
EON PRODUCTIONS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

EON PRODUCTIONS LIMITED

COMPANY INFORMATION

Directors	B Broccoli OBE M Wilson OBE
Company secretary	John Roebuck
Registered number	00697555
Registered office	124 Finchley Road London NW3 5JS
Trading Address	Eon House 138 Picadilly London W1J 7NR
Independent auditors	Nyman Libson Paul LLP Chartered Accountants & Statutory Auditors 124 Finchley Road London NW3 5JS

EON PRODUCTIONS LIMITED

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EON PRODUCTIONS LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

Introduction

The directors present the group's strategic report for the year ended 31 December 2020.

The principal activity of the company and its group is film production and ancillary activities.

During the year the group was involved in the production of the film "No Time To Die". "No Time To Die" was completed after the reporting date and was released at the end of September 2021.

Business review

The directors consider the results of the group for the year to be in line with expectations. The results for the year were considered satisfactory by the directors who anticipate a slight drop in the net profitability of the group during periods of production when no films are released, although this has been tempered by the continuation of a substantial merchandising contract agreed in 2017.

Looking forward, the directors anticipate the group to display continued growth and profitability whilst concentrating on the development of its next film towards its production.

Going concern

In March 2020 the World Health Organisation declared the Coronavirus a pandemic and the global spread of COVID-19 caused the commissioning company to delay the release of the film "No Time To Die". As a result, the production costs for the film increased due to ongoing obligations, extensions of production periods and the following of new production protocols. However, the directors are pleased that the completed film has enjoyed significant success in cinema showings worldwide in 2021.

At the time of approving the financial statements, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future despite the impact of COVID-19. Thus, the directors consider that the going concern basis of accounting in preparing the financial statements remains appropriate.

Principal risks and uncertainties

The ongoing and usual management of the business and process of film production are subject to a number of risks. The key business risks and uncertainties affecting the group are considered to relate to the normal commercial risks involved in the production of a film to budget and the delivery of it at the required time.

The principal financial instruments of the group comprise bank balances, debtors and creditors. The main purpose of these instruments is to raise funds to finance the group's operations.

In respect of bank balances, liquidity risk is managed by actively monitoring balances and ensuring that funds are in place to meet liabilities as and when they fall due.

Debtors are managed in respect of credit and cash flow risk by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit limits.

Creditors' liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

Currency risk is managed by monitoring movements in exchange rates in an effort to reduce any negative impact of those movements.

EON PRODUCTIONS LIMITED

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

Financial key performance indicators

Given the nature of the business, the directors are of the opinion that analysis using key performance indicators is not necessary for an understanding of the development, performance or position of the business. They consider the group's key financial performance indicator to be whether a film is completed in line with the production budget.

Other key performance indicators

The directors consider the group's key non-financial performance indicator to be whether a film achieves a British certification.

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

M Wilson OBE

Director

Date: 24 December 2021

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020**

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

Directors

The directors who served during the year were:

B Broccoli OBE

J Higgins MBE (resigned 1 October 2021)

M Wilson OBE

Directors' responsibilities statement

The directors are responsible for preparing the Group strategic report, the Directors' report and the consolidated 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 state of affairs of the company and the group and of the profit or loss of the group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the group's financial statements 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 group 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 the group and to 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Results and dividends

The profit for the year, after taxation, amounted to £936,703 (2019 - £987,831).

The company paid interim dividends totalling £600,000 during the year.

Matters covered in the strategic report

As permitted by Paragraph 1A of Schedule 7 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 certain matters which are required to be disclosed in the Directors' Report have been omitted as they are included in the Strategic Report. These matters relate to financial instruments and future developments.

EON PRODUCTIONS LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company and the group's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company and the group's auditors are aware of that information.

Post balance sheet events

The principal post balance sheet event affecting the group is the release of the film "No Time To Die" in September 2021 and there have been no other significant events affecting the group since the year end.

