

Pathé Fund Limited

Annual Report

for the year ended 31 December 2020

Registered number: 3407564

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Pathé Fund Limited

Annual Report for the year ended 31 December 2020

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Strategic report for the year ended 31 December 2020

The directors present their Strategic report on Pathé Fund Limited ('the Company') for the year ended 31 December 2020.

Review of the business

The principal activity of the Company is an international film sales agency operation, along with the development, production and exploitation of theatrical feature films.

The Company is a wholly-owned subsidiary of Pathé Entertainment Limited, incorporated in England, which itself is ultimately owned by Pathé SAS, a company incorporated in France.

The results of the Company are driven by the success of individual films in the international film market.

Turnover for the year was £1.1m (2019: £1.9m). Profit for the year was £0.6m (2019: £0.9m). Revenue was derived primarily from commission on sales of the major film release during the year, Misbehaviour. A dividend of £5.0m was declared during the year (2019: £nil). Net assets reduced to £4.5m (2019: £9.0m). Retained profits carried forward in reserves amount to £1.0m (2019: £5.5m).

Key performance indicators

The success of the Company's films is measured by the revenues generated when selling film rights in the international market.

Disclosures of principal risks and uncertainties

Since the Company usually acts as an agent, earning commission on sales it has negotiated, its general trading risks are not significant. Occasionally the Company will make an advance to secure the right to act as sales agent for a particular film and there is a risk this investment will not be recovered from revenues earned. Whilst the Covid -19 pandemic has affected global cinema attendances, the impact on the international film market has been less severe. There is still a demand for the high quality feature films that Pathé specialize in and the long term impact is expected to be minor.

On behalf of the board



J Clarke
Director
23 July 2021

Directors' report for the year ended 31 December 2020

The directors present their report with the audited financial statements of Pathé Fund Limited for the year ended 31 December 2020.

Future developments

The Company continues to act as sales agent for a number of active films and will continue to provide sales agency services to films produced by the Pathé UK group of companies in the future. The directors consider that the outlook for the Company is good, as the group continues to develop new projects for sale in the international film market.

Dividends

A dividend of £5.0m was paid the during year (2019: £nil).

Financial risk management

The Company is conservatively managed. The financial risks of the Company are limited as the Company typically acts as an agent and its cost base is small. The Company's main financial risks are credit risk and foreign currency risk. Credit risk exposure is minimised by actively managing significant debts and only delivering films to international customers after receipt of payment. The Company operates in the international film market and as such enters into contracts denominated in foreign currency, specifically US dollars and Euros. The overall exposure to foreign exchange is reviewed regularly and where necessary, hedging transactions are entered into. The Company has sufficient cash balances to fund its ongoing operations and cashflow is not considered a risk. The Company is only exposed to variable interest rates through amounts owed to and from group companies. There are few costs which are not fixed and price risk is not considered significant.

Covid -19

Since the Company acts as an agent, taking a commission on sales of films it negotiates, coupled with the fact that the international film market has continued to operate through the Covid -19 pandemic, the long term impact on the Company is expected to be minor.

Going concern

Pathé Productions Limited has agreed to provide continued financial support to the Company for the foreseeable future to meet its obligations as and when they fall due, for a period of 12 months from the date of approval of these financial statements, to the extent that the Company is unable to meet its liabilities. The directors have considered the impact of Covid -19 on future trading and are confident that the impact of Covid -19 will not lead to the company no longer being a going concern.

Directors

The directors of the Company who served throughout the financial year and up to the date of the signing of the financial statements are as follows:

J Clarke
P du Plessis

C R McCracken
J Borgars

Directors' report for the year ended 31 December 2020 (continued)**Directors' responsibilities statement**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation. Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, including FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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.

The directors 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.

In the case of each director in office at the date the Directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

On behalf of the Board



J Clarke
Director,

23 July 2021

Independent auditor's report to the members of Pathé Fund Limited

Opinion

We have audited the financial statements of Pathé Fund Limited for the year ended 31 December 2020 which comprise the Statement of comprehensive income, the Balance sheet, the Statement of changes in equity and the related notes 1 to 20, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice). In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2020 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.

