(3,909,329)**
Impairment losses	*2*	**(205,850)**	**(794,550)**
Operating loss		**(9,837,976)**	**(5,593,625)**
Gain on sale of business operations	*2*	**-**	**491,397**
Financial income	*7*	**9,915**	**15,095**
Loss before tax		**(9,828,061)**	**(5,087,133)**
Taxation	*8*	**-**	**-**
Loss for the period		**(9,828,061)**	**(5,087,133)**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Available-for-sale financial assets – net change in fair value		**(388,162)**	**793,686**
Total comprehensive loss		**(10,216,223)**	**(4,293,447)**
Loss for the period attributable to:			
Equity holders of the parent		**(9,828,061)**	**(5,087,133)**
Total comprehensive loss attributable to:			
Equity holders of the parent		**(10,216,223)**	**(4,293,447)**
Earnings per share – Basic	*23*	Loss of 2.2 pence	Loss of 1.2 pence
Earnings per share – Diluted	*23*	Loss of 2.2 pence	Loss of 1.2 pence

Consolidated Balance Sheet

at 30 June 2018

(Company Number: 9376114)

	Note	At 30 June 2018	At 30 June 2017
		£	£
Non-current assets			
Property, plant and equipment	9	114,038	206,291
Other financial assets	11	7,559,249	10,231,628
Trade and other receivables	12	19,200	-
		7,692,487	10,437,919
Current assets			
Trade and other receivables	12	970,540	1,213,811
Cash and cash equivalents	13	282,807	272,964
		1,253,347	1,486,775
Total assets		8,945,834	11,924,694
Current liabilities			
Trade and other payables	14	240,166	453,355
Loans and borrowings	15	2,523,732	1,144,303
Deferred income	16	-	13,877
Total liabilities		2,763,898	1,611,535
Net assets		6,181,936	10,313,159
Equity attributable to equity holders of the parent			
Share capital	19	365,507	350,071
Share premium	19	22,654,088	16,284,524
Prepaid share reserve	20	-	300,000
Revaluation reserve	21	405,524	793,686
Retained earnings		(17,243,183)	(7,415,122)
Total equity		6,181,936	10,313,159

These financial statements were approved by the board of directors on 17 October 2018 and were signed on its behalf by:

Richard Carter
Director

Consolidated Statement of Changes in Equity

for year ended 30 June 2018

	Share capital	Share premium	Prepaid share reserve	Revaluation Reserve	Retained earnings	Total Equity
	£	**£**		**£**	**£**	**£**
Balance at 1 July 2017	**350,071**	**16,284,524**	**300,000**	**793,686**	**(7,415,122)**	**10,313,159**
Total comprehensive income for the period						
Profit or loss	-	-	-	-	(9,828,061)	(9,828,061)
Other comprehensive income	-	-	-	(388,162)	-	(388,162)
Total comprehensive income for the period	**350,071**	**16,284,524**	**300,000**	**405,524**	**(17,243,183)**	**96,936**
Transactions with owners of the Group						
Contribution and distributions						
Issue of shares	15,436	6,369,564	(300,000)	-	-	6,085,000
Total contributions by and distributions to owners	**15,436**	**6,369,564**	**(300,000)**	**-**	**-**	**6,085,000**
Balance at 30 June 2018	**365,507**	**22,654,088**	**-**	**405,524**	**(17,243,183)**	**6,181,936**

Consolidated Statement of Changes in Equity
for period ended 30 June 2017

	Share capital	Share premium	Prepaid share reserve	Revaluation Reserve	Retained earnings	Total parent equity	Non-controlling interest	Total equity
	£	£		£	£	£	£	£
Balance at 1 July 2016	**342,685**	**11,934,166**	**-**	**-**	**(2,327,989)**	**9,948,862**	**202,003**	**10,150,865**
Total comprehensive income for the period								
Profit or loss	-	-	-	-	(5,087,133)	(5,087,133)	-	(5,087,133)
Other comprehensive income	-	-	-	793,686	-	793,686	-	793,686
Total comprehensive income for the period	**-**	**-**	**-**	**793,686**	**(5,087,133)**	**(4,293,447)**	**-**	**(4,293,447)**
Transactions with owners of the Group								
Contribution and distributions								
Issue of shares	7,386	4,350,358	-	-	-	4,357,744	-	4,357,744
Payment received for shares not yet issued	-	-	300,000	-	-	300,000	-	300,000
Total contributions by and distributions to owners	**7,386**	**4,350,358**	**300,000**	**-**	**-**	**4,657,744**	**-**	**4,657,744**
Changes in ownership interests								
Disposal of business operations with a non-controlling interest	-	-	-	-	-	-	(202,003)	(202,003)
Changes in ownership interests	**-**	**-**	**-**	**-**	**-**	**-**	**(202,003)**	**(202,003)**
Total transactions with owners of the Group	**7,386**	**4,350,358**	**300,000**	**-**	**-**	**4,657,744**	**(202,003)**	**4,455,741**
Balance at 30 June 2017	**350,071**	**16,284,524**	**300,000**	**793,686**	**(7,415,122)**	**10,313,159**	**-**	**10,313,159**

Consolidated Statement of Cash Flows
for year ended 30 June 2018

	Note	For the year ended 30 June 2018	For the year ended 30 June 2017
		£	**£**
Cash flows from operating activities			
Loss for the period		**(9,828,061)**	**(5,087,133)**
Adjustments for:			
Depreciation		**109,378**	**102,546**
Financial income		**(9,915)**	**(15,095)**
Accrued loan interest		**22,732**	**-**
Changes in fair value of other financial assets		**4,353,725**	**1,021,739**
Return of capital from theatre shows		**174,700**	**311,535**
Deferred income		**-**	**13,877**
Gain on sale of business operations		**-**	**(491,397)**
		(5,177,441)	**(4,143,928)**
(Increase)/decrease in trade and other receivables		**224,071**	**763,717**
Increase/(decrease) in trade and other payables		**(227,066)**	**359,064**
Net cash used in operating activities		**(5,180,436)**	**(3,021,147)**
Cash flows from investing activities			
Interest received		**9,915**	**15,095**
Disposal of business operations, net of cash disposed	*2*	**-**	**(224,216)**
Acquisition of property, plant and equipment		**(17,125)**	**(177,253)**
Acquisition of other financial assets		**(5,788,797)**	**-**
Disposal of other financial assets		**3,544,589**	**(4,230,511)**
Net cash used in investing activities		**(2,251,418)**	**(4,616,885)**
Cash flows from financing activities			
Proceeds from the issue of share capital	*19*	**6,085,000**	**4,357,744**
Prepaid share capital	*20*	**-**	**300,000**
Proceeds from borrowings	*15*	**1,356,697**	**1,144,303**
Net cash from financing activities		**7,441,697**	**5,802,047**
Net increase/(decrease) in cash and cash equivalents		**9,843**	**(1,835,985)**
Cash and cash equivalents at the beginning of the period		**272,964**	**2,108,949**
Cash and cash equivalents at the end of the period	*13*	**282,807**	**272,964**

Notes to the consolidated financial statements

(forming part of the financial statements)

1 Accounting policies

Gate Ventures PLC (the "Company") is a company incorporated and domiciled in the UK.

The group financial statements consolidate those of the Company and its subsidiaries (together referred to as the "Group"). The parent company financial statements present information about the Company as a separate entity and not about its group.

The group financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"). The Company has elected to prepare its parent company financial statements in accordance with FRS 101; these are presented on pages 55 to 65.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these group financial statements.

1.1 Basis of preparation

The preparation of these financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies.

1.2 Measurement convention

The financial statements are prepared on the historical cost basis except as disclosed in the accounting policies below.

1.3 Going concern

The financial statements have been prepared on a going concern basis as the Directors' continue to believe in the longer-term viability of the Group's business and they have a reasonable expectation that the Group will have adequate resources to continue in operational existence for the foreseeable future. As noted in the Strategic Report on page 3, the Group is still in the relatively early phases of its longer-term strategy and is therefore loss-making, which is in line with the Directors' expectations. The Group's projections for the period ended 31 December 2019 have been considered by the directors particularly the assumptions with regard to cash collection and repayment of current liabilities. Appropriate sensitivities have been applied to these projections to consider reasonably possible downward scenarios and this assessment indicates that additional funding is required during that period. On September 19, 2018, the Directors reached agreement for a further £2.5million subscription from a third-party investor. As of the report date, the funds have not been received from this executed subscription agreement; this, the directors understand, is largely due to the regulatory filings required to send funds internationally from China. Once received, the Directors believe this subscription will be sufficient to fund working capital for at least the next twelve months.

