

Company Registration No. 06477380 (England and Wales)

**BLACKMAGIC DESIGN LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2021**

# **BLACKMAGIC DESIGN LIMITED**

## **COMPANY INFORMATION**

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**Directors**

Mr G Petty  
Mr D B Clarke

**Secretary**

Mr S Ashton

**Company number**

06477380

**Registered office**

Unit 5b Christleton Court  
Manor Park  
Runcorn  
Cheshire  
United Kingdom  
WA7 1ST

**Auditor**

MBL (Business and Tax Advisers) Ltd  
MBL House  
16 Edward Court  
Altrincham Business Park  
Altrincham  
Cheshire  
United Kingdom  
WA14 5GL

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# **BLACKMAGIC DESIGN LIMITED**

## **CONTENTS**

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	<b>Page</b>
Strategic report	1 - 2
Directors' report	3 - 4
Directors' responsibilities statement	5
Independent auditor's report	6 - 8
Statement of comprehensive income	9
Statement of financial position	10
Statement of changes in equity	11
Notes to the financial statements	12 - 25

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# **BLACKMAGIC DESIGN LIMITED**

## **STRATEGIC REPORT**

***FOR THE YEAR ENDED 30 JUNE 2021***

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The directors present the strategic report for the year ended 30 June 2021.

### **Fair review of the business**

#### **Strategic Management**

Building on the sales growth we saw in 2019/20 financial year, the company continued to grow substantially, producing a strong 2020/21 financial year returning a 65% growth year on year. The increased revenues were matched by above expected company profits. Our continued investment in sales and marketing activities throughout Europe, Middle East and Africa have further strengthened our position as a high quality, industry leading broadcast video manufacturer. Due to the Covid-19 pandemic, the company was able to leverage the expansive channel sales network to conduct well-orchestrated sales strategies country by country. Combining local activity and online sales training and support we further expanded our customer base, both within our existing industry and through additional vertical markets.

#### **Business Environment**

The timing of key product announcements enabled the company to reach new customers, elevating their capabilities to new levels beyond what they had experienced before. The Covid pandemic saw a new wave of digital content creators, who acknowledged Blackmagic Design Limited as a leading technology provider and educator, equipping creatives with the highest quality video equipment with price, availability and support to match. Broadcast products launched in the previous financial year, which high profile broadcasters were seeded and trained on reached their potential, maturing and evolving into a number of tender based sales wins. 2020/21 saw a change within our industry that rewarded Blackmagic Design Limited for the work achieved in previous years.

#### **Business Performance**

Sales were up by approximately 65% against the previous year. Products announced in the previous financial year, expansion into new markets, and an increase in customer to customer video based interaction saw Blackmagic Design Limited capitalise on these developments. These successes have been a result of Blackmagic Design Limited's increased reputation within the professional video and AV markets, along with the committed sales channel that have continually embraced the products we manufacture and strategy we adopt.

# **BLACKMAGIC DESIGN LIMITED**

## **STRATEGIC REPORT (CONTINUED)**

**FOR THE YEAR ENDED 30 JUNE 2021**

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### **Principal risks and uncertainties**

On 23 June 2016, the UK voted to leave the European Union. The directors of the company have reviewed the opportunities and risks that this brings whilst reviewing the going concern assumption. Although uncertainty exists in the UK economy, this is systematic by nature and Blackmagic Design Limited's going concern status remains unaffected as a result of the referendum on EU membership.

The company uses various financial instruments. These include cash and balances such as trade debtors and trade creditors that arise directly from its operations. The company is also supported by balances owed to its immediate parent undertaking. The existence of these financial instruments exposes the company to a number of financial risks, which are described below in more detail. The main risks arising from the company's financial instruments are currency risk, liquidity risk and credit risk. The directors review and agree policies for managing each of these risks and they are summarised below. These policies have remained unchanged from previous years.

### **Currency Risk**

The company is exposed to translation and transaction foreign exchange risk. Exposure to currency risk arises principally from transactions denominated in Euros or US dollars.