Auditors

The auditors, Nyman Libson Paul LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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

M Wilson OBE

Director

Date: 24 December 2021

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EON PRODUCTIONS LIMITED

Opinion

We have audited the financial statements of Eon Productions Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2020, which comprise the group Statement of income and retained earnings, the group and company Balance sheets, the group Statement of cash flows and the related notes, 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 Financial Reporting Standard 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 state of the group's and of the parent company's affairs as at 31 December 2020 and of the group's 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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.

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 group's or the parent company's ability to continue as a going concern for a period of at least twelve 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EON PRODUCTIONS LIMITED (CONTINUED)

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' 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 our report, we do not express any form of assurance conclusion thereon. 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 this gives rise to 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 this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion 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 Group 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 Group strategic report and the 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 group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group strategic report or the 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EON PRODUCTIONS LIMITED (CONTINUED)

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 group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 Auditors' 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 Group financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We gained an understanding of the legal and regulatory framework applicable to the company and the industry in which it operates, and considered the risk of acts by the company that were contrary to applicable laws and regulations, including fraud. We designed audit procedures to respond to the risk, recognising that 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.

We focussed on laws and regulations which could give rise to a material misstatement in the financial statements, including, but not limited to, the Companies Act 2006. Our tests included agreeing the financial statement disclosures to underlying supporting documentation, reading minutes of meetings of those charged with governance, enquiries with management and review of accounting estimates. There are inherent limitations in the audit procedures described above and, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. We did not identify any key audit matters relating to irregularities, including fraud. As in all our audits, we also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' report.

EON PRODUCTIONS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EON PRODUCTIONS LIMITED (CONTINUED)

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 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.

Paul Taiano (Senior statutory auditor)

for and on behalf of

Nyman Libson Paul LLP

Chartered Accountants

Statutory Auditors

124 Finchley Road

London

NW3 5JS

24 December 2021

EON PRODUCTIONS LIMITED

**CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	2020 £	2019 £
Turnover	4	12,495,693	8,357,662
Cost of sales		(2,682,402)	(1,690,474)
Gross profit		<u>9,813,291</u>	<u>6,667,188</u>
Administrative expenses		(8,322,676)	(6,163,665)
Other operating income	5	330,169	747,351
Operating profit	6	<u>1,820,784</u>	<u>1,250,874</u>
Amounts written off unlisted investments		(531,700)	(110,537)
Interest receivable and similar income	10	7,189	13,582
Interest payable and similar expenses	11	(995)	(197)
Profit before tax		<u>1,295,278</u>	<u>1,153,722</u>
Tax on profit	12	(358,575)	(165,891)
Profit after tax		<u><u>936,703</u></u>	<u><u>987,831</u></u>
Retained earnings at the beginning of the year		5,197,442	4,449,611
Profit for the year attributable to the owners of the parent		936,703	987,831
Dividends declared and paid		(600,000)	(240,000)
Retained earnings at the end of the year		<u><u>5,534,145</u></u>	<u><u>5,197,442</u></u>

The notes on pages 14 to 28 form part of these financial statements.

EON PRODUCTIONS LIMITED
REGISTERED NUMBER: 00697555

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2020

	Note	2020 £	2020 £	2019 £	2019 £
Fixed assets					
Tangible assets	14		264,192		314,685
Investments	15		-		500,000
			<u>264,192</u>		<u>814,685</u>
Current assets					
Stocks	16	214,644,467		199,472,744	
Debtors: amounts falling due within one year	17	14,716,508		69,659,412	
Current asset investments	18	150,484		192,697	
Cash at bank and in hand	19	2,527,420		9,980,337	
		<u>232,038,879</u>		<u>279,305,190</u>	
Creditors: amounts falling due within one year	20	(226,766,791)		(274,920,298)	
Net current assets			<u>5,272,088</u>		<u>4,384,892</u>
			<u>5,536,280</u>		<u>5,199,577</u>
Net assets					
Capital and reserves					
Called up share capital	21		2		2
Capital redemption reserve			2,133		2,133
Profit and loss account			5,534,145		5,197,442
			<u>5,536,280</u>		<u>5,199,577</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 24 December 2021.

M Wilson OBE
Director

The notes on pages 14 to 28 form part of these financial statements.