The Directors have received a 12-month extension for repayment of £2.5million in operating loans originally due in April, 2019. The Directors are currently in discussions for additional financings. Based on the above indications the directors believe that it remains appropriate to prepare the financial statements on a going concern basis.

However, the possibility that the £2.5 million subscription will not be received within the projected time scale represents a material uncertainty that may cast significant doubt on the Group's and parent company's ability to continue as a going concern and they may, as a consequence, be unable to realise their assets and discharge their liabilities in the normal course of business. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

1.4 Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable. The acquisition date is the date on which control is transferred to the acquirer. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

1 Accounting policies *(continued)*

1.4 Basis of consolidation *(continued)*

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Joint operations

Where the Group is a party to a joint operation, the consolidated financial statements include the Group's share of the joint operations assets and liabilities, as well as the Group's share of the entity's profit or loss and other comprehensive income, on a line-by-line basis.

1.5 Foreign currency

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the statement of profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

1.6 Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Trade and other receivables

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other payables

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Investments in equity securities

Financial instruments held for trading or designated as such upon initial recognition are stated at fair value, with any resultant gain or loss recognised in profit or loss within the revenue caption.

Other investments in equity securities held by the Group are classified as being available-for-sale. These investments are held at fair value with gains and losses recognised as other comprehensive income.

Where an investment is considered an associate of the Group, that is that it is holds more than 20% of the investees issued capital and has a seat on the board of the investee, the Group has elected to take the exemption offered by IAS 28 to venture capital or similar companies and to account for those investments at fair value through profit or loss as described above rather than using the equity method of accounting.

Investments in available for sale debt instruments

Other investments in debt securities held by the Group are classified as being available-for-sale. These investments are held at fair value with gains and losses recognised as other comprehensive income. In addition, the effective interest rate (EIR) method is applied, such that interest income, the effects of changes to the estimated cash flows, and foreign exchange impacts are recognised in the statement of profit or loss as a separate line item (Interest income from theatre production investments) within the revenue caption.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

1 Accounting policies *(continued)*

1.6 Non-derivative financial instruments *(continued)*

Held to maturity investments

Where an investment is classed as a held to maturity investment, the investment is recognised at cost. As interest is accrued on the investment this is added to the value of the investment with the interest being recognised in the profit and loss statement. The investment is assessed for impairment at each reporting date with any such impairment being recognised in the profit and loss statement (see 1.10 for impairment policy).

1.7 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Depreciation is charged to the statement of profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives are as follows:

- fixtures and fittings — Over the lease term or 5 years, whichever is the shorter
- equipment — 2 - 3 years

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

1.8 Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured, and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

On a transaction-by-transaction basis, the Group elects to measure non-controlling interests, which have both present ownership interests and are entitled to a proportionate share of net assets of the acquiree in the event of liquidation, either at its fair value or at its proportionate interest in the recognised amount of the identifiable net assets of the acquiree at the acquisition date. All other non-controlling interests are measured at their fair value at the acquisition date.

1.9 Intangible assets and goodwill

Goodwill

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised but is tested annually for impairment. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment in the investee.

Amortisation

Amortisation is charged to the statement of profit or loss on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life and goodwill are systematically tested for impairment at each balance sheet date.

1 Accounting policies *(continued)*

1.10 Impairment

Financial assets (including receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units, or ("CGU"). Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.11 Revenue recognition

(i) Gains on investments classified as fair value through profit or loss

Investments held for short-term profits and classified as fair value through profit or loss and investments in associates designated as fair value through profit or loss (see 1.6 Financial assets above) are re-measured to fair value at each subsequent balance sheet date until the assets are de-recognised. The gains and losses arising from changes in fair value are included in the statement of profit or loss in the period in which they occur. Gains and losses will include both realised gains and losses arising on the disposal of these financial assets and unrealised gains and losses arising from changes in the fair value of the assets still held. The fair value of a financial instrument is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the balance sheet date. Fair value measurements do not include transaction costs.

1 Accounting policies *(continued)*

1.11 Revenue recognition *(continued)*

(ii) Investment income from theatre related projects (available for sale debt instruments)

Where the Company acts as an investor for theatre shows, this typically takes the form of an available for sale debt instrument whereby the Company is entitled to a pro-rata share of the profits generated by the show. Income from the investment is recognised in the statement of profit or loss using the effective interest (EIR) method. The amounts recognised include the unwinding of interest from the original EIR calculation determined upon initial recognition of the asset, and changes in the expected payments to be received from the project and these are calculated using the most recent information available to the Group at each reporting date.

(iii) Virtual reality production income

The Company recognises income from virtual reality production projects based on the key terms and deliverables of the signed contract. Revenue will be recognised when the deliverable is received by the client. Where there is s number of deliverables in the contract each one will be assessed and a percentage of the revenue will be apportioned to it based on its relative fair value. Once that item is delivered the portion of the income that was attributed to that deliverable will be recognised. Contracts generally have payment terms where an amount is paid upon signing of the contract and then either the remaining is to be paid on receipt of the final product or there are a number of payments before the final payment on receipt. Where it is determined that an amount has been received that relates to a portion of the project that is yet to be delivered, that amount will be recorded on the balance sheet as deferred income.

(iv) Revenue from business related investments

As a number of the Group's investments relate to start-up businesses, there has been no income to date from these investments other than the fair value gains and losses described above. If these investments were to distribute any money to the Group these amounts would be treated as dividend income in the profit or loss and would be recognised when the amounts become payable to the Group.

(v) Other revenue

Other revenue relates to the sale of Gate Ventures plc VR headsets at 4 investor show events held in China during August 2016. Gate Ventures contracted an agent to act on their behalf to sell the gift sets. Revenue was recognised at the time of delivery at the agreed sale price per headset multiplied by the number of headsets sold, as notified by our agent.

1.12 Expenses

Operating lease payments

Payments made under operating leases are recognised in the statement of profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in the statement of profit or loss as an integral part of the total lease expense.

Financing income

Financing income comprise interest receivable on bank deposits. Interest income is recognised in profit or loss as it accrues, using the effective interest method.

1 Accounting policies *(continued)*

1.13 Taxation

Tax on the profit or loss for the period comprises current and deferred tax. Tax is recognised in the statement of profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

1.14 New and revised IFRSs in issue but not yet effective

The following Adopted IFRSs have been issued but have not been applied by the Group in these financial statements. Their adoption is not expected to have a material effect on the financial statements unless otherwise indicated:

- IFRS 9 Financial Instruments introduces new requirements for the classification and measurement of financial assets and liabilities and includes a forward-looking ‘expected loss’ impairment model and a substantially-changed approach to hedge accounting. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of IAS 39. Based on the entity’s preliminary assessments there is not expected to be a material impact on the transactions and balances recognised in the financial statements when this standard is first adopted for the year ending 30 June 2019.

- IFRS 15 Revenue from Contracts with Customers replaces IAS 18, IAS 11 Construction Contracts and some revenue related interpretations and establishes a new revenue recognition model; changes the basis for deciding whether revenue is to be recognised over time or at a point in time; provides new and more detailed guidance on specific topics; and expands and improves disclosures about revenue. The entity is yet to undertake a detailed assessment of the impact of IFRS 15. However, based on the entity’s preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances in the financial statements when it is first adopted for the year ending 30 June 2019.

- IFRS 16 Leases (effective for annual periods beginning on or after 1 January 2019) - IFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. It distinguishes leases and service contracts on the basis of whether an identified asset is controlled by a customer. Subject to limited exceptions for short-term leases and low value assets, distinctions of operating and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees. Application of IFRS 16 will result in the Group’s recognition of right-of-use assets and corresponding liabilities in respect of the Group’s lease arrangements. These assets and liabilities are currently not required to be recognised but certain relevant information is disclosed as commitments to these financial statements. If IFRS 16 were to be adopted as at 30 June 2017 by the Group, both the assets and liabilities in the Group’s consolidated financial statements would have increased by approximately £1 million.

2 Acquisitions/disposals of subsidiaries

Infinity House Productions/Gate Reality Limited

On 17th November 2016, Gate Ventures plc, who already owned 65% of the issued capital, acquired from Rosemary Reed and Corinna McCann, their shares, which accounted for the remaining 35% of the Company, in Infinity House Productions Limited, making that Company a wholly owned subsidiary of Gate Ventures plc. The remaining shares were acquired at nil cost however Gate Ventures took over the £350 receivable in the Company. The subsidiary has been renamed and rebranded as Gate Reality Limited and has subsequently set up operations in UK, US and China under new management. On the same day, Gate Ventures plc, having now acquired 100% of the Company, ceased their business operations with Rosemary Reed, Corinna McCann and their Company Infinity House Productions and Retail Limited, which continues to operate using the Infinity brand. It was agreed that £1.25 million would be paid to Gate Ventures plc for the ceasing of these business operations, the results of which are set out below. Gate Ventures acquired the remaining shares as it wanted to have 100% control over the direction and development the entity through which it now runs its virtual reality business.

