

Sundog Pictures Limited

Directors' report and financial statements

Registered number 06906545

31 March 2020



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Directors' Report

The directors present their report and the unaudited financial statements for the year ended 31 March 2020.

Principal activities and review of business

The principal activity of the Company is film and television production.

The Company has net liabilities. However, as detailed in note 1 to the financial statements, the majority shareholder, Sam Branson, has formally indicated that it is his present intention to provide sufficient funding to the Company to enable it to meet its liabilities as they fall due, for at least the next twelve months. The directors have no reason to believe that the majority shareholder will not be in a position to provide this support.

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Results

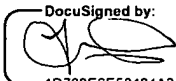
The loss for the year, after taxation, amounted to £809,000 (2019 - £632,000).

Directors

The directors who served during the year were:

Sam Edward Charles Branson
Peter Michael Russell Norris
Jonathan Alexander Webb
Ajaz Khowaj Quoram Ahmed (resigned 7 July 2020)
Richard John Reed (resigned 8 July 2020)
Nicholas Adam Southgate (resigned 7 July 2020)

This report was approved by the board on 16 February 2021 and signed on its behalf.

DocuSigned by:

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Jonathan Alexander Webb

Director

The Battleship Building

179 Harrow Road

London

W2 6NB

Statement of Comprehensive Income
For the year ended 31 March 2020

		2020	2019
	<i>Note</i>	£000	£000
Turnover	2	827	2,240
Cost of sales		(614)	(1,730)
Gross profit		212	510
Other operating income	3	-	26
Administrative expenses		(743)	(910)
Operating loss	4	(531)	(374)
Interest receivable and similar income	7	18	-
Interest payable and similar expenses	8	(296)	(273)
Loss before tax		(809)	(647)
Taxation		-	15
Loss for the financial year		(809)	(632)
Other comprehensive income for the year		-	-
Total comprehensive loss for the year		(809)	(632)

The notes on pages 4 to 9 form part of these financial statements.

Balance Sheet
As at 31 March 2020

Registered number: 06906545

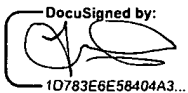
	Note	2020 £000	2019 £000
Non-current assets			
Tangible assets	9	<u>14</u>	<u>7</u>
		14	7
Current assets			
Debtors: amounts falling due within one year	10	579	773
Cash at bank and in hand		<u>111</u>	<u>328</u>
		690	1,101
Creditors: amounts falling due within one year	11	<u>(5,547)</u>	<u>(5,142)</u>
Net current liabilities		<u>(4,858)</u>	<u>(4,041)</u>
Total Liabilities		<u>(4,843)</u>	<u>(4,034)</u>
Net liabilities		<u>(4,843)</u>	<u>(4,034)</u>
Capital and reserves			
Share capital	12	-	-
Profit and loss account		<u>(4,843)</u>	<u>(4,034)</u>
Shareholders' deficit		<u>(4,843)</u>	<u>(4,034)</u>

The directors consider that the Company is entitled to exemption from audit under section 477 of the Companies Act 2006 and members have not required the Company to obtain an audit for the year in question in accordance with section 476 of Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 16 February 2021.

DocuSigned by:

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Jonathan Alexander Webb
Director

The notes on pages 4 to 9 form part of these financial statements.

Notes to the financial statements**1 Accounting policies****1.1 Basis of preparation of financial statements**

Sundog Pictures Limited is a company incorporated and domiciled in the UK. The Company's registered address is: The Battleship Building, 179 Harrow Road, London W2 6NB, United Kingdom.

The financial statements have been prepared under the historical cost convention and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

1.2 Going concern

The financial statements have been prepared on a going concern basis in view of the fact that the majority shareholder, Sam Branson, has formally indicated that it is his present intention to provide sufficient funding to the Company, to enable it to meet its liabilities as they fall due, for at least the next twelve months.

The directors have no reason to believe that the majority shareholder will not be in a position to provide the support referred to above and, accordingly, they have prepared the financial statements on a going concern basis.

1.3 Turnover

The Company's turnover comprises of fees derived from film and television production services. Turnover is recognised in accordance with IFRS 15's principal based 'five step' model as follows:

- Contract with a customer is identified;
- Contact performance obligations are identified;
- Transaction price is determined;
- Transaction price is allocated to each performance obligation; and
- Upon satisfaction of each performance obligation the revenue is recognised.

1.4 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

- | | | |
|-----------------------------|---|-----------|
| • S/Term Leasehold Property | - | 5 years |
| • Film and Office Equipment | - | 3-5 years |

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

Notes to the financial statements**1 Accounting policies (continued)****1.5 Debtors**

Short term debtors are measured at transaction price less any impairment. Loans receivable are measured initially at fair value, net of transaction cost, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

1.6 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

1.7 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

1.8 Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

1.9 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

1.10 Pensions***Defined contribution pension plan***

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

1.11 Taxation

Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Notes to the financial statements**2 Turnover**

An analysis of turnover by class of business is as follows:

	2020 £000	2019 £000
Film and television production	827	2,240
	<u>827</u>	<u>2,240</u>

All turnover arose within the United Kingdom.

