
OCTOBER FILMS LTD

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

OCTOBER FILMS LTD

CONTENTS

	Page
Company Information	1
Strategic Report	2
Directors' Report	3 - 5
Independent Auditors' Report	6 - 9
Statement of Comprehensive Income	10
Statement of Financial Position	11
Statement of Changes in Equity	12
Notes to the Financial Statements	13 - 30

OCTOBER FILMS LTD

COMPANY INFORMATION

Directors	A B Bullmore M Robins J L Manning N Peachey
Registered number	02328023
Registered office and principal place of business	Benwell Studios 11-13 Benwell Road London England N7 7BL
Independent auditors	Nyman Libson Paul LLP Chartered Accountants & Statutory Auditors 124 Finchley Road London NW3 5JS

OCTOBER FILMS LTD

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

Introduction

October Films Ltd, henceforth referred to as the 'company', is an established UK independent and market renowned visual media production house specialising in documentaries and factually based entertainment.

October Holdings Limited is the parent undertaking of the smallest group to consolidate the financial performance for the reporting period and financial position as at the reporting date of October Films Ltd.

Principal activities and review of the business

The principal activity of the company during the reporting period continued to be that of the development, production and distribution of television programming. The directors do not anticipate any changes in those activities over the coming financial reporting period.

The company's financial performance for the year ended, and financial position as at, 31 December 2021 are shown on pages 10 to 11 of the financial statements.

The directors consider the following as the relevant financial key performance indicators sufficient to ensure an appropriate understanding to the true underlying financial performance and position of the Company:

	Year ended 31 December 2021	Year ended 31 December 2020
Revenue share from continuing operation (%)		
- Development and production	97.16%	96.86%
- Distribution	2.84%	3.14%
Turnover growth (%)	8.14%	-2.47%
Gross profit margin (%)	30.97%	26.35%
Cash and cash equivalents (net of overdraft facilities) (£'m)	1.43	2.93
Current ratio	1.10	1.16

The development, performance and position of the company, in the context of the Group as a whole, are discussed in the group financial statements of October Holdings Limited which do not form part of this strategic report.

Principal risks and uncertainties

The key business risks and uncertainties affecting the Company, and the Group in which the company is an undertaking, relate to the general economic environment, competition from other producers and distributors of television programming and the success of the company's media content available for worldwide distribution. Further discussion of these risks and uncertainties, in the context of the Group as a whole, is provided in the group financial statements of October Holdings Limited which do not form part of this strategic report.

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

N Peachey
Director

Date: 24 August 2022

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021**

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

Directors

The directors who served during the year were:

A B Bullmore
M Robins
J L Manning
N Peachey

Directors' responsibilities statement

The directors are responsible for preparing the Strategic report, the Directors' 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 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 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 for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- 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 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Going concern

After reviewing the company's forecast and projection, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

Results and dividends

The profit for the year, after taxation, amounted to £321,752 (2020 - £91,440).

Aggregated dividends of £nil and £150,000 were paid respectively during the current and preceding financial reporting periods.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

Financial risk management

The company funds its operations through its trading activities and, where applicable, external loan financing on specific commissions. Through its trading activities the company is exposed to certain levels of credit, currency and liquidity risk.

The company's credit risk is primarily attributable to its trade receivables which the company manages through the assessment of the credit risk of current and potential customers and ongoing review and collection of outstanding receivables. At the balance sheet date, there were no actual or potentially significant concentrations of credit risk aware of by the directors of the company.

The company enters into transactions that are denominated in currencies other than its functional currency, primarily the US Dollar and Euro, and is therefore exposed to movements in foreign currency exchange rates. Where exchange rates change between reporting periods, fluctuations in the reported results of the company's operations may arise that are reflective of currency performance and not indicative of operating performance. The company will therefore use currency specific bank facilities and forward currency contracts, where considered financially appropriate, to manage exposure to movements in foreign currency exchange rates.

Liquidity risk is monitored on an ongoing basis as part of the company's day to day control activities and through periodic financial reviews and forecast exercises with action taken as considered necessary. Such action may include the acquisition of commercial credit and bank overdraft facilities as well as the retention of cash balances; thereby ensuring appropriate funding facilities are continually available within the company.

Future developments

There are no significant future developments to report as of the date this report was approved by the directors. The company is expected to continue trading as historically observed.

Financial instruments

The company's principal financial instruments comprise bank balances, trade receivables and payables and, where necessary, forward currency contracts and credit facilities provided by financial institutions to the company. Due to the nature of the financial instruments used by the Company there is no exposure to price risk. The company does not follow any specific code nor standard practice on the payment of trade payables. The company's policy is to adhere to agreed terms and conditions and ensure timely payment in accordance with these terms for all suppliers.