Emphasis of matter – Effects of COVID-19

We draw attention to Note 20 of the financial statements, which describes the economic and social consequences the company is facing as a result of COVID-19 which is impacting consumer demand. Our opinion is not modified in respect of this matter.

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 12 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. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

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 this report, we do not express any form of assurance conclusion thereon.

Independent auditor's report to the members of Pathé Fund Limited (continued)**Other information (continued)**

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 there is 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 the 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 the 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 Directors' report have been prepared in accordance with applicable legal requirements.

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 or Directors' report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept 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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement set out on page 3, 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.

Independent auditor's report to the members of Pathé Fund Limited (continued)**Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management. Our approach was as follows:

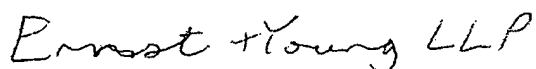
- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (FRS 102 and the Companies Act 2006) and the relevant direct and indirect tax compliance regulation in the United Kingdom. In addition the Company has to comply with laws and regulations relating to its domestic operations, including health and safety, employees, data protection and anti-bribery and corruption legislation.
- We understood how the Company is complying with those frameworks by making enquiries of management to understand how the Company maintains and communicates its policies and procedures in these areas and corroborated this by reviewing supporting documentation. We also reviewed correspondence with relevant authorities.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by considering the risk of management override and by assuming revenue to be a fraud risk.
- We incorporated data analytics into our testing of manual journals including our testing of revenue recognition. We tested specific transactions back to source documentation.

Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved testing journals identified by specific risk criteria.

A further description of our responsibilities for the audit of the financial statements is located 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 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.



Louise Pennell (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London

27 July 2021

**Statement of comprehensive income
for the year ended 31 December 2020**

	Note	2020 £'000	2019 £'000
Turnover	5	1,066	1,868
Cost of sales		(33)	(36)
Gross profit		<u>1,033</u>	<u>1,832</u>
Administrative expenses		(498)	(756)
Operating profit	6	<u>535</u>	<u>1,076</u>
Net interest income	7	15	33
Profit before taxation		<u>550</u>	<u>1,109</u>
Tax on profit	10	5	(246)
Profit and total comprehensive income for the year		<u>555</u>	<u>863</u>

The notes on pages 10 to 20 form an integral part of these financial statements.

Balance sheet
as at 31 December 2020

	Note	2020 £'000	2019 £'000
Fixed assets			
Intangible assets	11	190	190
Investments	12	—	—
Non-recourse loans		(187)	(187)
		<u>3</u>	<u>3</u>
Current assets			
Debtors	13	13,066	16,361
Cash at bank and in hand		94	217
		<u>13,160</u>	<u>16,578</u>
Creditors: amounts falling due within one year	14	<u>(8,645)</u>	<u>(7,618)</u>
Net current assets		<u>4,515</u>	<u>8,960</u>
Total assets less current liabilities		<u>4,518</u>	<u>8,963</u>
Net assets		<u>4,518</u>	<u>8,963</u>
Capital and reserves			
Called up share capital	16	3,500	3,500
Profit and loss account		1,018	5,463
Total equity		<u>4,518</u>	<u>8,963</u>

The notes on pages 10 to 20 form an integral part of these financial statements.

The financial statements on pages 7 to 20 were approved by the board of directors on 23 July 2021 and were signed on its behalf by:



J Clarke
Director

Registered number: 3407564
6 Ramillies Street
London
W1F 7TY

Statement of changes in equity

	Note	Called up share capital £'000	Profit and loss account £'00	Total equity £'000
As at 1 January 2019		3,500	4,600	8,100
Profit and total comprehensive income for the financial year		–	863	863
As at 31 December 2019		3,500	5,463	8,963
As at 1 January 2020		3,500	5,463	8,963
Profit and total comprehensive income for the financial year		–	555	555
Dividends paid to parent undertaking		–	(5,000)	(5,000)
As at 31 December 2020		3,500	1,018	4,518

**Notes to the financial statements
for the year ended 31 December 2020**

1. General information

Pathé Fund Limited ('the Company') is primarily responsible for acting as an international sales agent for independent theatrical feature films, most of which have been produced and part financed by the Pathé group of companies.