Gate Reality Limited has and will continue to operate in creating virtual reality content for film, television, concert and theatre.

Koffi Designs Limited – Gate Ventures China

On 20th July 2016, Gate Ventures plc, who had no previous holding in the Company, invested £236,000 in Koffi Designs Limited, a Hong Kong based company. The amount invested was split between HK$2 which was paid to the owners of the Company to acquire 100% of the shares and the remaining was invested as new capital in to the Company. The purpose of this was to create a Wholly Foreign-Owned Enterprise (WFOE) to allow Gate Ventures plc access to, and investment in, the Chinese market. This WFOE was set up and this created Gate Ventures – China Operations.

In the eleven and half months to 30 June 2017 the subsidiary contributed a net loss of £140,829 to the consolidated net loss for the period. If the acquisition had occurred at the beginning of the period the contributed net loss would have remained unchanged. At the date of acquisition there were no assets or liabilities within the Company.

2 Acquisitions/disposals of subsidiaries (continued)

Disposals in the prior period

The disposal of the Infinity House Productions business operations had the following effect on the Group's assets, liabilities and net loss for the period.

	Carrying values at disposal date
	£
Net assets at the disposal date:	
Goodwill	455,348
Property, plant and equipment	95,122
Cash and cash equivalents	494,217
Other receivables	10,370
Trade and other payables	(94,451)
Net assets	960,606
Less: non-controlling interest	(202,003)
Assets disposed from the group	758,603
Consideration receivable for sale	1,250,000
Gain on disposal	491,397

The group incurred acquisition and disposal related costs of £32,658 related to legal and professional services. These costs have been included in administrative expenses in the group's consolidated statement of profit or loss.

After the 30 June 2017 reporting date we were notified that the company these amounts were receivable from has gone in to liquidation. Although Gate fully intends to pursue every option available to us to fully recover the amount, we have assessed the amounts that we are very confident of recovering and impaired the receivable by the amount of £794,550 to a carrying amount of £247,450. This carrying amount represents the amount of the receivable that has been guaranteed by assets of the shareholders.

During the current financial period ending 30 June 2018 the payment terms for the amount receivable were re-negotiated and the receivable amount was further impaired by £205,850 to £39,400. This represents the payments due to the Group over the next 2 years per the new payment terms, which we consider the amount which we are confident in receiving, although Gate fully intends to pursue every option available to us to fully recover the original proceeds due to us.

3 Segment Reporting

The directors of the group have determined that there are two operating segments within the group, one being Gate Ventures, which includes Gate China, and one being Gate Reality. These have been determined to be separate operating segments as Gate Ventures operates a primarily investment-based business, whereby it invests in companies and theatre projects, and Gate Reality is a virtual reality content production company, which delivers end to end virtual reality content.

Gate Reality, which is a 100% subsidiary of Gate Ventures plc, includes the US operations. This is because Gate Reality Limited is domiciled in the UK and it wholly owns the Limited Liability Company that is in the United States.

Most of revenue earned by Gate Reality for the year to 30 June 2018 was from external customers outside of the UK. Although more than 10% of the revenue reported for Gate Reality can be attributed to a single customer, the entity does not consider itself reliant on this customer. This is due to the relative start-up status of this business and the nature of virtual reality content production which is generally for stand-alone projects which are often one off per customer. It presents a fairer view to say the business is reliant on the ability to procure new clients and contracts rather than a single customer.

There was no revenue and a non-material non-current asset balance relating to Gate China.

For the year ended 30 June 2018

	Gate Ventures	Gate Reality	Total
	£	£	£
Revenue			
- Income from theatre productions	(103,332)	-	(103,332)
- Income from movie productions	104,550	-	104,550
- Income from virtual reality content production	-	165,459	165,459
- Fair value losses on investments	(4,259,603)	-	(4,259,603)
	(4,258,385)	165,459	(4,092,926)
Cost of sales	(46,875)	(91,909)	(138,784)
Gross (loss)/profit	(4,305,260)	73,550	(4,231,710)
Administrative expenses	(4,975,612)	(424,804)	(5,400,416)
Impairment losses	(205,850)	-	(205,850)
Operating loss	(9,486,722)	(351,254)	(9,837,976)
Financial income	9,913	2	9,915
Loss before tax	(9,476,809)	(351,252)	(9,828,061)
Taxation	-	-	-
Loss for the period	(9,476,809)	(351,252)	(9,828,061)

Notes to the consolidated financial statements *(continued)*

3 Segment Reporting *(continued)*

For the year ended 30 June 2018 *(continued)*

	Gate Ventures	Gate Reality	Total
	£	£	£
Capital additions:			
Property, plant and equipment	10,672	6,453	17,125
Balance sheet:			
Non-current assets	7,669,698	22,789	7,692,487
Current assets	1,177,603	75,744	1,253,347
Total segment assets	8,847,301	98,533	8,945,834
Liabilities:			
Total segment liabilities	(2,738,738)	(25,160)	(2,763,898)

For the year ended 30 June 2017

	Gate Ventures	Gate Reality	Total
	£	£	£
Revenue			
- Income from theatre productions	171,630	-	171,630
- Income from virtual reality content production	-	136,243	136,243
- Fair value losses on investments	(1,153,534)	-	(1,153,534)
- Other revenue	256,887	-	256,887
	(725,017)	136,243	(588,774)
Cost of sales	(167,730)	(133,242)	(300,972)
Gross (loss)/profit	(892,747)	3,001	(889,746)
Administrative expenses	(3,617,305)	(292,024)	(3,909,329)
Impairment losses	(794,550)	-	(794,550)
Operating loss	(5,304,602)	(289,023)	(5,593,625)
Gain on sale of business operations	491,397	-	491,397
Financial income	15,095	-	15,095
Loss before tax	(4,798,110)	(289,023)	(5,087,133)
Taxation	-	-	-
Loss for the period	(4,798,110)	(289,023)	(5,087,133)

3 Segment Reporting *(continued)*

For the year ended 30 June 2017 *(continued)*

	Gate Ventures	Gate Reality	Total
	£	£	£
Capital additions:			
Property, plant and equipment	**133,926**	**43,327**	**177,253**
Balance sheet:			
Non-current assets	**10,399,797**	**38,122**	**10,437,919**
Current assets	**1,441,895**	**44,880**	**1,486,775**
Total segment assets	**11,841,692**	**83,002**	**11,924,694**
Liabilities:			
Total segment liabilities	**(1,513,112)**	**(98,423)**	**(1,611,535)**

4 Revenue

	2018	2017
	£	£
Income from theatre productions	(103,332)	171,630
Income from movie productions	104,550	-
Income from virtual reality content production	165,459	136,243
Fair value losses on investments	(4,259,603)	(1,153,534)
Other revenue	-	256,887
Total revenues	(4,092,926)	(588,774)

5 Expenses and auditor's remuneration

Included in profit/loss are the following:

	2018	2017
	£	£
Depreciation of property, plant and equipment	109,434	82,326
Operating lease rentals	474,633	386,525
Fees for audit of the group	125,000	62,700
Fees payable to the group's auditor for tax compliance services	31,168	9,198

The audit fee is presented as for the group as the audit is performed on the parent and its consolidated financial statements, which the subsidiaries are included in, as the subsidiaries do not require an individual audit.

6 Staff numbers and costs

The average number of persons employed by the group (including directors) during the period, analysed by category, was as follows:

	Number of employees	
	2018	2017
Directors	6	5
Administrative staff	8	5
	14	10

The aggregate payroll costs of these persons (including both directors and non-directors) were as follows:

	2018	2017
	£	£
Wages and salaries	852,085	594,505
National insurance contribution	83,052	60,116
	935,137	654,621

7 Finance income

Recognised in profit or loss

	2018	2017
	£	£
Finance income		
Interest income - bank deposits	144	6,906
Interest income - loans receivable	7,987	6,108
Interest income - held to maturity investments	1,784	2,081
	9,915	15,095

8 Taxation

Reconciliation of effective tax rate

	2018	2017
	£	£
Loss for the period	(9,828,061)	(5,087,133)
Loss excluding taxation	(9,828,061)	(5,087,133)
Tax using the UK corporation tax rate of 19%	1,867,332	1,017,427
Current period losses for which no deferred tax asset was recognised	(1,867,332)	(1,017,427)
Total tax expense	-	-

The directors have considered whether it is appropriate to recognise a deferred tax asset in respect of losses in the period, and concluded that whilst it expects to begin to generate returns from its investments in the short to medium term, at this very early stage of the business it is too soon to be able demonstrate the convincing evidence of future profits required by the accounting standards.