3 Other operating income

	2020 £000	2019 £000
Rental income	-	26
	<u>-</u>	<u>2,304</u>

4 Operating loss

The operating loss is stated after charging:

	2020 £000	2019 £000
Depreciation of tangible fixed assets	7	24
Other operating lease rentals	91	81
Defined contribution pension cost	<u>12</u>	<u>9</u>

5 Employees

Staff costs, including directors' remuneration, were as follows:

	2020 £000	2019 £000
Wages and salaries	515	468
Social security costs	59	56
Cost of defined contributions scheme	<u>12</u>	<u>9</u>
	<u>586</u>	<u>553</u>

The average monthly number of employees, including the directors, during the year was 10 (2019- 10).

6 Directors' remuneration

	2020 £000	2019 £000
Directors' emoluments	141	141
Company contributions to defined contribution pension schemes	<u>7</u>	<u>7</u>
	<u>148</u>	<u>148</u>

Notes to the financial statements**6 Directors' remuneration (continued)**

During the current and prior year retirement benefits were accruing to one director in respect of defined contribution pension schemes (2019: one director).

The highest paid director received remuneration of £125,000 (2019 - £125,000).

The value of the Company's contributions paid to a defined contribution pension schemes in respect of the highest paid director amounted to £7,000 (2019 - £7,000).

7 Interest receivable and similar income

	2020 £000	2019 £000
Foreign exchange gain	18	-
	<u>18</u>	<u>273</u>

8 Interest payable and similar charges

	2020 £000	2019 £000
Other loan interest payable	296	272
Foreign exchange loss	-	1
	<u>296</u>	<u>273</u>

9 Tangible fixed assets

	S/Term Leasehold Property £000	Film and Office Equipment £000	Total £000
Cost or valuation			
At 1 April 2019	119	185	304
Additions	-	15	15
At 31 March 2020	<u>119</u>	<u>200</u>	<u>319</u>
Depreciation			
At 1 April 2019	119	178	297
Charge for the period on owned assets		7	7
At 31 March 2020	<u>119</u>	<u>185</u>	<u>304</u>
Net book value			
At 31 March 2020	<u>-</u>	<u>14</u>	<u>14</u>
At 31 March 2019	<u>-</u>	<u>7</u>	<u>7</u>

10 Debtors

	2020 £000	2019 £000
Trade debtors	466	427
Prepayments and accrued income	101	332
Inventory	12	7
Other debtors	-	7
	<u>579</u>	<u>773</u>

Notes to the financial statements**11 Creditors: amounts falling due within one year**

	2020	2019
	£000	£000
Trade creditors	3	86
Other taxation and social security	25	49
Other creditors	4,566	4,099
Accruals and deferred income	952	908
	<u>5,547</u>	<u>5,142</u>

12 Share capital - shares classified as equity

	2020	2019
	£000	£000
<i>Allotted, called up and fully paid</i>		
880 Ordinary shares of £0.001 each	-	-
100 A Ordinary shares of £0.001 each	-	-
10 B Executive shares of £0.001 each	-	-
10 C Executive shares of £0.001 each	-	-
10 D Executive shares of £0.001 each	-	-
	<u>-</u>	<u>-</u>

13 Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £12,000 (2019 - £9,000).

14 Commitments under operating leases

At 31 March 2020 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2020	2019
	£000	£000
Between 1 and 5 years	39	-
	<u>39</u>	<u>-</u>

15 Related party transactions

The total amount drawn down from Sam Branson as at 31 March 2020 was £3,425,000 (2019 - £3,175,000). Interest accrued on this amount at 31 March 2020 was £1,140,000 (2019 - £844,000). The loan is repayable on demand and interest is being charged at 4% on £2,200,000, 9.75% on £525,000, and 8% on 700,000.

Notes to the financial statements**16 Post balance sheet events**

The Covid-19 outbreak developed rapidly in 2020. The measures taken by the governments around the world to contain the virus have had a significant impact on business activity.

It is not possible to reliably quantify the financial impact of Covid-19 on the Company's business. It is fair to say, however, that it has had an impact on operations by causing delays to filming and to new commissions.

On 30 June 2020, the Company incorporated a new 100% owned subsidiary, Sundog UB Holdings Limited.

On 9 July 2020, at the direction of the Company, Sundog UB Holdings Limited subscribed for 335,400 B Ordinary shares of \$0.001 each in the capital of HiddenLight Productions Limited, representing 50% of the total share capital of this company. The consideration for the subscription was a cash payment of \$1,000,000 made by the Company and the sale by the Company to HiddenLight Productions Limited of its business of film production and certain of its assets. In consideration for the Company's direction to issue the shares to its subsidiary, the subsidiary issued 270 Ordinary shares of £1 each to the Company.

On 1 December 2020, the Company's majority shareholder, Sam Branson, subscribed for 4990 A Ordinary shares of £0.001 in the capital of the Company for consideration of £4,425,000, satisfied by the repayment of the capital portion of a loan outstanding between Sam Branson and the Company. On the same day, Sam Branson waived the interest accrued on this loan.