Where the amounts to be paid and received in a specific currency are expected to largely offset one another, no further hedging activity is undertaken. The company utilises bank accounts in Sterling, Euros and US dollars to facilitate this.

### **Liquidity Risk**

The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. Short-term flexibility is achieved by overdraft facilities and long term funding is received from the parent undertaking.

### **Credit Risk**

Credit risk arises where there is a risk that customers will not be able to fulfil their financial obligations. Credit limits are reviewed by senior management on a regular basis in conjunction with debt ageing and collection history. There are long standing relationships with the major customers and the company's credit control team have credit policies for trading transactions. At the balance sheet date, there were no significant concentrations of credit risk in respect of individual customers.

### **Key performance indicators**

The directors monitor the following key performance indicators:

- Turnover against comparative period - 2021 : £153,264,342 (2020: £92,608,365)
- Gross profit against comparative period - 2021: £12,450,957 (2020 £7,643,368)
- Expenses against comparative period - 2021: £7,276,614 (2020: £5,844,581)

On behalf of the board

Mr G Petty  
Director

30 November 2021

# **BLACKMAGIC DESIGN LIMITED**

## **DIRECTORS' REPORT**

***FOR THE YEAR ENDED 30 JUNE 2021***

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The directors present their annual report and financial statements for the year ended 30 June 2021.

### **Principal activities**

The principal activity of the company continued to be that of the wholesale of video and film products.

### **Results and dividends**

The profit for the year, after taxation, amounted to £4,201,587 (2020 - £1,754,378).

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

### **Directors**

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr G Petty

Mr D B Clarke

### **Supplier payment policy**

The company's current policy concerning the payment of trade creditors is to follow the CBI's Prompt Payers Code (copies are available from the CBI, Centre Point, 103 New Oxford Street, London WC1A 1DU).

The company's current policy concerning the payment of trade creditors is to:

- settle the terms of payment with suppliers when agreeing the terms of each transaction
- ensure that suppliers are made aware of the terms of payment for inclusion of the relevant terms in contracts; and
- pay in accordance with the company's contractual and other legal obligations

Trade creditors of the company at the year end were equivalent to 21 days purchases, based on the average daily amount invoices by suppliers during the year.

### **Post reporting date events**

There have been no significant events affecting the company since the year end.

### **Future developments**

The expansion into new markets and an increased regional and pan-EMEA online sales support approach will ensure products that have been released in this, and the next financial year continue to gain awareness, growing in line with our sales expectations. Educating and supporting creative users across live and post-production, both directly and in-directly, will further build confidence and credibility with Blackmagic Design Limited, developing long-term repeat business with new and existing partners.

### **Auditor**

The auditor, MBL (Business and Tax Advisers) Ltd, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

## **BLACKMAGIC DESIGN LIMITED**

### **DIRECTORS' REPORT (CONTINUED)**

***FOR THE YEAR ENDED 30 JUNE 2021***

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#### **Statement of disclosure to auditor**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

Mr G Petty  
**Director**

30 November 2021

## **BLACKMAGIC DESIGN LIMITED**

### **DIRECTORS' RESPONSIBILITIES STATEMENT**

***FOR THE YEAR ENDED 30 JUNE 2021***

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The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

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



# **BLACKMAGIC DESIGN LIMITED**

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBER OF BLACKMAGIC DESIGN LIMITED**

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#### **Opinion**

We have audited the financial statements of Blackmagic Design Limited (the 'company') for the year ended 30 June 2021 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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

#### **Other information**

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

## **BLACKMAGIC DESIGN LIMITED**

### **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

#### **TO THE MEMBER OF BLACKMAGIC DESIGN LIMITED**

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##### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

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

##### **Responsibilities of directors**

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

##### **Auditor's responsibilities for the audit of the financial statements**

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

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

Based on our understanding of the company and industry we identified that the principal risks of non-compliance with laws and regulations relate to company law applicable in England and Wales and we considered the extent to which non-compliance might have an effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006, tax legislation, regarding payroll, VAT and corporation tax.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting inappropriate journal entries to revenue and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Inspecting correspondence with regulators and tax authorities
- Discussions with management including consideration of known or suspected instance of non-compliance with laws and regulation and fraud
- Evaluating management's controls designed to prevent and detect irregularities
- Identifying and testing journals in particular journal entries posted with unusual account combinations, postings by unusual users or with unusual descriptions

## **BLACKMAGIC DESIGN LIMITED**

### **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

#### **TO THE MEMBER OF BLACKMAGIC DESIGN LIMITED**

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A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

#### **Use of our report**

This report is made solely to the company's member 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 member those matters we are required to state to the member 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 member for our audit work, for this report, or for the opinions we have formed.