9 Property, plant and equipment

	Computer Equipment	Fixtures & fittings	Total
	£	£	£
Cost			
Balance at 30 June 2016	-	268,605	268,605
Additions	66,568	110,685	177,253
Disposals through business sales	-	(116,777)	(116,777)
Balance at 30 June 2017	66,568	262,513	329,081
Depreciation and impairment			
Balance at 30 June 2016	-	41,899	41,899
Depreciation charge for the period	25,553	76,993	102,546
Disposals through business sales	-	(21,655)	(21,655)
Balance at 30 June 2017	25,553	97,237	122,790
Net book value			
At 30 June 2017	**41,015**	**165,276**	**206,291**
Cost			
Additions	15,562	1,563	17,125
Balance at 30 June 2018	82,130	264,076	346,206
Depreciation and impairment			
Depreciation charge for the period	25,200	84,178	109,378
Balance at 30 June 2018	50,753	181,415	232,168
Net book value			
At 30 June 2018	**31,377**	**82,661**	**114,038**

10 Investments in subsidiaries and associates

The Company has the following investments in subsidiaries and associates at 30 June 2018:

	Country of Incorporation	**Registered number**	**Registered Address**	**Ownership**
Gate Reality Limited	UK	09047884	5th Floor, 17 Old Park Lane, London W1K 1QT	**100%**
Koffi Designs Limited - Gate China	HK	632708	54th Floor, Bank of China Tower, 1 Garden Road, Central, Hong Kong	**100%**
Gate Ventures US LLC	US	6902795	251 Little Falls Drive, New Castle County, Wilmington, Delaware 19808	**100%**
Ginger & Moss Limited	UK	09488105	5th Floor, 17 Old Park Lane, London W1K 1QT	**50%**
PlayJam Holdings Limited	UK	07738734	Bourne House, Queen Street, Gomshall, Surrey, GU5 9LY	**26%**

Group composition

Gate Reality Limited, Koffi Designs Limited and Gate Ventures US LLC are considered as Subsidiaries because the Company has 100% ownership and voting rights in each company.

Ginger & Moss Limited is a Joint Venture because the Company has 50% ownership and voting rights in the company and it is run in joint control with the other party to the venture.

PlayJam Holdings Limited is considered an associate as the Company holds more than 20% of the issued capital and has a board member on their board who is a board member of Gate Ventures plc. Investments in associates are usually required to be accounted for using the equity method. However, Gate Ventures, in line with the standards, has determined itself to be a venture capital or similar organisation. The standards therefore offer an exemption from accounting for these associates using the equity method and instead allows them to be classified as fair value through profit or loss (FVTPL) financial assets, which Gate Ventures has elected to take.

11 Other financial assets

Non-current

	2018	2017
	£	£
Non-current		
Available for sale financial assets		
Opening balance	7,224,674	4,800,000
- Additions	4,337,220	3,112,809
- Return of capital cash receipts	(174,700)	(311,535)
- Changes to fair value gains	(3,920,203)	793,686
- Income from theatre productions	(79,557)	171,630
- Income from movie productions	104,550	-
- Changes in value due to exchange rate movements	(16,349)	(41,916)
- Reclassified to at fair value through profit or loss	-	(1,300,000)
- Converted to equity from held to maturity	83,614	-
Closing balance	7,559,249	7,224,674

An investment is classified as available for sale where it is a non-derivative financial instrument that is not a loan or receivable, does not have a fixed maturity and it is not held at fair value through profit or loss.

Investments in equity instruments which are classified as available for sale and have a quoted market price are revalued to their fair value using this quoted market price at each reporting period.

Investments in equity instruments which are classified as available for sale and do not have a quoted market price are revalued to their fair value using their most recent share price from their most recent round of fund raising at each reporting period. Other factors which are used to support a fair value increase or decrease in an investment that does not have a quoted market price include looking at EBITDA forecasts, positive and negative information about the investee that is publicly available and investor presentations that contain both financial and non-financial performance indicators. Where these factors do not support the figures from the latest round of fund raising we will determine what factors in aggregate a reliable fair value.

Investments in available for sale equity instruments comprise £5,475,155 (2017: 4,765,314) and net fair value losses in the year were £387,646 (2017: Gains £793,686)

Other financial assets include loans to fund theatre operations and movie projects. As the returns on the loans are dependent upon the ticket sales and the profits of the underlying theatre operations and movie projects the loans are largely with non-fixed repayment dates and variable repayment amounts. The assets are recorded at fair value, being the estimated amount receivable by the Group, discounted to present day values. The fair value of future anticipated cash receipts takes into account the directors' view of significant unobservable inputs including future ticket sales, the expected timing of receipts and the estimation of costs of production and also the likelihood that the theatre defaults on a repayment and they are therefore classified as a level 3 instrument. The directors revisit the future anticipated cash receipts from the assets at the end of each reporting period and any changes in estimation are recognised through profit and loss

The difference between the anticipated future receipt and the initial fair value is charged over the estimated deferred term, with the financial asset increasing to its full expected cash settlement value on the anticipated receipt dates.

The imputed interest income for the year ended 30 June 2018 was £24,993 (2017: £171,630), less a profit adjustment down of £23,775 of shows from the prior year.

Credit risk, which the directors do not consider to be significant, is accounted for in determining present values. The directors review the financial assets for impairment at the end of each reporting period. There were no indicators of impairment at 30 June 2018. None of these amounts are past due.

11 Other financial assets *(continued)*

At initial recognition, the fair value of the assets is calculated using a discount rate, appropriate to the class of assets, which reflects market conditions at the date of entering into the transaction. The directors consider at the end of each reporting period whether the initial market discount rate still reflects up to date market conditions. If a revision is required, the fair value of the asset is re-measured at the present value of the revised future cash flows using this revised discount rate; the difference between this value and the carrying value of the asset is recorded against the carrying value of the asset and recognised directly in the Statement of Comprehensive Income.

The directors considered that there was no material difference between the initial market discount rate and the market discount rate at 30 June 2018 and accordingly have not recognised any movements directly within the Statement of Comprehensive Income to date.

As the costs of running a production can be reliably estimated, the main driver which changes the estimated cash flow is the percentage of tickets sold. Therefore, if ticket sales increase we would see the fair value of the investment increase, along with an increase to the accruing interest, and intern if they decrease we would see a decrease in the fair value, along with a decrease in the interest accruing. A 5% increase in estimated ticket sales would affect the profit and loss with a decrease to the loss of £104,205. An equal change in the opposite direction would have increased the loss by £104,205.

Available for sale debt comprise £2,084,093 (2017: £2,541,191) which includes £1,498,546 which is invested in to two Chinese movies, Fagara in Mara and Theory of Ambitions, during the period.

The reclassification amount in the prior year from available for sale asset to fair value through profit or loss in the year relates to the Group’s investment in Playjam which became an associate during the current year following an additional investment. From that date onwards it has been classified as fair value through profit or loss as described in accounting policy 1.6.

The converted to equity from held to maturity in the year relates to convertible loan notes the Group held in Infinity Creative Media which were converted in to equity shares as allowed in the original investment agreement.

11 Other financial assets *(continued)*

	2018	2017
	£	£
Held to maturity financial assets		
Opening balance	81,831	-
- Additions	-	79,750
- Accrue interest	1,783	2,081
- Converted to equity - available for sale financial assets	(83,614)	-
Closing balance	-	81,831

An investment is classified as held to maturity where it is a non-derivative financial asset with determinable payments and a fixed maturity.

Held to maturity investments fair value is determined is determined by the cost of the instrument plus any accrued interest up to the date of the end of the financial report.

	2018	2017
	£	£
Financial assets designated as fair value through profit or loss		
Opening balance	2,925,123	1,740,705
- Additions	1,347,027	1,037,952
- Changes to fair value losses	(727,561)	(1,153,534)
- Reclassified from available for sale	-	1,300,000
- Disposals	(3,544,589)	-
Closing balance	-	2,925,123

Investments in equity instruments which are designated as fair value through profit or loss and have a quoted market price are revalued to their fair value using this quoted market price at each reporting period.

Investments in equity instruments which are designated as fair value through profit or loss and do not have a quoted market price are revalued to their fair value using their most recent share price from their most recent round of fund raising at each reporting period. Other factors which are used to support a fair value increase or decrease in an investment that does not have a quoted market price include looking at EBITDA forecasts, positive and negative information about the investee that is publicly available and investor presentations that contain both financial and non-financial performance indicators. Where these factors do not support the figures from the latest round of fund raising we will determine what factors in aggregate a reliable fair value.