The Company is a private company limited by shares and is incorporated and domiciled in England. The address of its registered office is 6 Ramillies Street, London, W1F 7TY.

The Company's financial statements were authorised for issue by the Board of directors on 23 July 2021.

2. Statement of compliance

The individual financial statements of Pathé Fund Limited have been prepared in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "Financial Reporting Standards applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3. Accounting policies

The principal accounting policies are summarised below. They have been applied consistently throughout the year and the preceding year, unless otherwise stated.

The preparation of financial statements in accordance with FRS 102 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. The areas involving a higher degree of judgement or complexity, or areas where assumptions or estimates are significant to the financial statements are disclosed in note 4.

Basis of preparation

The financial statements are prepared on a going concern basis.

Pathé Productions Limited has agreed to provide continued financial support to the Company for the foreseeable future to meet its obligations as and when they fall due, for a minimum period of 12 months from the date of approval of these financial statements, to the extent that the Company is unable to meet its liabilities. The directors have considered the impact of Covid -19 on future trading and are confident that the impact of Covid -19 will not lead to the company no longer being a going concern.

**Notes to the financial statements
for the year ended 31 December 2020 (continued)****3. Accounting policies (continued)****Exemptions for qualifying activities under FRS 102**

The Company has taken advantage of the exemption under FRS 102, paragraph 1.12(b), from preparing a statement of cashflow on the basis that it is a qualifying entity and its ultimate parent company, Pathé SAS, includes the Company's cash flows in its own consolidated financial statements. The Company is also taking the exemption for disclosing key management personnel compensation in total under FRS 102, paragraph 33.7, and from preparing a reconciliation of the number of shares outstanding at the beginning and end of the period under FRS 102, paragraph 3.17.

Consolidated financial statements

The Company is exempt from preparing group financial statements under section 400 of the Companies Act 2006 as it is a wholly owned subsidiary of Pathé SAS which is registered in France. The financial statements present information about the Company as an individual undertaking and not about its group.

Foreign currencies

The Company's functional and presentation currency is the pound sterling. Monetary assets and liabilities denominated in foreign currencies are reported at the rate of exchange prevailing at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All exchange differences are taken to the profit and loss account.

Revenue recognition

Turnover represents commission income and film income. Commission income is earned on the gross sales from the Company's exploitation of film rights. Sales commission from the exploitation of film rights is recognised on the later of the delivery to individual sub-distributors and the beginning of licence periods under individual sub-distribution contracts. Film income comprises gross sales from the Company's exploitation of film rights which are recognised on the later of the delivery to individual sub-distributors and the beginning of licence periods under individual sub-distribution contracts. Monies received in advance of the licence periods and film delivery are excluded from film income and are accounted for as deferred income in the balance sheet.

Employee Benefits

Staff working for the Company are employed by other Pathe group companies. The Company is subject to recharges from these other companies according to how much time staff spend working on the Company's business. These recharges include elements to cover pension costs and bonus costs.

Taxation

UK Corporation Tax is provided at amounts expected to be paid (or recovered), using tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

**Notes to the financial statements
for the year ended 31 December 2020 (continued)**

3. Accounting policies (continued)

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in years different from those in which they are recognised in the financial statements. Deferred tax is measured at the average tax rates that are expected to apply in the years in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Intangible assets - Film investments

Film investments comprise amounts paid for the development or production of films in progress and completed films produced, all of which are valued at the lower of cost and recoverable amount. Film production investments are amortised on an individual film basis in the proportion that income for the financial year bears to the directors' forecast of total income to be received. No amortisation is charged against production investments until the date of first release of the film. If at any point in time, the unamortised film cost exceeds anticipated future revenue streams, a provision for impairment is made.

Investments in subsidiary undertakings

Investments in subsidiary undertakings are stated at cost less any provision for a diminution in value.

Cash and cash equivalents

Cash and cash equivalent's includes cash in hand, and deposits with banks of less than three months' duration.

Financial instruments

The Company has chosen to adopt sections 11 and 12 of FRS 102 in respect of financial instruments. Basic financial assets, including trade and other receivables, and cash and bank balances are recognised at transaction price. These are reviewed regularly and if necessary, an impairment charge is taken to the profit and loss account. Financial assets are derecognised when the contractual rights to the cashflows are settled.