**Michael Bulcock (Senior Statutory Auditor)**  
**For and on behalf of MBL (Business and Tax Advisers) Ltd**

30 November 2021

**Chartered Accountants**  
**Statutory Auditor**

MBL House  
16 Edward Court  
Altrincham Business Park  
Altrincham  
Cheshire  
United Kingdom  
WA14 5GL

**BLACKMAGIC DESIGN LIMITED****STATEMENT OF COMPREHENSIVE INCOME****FOR THE YEAR ENDED 30 JUNE 2021**

		2021	2020
	Notes	£	£
Revenue	2	153,264,342	92,608,365
Cost of sales		(140,804,385)	(84,964,997)
<b>Gross profit</b>		<b>12,459,957</b>	<b>7,643,368</b>
Administrative expenses		(7,276,614)	(5,844,581)
<b>Operating profit</b>	4	<b>5,183,343</b>	<b>1,798,787</b>
Investment income	7	1	242
Finance costs	9	(2,440)	(8,701)
<b>Profit before taxation</b>		<b>5,180,904</b>	<b>1,790,328</b>
Tax on profit	8	(979,317)	(35,950)
<b>Profit and total comprehensive income for the financial year</b>	19	<b>4,201,587</b>	<b>1,754,378</b>

The income statement has been prepared on the basis that all operations are continuing operations.

**BLACKMAGIC DESIGN LIMITED****STATEMENT OF FINANCIAL POSITION****AS AT 30 JUNE 2021**

	Notes	2021 £	£	2020 £	£
<b>Non-current assets</b>					
Property, plant and equipment	10		631,002		590,728
<b>Current assets</b>					
Inventories	11	-		5,191	
Trade and other receivables	12	8,675,006		6,709,214	
Cash and cash equivalents		3,941,035		1,829,850	
		12,616,041		8,544,255	
<b>Current liabilities</b>	13	(8,792,981)		(8,952,942)	
<b>Net current assets/(liabilities)</b>			3,823,060		(408,687)
<b>Total assets less current liabilities</b>			4,454,062		182,041
<b>Non-current liabilities</b>	13		(172,370)		(130,282)
<b>Provisions for liabilities</b>					
Deferred tax liabilities	16		(64,296)		(35,950)
<b>Net assets</b>			4,217,396		15,809
<b>Equity</b>					
Called up share capital	18		100		100
Retained earnings	19		4,217,296		15,709
<b>Total equity</b>			4,217,396		15,809

The financial statements were approved by the board of directors and authorised for issue on 30 November 2021 and are signed on its behalf by:

Mr G Petty  
Director

Company Registration No. 06477380

**BLACKMAGIC DESIGN LIMITED****STATEMENT OF CHANGES IN EQUITY*****FOR THE YEAR ENDED 30 JUNE 2021***

	Share capital	Retained earnings	Total
	£	£	£
Balance at 1 July 2019	100	(1,738,669)	(1,738,569)
Year ended 30 June 2020:			
Profit and total comprehensive income for the year	-	1,754,378	1,754,378
Balance at 30 June 2020	100	15,709	15,809
Year ended 30 June 2021:			
Profit and total comprehensive income for the year	-	4,201,587	4,201,587
Balance at 30 June 2021	100	4,217,296	4,217,396

# BLACKMAGIC DESIGN LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 30 JUNE 2021**

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### 1 Accounting policies

#### Company information

Blackmagic Design Limited is a private company limited by shares incorporated in England and Wales. The registered office is Unit 5b Christleton Court, Manor Park, Runcorn, Cheshire, United Kingdom, WA7 1ST. The company's principal activities and nature of its operations are disclosed in the directors' report.