Employees

The board of directors of October Holdings Limited, the ultimate parent undertaking of the company, maintain the provision of information to, and consultation with, employees by regular and ad-hoc meetings of management and employees.

Applications for employment by disabled employees are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event members of staff become disabled, every effort is made to ensure that their employment with the company continues and that appropriate training is arranged.

It is the policy of the company that the training, career development, and promotion of disabled persons should, as far as possible, be identical to that of a person who does not suffer from a disability.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

Consultation with employees or their representatives has continued at all levels, with the aim of ensuring that their views are taken into account when decisions are made that are likely to affect their interests and that all employees are aware of the financial and economic performance of their respective business units and of the company as a whole.

The company implements an open engagement policy with its employees to ensure they understand its business priorities, how they help to deliver business success and the opportunities available for them to thrive and develop.

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'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's auditors are aware of that information.

Post balance sheet events

As of the date of this report being approved, there have been no significant events affecting the company that have transpired after the reporting date to delineate.

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.

N Peachey

Director

Date: 24 August 2022

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF OCTOBER FILMS LTD

Unqualified opinion on the financial statements

We have audited the financial statements of October Films Ltd (the 'Company') for the year ended 31 December 2021, which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity 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 Company's affairs as at 31 December 2021 and of its 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 Company 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 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 OCTOBER FILMS LTD (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 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 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 Company and its environment obtained in the course of the audit, we have not identified material misstatements in the 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, 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF OCTOBER FILMS LTD (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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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 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 and UK tax legislation. Our tests included agreeing the financial statement disclosures to underlying supporting documentation and enquiries with management. 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.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or noncompliance with laws and regulations throughout the audit.

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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF OCTOBER FILMS LTD (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.

Anthony Pins (Senior Statutory Auditor)

for and on behalf of

Nyman Libson Paul LLP

Chartered Accountants

Statutory Auditors

124 Finchley Road

London

NW3 5JS

24 August 2022

OCTOBER FILMS LTD

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 £	2020 £
Turnover	4	17,483,501	16,167,234
Cost of sales		(12,068,550)	(11,907,963)
Gross profit		5,414,951	4,259,271
Administrative expenses		(3,737,300)	(3,412,519)
Other operating income	5	91,238	254,180
Other operating charges		(1,264,795)	(959,183)
Fair value movements		(239,607)	(155,376)
Operating profit/(loss)	6	264,487	(13,627)
Share of profit/(loss) of associates		(25,925)	(64,740)
Income from fixed assets investments		133,009	16,000
Interest receivable and similar income	12	1,704	7,228
Profit/(loss) before tax		373,275	(55,139)
Tax on profit/(loss)	13	(51,523)	146,579
Profit for the financial year		321,752	91,440

The notes on pages 13 to 30 form part of these financial statements.

OCTOBER FILMS LTD
REGISTERED NUMBER: 02328023

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	15	392,656	423,553
Investments	16	599,816	621,971
		<u>992,472</u>	<u>1,045,524</u>
Current assets			
Debtors: amounts falling due after more than one year	17	-	49,764
Debtors: amounts falling due within one year	17	2,652,752	3,068,474
Cash at bank and in hand	18	1,432,275	2,927,434
		<u>4,085,027</u>	<u>6,045,672</u>
Creditors: amounts falling due within one year	19	(3,720,495)	(6,057,703)
Net current assets/(liabilities)		<u>364,532</u>	<u>(12,031)</u>
Total assets less current liabilities		<u>1,357,004</u>	<u>1,033,493</u>
Provisions for liabilities			
Deferred tax	21	(1,759)	-
Net assets		<u><u>1,355,245</u></u>	<u><u>1,033,493</u></u>
Capital and reserves			
Called up share capital	22	80	80
Capital redemption reserve	23	20	20
Profit and loss account	23	1,355,145	1,033,393
		<u><u>1,355,245</u></u>	<u><u>1,033,493</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 24 August 2022.

N Peachey
Director

The notes on pages 13 to 30 form part of these financial statements.

OCTOBER FILMS LTD

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Called up share capital £	Capital redemption reserve £	Profit and loss account £	Total equity £
At 1 January 2020	80	20	1,091,953	1,092,053
Profit for the year	-	-	91,440	91,440
Dividends: Equity capital	-	-	(150,000)	(150,000)
	<hr/>	<hr/>	<hr/>	<hr/>
At 1 January 2021	80	20	1,033,393	1,033,493
Profit for the year	-	-	321,752	321,752
Contributions by and distributions to owners				
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2021	<u>80</u>	<u>20</u>	<u>1,355,145</u>	<u>1,355,245</u>

The notes on pages 13 to 30 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

1. General information

October Films Ltd ('the company') is a private company limited by shares, incorporated in England and Wales.