EON PRODUCTIONS LIMITED
REGISTERED NUMBER: 00697555

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2020

	Note	2020 £	2020 £	2019 £	2019 £
Fixed assets					
Tangible assets	14		264,192		314,685
Investments	15		300		500,500
					<hr/>
					815,185
			264,492		
Current assets					
Debtors: amounts falling due within one year	17	226,605,212		269,116,334	
Current asset investments	18	150,484		192,697	
Cash at bank and in hand	19	1,346,890		1,364,136	
		<hr/>		<hr/>	
		228,102,586		270,673,167	
Creditors: amounts falling due within one year	20	(222,830,798)		(266,288,775)	
		<hr/>		<hr/>	
Net current assets			5,271,788		4,384,392
					<hr/>
					5,199,577
Net assets			<u>5,536,280</u>		<u>5,199,577</u>
Capital and reserves					
Called up share capital	21		2		2
Capital redemption reserve			2,133		2,133
Profit and loss account brought forward		5,197,442		4,449,611	
Profit for the year		936,703		987,831	
Other changes in the profit and loss account		(600,000)		(240,000)	
		<hr/>		<hr/>	
Profit and loss account carried forward			5,534,145		5,197,442
			<u>5,536,280</u>		<u>5,199,577</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 24 December 2021.

M Wilson OBE
Director

The notes on pages 14 to 28 form part of these financial statements.

EON PRODUCTIONS LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020**

	2020 £	2019 £
Cash flows from operating activities		
Profit for the financial year	936,703	987,831
Adjustments for:		
Depreciation of tangible assets	74,239	108,490
Impairment of unlisted investments	531,700	110,537
Loss on disposal of tangible assets	7,312	-
Government grants	(206,940)	-
Interest paid	995	197
Interest received	(7,189)	(13,582)
Taxation charge	358,575	165,891
(Increase) in stocks	(15,171,723)	(183,876,299)
Decrease/(increase) in debtors	54,995,259	(64,848,071)
(Decrease)/increase in creditors	(48,091,932)	255,228,980
Corporation tax (paid)	(430,132)	(207,516)
		<u>7,656,458</u>
Net cash generated from operating activities	<u>(7,003,133)</u>	
Cash flows from investing activities		
Purchase of tangible fixed assets	(31,058)	(83,661)
Payments for short term unlisted investments	(31,860)	(66,750)
Government grants received	206,940	-
Interest received	7,189	13,582
		<u>(136,829)</u>
Net cash from investing activities	<u>151,211</u>	
Cash flows from financing activities		
Dividends paid	(600,000)	(240,000)
Interest paid	(995)	(197)
		<u>(240,197)</u>
Net cash used in financing activities	<u>(600,995)</u>	

	(7,452,917)	7,279,432
Net (decrease)/increase in cash and cash equivalents		2,700,905
Cash and cash equivalents at beginning of year	9,980,337	
		9,980,337
Cash and cash equivalents at the end of year	2,527,420	

EON PRODUCTIONS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

	2020 £	2019 £
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	2,527,420	9,980,337
	<u>2,527,420</u>	<u>9,980,337</u>

CONSOLIDATED ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 31 DECEMBER 2020

	At 1 January 2020 £	Cash flows £	At 31 December 2020 £
Cash at bank and in hand	9,980,337	(7,452,917)	2,527,420
	<u>9,980,337</u>	<u>(7,452,917)</u>	<u>2,527,420</u>

The notes on pages 14 to 28 form part of these financial statements.

EON PRODUCTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

1. General information

Eon Productions Limited is a private company limited by shares incorporated in the United Kingdom and registered in England and Wales. The address of its registered office is 124 Finchley Road, London, NW3 5JS and the address of its principal place of business is Eon House, 138 Piccadilly, London, W1J 7NR.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires group management to exercise judgement in applying the group's accounting policies (see note 3).

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of income and retained earnings in these financial statements.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the company and its own subsidiaries ("the group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated statement of income and retained earnings from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 01 January 2015.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.3 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is GBP.

Transactions and balances

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates. These, and the results and financial position reported in the consolidated financial statements, are presented in Sterling (£).

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction. Exchange differences are recognised in the Consolidated statement of income and retained earnings in the period in which they arise.

