

Cineflix Productions UK Limited

Director's report and
financial statements

Year ended 30 September 2018

Registered number: 05197022

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Cineflix Productions UK Limited

Director's report and financial statements

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Cineflix Productions UK Limited

Director and other information

Director	Glen Salzman (Canadian)
Registered office	1st Floor 1 Lorenzo Street London, WC1X 9DJ United Kingdom
Auditor	KPMG Chartered Accountants 1 Stokes Place St. Stephen's Green Dublin 2
Banker	Barclays Bank PLC 27 Soho Square London, W1D 3QR United Kingdom
Solicitor	Sheridans Seventy Six Wardour Street London W1F 0UR DX 138879 Mayfair United Kingdom
Registered number	05197022

Cineflix Productions UK Limited

Director's report

The director presents the annual report together with the audited financial statements of the company for the year ended 30 September 2018.

Principal activities, risks and uncertainties

The principal activity of the company is the development and production of television programmes.

The company will continue to develop its remaining business with the financial support of its ultimate parent, Cineflix Media Incorporated.

Principal risks and uncertainties facing the company are greatly reduced as the company currently has no employees and limited business activity. Future plans are being considered by the director and the company continues to rely on the committed financial support of its parent company.

Results and dividends

The results of the company for the year are set out in the statement of profit and loss account on page 8 and in the related notes.

The director does not recommend the payment of a dividend (2017: £Nil).

Director and his interests

The director of the company is set out on page 1. The director was in place for the full financial year.

In accordance with Section 270(1) of the Companies Act 2006, the company has availed of the provision not requiring the company to have a secretary.

The director held no shares or other instruments in the company at any time during the financial year.

Political contributions

The company made no political or charitable contributions during the year (2017: £Nil).

Going concern

The financial statements are prepared on a going concern basis, notwithstanding net liabilities of £4,368,783 (2017: £4,488,169) which the director believes to be appropriate for the following reasons:

- The company is dependent for its working capital on funds provided to it by Cineflix Media Incorporated, the company's ultimate parent. Cineflix Media Incorporated has indicated that for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as are needed by the company and, in particular, it will not seek repayment of amounts owing from the company. The director considers that this should enable the company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment.

Based on these indications the director believes that it remains appropriate to prepare the financial statements on a going concern basis.

Post balance sheet events

There have been no events subsequent to the balance sheet date that would require disclosure or amendment to the financial statements.

Cineflix Productions UK Limited

Director's report *(continued)*

Disclosure of information to auditor

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

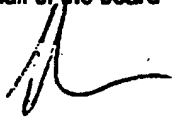
Strategic report exemption

In preparing this report, the director has taken advantage of the small companies exemptions provided by Section 414B of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 not to prepare a strategic report.

Auditor

Pursuant to Section 487 of the Companies Act 2006, KPMG, Chartered Accountants, will be deemed to be reappointed and will therefore continue in office.

On behalf of the board



Glen Salzman
Director

1st Floor
1 Lorenzo Street
London
WC1X 9DJ

Dated:

19 JUNE 2019

Cineflix Productions UK Limited

Statement of director's responsibilities in respect of the director's report and the financial statements

The directors are responsible for preparing the director's 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 they have elected to prepare the financial statements in accordance with FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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 assets, liabilities and financial position of the company and of its profit or loss for that year. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the assets, liabilities, financial position and profit or loss of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal controls as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities. The directors are also responsible for preparing a director's report that complies with the requirements of the Companies Act 2006.

On behalf of the board



Glen Salzman
Director

19 JUNE 2019



KPMG
Audit
1 Stokes Place
St. Stephen's Green
Dublin 2
D02 DE03
Ireland

Independent auditor's report to the members of Cineflix Productions UK Limited

1 Report on the audit of the financial statements

Opinion

We have audited the financial statements of Cineflix Productions UK Limited ('the company') for the year ended 30 September 2018 set out on pages 8 to 18, which comprise the statement of profit and loss account, the balance sheet, the statement of changes in equity, the cash flow statement and related notes, including the summary of significant accounting policies set out in note 1. The financial reporting framework that has been applied in their preparation is UK Law and FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

In our opinion, the accompanying financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been properly 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 ethical requirements that are relevant to our audit of financial statements in the UK, including the Financial Reporting Council (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.

We have nothing to report on going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.



Independent auditor's report to the members of Cineflix Productions UK Limited *(continued)*

1 Report on the audit of the financial statements *(continued)*

Other information

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

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

Based solely on our work on the other information;

- we have not identified material misstatements in the director's report;
- in our opinion, the information given in the director's report is consistent with the financial statements;
- in our opinion, the director's report has been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, 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; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report on these matters/in regard to these matters.



Independent auditor's report to the members of Cineflix Productions UK Limited (continued)

2 Respective responsibilities and restrictions on use

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 4, 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 they 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.

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

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

Our 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.