#### 1.1 Accounting convention

The financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

As permitted by FRS 101, the company has taken advantage of the following disclosure exemptions from the requirements of IFRS:

- inclusion of an explicit and unreserved statement of compliance with IFRS;
- presentation of a statement of cash flows and related notes;
- disclosure of the objectives, policies and processes for managing capital;
- disclosure of key management personnel compensation;
- disclosure of the categories of financial instrument and the nature and extent of risks arising on these financial instruments;
- the effect of financial instruments on the statement of comprehensive income;
- comparative period reconciliations for the number of shares outstanding and the carrying amounts of property, plant and equipment, intangible assets, investment property and biological assets;
- disclosure of the future impact of new International Financial Reporting Standards in issue but not yet effective at the reporting date;
- comparative narrative information;
- for financial instruments, investment property and biological assets measured at fair value and within the scope of IFRS 13, the valuation techniques and inputs used to measure fair value, the effect of fair value measurements with significant unobservable inputs on the result for the period and the impact of credit risk on the fair value; and
- related party disclosures for transactions with the parent or wholly owned members of the group.

Where required, equivalent disclosures are given in the group accounts of Blackmagic Design PTY Limited for the year ended 30 June 2021.

The company is a wholly owned subsidiary of Blackmagic Design PTY Limited, a company incorporated in Australia, which prepares publicly available consolidated financial statements in accordance with IFRS. This company is included in the consolidated financial statements of Blackmagic Design PTY Limited for the year ended 30 June 2021. These accounts are available from 11 Gateway Court, Port Melbourne, VIC 3207, Australia.

#### 1.2 Going concern

After reviewing the company's forecasts and projections and after receiving confirmation of support from the parent undertaking for at least 12 months from the date of approval, the directors have at the time of approving the financial statements, a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The forecasts and projections are heavily reliant on the continued financial support from the parent company. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

# BLACKMAGIC DESIGN LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

### 1 Accounting policies

(Continued)

#### 1.3 Revenue

The company's revenue from contracts with customers arise from the sale and distribution of creative video technology.

To determine whether to recognise revenue, the Group follows a 5-step process:

1. Identifying the contract with a customer;
2. Identifying the performance obligations;
3. Determining transaction price;
4. Allocating the transaction price to the performance obligations;
5. Recognising revenue when / as performance obligations are satisfied.

Based on the revenue recognition process and the nature of all revenue streams from contracts with customers, the company recognises revenue based on a point in time rather than over time.

All revenue is stated net of the amount of value added taxes.

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

#### 1.4 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold land and buildings	Over the term of the lease
Fixtures and fittings	3 or 5 years straight line but see below
Computers	3 years straight line
Motor vehicles	3 years straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.

Items of fixtures and fittings with a cost below £500 are fully depreciated in the year of acquisition.

#### 1.5 Impairment of tangible and intangible assets

At each reporting end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.



# BLACKMAGIC DESIGN LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

### 1 Accounting policies

(Continued)

Recoverable amount is the higher of fair value less costs to sell and value in use. 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 which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### 1.6 Inventories

Inventories are stated at the lower of cost and estimated selling price less costs to complete and sell.

Consignment stock is obtained from the company's parent company and is held in the UK until resale. The stock is only recognised within cost of sales when the stock has been sold and dispatched to customers.

Net realisable value is the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

#### 1.7 Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held at call with banks.

#### 1.8 Financial assets

Financial assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument. Financial assets are classified into specified categories, depending on the nature and purpose of the financial assets.

##### *Financial assets at fair value through profit or loss*

The company does not hold any financial assets at fair value through profit and loss.

##### *Financial assets held at amortised cost*

The company classifies all of its financial assets as loans and receivables, measured at amortised cost where the objective is to hold these assets in order to collect contractual cash flows, and the contractual cash flows are solely payments of principal and interest. They arise principally from the provision of goods and services to customers (eg trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment where necessary.

