Company Registration No. 08395434 (England and Wales)

Prone Gunman Limited

Annual report and financial statements for the year ended 30 June 2016

Prone Gunman Limited

Company information

Directors	Sandrine Legrand Peter McAleese
Company number	08395434
Registered office	50 Marshall Street London England W1F 9BQ
Independent auditors	Saffery Champness 71 Queen Victoria Street London EC4V 4BE

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Directors' report
For the year ended 30 June 2016

The directors present their annual report and financial statements for the year ended 30 June 2016.

Principal activities
The principal activity of the company continued to be that of motion picture and video production.

During the year the company was involved in paying ongoing costs for the film it is currently engaged to produce.

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

Sandrine Legrand
Peter McAleese

Results
The results for the year are set out on page 5.

Auditors
Saffery Champness have expressed their willingness to remain in office as auditors of the company.

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

On behalf of the board

Sandrine Legrand
Director
23/03/2017

Directors' responsibilities statement
For the year ended 30 June 2016

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

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

Independent auditors' report
To the members of Prone Gunman Limited

We have audited the financial statements of Prone Gunman Limited for the year ended 30 June 2016 set out on pages 5 to 15. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 auditors' 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.

Respective responsibilities of directors and auditors
As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements
In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2016 and of its result 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.

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of 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 claim exemption in preparing a strategic report due to it being a member of an ineligible group.

John Graydon (Senior Statutory Auditor)
for and on behalf of Saffery Champness

23/3/17

Chartered Accountants
Statutory Auditors

71 Queen Victoria Street
London
EC4V 4BE

Prone Gunman Limited

Statement of comprehensive income
For the year ended 30 June 2016

	Notes	2016 £	2015 £
Turnover	3	10,689	2,687,113
Cost of sales		1,407	(3,788,591)
Gross profit/(loss)		12,096	(1,101,478)
Administrative expenses		(12,096)	(19,693)
Loss before taxation		-	(1,121,171)
Taxation	6	-	1,121,171
Result for the financial year		-	-

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

Prone Gunman Limited

Statement of financial position
As at 30 June 2016

	Notes	2016 £	2016 £	2015 £	2015 £
Current assets					
Debtors	7	1,121,501		1,141,719	
Cash at bank and in hand		22,862		51,497	
		1,144,363		1,193,216	
Creditors: amounts falling due within one year	8	(1,144,362)		(1,193,215)	
Net current assets			1		1
Capital and reserves					
Called up share capital	9		1		1

The financial statements were approved by the board of directors and authorised for issue on 23/03/2017 and are signed on its behalf by:

Sandrine Legrand
Director

Company Registration No. 08395434

1 Accounting policies

Company information

Prone Gunman Limited is a private company limited by shares incorporated in England and Wales. The registered office is 50 Marshall Street, London, England, W1F 9BQ.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

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

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

These financial statements for the year ended 30 June 2016 are the first financial statements of Prone Gunman Limited prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 July 2014. The reported financial position and financial performance for the previous period are not affected by the transition to FRS 102.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument.

The financial statements of the company are consolidated in the financial statements of Vivendi S.A . These consolidated financial statements are available from 42 Avenue Friedland, 75380 Paris, Cedex 08, France.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1 Accounting policies (continued)

1.3 Turnover

In respect of long-term contracts and contracts for on-going services, turnover represents the value of work done in the year, including estimates of amounts not invoiced. Value of work done in respect of long-term contracts and contracts for on-going services is determined by reference to the stage of completion.

1.4 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.5 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

1 Accounting policies (continued)

Impairment of financial assets
Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets
Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities
Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities
Basic financial liabilities, including trade and other creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as 'creditors: amounts falling due within one year' if payment is due within one year or less. If not, they are presented as 'creditors: amounts falling due after more than one year'. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1 Accounting policies (continued)

Other financial liabilities

Other financial liabilities, including debt instruments that do not meet the definition of a basic financial instrument, are measured at fair value through profit or loss.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments may be designated as being measured at fair value though profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.6 Equity instruments

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

1.7 Taxation

The tax credit represents the sum of the tax currently recoverable and deferred tax.