Basic financial liabilities, including trade and other receivables, and cash and bank balances are recognised at transaction price. Financial liabilities are derecognised when the liability is extinguished, i.e. when the contractual obligation is discharged, cancelled or expires.

The Company has no other financial instruments.

**Notes to the financial statements
for the year ended 31 December 2020 (continued)****3. Accounting policies (continued)****Share capital and dividends**

Ordinary shares are classified as equity. Dividends are recognised as a liability in the period in which the dividends are approved by the Company's shareholders, and are shown in the statement of changes in equity.

Non recourse loans

Film investment assets have been individually part financed on terms whereby the providers of the finance have recourse to only the specific film investment they finance and not to the Company's other assets. This arrangement ensures that the loans will be repaid only from the proceeds generated by the specific film asset they finance and there is no possibility whatsoever, either explicit or implicit, of a claim on the Company being established other than against funds generated by that film investment. There is no provision whatsoever whereby the Company has a right or obligation either to keep the film investment on repayment of the finance or re-acquire it at any time. The providers of the finance have contractually agreed that they will seek repayment of their respective loans, as to both principal and interest, only to the extent that sufficient funds are generated by the specific film investments they have financed and that they will not seek recourse in any other form. If the funds generated by the item are insufficient to pay off the provider of the finance, this does not constitute an event of default for the Company. The directors confirm that the Company is not obliged to support any losses associated with these loan arrangements, nor does it intend to do so. Since the aforementioned conditions hold for only part of the finance attributable to film investments, a linked presentation is considered the most appropriate treatment. Where a film investment has been written down because of doubts about its recoverability, it is therefore not probable that a transfer of economic benefits will be required to settle the obligations as originally recorded. Hence, non-recourse loans will be recorded to the extent that amounts will be paid to the providers of finance. Any write-back of the loans is treated as other income in the profit and loss account for the year.

Related party transactions

The Company discloses transactions with related parties that are not fully owned with the same group (see note 18). It does not disclose transactions with members of the same group that are fully owned with the same group as permitted by FRS 102 paragraph 33.1A.

**Notes to the financial statements
for the year ended 31 December 2020 (continued)**

4. Critical accounting estimates and estimation uncertainty

In some areas, it is necessary to make assumptions about future events.

i) Intangible assets: film investments

The Company seeks to cover its investment in film productions by securing sales of distribution rights to international distributors, along with income from distribution in the UK and France. All film investments are monitored regularly and the value of the Company's investment is compared to its share of forecast revenues from the film's exploitation. These forecast revenues may either be contracted, or estimated. Estimates are based on previous experience and management's assessment of conditions in the relevant markets. These estimates are prudent, but should actual revenues fall below these amounts, it may be necessary to charge additional amortisation amounts in future periods.

ii) Impairment of debtors

Where possible, business is contracted with organisations with which the Company has had prior dealings. In addition, international sales are typically made on the condition that the materials necessary to release the film will not be made until the customer has made full, or substantially full, payment in advance. When considering the recoverability of debts, management will take in to account previous payment history, current developments in the relevant market and specific information available concerning the individual debtor.

5. Turnover

i) Geographical segments:

	United Kingdom		Rest of Europe		North America		Rest of world		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Turnover by destination	-	3	561	720	160	644	345	501	1,066	1,868

All turnover originates from the United Kingdom.

ii) Operational segments

	Turnover	
	2020	2019
	£'000	£'000
Sales agency	1,030	1,821
Exploitation of film rights	36	47
	<u>1,066</u>	<u>1,868</u>

Notes to the financial statements
for the year ended 31 December 2020 (continued)

6. Operating profit

	2020	2019
	£'000	£'000
Operating profit is stated after (charging)/crediting:		
Amortisation of film investments	-	(3)
Exchange gain/(loss) on foreign currency	<u>32</u>	<u>(18)</u>

Audit fees are borne by Pathé Productions Limited, a group company.