Exchange differences on production costs have been offset against production advances on the balance sheet. Other exchange gains and losses are recognised in the Consolidated statement of income and retained earnings.

2.4 Revenue

Turnover is measured as the fair value of the consideration received or receivable, net of value added tax. Turnover includes revenue earned from film production, recharged costs and from the sale of merchandise.

Film production

A production fee is earned during the production of each feature film and is recognised evenly over the entire production period. Once the production of the feature film has been completed, the film is sold for a price equal to the total cost of production less the amount received in respect of UK Film Tax Credits.

Recharged costs

Certain administrative costs are recharged in line with an approved contract on a quarterly basis.

Merchandising income

The company operates as a licensing agent in respect of the group's merchandising deals. The company receives the gross merchandising receipts from its worldwide agents before deducting and paying out the various amounts owed to participants in line with their contracted rates.

2.5 Operating leases: the group as lessee

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

2.6 Government grants

Grants are accounted under the accruals model as permitted by FRS 102.

Grants of a revenue nature are recognised in the Consolidated statement of income and retained earnings in the same period as the related expenditure.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.7 Taxation

Tax is recognised in profit or loss. The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company and the group operate and generate income.

The element of tax that is recoverable is based on relievable losses arising in the year as the result of film tax relief legislation. Relievable losses differ from net losses as reported in the profit and loss account 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 years, as well as items that are never taxable or deductible.

2.8 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.

Depreciation is provided on the following basis:

Plant and equipment	-	15%	on written down value
Motor vehicles	-	25%	on written down value
Fixtures and fittings	-	10%	and 16.67% on cost
Computer equipment	-	50%	on cost

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 profit or loss.

2.9 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted group shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Consolidated statement of income and retained earnings for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.10 Stocks

Stocks take the form of work in progress. Work in progress relates to direct production costs, net of tax credits, subsidies and grants, incurred on film productions not yet delivered. Production costs are recognised in the income statement as soon as the production is delivered and the related sale is recognised.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.11 Debtors

Short term debtors are measured at transaction price, less any impairment.

2.12 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.

2.13 Creditors

Short term creditors are measured at the transaction price.

2.14 Financial instruments

The group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from third parties, loans to or from related parties and investments in non-puttable ordinary shares.

Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received.

Investments in non-derivative instruments that are equity to the issuer are measured:

- at fair value with changes recognised in the Consolidated statement of income and retained earnings if the shares are publicly traded or their fair value can otherwise be measured reliably;
- at cost less impairment for all other investments.

2.15 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

3. Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the reporting date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The following are the group's key sources of estimation uncertainty:

Tangible assets

Tangible assets are depreciated over their useful lives taking into account residual values where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending upon a number of factors. In re-assessing the assets' lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account.

Investments

At each reporting date the investments are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected investment is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in the Consolidated statement of income and retained earnings.

Due to the unpredictable nature of the recoverability of investments, an impairment loss may subsequently reverse. If so, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, without going in excess of the amount which would have been determined had no impairment loss been recognised in prior years. A reversal of an impairment loss is recognised immediately in the Consolidated statement of income and retained earnings.

Debtors

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment, management considers factors including the ageing profile and historical experience of each debtor.

Accruals

The company makes an estimate of accruals at the year end based on invoices received after the year end and work undertaken which has not been invoiced based on quotations or estimates of amounts that may be due for payment.

4. Turnover

In the opinion of the directors, it would seriously prejudice the company's interests to disclose the turnover by each class and provide a geographical analysis.