John Corrigan (Senior Statutory Auditor)
for and on behalf of
KPMG Statutory Auditor
1 Stokes Place
St. Stephen's Green
Dublin 2
Ireland

19 June 2019

Cineflix Productions UK Limited

Statement of profit and loss account for the year ended 30 September 2018

	Note	2018 £	2017 £
Turnover - continuing operations	2	123,635	301,253
Administrative expenses		(4,182)	(1,152)
Intercompany write-off		-	(2,001)
Operating profit - continuing operations		119,453	298,100
Interest receivable and similar income	5	-	13,345
Interest payable and similar charges	5	(67)	(459)
Profit on ordinary activities before taxation	3	119,386	310,986
Tax charge for the year	6	-	-
Profit on ordinary activities after taxation		119,386	310,986

The company had no recognised gains or losses in the financial year or preceding financial years other than those dealt with in the profit and loss account and other comprehensive income and accordingly, no statement of other comprehensive income has been presented.

Cineflix Productions UK Limited

Balance sheet as at 30 September 2018

	Note	2018 £	2017 £
Fixed assets			
Financial assets	7	-	-
Current assets			
Debtors	8	249,457	251,516
Cash at bank and in hand		196	1,410
		<u>249,653</u>	<u>252,926</u>
Creditors: due within one year	9	(4,618,436)	(4,741,095)
Net current liabilities		(4,368,783)	(4,488,169)
Net liabilities		(4,368,783)	(4,488,169)
Capital and reserves			
Called up share capital	10	2	2
Profit and loss account		<u>(4,368,785)</u>	<u>(4,488,171)</u>
Shareholders' deficit		(4,368,783)	(4,488,169)

These financial statements were approved by the board on 19 JUNE 2019 and were signed on its behalf by:



Glen Salzman
Director

Registered number: 05197022

Cineflix Productions UK Limited

Statement of changes in equity for the year ended 30 September 2018

	Called up share capital £	Retained earnings £	Total £
At 1 October 2016	2	(4,799,157)	(4,799,155)
<i>Total comprehensive income for the year</i>			
Profit for the year	-	310,986	310,986
	<hr/>	<hr/>	<hr/>
At 30 September 2017	2	(4,488,171)	(4,488,169)
<i>Total comprehensive income for the year</i>			
Profit for the year	-	119,386	119,386
	<hr/>	<hr/>	<hr/>
Balance at 30 September 2018	2	(4,368,785)	(4,368,783)
	<hr/>	<hr/>	<hr/>

The accompanying notes on pages 12 to 18 form an integral part of the financial statements.

Cineflix Productions UK Limited

Cash flow statement

for the year ended 30 September 2018

	Note	2018 £	2017 £
Cash flows from operating activities			
Profit for the financial year		119,386	310,986
Adjustment for:			
Interest receivable and similar income		-	(13,345)
Interest payable and similar charges	5	67	459
Taxation	6	-	-
		119,453	298,100
Decrease/(increase) in debtors		2,059	(193,580)
Decrease in creditors		(122,659)	(121,634)
		(1,147)	(17,114)
Tax paid		-	-
Net cash used in operating activities		(1,147)	(17,114)
Cash flows from investing activities			
Disposal of financial assets	7	-	2,001
Interest received	5	-	13,345
Net cash from investing activities		-	15,346
Cash flows from financing activities			
Interest paid	5	(67)	-
Net cash used in financing activities		(67)	-
Net decrease in cash and cash equivalents		(1,214)	(1,768)
Cash and cash equivalents at 1 October		1,410	3,178
Cash and cash equivalents at 30 September		196	1,410

Cineflix Productions UK Limited

Notes

forming part of the financial statements

1 Accounting policies

Cineflix Productions UK Limited (the "company") is a company limited by shares and incorporated, domiciled and registered in the United Kingdom.

The Company is exempt by virtue of s401 subject to the small companies' regime of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the company as an individual undertaking and not about its group.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* ("FRS 102"). The functional and presentation currency of these financial statements is Sterling.

The company has not availed of any exemptions available under FRS 102 in these financial statements.

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

Basis of measurement

The financial statements have been prepared on the historical cost basis.

Going concern

The financial statements are prepared on a going concern basis, notwithstanding net liabilities of £4,368,783 (2017: £4,488,169) which the director believes to be appropriate for the following reasons:

- The company is dependent for its working capital on funds provided to it by Cineflix Media Incorporated, the company's ultimate parent. Cineflix Media Incorporated has indicated that for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as are needed by the company and, in particular, it will not seek repayment of amounts owing from the company. The director considers that this should enable the company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment.

Based on these indications the director believes that it remains appropriate to prepare the financial statements on a going concern basis.

Foreign currency

Transactions in foreign currencies are translated to the functional currency of the company at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated to the functional currency at the exchange rate when the fair value was determined. Foreign currency differences are generally recognised in profit or loss. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

Cineflix Productions UK Limited

Notes (continued)

1 Accounting policies (continued)

Basic financial instruments

Trade and other debtors/creditors

Trade and other debtors are recognised initially at transaction price plus attributable transaction costs. Trade and other creditors are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

Cash and cash equivalents

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

Financial fixed assets

Financial fixed assets are shown at cost less provisions for impairments in value. Income from financial fixed assets, together with any related tax credit, is recognised in the profit and loss account in the year in which it is receivable.