7. Net interest income

	2020	2019
	£'000	£'000
Interest receivable from group companies	15	48
Interest payable on other balances	<u>-</u>	<u>(15)</u>
	<u>15</u>	<u>33</u>

8. Directors' emoluments

The remuneration of the directors was as follows:

	2020	2019
	£'000	£'000
Aggregate emoluments	73	76
Pension contributions to personal pension plan	<u>4</u>	<u>4</u>
	<u>77</u>	<u>80</u>

The directors of the Company are also directors of other group companies. The remuneration above reflects the directors' best estimate of how their time is allocated across the various group companies. Through the year four directors (2019: four) were members of money purchase pension scheme administered by the group.

9. Employee information

The average monthly number of employees (including executive directors) was as follows:

	2020	2019
	Number	Number
Administration	2	2
Sales	<u>1</u>	<u>1</u>

**Notes to the financial statements
for the year ended 31 December 2020 (continued)**

9. Employee information (continued)

The employees also work for various other group companies and the figures above include an allocation based on estimated time spent working on business of the Company.

Their aggregate remuneration comprised:

	2020	2019
	£'000	£'000
Wages and salaries	199	192
Social security costs	26	24
Other pension costs	30	30
	<u>255</u>	<u>246</u>

All the figures above are recharged by another group company. There were no pension contributions outstanding at the year end (2019: £nil).

10. Tax on profit

The tax charge in the year was £nil (2019: £229,000), as tax losses were surrendered from a group company to offset against taxable profits.

The Company has no deferred tax assets (2019: £nil).

The effective tax rate for the year is lower than (2019: higher than) the relevant rate of corporation tax in the UK for the year ended 31 December 2020 of 19.00% (2019: 19.00%) as explained below:

	2020	2019
	£'000	£'000
Profit before taxation	550	1,109
Profit multiplied by the standard rate in the UK 19.00% (2019: 19.00%)	105	211
Effects of:		
Losses surrendered from group companies	(105)	(203)
Adjustment to prior year calculation	5	237
Total tax charge for the year	<u>5</u>	<u>245</u>

The UK corporation tax will remain at 19% until 2023, when it will change to 25%.

Notes to the financial statements
for the year ended 31 December 2020 (continued)

11. Intangible assets

	Completed films - owned	Completed films - leased	Total
	£'000	£'000	£'000
Cost			
As at 1 January 2020	12,335	40,582	52,917
Additions	–	–	–
As at 31 December 2020	<u>12,335</u>	<u>40,582</u>	<u>52,917</u>
Accumulated amortisation			
As at 1 January 2020	(12,283)	(40,444)	(52,727)
Charge for the year	–	–	–
As at 31 December 2020	<u>(12,283)</u>	<u>(40,444)</u>	<u>(52,727)</u>
Net book amount			
As at 31 December 2020	<u>52</u>	<u>138</u>	<u>190</u>
As at 31 December 2019	<u>52</u>	<u>138</u>	<u>190</u>

12. Investments

The Company has the following subsidiary undertakings and joint venture.

	Principal business activity	Country of incorporation	Holding	%
Pathé Slate Limited	Dormant	United Kingdom	Ordinary Shares	100
Dekker Limited	Dormant	United Kingdom	Ordinary Shares	100
Big Nothing Limited	Dormant	Isle of Man	Ordinary Shares	100
Pathé (Jet Lag) Limited	Dormant	United Kingdom	Ordinary shares	100
Pathé Features Limited	Film investment	United Kingdom	Ordinary shares	100
Magic Rights Limited	Merchandising	United Kingdom	A Ordinary shares	50
			Shares	Total
			£	£
Cost and net book amount				
As at 1 January 2020 and 31 December 2020			<u>52</u>	<u>52</u>

The directors believe that the carrying value of the investments is supported by their underlying net assets.

**Notes to the financial statements
for the year ended 31 December 2020 (continued)**

13. Debtors

	2020	2019
	£'000	£'000
Trade debtors	314	1,790
Amounts owed by group undertakings	11,661	13,430
Taxation and social security	-	-
Other debtors	1,091	1,141
	<u>13,066</u>	<u>16,361</u>

Certain trading amounts due from group undertakings earn interest at LIBOR+1% for amounts outstanding for more than three months. Cash advances earn interest at LIBOR+1% from the month in which the cash is advanced. Interest charges are restricted as necessary to comply with thin capitalisation legislation. All amounts owed from group undertakings are unsecured and repayable on demand.