##### *Financial assets at fair value through other comprehensive income*

The company does not hold any financial assets at fair value through other comprehensive income.

# BLACKMAGIC DESIGN LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

### 1 Accounting policies

(Continued)

#### *Impairment of financial assets*

Financial assets are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the company will be unable to collect all the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the Income Statement. On confirmation that the trade receivable will not be collected, the gross carrying value of the asset is written off against the associated provision.

#### *Derecognition of financial assets*

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

### 1.9 Financial liabilities

The company recognises financial debt when the company becomes a party to the contractual provisions of the instruments. The company classifies all of its financial liabilities at amortised cost.

#### *Financial liabilities at fair value through profit or loss*

Financial liabilities are classified as measured at fair value through profit or loss when the financial liability is held for trading. A financial liability is classified as held for trading if:

- It has been incurred principally for the purpose of repurchasing it in the near term, or
- on initial recognition it is part of a portfolio of identified financial instruments that the company manages together and has a recent actual pattern of short-term profit taking, or
- it is a derivative that is not designated and effective hedging instrument.

Financial liabilities at fair value through profit or loss are stated at fair value with any gains or losses arising on remeasurement recognised in profit or loss.

#### *Other financial liabilities*

Other financial liabilities, including borrowings, trade payables and other short-term monetary liabilities, are initially measured at fair value net of transaction costs directly attributable to the issuance of the financial liability. They are subsequently measured at amortised cost using the effective interest method. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

#### *Derecognition of financial liabilities*

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

### 1.10 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

# BLACKMAGIC DESIGN LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

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### 1 Accounting policies

(Continued)

#### 1.11 Derivatives

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are classified as current.

#### 1.12 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

##### *Current tax*

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

##### *Deferred tax*

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

#### 1.13 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

The cost of any unused holiday entitlement is not required. The financial year is coterminous with the holiday year and employees are not permitted to carry forward any unused holiday entitlement.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### 1.14 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

# BLACKMAGIC DESIGN LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

### 1 Accounting policies

(Continued)

#### 1.15 Leases

At inception, the company assesses whether a contract is, or contains, a lease within the scope of IFRS 16. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Where a tangible asset is acquired through a lease, the company recognises a right-of-use asset and a lease liability at the lease commencement date. Right-of-use assets are included within property, plant and equipment, apart from those that meet the definition of investment property.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct costs and an estimate of the cost of obligations to dismantle, remove, refurbish or restore the underlying asset and the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of other property, plant and equipment. The right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are unpaid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise fixed payments, variable lease payments that depend on an index or a rate, amounts expected to be payable under a residual value guarantee, and the cost of any options that the company is reasonably certain to exercise, such as the exercise price under a purchase option, lease payments in an optional renewal period, or penalties for early termination of a lease.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in: future lease payments arising from a change in an index or rate; the company's estimate of the amount expected to be payable under a residual value guarantee; or the company's assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less, or for leases of low-value assets including IT equipment. The payments associated with these leases are recognised in profit or loss on a straight-line basis over the lease term.

#### 1.16 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

## BLACKMAGIC DESIGN LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

#### 2 Revenue

	2021	2020
	£	£
<b>Revenue analysed by class of business</b>		
Sale of goods for resale	153,264,342	92,608,365
	<u>                    </u>	<u>                    </u>
	2021	2020
	£	£
<b>Other significant revenue</b>		
Revenue recognised from contracts with customers	153,264,342	92,608,365
	<u>                    </u>	<u>                    </u>

Management have not disclosed the analysis of turnover by geography as this is deemed prejudicial to the interests of the company given their technological nature.

#### 3 Critical accounting estimates and judgements

The preparation of financial statements requires management to make significant judgements and estimates. There are no items within the financial statements where significant judgements and estimates have been applied.