Tangible fixed assets

Recognition and measurement

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the company.

Depreciation

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Land is not depreciated. The estimated useful lives are as follows:

- | | |
|-------------------------|-----|
| • Buildings | 20% |
| • Computer equipment | 33% |
| • Fixtures and fittings | 20% |

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since the last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

Turnover

Turnover represents fees charged to production companies exclusive of value added tax and trade discounts and royalty income earned from rights controlled by the company.

Cineflix Productions UK Limited

Notes (continued)

1 Accounting policies (continued)

Expenses

Operating lease

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

Interest receivable and interest payable

Interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest payable and similar charges include interest payable and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy).

Interest income and interest payable are recognised in profit or loss as they accrue. Foreign currency gains and losses are reported on a net basis.

Employee benefits

Defined contribution plans and other long term employee benefits

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

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

Cineflix Productions UK Limited

Notes (continued)

1 Accounting policies (continued)

Taxation (continued)

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

2 Turnover

Turnover represents income from the development and production of television programmes in the UK.

	2018 £	2017 £
Turnover	123,635	301,253

3 Statutory and other information

<i>Operating profit is stated after charging:</i>	2018 £	2017 £
Director's remuneration	-	-
Auditor's remuneration	3,386	2,924
Interest received	-	(13,345)
Operating lease commitments	-	-
Impairment of financial assets (note 7)	-	2,001

4 Staff numbers and costs

There were no persons employed by the company (excluding directors) during the year (2017: £Nil).

Cineflix Productions UK Limited

Notes (continued)

5	Interest receivable and similar income	2018 £	2017 £
	Bank interest refund	-	13,345
		<u> </u>	<u> </u>
	Interest payable and similar charges		
	Loss on foreign exchange	67	459
		<u> </u>	<u> </u>

6	Taxation on profit on ordinary activities	2018 £	2017 £
	Recognised in the profit and loss account		
	Current taxation	-	-
	Deferred tax	-	-
		<u> </u>	<u> </u>
		<u> </u>	<u> </u>

Reconciliation of effective tax rate

The current tax charge for the year is higher than the standard rate of tax in the United Kingdom. The differences are set out in the tax reconciliation below.

	2018 £	2017 £
Profit on ordinary activities before taxation	119,386	310,986
	<u> </u>	<u> </u>
Profit on ordinary activities at standard corporation tax rate in the UK of 19% (2017: 20%)	22,683	62,197
<i>Effects of:</i>		
Expenses not deductible for tax purposes	-	400
Deferred tax not recognised which is utilised in the current year	(22,683)	(62,597)
	<u> </u>	<u> </u>
	<u> </u>	<u> </u>

Deferred tax asset of £536,802 (2017: £557,098) was not recognised in respect of tax losses available to carry forward given the uncertainty over the existence of future taxable profits against which such losses may be utilised.

Cineflix Productions UK Limited

Notes (continued)

7 Financial assets	2018 £	2017 £
Cost at the beginning of the year	-	2,001
Impairment	-	(2,001)
At the end of the year	-	-

In the prior year, the company wrote-off its 100% equity interest in three production subsidiaries as these entities ceased trading. The carrying value of the company's investment in the three subsidiary undertakings was £Nil (note 3) on write-off.

8 Debtors	2018 £	2017 £
Amounts owed by group undertakings	249,457	251,516

All amounts are due within one year. Amounts owed by group undertakings are non-interest bearing and are repayable on demand.

9 Creditors: due within one year	2018 £	2017 £
Trade creditors	576	816
Accruals and deferred income	7,835	9,214
Amounts owed to group undertakings	4,602,863	4,727,463
VAT payable	7,162	3,602
	4,618,436	4,741,095

All amounts are due within one year. Amounts owed to group undertakings are non-interest bearing and are repayable on demand.

10 Called up share capital	2018 £	2017 £
Authorised		
100 ordinary shares of £1 each	100	100
Allotted, called up and fully paid		
2 ordinary shares of £1 each	2	2

Cineflix Productions UK Limited

Notes (continued)

11 Related party transactions

At the end of the year, the company had amount payable to Cineflix Media Incorporated of £4,602,863 (2017: £4,727,463) and amount receivable from Cineflix International Media Limited of £249,457 (2017: £251,516).

12 Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of the company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Critical Judgements in Applying the Company's Accounting Policies

Due to the size and simplicity of the company, there are no critical judgements or estimations that the directors have made in the process of applying the company's accounting policies.

13 Ultimate parent company and parent undertaking of larger group of which the company is a member

The company's ultimate parent undertaking is Cineflix Media Incorporated, a company registered in Canada.

The largest group in which the results of the company are consolidated is that headed by Cineflix Media Incorporated, registered office at 3510 Saint-Laurent Boulevard, Suite 202, Montreal QC H2X 2V2, Canada. The consolidated financial statements of the Cineflix Media Incorporated are not available to the public.

14 Contingent liabilities

The company's assets are pledged as security against loans of its parent undertaking, Cineflix Media Incorporated.

15 Post balance sheet events

There have been no events subsequent to the balance sheet date that would require disclosure or amendment to the financial statements.