

**Sundog Pictures Limited**

**Directors' report and financial statements**

Registered number 06906545

31 March 2021



**Directors' Report**

The directors present their report and the unaudited financial statements for the year ended 31 March 2021.

**Principal activities and review of business**

In the prior year, the principal activity of the Company was that of film and television production.

On 30 June 2020, the Company incorporated a new fully owned subsidiary, Sundog UB Holdings Limited. On 8 July 2020, the Company's subsidiary acquired an investment in HiddenLight Productions Limited.

On 9 July 2020, the Company transferred its business of film and television production along with its intellectual property rights valued at \$2,000,000 (£1,524,000) to HiddenLight Productions Limited and also made a cash contribution of \$1,000,000 (£770,000) to HiddenLight Productions Limited. On transfer, a gain of £1,524,000 was recognised in relation to the Company's intellectual property, which had not previously been recognised on the balance sheet in accordance with accounting standards. In exchange for this transfer, at the direction of the Company, HiddenLight Productions Limited issued 335,400 B Ordinary shares of US\$0.001 to the Company's subsidiary, Sundog UB Holdings Limited. In consideration for receiving the investment in HiddenLight Productions Limited, Sundog UB Holdings Limited issued 270 ordinary shares of £1 to the Company for consideration of £2,294,000.

Following the transaction, the principal activity of the Company is now that of an investment holding company.

The Company has net current 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**

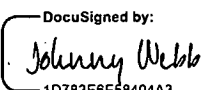
The profit for the year, after taxation, amounted to £1,112,000 (2020 - loss of £809,000).

**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 15 December 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 2021*

	<i>Note</i>	<b>2021</b> <b>£000</b>	<b>2020</b> <b>£000</b>
Turnover	2	274	827
Cost of sales		(144)	(614)
<b>Gross profit</b>		<b>130</b>	<b>212</b>
Loss on disposal of fixed assets	9	(14)	-
Other operating income	3	1,524	-
Administrative expenses		(235)	(743)
<b>Operating profit/(loss)</b>	4	<b>1,405</b>	<b>(531)</b>
Interest receivable and similar income	7	-	18
Interest payable and similar expenses	8	(294)	(296)
<b>Profit/(loss) before tax</b>		<b>1,112</b>	<b>(809)</b>
Taxation		-	-
<b>Profit /(loss) for the year</b>		<b>1,112</b>	<b>(809)</b>
Other comprehensive income for the year		-	-
<b>Total comprehensive profit/(loss) for the year</b>		<b>1,112</b>	<b>(809)</b>

The notes on pages 4 to 10 form part of these financial statements.

**Balance Sheet**  
*As at 31 March 2021*

Registered number: 06906545

	Note	2021 £000	2020 £000
<b>Non-current assets</b>			
Tangible assets	9	-	14
Investments	10	<u>2,294</u>	<u>-</u>
		<b>2,294</b>	<b>14</b>
<b>Current assets</b>			
Debtors: amounts falling due within one year	11	100	579
Cash at bank and in hand		<u>224</u>	<u>111</u>
		<b>324</b>	<b>690</b>
Creditors: amounts falling due within one year	12	<u>(501)</u>	<u>(5,547)</u>
<b>Net current liabilities</b>		<u>(177)</u>	<u>(4,858)</u>
<b>Total assets / (liabilities)</b>		<u><b>2,117</b></u>	<u><b>(4,843)</b></u>
<b>Net assets / (liabilities)</b>		<u><b>2,117</b></u>	<u><b>(4,843)</b></u>
<b>Capital and reserves</b>			
Share capital	13	-	-
Share premium	13	4,425	-
Capital Contribution Reserve	13	1,423	-
Profit and loss account		<u>(3,731)</u>	<u>(4,843)</u>
<b>Shareholders' funds / (deficit)</b>		<u><b>2,117</b></u>	<u><b>(4,843)</b></u>

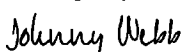
The directors consider that the Company is entitled to exemption from audit under section 477 of the Companies Act 2006 and members have not required the Company to obtain an audit for the year in question in accordance with section 476 of Companies Act 2006.

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 15 December 2021.

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**Jonathan Alexander Webb**  
Director

The notes on pages 4 to 10 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 England and Wales. 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 Company has net current liabilities. 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 Valuation of investments**

Investment in subsidiaries are measured at cost less accumulated impairment.

**1.6 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.

**1.7 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.

**1.8 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.

**1.9 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.

**1.10 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.

**1.11 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.

**1.12 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.

## **Notes to the financial statements**

### **1 Accounting policies *(continued)***

#### **1.11 Taxation *(continued)***

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:

	2021 £000	2020 £000
Film and television production	274	827
	<u>274</u>	<u>827</u>

All turnover arose within the United Kingdom.

**3 Other operating income**

	2021 £000	2020 £000
Profit on transfer of intellectual property rights	1,524	-
	<u>1,524</u>	<u>-</u>

On 9 July 2020, along with the transfer of its business, the Company transferred its intellectual property rights to HiddenLight Productions Limited for consideration of \$2,000,000 (£1,524,000). The Company recorded a profit on transfer of \$2,000,000 (£1,524,000).

**4 Operating loss**

The operating loss is stated after charging:

	2021 £000	2020 £000
Depreciation of tangible fixed assets	1	7
Other operating lease rentals	21	91
Defined contribution pension cost	3	12
	<u>3</u>	<u>12</u>

**5 Employees**

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

	2021 £000	2020 £000
Wages and salaries	123	515
Social security costs	7	59
Cost of defined contributions scheme	3	12
	<u>133</u>	<u>553</u>

The average monthly number of employees, including directors, during the year was 2 (2020 - 10).