The reclassification amount in the prior year from available for sale asset to fair value through profit or loss in the year relates to the Group's investment in Playjam which became an associate during the current year following an additional investment. From that date onwards it has been classified as fair value through profit or loss as described in accounting policy 1.6.

12 Trade and other receivables

	2018	2017
	£	£
Current		
Trade receivables due from third parties	2,220	7,278
Consideration receivable from business disposal	19,200	247,450
Prepayments	134,024	400,568
Deposits	287,111	286,949
Loan Receivable	469,009	174,508
VAT receivables	58,976	97,058
	970,540	1,213,811

	2018	2017
Non-Current		
Consideration receivable from business disposal	19,200	-
	19,200	-

Included within trade and other receivables is £0 which is expected to be recovered in more than 12 months.

13 Cash and cash equivalents

	2018	2017
	£	£
Cash and cash equivalents	282,807	272,964
Cash and cash equivalents per balance sheet and cash flow statement	282,807	272,964

14 Trade and other payables

	2018	2017
	£	£
Current		
Trade payables due to third parties	167,142	390,587
Non-trade payables and accrued expenses	73,024	62,768
	240,166	453,355

Included within trade and other payables is £Nil expected to be settled in more than 12 months.

15 Loans and Borrowings

	2018	2017
	£	£
Current		
Investment loan	-	691,303
Operating loan	2,523,732	453,000
	2,523,732	1,144,303

The investment loan in 2017 relates to 2 US dollar amounts that were borrowed for investments in to Sunset Boulevard on Broadway in New York and A Legendary Romance at the Williamstown Theatre Festival, Massachusetts. Both of these were short term borrowings, to be paid within 1 year from lending date, in order to take advantage of the investment opportunities.

The operating loan relates to money received by the Company in order to meet its short-term cash needs, mainly settling supplier invoices.

16 Deferred income

	2018	2017
	£	£
Current		
Deferred income	-	13,877
	-	13,877

Deferred income relates to current virtual reality production agreement whereby the customer has made a payment which covers both a portion of the project that has been completed and delivered and also a portion which was delivered after 30 June 2017. The portion of the project that has been completed has been recognised as revenue.

17 Share based payments

The terms and conditions of warrants issued by the Group are as follows:

Grant date	Method of settlement accounting	Number of Instruments	Vesting conditions	Contractual life of warrants
16th December 2016	Equity	15,156,536	The Company achieving admission to Nasdaq First North and still being a director of the Company at the end of each vesting period, being 1/3 vest after 1 year, 1/3 vest over two years and 1/3 vest over 3 years.	5 years
16th December 2016	Equity	1,082,609	The Company achieving admission to Nasdaq First North. 1/3 vest after 1 year, 1/3 vest over two years and 1/3 vest over 3 years.	3 years

The warrants, once vested, can be exercisable at the rate of 1 warrant for 1 ordinary share, at a 25% discount to the listing price €0.55 (£0.48) per share, being €0.4125 (£0.36). The Group have calculated the fair value of the warrants using a Black Scholes model and the quoted share price of €0.19 at the date of the awards and concluded that the total fair value that would be recognised over the vesting periods is not material and therefore no expense has been recorded in respect of these awards.

At 30 June 2018 none 5,413,049 of the awards had been forfeited, and none of the awards had been exercised or lapsed, and 6,134,788 of them are exercisable.

18 Remuneration of directors

	2018	2017
	£	£
Directors' Remuneration	427,645	288,000

The remuneration of the highest paid director was £100,000 during the period.

The directors received no other form of remuneration other than their salaries, which are shown in full above.

There were no amounts paid to third parties for the services of any of the directors.

19 Capital and reserves

Share capital

In thousands of shares	**Ordinary shares**
In issue at 30 June 2016	428,356
Issued for cash	9,233
In issue at 30 June 2017 – fully paid	437,589
Issued for cash	19,295
In issue at 30 June 2018 – fully paid	456,884

	2018	2017
	£	£
Allotted, called up and fully paid	365,507	350,071

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

During the period the Company issued 19,294,918 (2017: 9,232,954) £0.0008 ordinary shares for a consideration of £6,385,000 (2017: £4,357,744), settled in cash.

The nominal value of the Company's shares is £0.0008 (2016: £0.0008).

20 Prepaid share reserve

	2018	2017
	£	£
Prepaid share reserve	-	300,000
	-	300,000

Prepaid share reserve relates to the first £300,000 of cash received for the £5,000,000 fund raise for new shares that was signed in June 2017. The shares were issued once the full subscription had been received, a separate amount to share capital and share premium has been recognised for the cash received as at reporting date. As per the subscription agreement, the investor has the right to transfer the subscription money in a number of tranches. Once all the subscription money has been received and the shares are issued, the balance will be transferred to share capital and share premium.

21 Revaluation reserve

	2018	2017
	£	£
Opening balance	793,686	-
Revaluation of available for sale assets	(388,162)	793,686
Closing balance	405,524	793,686

The above movement relates to fair value changes recognised in Other Comprehensive Income for financial assets classified as available for sale. Where the investments are subsequently sold, the total value of their fair value movement will be transferred from the revaluation reserve and recognised in the statement of profit or loss.

22 Financial instruments

22(a) Fair values of financial instruments

Fair values

The table below analyses financial instruments, into a fair value hierarchy based on the valuation technique used to determine fair value.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Notes to the consolidated financial statements *(continued)*

22 Financial instruments *(continued)*

22 (a) Fair values of financial instruments *(continued)*

30 June 2018

The fair values of all financial assets and financial liabilities by class together with their carrying amounts shown in the balance sheet are as follows:

	Available-for-sale	Loans and receivables/ (payables)	Total	Level One	Level Two	Level Three
		£	£	£	£	£
Financial assets (note 12)						
Equity shares	5,475,156	-	5,475,156	-	-	5,475,156
Theatre productions	585,547	-	585,547	-	-	585,547
Film productions	1,498,546	-	1,498,546		-	1,498,546
Total available for sale financial assets	7,559,249	-	7,559,249	-	-	7,559,249
Financial assets/(liabilities) - Loans and receivables/(payables) not measured at fair value						
Trade and other receivables (note 13)	-	989,740	989,740	-	-	-
Trade and other payables (note 15)		(240,166)	(240,166)	-	-	-
Loans and borrowings (note 16)	-	(2,523,732)	(2,523,732)	-	-	-
Cash and cash equivalents (note 14)	-	282,807	282,807	-	-	-
Total loans and receivables	-	(1,491,351)	(1,491,351)	-	-	-
	7,559,249	**(1,491,351)**	**6,067,898**	**-**	**-**	**7,559,249**

Noes to the consolidated financial statements *(continued)*

22 Financial instruments *(continued)*

22 (a) Fair values of financial instruments *(continued)*

30 June 2017

	At fair value	Held-to-maturity	Available-for-sale	Loans and receivables/ (payables)	Total	Level One	Level Two	Level Three
	£	£		£	£	£	£	£
Financial assets - Designated as fair value through profit or loss (note 12)								
Equity shares	2,925,123	-	-	-	2,925,123	2,405,812	-	519,311
Total financial assets at fair value through profit or loss	2,925,123	-	-	-	2,925,123	2,405,812	-	519,311
Financial assets (note 12)								
Equity shares	-	81,831	4,683,483	-	4,765,314	516	-	4,764,798
Theatre productions	-	-	2,541,191	-	2,541,191	-	-	2,541,191
Total available for sale financial assets	-	81,831	7,224,674	-	7,306,505	516	-	7,305,989
Financial assets/(liabilities) - Loans and receivables/(payables) not measured at fair value								
Trade and other receivables (note 13)	-	-	-	1,213,811	1,213,811	-	-	-
Trade and other payables (note 15)	-	-	-	(453,355)	(453,355)	-	-	-
Loans and borrowings (note 16)	-	-	-	(1,144,303)	(1,144,303)	-	-	-
Deferred income (note 17)	-	-	-	(13,877)	(13,877)	-	-	-
Cash and cash equivalents (note 14)	-	-	-	272,964	272,964	-	-	-
Total loans and receivables	-	-	-	(124,760)	(124,760)	-	-	-
	2,925,123	**81,831**	**7,224,674**	**(124,760)**	**10,106,868**	**2,406,328**	**-**	**7,825,300**

22 Financial instruments *(continued)*

***22 (a) Fair values of financial instruments** (continued)*

For those assets which are classified as level one assets, they have a quoted share price on an active market (either the London stock exchange or Nasdaq First North). For those assets which are equity instruments and are classified as level three assets, the Company has derived their share price from the latest round of fund raising. Theatre productions which are classified as level 3 available for sale debt instruments are valued at each reporting date by determining the estimated future cash flows and then discounting this back using an effective interest rate method. Further information is included in note 12.