#### 4 Operating profit

	2021	2020
	£	£
Operating profit for the year is stated after charging/(crediting):		
Exchange losses	92,821	93,669
Depreciation of property, plant and equipment	344,702	355,430
Profit on disposal of property, plant and equipment	(21,478)	(5,182)
Cost of inventories recognised as an expense	140,711,564	84,871,328
	<u>                    </u>	<u>                    </u>

#### 5 Auditor's remuneration

	2021	2020
	£	£
Fees payable to the company's auditor and associates:		
<b>For audit services</b>		
Audit of the financial statements of the company	15,213	17,554
	<u>                    </u>	<u>                    </u>
<b>For other services</b>		
Other services pursuant to legislation	-	1,444
	<u>                    </u>	<u>                    </u>

The fees for audit services in the previous year total £15,200 for the current auditors and £2,354 for the previous auditor.

# BLACKMAGIC DESIGN LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

### 6 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2021 Number	2020 Number
Office staff	65	52
Other	35	28
Total	100	80

Their aggregate remuneration comprised:

	2021 £	2020 £
Wages and salaries	5,027,761	3,623,341
Social security costs	463,517	326,013
Pension costs	336,162	282,642
	5,827,440	4,231,996

### 7 Investment income

	2021 £	2020 £
Interest income		
Interest on bank deposits	1	242

### 8 Taxation

	2021 £	2020 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	950,971	-
<b>Deferred tax</b>		
Origination and reversal of temporary differences	28,346	59,676
Benefit arising from a previously unrecognised tax loss, tax credit or temporary difference	-	(23,726)
	28,346	35,950
<b>Total tax charge</b>	979,317	35,950

# BLACKMAGIC DESIGN LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

### 8 Taxation

(Continued)

The charge for the year can be reconciled to the profit per the income statement as follows:

	2021 £	2020 £
Profit before taxation	5,180,904	1,790,328
Expected tax charge based on a corporation tax rate of 19.00% (2020: 19.00%)	984,372	340,162
Effect of expenses not deductible in determining taxable profit	2,525	167
Utilisation of tax losses not previously recognised	-	(325,934)
Permanent capital allowances in excess of depreciation	-	(14,395)
Other permanent differences	(7,580)	-
Deferred tax adjustments in respect of prior years		35,950
<b>Taxation charge for the year</b>	<b>979,317</b>	<b>35,950</b>

The company has trading losses of £0 (2020 £124,876) to carry forward and set against future profits.

### 9 Finance costs

	2021 £	2020 £
<b>Interest on other financial liabilities:</b>		
Interest on lease liabilities	2,440	8,701

### 10 Property, plant and equipment

	Leasehold land and buildings	Fixtures and fittings	Computers	Motor vehicles	Total
	£	£	£	£	£
<b>Cost</b>					
At 30 June 2020	516,753	731,526	379,417	49,235	1,676,931
Additions	196,257	101,116	59,202	30,225	386,800
Disposals	(192,989)	(290,452)	(71,770)	(33,770)	(588,981)
At 30 June 2021	520,021	542,190	366,849	45,690	1,474,750

# BLACKMAGIC DESIGN LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

### 10 Property, plant and equipment

(Continued)

	Leasehold land and buildings	Fixtures and fittings	Computers	Motor vehicles	Total
	£	£	£	£	£
<b>Accumulated depreciation and impairment</b>					
At 30 June 2020	279,076	520,677	252,564	33,886	1,086,203
Charge for the year	154,174	102,318	79,200	9,010	344,702
Eliminated on disposal	(192,989)	(290,452)	(71,770)	(31,946)	(587,157)
At 30 June 2021	240,261	332,543	259,994	10,950	843,748
<b>Carrying amount</b>					
At 30 June 2021	279,760	209,647	106,855	34,740	631,002
At 30 June 2020	237,677	210,849	126,853	15,349	590,728

Property, plant and equipment includes right-of-use assets, as follows:

Right-of-use assets	2021 £	2020 £
<b>Net values</b>		
Property	279,760	273,677
<b>Depreciation charge for the year</b>		
Property	154,174	158,547

The average lease term is 3 years.

### 11 Inventories

	2021 £	2020 £
Finished goods	-	5,191

There is no significant difference between the replacement cost of stock and the carrying amount.

The majority of stock recognised in the year as an expense was consignment stock purchased from the parent company.