**6 Directors' remuneration**

	2021 £000	2020 £000
Directors' emoluments	35	141
Company contributions to defined contribution pension schemes	-	7
	<u>35</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 (2020: one director).

The highest paid director received remuneration of £31,000 (2020 - £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 £nil (2020: £7,000).

The paid director ceased to be employed by the Company on 1 July 2020.

**7 Interest receivable and similar income**

	2021 £000	2020 £000
Foreign exchange gain	-	18
	<u>-</u>	<u>18</u>

**8 Interest payable and similar charges**

	2021 £000	2020 £000
Loan interest payable	283	296
Foreign exchange loss	11	-
	<u>294</u>	<u>296</u>

**9 Tangible fixed assets**

	S/Term Leasehold Property £000	Film and Office Equipment £000	Total £000
<b>Cost or valuation</b>			
At 1 April 2020	119	200	319
Disposals	(119)	(200)	(319)
<b>At 31 March 2021</b>	-	-	-
<b>Depreciation</b>			
At 1 April 2020	119	185	304
Charge for the period		1	1
Disposals	(119)	(186)	(305)
<b>At 31 March 2021</b>	-	-	-
<b>Net book value</b>			
<b>At 31 March 2021</b>	-	-	-
At 31 March 2020	-	14	14

On 9 July 2020, as part of the transfer of its business, the Company transferred its fixed assets to HiddenLight Productions Limited. The Company recorded a loss of £14,000 on the disposal.

**Notes to the financial statements****10 Investments**

	<b>£000</b>
<b>Cost or valuation</b>	
At 1 April 2020	-
Additions	<u>2,294</u>
At 31 March 2021	<u>2,294</u>
<b>Net book value</b>	
At 31 March 2021	<u><u>2,294</u></u>
At 31 March 2020	<u><u>-</u></u>

The Company has the following investment in a subsidiary:

<i>Description</i>	<i>Address</i>	<i>Country of Incorporation</i>	<i>% Holding</i>	<i>Share type/ number</i>
Sundog UB Holdings Limited	The Battleship Building, 179 Harrow Road, London W2 6NB	England and Wales	100	370 Ordinary Shares of £1

On 30 June 2020, the Company incorporated a new fully owned subsidiary, Sundog UB Holdings Limited, for consideration of £100, left outstanding as intercompany debt.

On 9 July 2020, the Company transferred its business of film and television production along with its intellectual property rights, valued at \$2,000,000 (£1,524,000) to HiddenLight Productions Limited and also made a cash contribution of \$1,000,000 (£770,000) to HiddenLight Productions Limited. In consideration for the transfer, at the direction of the Company, HiddenLight Productions Limited issued 335,400 B Ordinary shares of \$0.001 to the Company's newly incorporated subsidiary, Sundog UB Holdings Limited. In consideration for receiving the investment in HiddenLight Productions Limited, Sundog UB Holdings Limited issued 270 ordinary shares of £1 to the Company. The investment in subsidiary was recorded at the cost of investment of £2,294,000.

**11 Debtors**

	<b>2021 £000</b>	<b>2020 £000</b>
Trade debtors	71	466
Prepayments and accrued income	9	101
Inventory	-	12
Other debtors	21	-
	<u><u>100</u></u>	<u><u>579</u></u>

**Notes to the financial statements****12 Creditors: amounts falling due within one year**

	2021	2020
	£000	£000
Trade creditors	7	3
Other taxation and social security	-	25
Other creditors	50	2
*Loan due to related party	-	4,565
Accruals and deferred income	444	952
	<u>501</u>	<u>5,547</u>

\*Please refer to Note 17 for explanation of the movement.

**13 Share capital - shares classified as equity**

	2021	2020
	£000	£000
<i>Allotted, called up and fully paid</i>		
5700 A Ordinary shares of £0.001 each (2020: 100 shares)	-	-
300 B Ordinary shares of £0.001 each (2020: Nil shares)	-	-
Nil Ordinary shares of £0.001 each (2020: 880 shares)	-	-
48,000 Tracker shares of £0.001 each (2020: Nil shares)	-	-
Nil B Executive shares of £0.001 each (2020: 10 shares)	-	-
Nil C Executive shares of £0.001 each (2020: 10 shares)	-	-
Nil D Executive shares of £0.001 each (2020: 10 shares)	-	-
	<u>-</u>	<u>-</u>

On 1 December 2020, the Company redesignated its share capital of 880 Ordinary shares of £0.001, 10 B Executive shares of £0.001, 10 C Executive shares of £0.001 and 10 Executive shares of £0.001 into 300 B Ordinary shares and 710 A Ordinary shares.

On 1 December 2020, 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.

**14 Capital Contribution Reserve**

On 1 December 2020, Sam Branson waived the interest of £1,423,000 accrued on his shareholder loan with the Company. This waiver of interest has been recorded in the capital contribution reserve.

**15 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 £3,000 (2020 - £12,000).

**16 Commitments under operating leases**

At 31 March 2021 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	<b>2021</b>	2020
	<b>£000</b>	£000
Between 1 and 5 years	-	39
	<hr/>	<hr/>
	<hr/> <b>-</b> <hr/>	<hr/> <b>39</b> <hr/>

On 7 July 2020, as part of the transfer of the Company's business to HiddenLight Productions Limited, the Company's property lease was novated to HiddenLight Productions Limited.

**17 Related party transactions**

As at 1 December 2020, the Company had a loan payable to the majority shareholder Sam Branson of £5,848,000.

On 1 December 2020, 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 the shareholder loan. On the same day, Sam Branson waived the interest of £1,423,000 accrued on this loan. This has been recorded in the capital contribution reserve. As at 31 March 2021, the loan is fully repaid (2020 - £4,565,000).