The balance above includes £740,000 (2019: £725,000) of interest due from group undertakings. Details of interest charged to group undertakings during the year are shown in note 7.

14. Creditors: amounts falling due within one year

	2020	2019
	£'000	£'000
Trade creditors	11	254
Amounts owed to group undertakings	7,090	4,597
Corporation tax	-	9
Taxation and social security	7	24
Accruals and deferred income	1,537	2,734
	<u>8,645</u>	<u>7,618</u>

Certain trading amounts owed to group undertakings incur interest at LIBOR+1% for amounts outstanding for more than three months. Cash advances attract interest at LIBOR+1% from the month in which the cash is advanced. Interest charges are restricted as necessary to comply with thin capitalisation legislation. All amounts owed to group undertakings are unsecured and repayable on demand.

The balance above includes £273,000 (2019: £273,000) of interest owed to group companies. Details of interest charged by group undertakings during the year are shown in note 7.

**Notes to the financial statements
for the year ended 31 December 2020 (continued)**

15. Financial instruments

The Company has the following financial instruments:

	2020	2019
	£'000	£'000
Financial assets measured at amortised cost:		
Trade debtors	314	1,790
Amounts owed by group undertakings	<u>11,661</u>	<u>13,430</u>
	<u>11,975</u>	<u>15,220</u>
Financial liabilities measured at amortised cost:		
Trade creditors	11	254
Amounts owed to group undertakings	<u>7,090</u>	<u>4,597</u>
	<u>7,101</u>	<u>4,851</u>

16. Called up share capital

	2020	2019
	£'000	£'000
Authorised		
300 (2019: 300) Cumulative redeemable preference shares of £10,000 each	3,000	3,000
10,001,000 (2019: 10,001,000) Ordinary shares of £1 each	<u>10,001</u>	<u>10,001</u>
	<u>13,001</u>	<u>13,001</u>
Allotted, called-up and fully-paid		
3,500,001 (2019: 3,500,001) Ordinary shares of £1 each	<u>3,500</u>	<u>3,500</u>

There is a single class of ordinary share. There are no restrictions on the distribution of income and the repayment of capital. There is one class of preference shares. The preference shares only confer voting rights on matters affecting the rights attached to those shares or votes on changing the Company's capital or winding up the Company. On winding up of the Company, preference share holders are repaid any paid-up capital and any outstanding preference share dividends before any distribution to other shareholders.

17. Dividends

	2020	2019
	£'000	£'000
Ordinary shares: declared and paid	<u>5,000</u>	<u>-</u>
	2020	2019
	Pence	Pence
Paid: per £1.00 share	<u>142.86</u>	<u>-</u>

**Notes to the financial statements
for the year ended 31 December 2020 (continued)****18. Related party disclosures**

One director, C M McCracken, was also a director and shareholder of Kent House Pictures Limited during the financial year. During the year the Company made no payments to (2019: £nil) and incurred no recharges (2019: £nil) from Kent House Pictures Limited. At the year end the Company owed Kent House Pictures Limited a total of £92,323 (2019: £92,323).

At the year end the Company was owed £56,572 by Magic Rights Limited (2019: £56,572), a joint venture undertaking within the group. The Company had no transactions with Magic Rights Limited during the financial year.

The Company is exempt from disclosing other related party transactions as they are with other companies that are wholly owned by the group.

Details of the ultimate controlling party and availability of consolidated financial statements are given in note 19.

19. Controlling parties

The Company's immediate parent undertaking is Pathé Entertainment Limited (100% effective holding) a company incorporated and registered in England.

Pathé SAS, a company incorporated and registered in France, is the ultimate parent company and the ultimate controlling party (100% effective holding).

Pathé SAS is the parent company of the largest and smallest group of which the Company is a member and for which group financial statements are drawn up. Copies of the consolidated financial statements of Pathé SAS can be obtained from the Secretary, Pathé SAS, 2 rue Lamennais, 75008 Paris, France.

20. Covid-19

During 2020, the Covid -19 pandemic had a significant effect on cinema attendances across the globe. Whilst the initial wave of infections and subsequent lockdowns disrupted the international film market calendar, the impact was less pronounced, and is not expected to continue beyond 2020/21.