# BLACKMAGIC DESIGN LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

### 12 Trade and other receivables

	2021 £	2020 £
Trade receivables	8,420,241	6,426,712
VAT recoverable	26,867	20,172
Other receivables	152,710	111,923
Prepayments and accrued income	75,188	150,407
	<u>8,675,006</u>	<u>6,709,214</u>

### 13 Liabilities

		Current 2021 £	2020 £	Non-current 2021 £	2020 £
	Notes				
Trade and other payables	14	8,524,646	8,749,215	-	-
Taxation and social security		159,580	100,293	-	-
Lease liabilities	15	108,755	103,434	172,370	130,282
		<u>8,792,981</u>	<u>8,952,942</u>	<u>172,370</u>	<u>130,282</u>

### 14 Trade and other payables

	2021 £	2020 £
Trade payables	916,836	653,175
Amounts owed to fellow group undertakings	7,354,907	7,960,805
Accruals and deferred income	187,903	75,235
Other payables	65,000	60,000
	<u>8,524,646</u>	<u>8,749,215</u>

# BLACKMAGIC DESIGN LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

### 15 Lease liabilities

	2021	2020
	£	£
<b>Maturity analysis</b>		
Within one year	114,591	108,093
In two to five years	158,794	132,820
In over five years	22,221	-
	<hr/>	<hr/>
<b>Total undiscounted liabilities</b>	295,606	240,913
Future finance charges and other adjustments	(14,481)	(7,197)
	<hr/>	<hr/>
<b>Lease liabilities in the financial statements</b>	281,125	233,716
	<hr/>	<hr/>

Lease liabilities are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	2021	2020
	£	£
Current liabilities	108,755	103,434
Non-current liabilities	172,370	130,282
	<hr/>	<hr/>
	281,125	233,716
	<hr/>	<hr/>

	2021	2020
	£	£
Amounts recognised in profit or loss include the following:		
Interest on lease liabilities	2,440	8,701
	<hr/>	<hr/>

Other leasing information is included in note 20.

# BLACKMAGIC DESIGN LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

### 16 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon during the current and prior reporting period.

	ACAs £	Tax losses £	Total £
Deferred tax balance at 1 July 2019	-	-	-
<b>Deferred tax movements in prior year</b>			
Charge/(credit) to profit or loss	59,676	(23,726)	35,950
Deferred tax liability at 1 July 2020	59,676	(23,726)	35,950
<b>Deferred tax movements in current year</b>			
Charge/(credit) to profit or loss	4,620	23,726	28,346
Deferred tax liability at 30 June 2021	64,296	-	64,296

### 17 Retirement benefit schemes

	2021 £	2020 £
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	336,162	282,642

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

### 18 Share capital

	2021 Number	2020 Number	2021 £	2020 £
<b>Ordinary share capital</b>				
<b>Authorised</b>				
Ordinary shares of £1 each	100	100	100	100
<b>Issued and fully paid</b>				
Ordinary shares of £1 each	100	100	100	100

Called up share capital represents the nominal value of shares that have been issued.

## BLACKMAGIC DESIGN LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

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#### 19 Retained earnings

The following describes the nature and purpose of each reserve within retained earnings:

##### Profit and loss account

This includes all current and prior year retained profits and losses.

#### 20 Other leasing information

##### Lessee

Amounts recognised in profit or loss as an expense during the period in respect of lease arrangements are as follows:

	2021	2020
	£	£
Expense relating to short-term leases	39,626	57,644
	<u>          </u>	<u>          </u>

Information relating to lease liabilities is included in note 15.

#### 21 Related party transactions

##### Remuneration of key management personnel

During the current and previous year there were no transactions with key management personnel which require disclosure.

##### Other transactions with related parties

As permitted by FRS 101 related party transactions with wholly owned members of Blackmagic Design PTY Limited have not been disclosed.

#### 22 Controlling party

The company is a wholly owned subsidiary of Blackmagic Design PTY Limited, a company incorporated in Australia. The consolidated accounts of Blackmagic Design PTY Limited are available from the Registered Office which is 11 Gateway Court, Port Melbourne, VIC 3207, Australia.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.