Other assets and liabilities are held at cost less any provision for impairment which approximates their fair value.

The effect of the revaluation of those assets classified as level 1 on the profit and loss and other comprehensive income is as follows:

	2018	2017
	£	£
Opening balance	2,406,328	1,740,705
Total gains or losses		
- in profit and loss (financial assets at fair value through profit or loss)	(208,251)	(372,845)
- in other comprehensive income (available for sale equity chares)	(516)	516
Purchases	1,347,027	1,037,952
Sales	(3,544,588)	-
Closing balance	-	2,406,328

The effect of the revaluation of those assets classified as level 3 on the profit and loss and other comprehensive income is as follows:

	2018	2017
	£	£
Opening balance	7,825,300	4,800,000
Total gains or losses		
- in profit and loss (financial assets at fair value through profit or loss)	(4,051,352)	(780,689)
- in profit and loss (finance income - held to maturity investments)	1,783	2,081
- in profit and loss (income from theatre productions)	(79,557)	171,630
- in profit and loss (income from movie productions)	104,550	-
- in profit and loss (exchange gains and losses)	(16,349)	(41,916)
- in other comprehensive income (available for sale equity shares)	(387,646)	793,170
Return of capital from theatre shows	(174,700)	(311,535)
Purchases	4,337,220	3,192,559
Closing balance	7,559,249	7,825,300

22 (b) Credit risk

Financial risk management

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities.

The Group's maximum exposure to credit risk in the event of the counterparties failure to perform their obligations at the end of the reporting period in relation to each class of recognised financial assets is the carrying amount of those assets stated in the consolidated statement of financial position. In order to minimise the credit risk, the Group reviews the recoverable amount of each material receivable at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

22 (b) Credit risk *(continued)*

Exposure to credit risk

The maximum exposure to credit risk at the balance sheet date by class of financial instrument was:

	2018	2017
	£	£
Other financial assets	7,559,249	10,231,628
Trade and other receivables	989,740	1,213,811
	8,548,989	11,445,439

Other financial assets

The concentration of credit risk for other financial assets at the balance sheet date by geographic region was:

	2018	2017
	£	£
United Kingdom	7,559,249	10,231,628
	7,559,249	10,231,628

The concentration of credit risk for other financial assets at the balance sheet date by type of counterparty was:

22 Financial instruments *(continued)*

22 (b) Credit risk *(continued)*

The concentration of credit risk for other financial assets at the balance sheet date by type of counterparty was:

	2018	2017
	£	£
Equity investments	5,475,156	10,231,628
Theatre productions	585,547	2,541,191
Film productions	1,498,546	-
	7,559,249	12,772,819

Cash and cash equivalents

The credit risk on bank balances is minimal as such amounts are placed in banks with a good reputation.

Trade and other receivables

The concentration of credit risk for trade and other receivables at the balance sheet date by geographic region was:

	2018	2017
	£	£
China	11,835	14,143
United Kingdom	960,960	1,183,896
United States of America	16,945	15,772
	989,740	1,213,811

Notes to the consolidated financial statements *(continued)*

22 Financial instruments *(continued)*

22 (b) Credit risk *(continued)*

The concentration of credit risk for trade and other receivables at the balance sheet date by type of counterparty was:

	2018	2017
	£	£
Infinity House Productions and Retail Limited (consideration receivable for disposal of business operation)	38,400	247,450
Investment project	338,531	-
Landlord	287,111	328,587
HSBC Hong Kong	64,907	174,508
HMRC	58,976	97,058
Others	201,815	366,208
	989,740	1,213,811

Credit quality of financial assets and impairment losses

The aging of trade receivables at the balance sheet date was:

	2018	2017
	£	£
Past due 0-30 days	-	385
Past due 90-120 days	2,220	-
	2,220	385

22 Financial instruments *(continued)*

22 (c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The liquidity risk is considered to be minimal as the amount of financial liabilities maintains at low level.

22 (d) Market risk

Financial risk management

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments

Market risk – Equity price risk

The Group's exposure to equity price risk arises from its investment in equity securities which are classified as available for sale financial assets and measured at fair value and are shown on the balance sheet as other financial assets (see note 12).

Sensitivity analysis

The Group does not currently hold and listed equity investments and therefore a sensitivity analysis cannot be performed.

Market risk - Foreign currency risk

The major operational currency is and most of the group's assets and liabilities are denominated in sterling, which is the same as the functional currency of the Company and reporting currency of the Group. In the opinion of the directors of the Group, the foreign currency risk is considered insignificant and no sensitivity analysis is presented.

As the group's operations increase in the United States and China there may be the need to perform a foreign currency risk analysis in the future.

Market risk – Interest rate risk

Apart from bank deposits, the Group does not have any assets or liabilities which value is directly attributable to interest rate fluctuation. In the opinion of the directors of the Group, the interest rate risk is considered insignificant and no sensitivity analysis is presented.

Notes to the consolidated financial statements *(continued)*

23 Earnings per share

The calculation of basic and diluted earnings per share has been based on the following profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding.

i. Loss attributable to ordinary shareholders

	2018	2017
	£	£
Loss for the year, attributable to the owners of the Company	(9,828,061)	(5,087,133)

ii. Weighted-average number of ordinary shares

		Ordinary Shares	
In thousands of shares	Note	2018	2017
Issued ordinary shares at the beginning of the period		437,589	3,426,852
Effect of shares issued in October 2016	*20*	-	24,966
Effect of 8 to 1 share consolidation in November 2016	*20*	-	(3,020,341)
Effect of shares issued in March 2017	*20*	-	1,146
Effect of shares issued in October 2017	*20*	10,120	-
Effect of shares issued in June 2018	*20*	197	-
Weighted average number of ordinary shares 30 June		447,906	432,623

24 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	2018	2017
	£	£
Less than a year	209,518	207,221
Between one and five years	760,502	709,455
More than five years	45,191	224,651
	1,015,211	1,141,327

The Group leases its head office under an operating lease.

24 Operating leases *(continued)*

For the operating leases commitment in the following period less than one year, £189,238 is related to rental and £20,280 is related to service management fee.

For the operating leases commitment in the following period between one and five years, £679,382 is related to rental and £81,120 is related to service management fee.

For the operating leases commitment in the following period more than five years, £40,121 is related to rental and £5,070 is related to service management fee.

Upon the end of the lease, the Company has the obligation to restore the premises condition to its original state before returning the premises to the landlord.

During the period £201,798 was recognised as an expense in the statement of profit or loss in respect of operating leases.

25 Contingent liabilities

There were no contingent liabilities at 30 June 2018 (2017: Nil).

26 Related parties

Related party transactions

During the financial period ended 30 June 2018, Global Group International Holdings Limited, of which a director of the Company, Dr Johnny Hon, was a director for a period, was paid £1,393,272 (2017: £1,613,854) on behalf of the Group during that period for the administrative expenses incurred by the Group. These payments were administrative expenses paid to third parties and recharged to the Group. Dr Johnny Hon ceased to be a director on 14 December 2017 and therefore Global Group International Holdings Limited ceased to be a related party from this date.

During the financial period ended 30 June 2018, Global Group Capital Management Limited, of which a director of the Company, Dr Johnny Hon, was a director for a period, was paid £91,155 (2017: £136,263) for professional services and expenses paid on behalf of the Group for the administrative expenses incurred by the Group. These payments were administrative expenses paid to third parties and recharged to the Group. There was no outstanding balance at the end of the period. Dr Johnny Hon ceased to be a director on 14 December 2017 and therefore Global Group International Holdings Limited ceased to be a related party from this date.

During the financial period ended 30 June 2018, The GradeLinnit Company, of which directors of the Company, Michael Grade and Michael Linnit, have beneficial interests and also are directors, provided professional services mainly relating to the investment in the theatre related project to the Company. The fees incurred in administrative expenses in the period ended 30 June 2018 was £312,070 (2017: £220,811).

During the financial period ended 30 June 2018, Lotus Capital Ventures Limited, which is owned by a partner of a director of the Company, Dr Johnny Hon, was paid US$600,000 (£486,264). This was for repayment of a loan granted for the purpose of investing. There was no outstanding balance at the end of the period. Dr Johnny Hon ceased to be a director on 14 December 2017.