EON PRODUCTIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

5. Other operating income

	2020 £	2019 £
CJRS claims receivable	206,940	-
Management fees and sundry income	123,229	747,351
	<u>330,169</u>	<u>747,351</u>

6. Operating profit

The operating profit is stated after charging:

	2020 £	2019 £
Exchange differences	(33,463)	38,435
Other operating lease rentals	<u>312,400</u>	<u>312,400</u>

7. Auditors' remuneration

	2020 £	2019 £
Fees payable to the group's auditor for the audit of the group's annual financial statements	<u>30,000</u>	<u>29,000</u>

Fees payable to the group's auditor in respect of:

Taxation compliance services	13,000	12,500
All other services	9,250	10,500
	<u>22,250</u>	<u>23,000</u>

EON PRODUCTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

8. Employees

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

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Wages and salaries	5,891,217	6,115,964	5,891,217	6,115,964
Social security costs	773,488	796,066	773,488	796,066
	<u>6,664,705</u>	<u>6,912,030</u>	<u>6,664,705</u>	<u>6,912,030</u>

The average monthly number of employees, including the directors, during the year was as follows:

	Group 2020 No.	Group 2019 No.	Company 2020 No.	Company 2019 No.
Administrative	25	23	20	20
Production	25	259	-	-
	<u>50</u>	<u>282</u>	<u>20</u>	<u>20</u>

9. Directors' remuneration

	2020 £	2019 £
Directors' emoluments	3,652,773	3,664,601
	<u>3,652,773</u>	<u>3,664,601</u>

The highest paid director received remuneration of £2,034,637 (2019 - £2,043,086).

The total remuneration of the key management personnel of Eon Productions Limited and its group were £4,777,931 (2019: £4,912,360).

10. Interest receivable

	2020 £	2019 £
Other interest receivable	<u>7,189</u>	<u>13,582</u>

EON PRODUCTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

11. Interest payable and similar expenses

	2020 £	2019 £
Other interest payable	<u>995</u>	<u>197</u>

12. Taxation

	2020 £	2019 £
Corporation tax		
Current tax on profits for the year	<u>358,575</u>	<u>165,891</u>
	<u>358,575</u>	<u>165,891</u>
Double taxation relief	<u>(47,282)</u>	<u>(5,117)</u>
	<u>311,293</u>	<u>160,774</u>
Foreign tax		
Foreign tax on income for the year	<u>47,282</u>	<u>5,117</u>
	<u>47,282</u>	<u>5,117</u>
Total current tax	<u>358,575</u>	<u>165,891</u>

EON PRODUCTIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

12. Taxation (continued)**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2019 - lower than) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £	2019 £
Profit on ordinary activities before tax	<u>1,295,278</u>	<u>1,153,722</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	246,103	240,260
Effects of:		
Expenses not deductible for tax purposes	4,786	14,290
Capital allowances for year in excess of depreciation	6,663	1,143
Amounts written off investments	6,023	21,002
Enhanced losses arising from film tax credits	(4,300,820)	(44,587,110)
Difference between the rate of corporation tax and the rate of relief under film tax credit	(1,134,137)	(11,227,558)
Changes in provisions leading to an increase (decrease) in the tax charge	95,000	-
Unrelieved tax losses carried forward	709,387	9,033,176
Film tax credit claims	-	(110,804)
Film tax credit recognised in work in progress	4,725,570	46,781,492
Total tax charge for the year	<u>358,575</u>	<u>165,891</u>

13. Dividends

	2020 £	2019 £
Interim dividends	<u>600,000</u>	<u>240,000</u>

EON PRODUCTIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

14. Tangible fixed assets

Group and Company

	Motor vehicles	Office equipment	Computer equipment	Total
	£	£	£	£
Cost				
At 1 January 2020	29,499	1,765,884	247,426	2,042,809
Additions	-	14,511	16,547	31,058
Disposals	(12,999)	-	(61,874)	(74,873)
At 31 December 2020	16,500	1,780,395	202,099	1,998,994
Depreciation				
At 1 January 2020	22,187	1,479,783	226,154	1,728,124
Charge for the year on owned assets	-	44,693	29,546	74,239
Disposals	(5,687)	-	(61,874)	(67,561)
At 31 December 2020	16,500	1,524,476	193,826	1,734,802
Net book value				
At 31 December 2020	-	255,919	8,273	264,192
At 31 December 2019	7,312	286,101	21,272	314,685

EON PRODUCTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

15. Fixed asset investments

Group

	Unlisted investments £
Cost	
At 1 January 2020	500,000
At 31 December 2020	<u>500,000</u>
Impairment	
Charge for the period	500,000
At 31 December 2020	<u>500,000</u>
Net book value	
At 31 December 2020	<u><u>-</u></u>
At 31 December 2019	<u><u>500,000</u></u>