Current tax

The tax currently recoverable is based on relievable losses arising in the period as the result of film tax relief legislation. Relievable losses differ from net losses as reported in the statement of comprehensive income because they include an additional deduction relating to qualifying film development expenditure and exclude items of income or expense that are taxable or deductible in other periods, as well as items that are never taxable or deductible. The company's tax position is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

1 Accounting policies (continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.8 Foreign currency translation

Where a transaction denominated in a foreign currency is to be settled at a contracted rate of exchange, the transaction is recorded at the rate fixed under the terms of that contract. Where a trading transaction is covered by a related or matching contract, the rate of exchange specified in the contract is used. In cases where there is not a contracted rate then transactions are recorded at the rates of exchange ruling at the dates of the transactions or at an average rate for the period if the rates do not fluctuate significantly.

Monetary assets and liabilities are translated at period end exchange rates or, where appropriate, at rates of exchange fixed under the terms of the relevant transaction. The resulting exchange rate differences are charged to the profit and loss account.

2 Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount 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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2016	2015
	£	£
Turnover		
Sales of film rights	10,689	2,687,113

Turnover analysed by geographical market

	2016	2015
	£	£
United Kingdom	10,689	2,687,113

4 Operating profit/(loss)

	2016	2015
Operating profit/(loss) for the year is stated after charging:	£	£
Fees payable to the company's auditors for the audit of the company's financial statements	10,096	15,193

5 Employees

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

	2016 Number	2015 Number
Production staff	-	64
Directors	2	2
	2	66

5 Employees (continued)

Their aggregate remuneration comprised:

	2016	2015
	£	£
Wages and salaries	-	367,587
Social security costs	-	17,075
	-	384,662

6 Taxation

	2016	2015
	£	£
Current tax		
UK corporation tax on profits for the current period	-	(1,121,171)

The actual credit for the year can be reconciled to the expected credit for the year based on the profit or loss and the standard rate of tax as follows:

	2016	2015
	£	£
Profit/(loss) before taxation	-	(1,121,171)
Expected tax credit based on the standard rate of corporation tax in the UK of 20.00% (2015: 20.75%)	-	(232,643)
Enhanced losses arising from the film tax credit	-	(505,988)
Difference between the rate of corporation tax and the rate of relief under the film tax credit	-	(137,617)
Current year losses	-	66,735
Prior year adjustment to losses	-	(311,658)
Taxation for the year	-	(1,121,171)

7 Debtors

	2016	2015
Amounts falling due within one year:	**£**	**£**
Corporation tax recoverable	1,121,501	1,121,171
Other debtors	-	20,548
	1,121,501	1,141,719

8 Creditors: amounts falling due within one year

	2016	2015
	£	**£**
Bank loans and overdrafts	205	-
Trade creditors	22,583	53,242
Amounts due to group undertakings	978,053	912,555
Other taxation and social security	1,266	-
Other creditors	-	33,987
Accruals and deferred income	142,255	193,431
	1,144,362	1,193,215

9 Share capital

	2016	2015
	£	**£**
Ordinary share capital		
Issued and fully paid		
1 Ordinary share of £1 each	1	1

10 Financial commitments, guarantees and contingent liabilities

During the year HMRC issued a suspended penalty to the Company for errors in VAT reporting. The penalty is for £410,496 and will be suspended for a period (yet to be agreed) on the condition the company will implement controls and procedures to mitigate future errors of this nature.

11 Related party transactions

The company has taken advantage of the exemption available in FRS 102 section 33 "Related party disclosures" whereby it has not disclosed transactions with the ultimate parent company or any wholly owned subsidiary undertaking of the group.

12 Controlling party

The company's immediate parent undertaking is Studiocanal Films Limited, a company registered in England and Wales.

In the opinion of the directors, the ultimate parent company and controlling party is Vivendi SA, a company incorporated in France. Vivendi SA is publicly quoted and is under no overall control.

Vivendi SA is the parent undertaking of the largest and smallest group for which group accounts are drawn up and of which the company is a member. Group accounts are publicly available from 42 Avenue de Friedland, 75380 Paris Cedex 08, France.