26 Related parties *(continued)*

During the financial period ended 30 June 2018, Bryant Park Consulting Limited, of which a director of the Company, Richard Carter, is a director, was paid US$266,667 (£211,000) and £63,000. This was for repayment of loans granted in the prior period for the purpose of investing. There was no outstanding balance at the end of the period. During the period Bryant Park Consulting also paid £1,000 to the Company. As at 30 June 2018 this was outstanding to be paid.

During the financial period ended 30 June 2018, Geoff Morrow Limited, of which a director of the Company, Geoffrey Morrow, is a director, was paid £390,000. This was for repayment of loans granted in the prior period for the purpose of a short-term operating loan. There was no outstanding balance at the end of the period.

During the financial period ended 30 June 2018, the Company made £449,000 of cash advances to a director for the purposes of production development. As at 30 June 2018 £338,531 was outstanding.

For the list of subsidiaries, please refer to the Note 11.

All transactions with related parties are performed on an arm's length basis.

27 Accounting estimates and judgements

In the application of the Group's accounting policies, which are described in Note 1, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not always readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The most significant estimate and judgement made by management is in relation to the carrying value of those assets which do not have a quoted market price (i.e. level 3 fair value measurements), which make up the majority of the Group's investments. For these investments the Directors use valuation techniques and the most up to date third party information available to them to estimate the fair value. These are described in note 12 and key relevant sensitivities are disclosed in note 23.

Going concern also requires a number of judgements, estimates and assumptions to be used in order to create cash flow forecasts which are of key significance to determining the going concern status of the Group. Management regularly reviews them for significant changes in circumstances and to ensure appropriate funding is sought.

28 Subsequent events

There have been no material subsequent events since 30 June 2018 that are not already disclosed elsewhere in this report.

Company Balance Sheet

at 30 June 2018

(Company Number: 9376114)

	Note	At 30 June 2018	At 30 June 2017
		£	**£**
Non-current assets			
Investment in subsidiaries	2	**265,157**	**237,000**
Property, plant and equipment	3	**86,550**	**160,324**
Other financial assets	4	**7,559,249**	**10,231,628**
Trade and other receivables	5	**19,200**	**-**
		7,930,156	**10,628,952**
Current assets			
Trade and other receivables	5	**1,649,430**	**1,457,006**
Cash and cash equivalents	6	**226,190**	**145,694**
		1,875,620	**1,602,700**
Total assets		**9,805,776**	**12,231,652**
Current liabilities			
Trade and other payables	7	**148,321**	**369,870**
Loans and borrowings	8	**2,523,732**	**1,144,303**
Total liabilities		**2,672,053**	**1,514,173**
Net assets		**7,133,723**	**10,717,479**
Equity attributable to equity holders of the parent			
Share capital	9	**365,507**	**350,071**
Share premium	9	**22,654,088**	**16,284,524**
Prepaid share reserve	10	**-**	**300,000**
Revaluation reserve	11	**405,524**	**793,686**
Retained earnings		**(16,291,396)**	**(7,010,802)**
Total equity		**7,133,723**	**10,717,479**

These financial statements were approved by the board of directors on 17 October 2018 and were signed on its behalf by:

Richard Carter
Director

Company Statement of Changes in Equity
for period ended 30 June 2018

	Share capital	Share premium	Prepaid share capital	Revaluation Reserve	Retained earnings	Total equity
	£	£	£	£	£	£
Balance at 1 July 2017	**350,071**	**16,284,524**	**300,000**	**793,686**	**(7,010,802)**	**10,717,479**
Total comprehensive income for the period						
Profit or loss	-	-	-	-	(9,280,594)	**(9,280,594)**
Other comprehensive income	-	-	-	(388,162)		**(388,162)**
Total comprehensive income for the period	**-**	**-**	**-**	**(388,162)**	**(9,280,594)**	**(9,668,756)**
Transactions with owners of the Group						
Contribution and distributions						
Issue of shares	15,436	6,369,564	(300,000)	-	-	**6,085,000**
Total contributions by and distributions to owners	**15,436**	**6,369,564**	**(300,000)**	**-**	**-**	**6,085,000**
Total transactions with owners of the Group	**15,436**	**6,369,564**	**(300,000)**	**-**	**-**	**6,085,000**
Balance at 30 June 2018	**365,507**	**22,654,088**	**-**	**405,524**	**(16,291,396)**	**7,133,723**

Company Statement of Changes in Equity
for period ended 30 June 2017

	Share capital	Share premium	Prepaid share capital	Revaluation Reserve	Retained earnings	Total equity
	£	£	£	£	£	£
Balance at 1 July 2016	**342,685**	**11,934,166**	**-**	**-**	**(2,086,592)**	**10,190,259**
Total comprehensive income for the period						
Profit or loss	-	-	-	-	(4,924,210)	**(4,924,210)**
Other comprehensive income	-	-	-	793,686	-	**793,686**
Total comprehensive income for the period	**-**	**-**	**-**	**793,686**	**(4,924,210)**	**(4,130,524)**
Transactions with owners of the Group						
Contribution and distributions						
Issue of shares	7,386	4,350,358	-	-	-	**4,357,744**
Payment received for shares not yet issued	-	-	300,000	-	-	**300,000**
Total contributions by and distributions to owners	**7,386**	**4,350,358**	**300,000**	**-**	**-**	**4,657,744**
Total transactions with owners of the Group	**7,386**	**4,350,358**	**300,000**	**-**	**-**	**4,657,744**
Balance at 30 June 2017	**350,071**	**16,284,524**	**300,000**	**793,686**	**(7,010,802)**	**10,717,479**

Notes to the financial statements of the Company
(forming part of the financial statements)

1 *Basis of preparation*

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). The amendments to FRS 101 (2014/15 Cycle) issued in July 2015 and effective immediately have been applied. In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a Cash Flow Statement and related notes;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel; and
- Disclosures of transactions with a management entity that provides key management personnel services to the Company.

As the consolidated financial statements of Gate Ventures Plc in this Annual Report include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IAS 36 Impairment of assets in respect of the impairment of goodwill and indefinite life intangible assets;
- Certain disclosures required by IFRS 3 Business Combinations in respect of business combinations undertaken by the Company; and
- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis except as disclosed in the accounting policies below.

1.2 Going concern

The financial statements of the Company have been prepared on a going concern basis as the Directors' continue to believe in the longer-term viability of the Group's business. The Group has considerable financial resources and has recently reached agreement for a further £2.5million fund raise to continue to fund working capital for the foreseeable future. The Group has in place a funding agreement in order to meet operating expenses until this is received. In addition to this the Group is also expecting a cash inflow in early 2019 from its investment in 42nd Street and an increase in operating revenue and cash inflow as the Gate Reality business begins to mature.

1.3 Company profit and loss statement

Under section 408 of the Companies Act 2006, the Company has elected not to present and individual profit and loss statement.

1.4 Investments

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

1 Accounting policies *(continued)*

1.5 Foreign currency

Transactions in foreign currencies are translated to the functional currencies at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the statement of profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

1.6 Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Trade and other receivables

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other payables

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Investments in equity securities

Financial instruments held for trading or designated as such upon initial recognition are stated at fair value, with any resultant gain or loss recognised in profit or loss within the revenue caption.

Other investments in equity securities held by the Group are classified as being available-for-sale. These investments are held at fair value with gains and losses recognised as other comprehensive income.

Where an investment is considered an associate of the Group, that is that it is holds more than 20% of the investees issued capital and has a seat on the board of the investee, the Group has elected to take the exemption offered by IAS 28 to venture capital or similar companies and to account for those investments at fair value through profit or loss as described above rather than using the equity method of accounting.

Investments in available for sale debt instruments

Other investments in debt securities held by the Group are classified as being available-for-sale. These investments are held at fair value with gains and losses recognised as other comprehensive income. In addition, the effective interest rate (EIR) method is applied, such that interest income, the effects of changes to the estimated cash flows, and foreign exchange impacts are recognised in the statement of profit or loss as a separate line item (Interest income from theatre production investments) within the revenue caption.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group’s cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

Held to maturity investments

Where an investment is classed as a held to maturity investment, the investment is recognised at cost. As interest is accrued on the investment this is added to the value of the investment with the interest being recognised in the profit and loss statement. The investment is assessed for impairment at each reporting date with any such impairment being recognised in the profit and loss statement (see 1.10 for impairment policy).

1 Accounting policies *(continued)*

1.7 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Depreciation is charged to the statement of profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives are as follows:

- fixtures and fittings — Over the lease term or 5 years, whichever is the shorter
- equipment — 2 – 3 years

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

1.8 Impairment

Financial assets (including receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit") , or ("CGU").