EON PRODUCTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

Company

	Investments in subsidiary companies £	Unlisted investments £	Total £
Cost			
At 1 January 2020	500	500,000	500,500
Disposals	(200)	-	(200)
At 31 December 2020	300	500,000	500,300
Impairment			
Charge for the period	-	500,000	500,000
At 31 December 2020	-	500,000	500,000
Net book value			
At 31 December 2020	300	-	300
At 31 December 2019	500	500,000	500,500

Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Registered office	Principal activity	Class of shares	Holding
B24 Limited	England and Wales	Film production	Ordinary	100
B25 Limited	England and Wales	Film production	Ordinary	100
Frozen Film Company Limited	England and Wales	Dormant	Ordinary	100

The aggregate of the share capital and reserves as at 31 December 2020 and the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

Name	Aggregate of share capital and reserves £	Profit/(Loss) £
B24 Limited	100	-
B25 Limited	100	-
Frozen Film Company Limited	100	-

EON PRODUCTIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

16. Stocks

	Group 2020 £	Group 2019 £
Film production costs	<u>214,644,467</u>	<u>199,472,744</u>

17. Debtors

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Trade debtors	9,005,583	1,388,320	351,092	1,279,156
Other debtors	4,862,744	19,680,916	225,516,497	266,139,298
Prepayments and accrued income	737,623	1,697,880	737,623	1,697,880
Tax recoverable	110,558	46,892,296	-	-
	<u>14,716,508</u>	<u>69,659,412</u>	<u>226,605,212</u>	<u>269,116,334</u>

18. Current asset investments

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Unlisted investments	<u>150,484</u>	<u>192,697</u>	<u>150,484</u>	<u>192,697</u>

19. Cash and cash equivalents

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Cash at bank and in hand	<u>2,527,420</u>	<u>9,980,337</u>	<u>1,346,890</u>	<u>1,364,136</u>

EON PRODUCTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

20. Creditors: Amounts falling due within one year

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Trade creditors	1,283,836	1,919,333	1,274,823	1,919,333
Corporation tax	116,885	188,442	116,885	188,442
Other taxation and social security	503,045	730,871	503,045	730,871
Other creditors	224,829,275	272,041,067	220,906,045	263,415,044
Accruals and deferred income	33,750	40,585	30,000	35,085
	<u>226,766,791</u>	<u>274,920,298</u>	<u>222,830,798</u>	<u>266,288,775</u>

21. Share capital

	2020 £	2019 £
Allotted, called up and fully paid		
201 (2019 - 201) Ordinary shares of £0.01 each	<u>2</u>	<u>2</u>

22. Commitments under operating leases

At 31 December 2020 the group and the company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Not later than 1 year	489,040	489,040	489,040	489,040
Later than 1 year and not later than 5 years	915,223	1,404,263	915,223	1,404,263
	<u>1,404,263</u>	<u>1,893,303</u>	<u>1,404,263</u>	<u>1,893,303</u>

EON PRODUCTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

23. Related party transactions

Turnover includes £7,240,479 (2019: £4,681,048) arising from transactions with a company whose directors are closely connected with the directors of Eon Productions Limited. The amount due from that company at the balance sheet date was £4,612,660 (2019: £2,642,905).

The company has also received film production advances from the same company whose directors are closely connected with the directors of Eon Productions Limited. At the balance sheet date the company had received net production advances totalling £220,813,329 (2019: £263,358,846).

Eon Productions Limited paid rent and service charge totalling £436,790 (2019: £390,524) to a company whose directors are closely connected with the directors of Eon Productions Limited. Eon Productions Limited received management and other fees totalling £36,417 (2019: £31,240) from the company.

Eon Productions Limited has a cross guarantee with the bankers of its subsidiary companies, B24 Limited and B25 Limited.

The group is exempt from disclosing related party transactions which occur between other companies that are wholly owned within the group.

24. Controlling party

The company is under the control of Barbara Broccoli OBE and Michael Wilson OBE. There is no ultimate controlling party.

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