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1 Accounting policies *(continued)*

1.9 Revenue recognition

(i) Gains on investments classified as fair value through profit or loss

Investments held for short-term profits and classified as fair value through profit or loss and investments in associates designated as fair value through profit or loss (see 1.6 Financial assets above) are re-measured to fair value at each subsequent balance sheet date until the assets are de-recognised. The gains and losses arising from changes in fair value are included in the statement of profit or loss in the period in which they occur. Gains and losses will include both realised gains and losses arising on the disposal of these financial assets and unrealised gains and losses arising from changes in the fair value of the assets still held. The fair value of a financial instrument is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the balance sheet date. Fair value measurements do not include transaction costs.

(ii) Investment income from theatre related projects (available for sale debt instruments)

Where the Company acts as an investor for theatre shows, this typically takes the form of an available for sale debt instrument whereby the Company is entitled to a pro-rata share of the profits generated by the show. Income from the investment is recognised in the statement of profit or loss using the effective interest (EIR) method. The amounts recognised include the unwinding of interest from the original EIR calculation determined upon initial recognition of the asset, and changes in the expected payments to be received from the project and these are calculated using the most recent information available to the Group at each reporting date.

(iii) Revenue from business related investments

As a number of the Group’s investments relate to start-up businesses, there has been no income to date from these investments other than the fair value gains and losses described above. If these investments were to distribute any money to the Group these amounts would be treated as dividend income in the profit or loss and would be recognised when the amounts become payable to the Group.

(iv) Other revenue

Other revenue relates to the sale of Gate Ventures plc VR headsets at 4 investor show events held in China during August 2016. Gate Ventures contracted an agent to act on their behalf to sell the gift sets. Revenue was recognised at the time of delivery at the agreed sale price per headset multiplied by the number of headsets sold, as notified by our agent.

1.10 Expenses

Operating lease payments

Payments made under operating leases are recognised in the statement of profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in the statement of profit or loss as an integral part of the total lease expense.

Financing income

Financing income comprise interest receivable on bank deposits. Interest income is recognised in profit or loss as it accrues, using the effective interest method.

1 Accounting policies *(continued)*

1.11 Taxation

Tax on the profit or loss for the period comprises current and deferred tax. Tax is recognised in the statement of profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

2 Investments in subsidiaries

	2018	2017
	£	£
Non-current		
Investment in subsidiaries		
Opening balance	237,000	1,000,000
- Purchases	-	2
- Investment	1	236,998
- Foreign exchange rate movement	28,156	-
- Disposals	-	(1,000,000)
Closing balance	265,157	237,000

3 Property, plant and equipment

	Computer Equipment	Fixtures & fittings	Total
	£	£	£
Cost			
Balance at 30 June 2016	-	151,828	151,828
Additions	5,861	100,000	105,861
Balance at 30 June 2017	5,861	251,828	257,689
Depreciation and impairment			
Balance at 30 June 2016	-	20,244	20,244
Depreciation charge for the period	1,390	75,731	77,121
Balance at 30 June 2017	1,390	95,975	97,365
Net book value			
At 30 June 2016	-	-	-
At 30 June 2017	**4,471**	**155,853**	**160,324**
Cost			
Additions	10,391	-	10,391
Balance at 30 June 2018	16,252	251,828	268,080
Depreciation and impairment			
Depreciation charge for the period	3,434	80,731	84,165
Balance at 30 June 2018	4,824	176,706	181,530
Net book value			
At 30 June 2018	**11,428**	**75,122**	**86,550**

4 Other financial assets

Refer to note 12 of the consolidated financial statements for further details of the other financial assets.

Non-current

	2018	2017
	£	£
Available for sale financial assets		
Opening balance	7,224,674	4,800,000
- Additions	4,337,220	3,112,809
- Return of capital cash receipts	(174,700)	(311,535)
- Changes to fair value gains	(3,920,203)	793,686
- Income from theatre productions	(79,557)	171,630
- Income from movie productions	104,550	-
- Changes in value due to exchange rate movements	(16,349)	(41,916)
- Reclassified to at fair value through profit or loss	-	(1,300,000)
- Converted to equity from held to maturity	83,614	-
Closing balance	7,559,249	7,224,674

An investment is classified as available for sale where it is a non-derivative financial instrument that is not a loan or receivable, does not have a fixed maturity and it is not held at fair value through profit or loss.

	2018	2017
	£	£
Held to maturity financial assets		
Opening balance	81,831	-
- Additions	-	79,750
- Accrue interest	1,783	2,081
- Converted to equity - available for sale financial assets	(83,614)	-
Closing balance	-	81,831

An investment is classified as held to maturity where it is a non-derivative financial asset with determinable payments and a fixed maturity.

4 Other financial assets *(continued)*

	2018	2017
Current	£	£
Financial assets designated as fair value through profit or loss		
Opening balance	2,925,123	1,740,705
- Additions	1,347,027	1,037,952
- Revaluation	(727,561)	(1,153,534)
- Reclassified from available for sale	-	1,300,000
- Disposals	(3,544,589)	-
Closing balance	-	2,925,123

5 Trade and other receivables

	2018	2017
	£	£
Current		
Consideration receivable from business disposal	19,200	247,450
Receivable from Subsidiary	710,186	274,049
Prepayments	127,392	391,212
Deposits	276,784	276,784
Loan Receivable	457,188	174,508
VAT receivables	58,680	93,003
	1,649,430	1,457,006
Non-Current		
Consideration receivable from business disposal	19,200	-
	19,200	-

Included within trade and other receivables is £0 which is expected to be recovered in more than 12 months.

6 Cash and cash equivalents

	2018	2017
	£	£
Cash and cash equivalents	226,190	145,694
Cash and cash equivalents per balance sheet and cash flow statement	226,190	145,694

7 Trade payables

	2018	2017
	£	£
Current		
Trade payables due to third parties	75,297	309,670
Non-trade payables and accrued expenses	73,024	60,200
	148,321	369,870

Included within trade payables is £Nil expected to be settled in more than 12 months.

8 Loans and borrowings

	2018	2017
	£	£
Current		
Investment loan	-	691,303
Operating loan	2,523,732	453,000
	2,523,732	1,144,303

The investment loan relates to 2 US dollar amounts that were borrowed for investments in to Sunset Boulevard on Broadway in New York and A Legendary Romance at the Williamstown Theatre Festival, Massachusetts. Both of these were short term borrowings, to be paid within 1 year from lending date, in order to take advantage of the investment opportunities. At year end there was a total of US$896,667 ($US630,000 for Sunset Boulevard and US$266,667 for A Legendary Romance) outstanding. Since year end the Sunset Boulevard loan has been repaid and the A Legendary Romance loan will be repaid once the Company has received the money from the new share subscription (due by the end of September 2017).

The operating loan relates to money received by the Company at the beginning in order to meet its short-term cash needs, mainly settling supplier invoices.

9 Share capital

Disclosures in respect of share capital of the Company are provided in note 19 to the Group consolidated financial statements.

10 Prepaid share reserve

	2018	2017
	£	£
Prepaid share reserve	-	300,000
	-	300,000

Prepaid share reserve relates to the first £300,000 of cash received for the £5,000,000 fund raise for new shares that was signed in June 2017. As the shares will not be issued until the full subscription amount has been received, a separate amount to share capital and share premium has been recognised for the cash received as at reporting date. As per the subscription agreement, the investor has the right to transfer the subscription money in a number of tranches. Once all the subscription money has been received and the shares are issued, the balance will be transferred to share capital and share premium.

11 Revaluation Reserve

	2018	2017
	£	£
Opening balance	793,686	-
Revaluation of available for sale assets	(388,162)	793,686
Closing balance	405,524	793,686

The above movement relates to fair value changes recognised in Other Comprehensive Income for financial assets classified as available for sale. Where the investments are subsequently sold, the total value of their fair value movement will be transferred from the revaluation reserve and recognised in the statement of profit or loss.

12 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	2018	2017
	£	£
Less than a year	167,600	166,560
Between one and five years	701,118	672,182
More than five year	45,191	224,651
	913,909	1,063,393

The Company leases its head office under an operating lease.

For the operating leases commitment in the following period less than one year, £147,320 is related to rental and £20,280 is related to service management fee.

For the operating leases commitment in the following period between one and five years, £619,998 is related to rental and £81,120 is related to service management fee.

For the operating leases commitment in the following period more than five years, £40,121 is related to rental and £5,070 is related to service management fee.

Upon the end of the lease, the Company has the obligation to restore the premises condition to original state before returning the premises to the landlord.

During the period £167,338 was recognised as an expense in the statement of profit or loss in respect of operating leases.

13 Contingent liabilities

There were no contingent liabilities at 30 June 2018 (2017: Nil)

14 Subsequent events

There have been no material subsequent events since 30 June 2018 that are not already disclosed elsewhere in this report.