The address of the company's registered office and principal place of business is Benwell Studios, 11 - 13 Benwell Road, London, N7 7BL.

The nature of the company's operations and its principal activities are set out in the strategic report on page 2 of these financial statements.

2. Accounting policies

2.1 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all reporting periods presented, unless otherwise stated.

2.2 Basis of preparation of financial statements

The financial statements of October Films Ltd have been prepared under the historical cost convention 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 conformity with Financial Reporting Standard 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies (see note 3).

2.3 Comparative figures

Comparatives are for the year commencing 1 January 2020 and ending 31 December 2020.

2.4 Functional and presentational currency

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the company operates (the "functional currency").

The functional currency of the company, and the currency in which the financial statements are presented (the "presentational currency"), is 'Pounds Sterling' (£) rounded to the nearest single unit of currency.

2.5 Foreign currency translation

Foreign currencies are translated into the functional (and presentational) currency using the exchange rates prevailing at the date of the respective transaction or valuation where items are re-measured.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account as part of total comprehensive income.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. Accounting policies (continued)

Changes in the fair value of forward foreign exchange contracts that economically hedge monetary assets and liabilities in foreign currencies, and for which no hedge accounting is applied, are recognised in profit or loss with the change in fair value of the forward foreign exchange contract recognised as a fair value movement within operating profit or loss and foreign exchange gains or losses relating to monetary items recognised within administrative expenditure.

2.6 Financial Reporting Standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A.

This information is included in the consolidated financial statements of October Holdings Limited as at 31 December 2021 and these financial statements may be obtained from Benwell Studios, 11-13 Benwell Road, London, N7 7BL.

2.7 Exemption from preparing consolidated financial statements

The company is itself a subsidiary company and is exempt from the requirement to prepare consolidated financial statements by virtue of section 401 of the Companies Act 2006 on the grounds that the company and its subsidiary undertakings are included by full consolidation in the group financial statements of October Holdings Limited (see note 27).

The financial statements therefore present information about the company as an individual undertaking and not about its group.

2.8 Going concern

The company meets its day to day working capital requirements through the utilisation of its own funds and its bank facilities.

After reviewing the company's forecast and projection, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. Accounting policies (continued)

2.9 Revenue

Turnover comprises revenues receivable by the company during the financial reporting period in respect of the following:

- Supply of television programming development and production services, and;
- Royalties receivable from the exploitation of distribution rights held in television programming.

Revenues in respect of development and production services comprise fees and other pre-sales receivable, exclusive of Value Added Tax, in exchange for the provision of a contract for services; with recognition made, in respect of production services, by reference to the stage of completion of contract activity at the balance sheet date; and in respect of development services, over the period of the activity in line with expenditure incurred. Where it is probable that the total costs on a contract will exceed total contract revenue, the expected loss is immediately recognised as an expense in profit or loss.

Royalties and other similar revenues on the exploitation of distribution rights held are recognised once the company has been notified of sums due to it.

The company does not expect to have any contracts where the period between the transfer of the contracted services and related payment exceeds one year. As a consequence, the company does not adjust any of the transaction prices for the time value of money.

2.10 Operating leases

Operating leases, net of benefits receivable as an incentive, are charged to the profit and loss account on a straight line basis over the lease term.

2.11 Employee benefits

Defined contribution pension schemes

The company operates a defined contribution plan for its employees and on behalf of certain employees makes direct contributions to their personal pension schemes.

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 profit or loss on an accruals basis as they become payable under the respective schemes' rules. Amounts not paid are shown as part of other creditors in the balance sheet. The assets of the respective plans are held separately from the company in independently administered funds.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. Accounting policies (continued)

2.12 Taxation

The tax expense for the financial reporting period comprises of current and deferred tax and is recognised in profit or loss; except in the case of actuarial gains and losses as outlined in note 2.11 to the financial statements.

Current taxation is calculated using tax rates and on the basis of tax laws enacted or substantively enacted at the balance sheet date in the countries where the company operates and generates taxable income. The directors of the company periodically evaluate positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and will establish provisions, where appropriate, on the basis of amounts expected to be payable to the respective tax authorities.

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their respective carrying amounts in the financial statements.

Deferred tax is calculated using tax rates and on the basis of tax laws enacted or substantively enacted at the balance sheet date and are expected to apply when the related deferred tax asset/liability is realised/settled.

Deferred tax assets are recognised only to the extent that it is sufficiently probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the respective deferred tax assets and liabilities relate to current taxation levied by the same tax authority.

2.13 Tangible fixed assets

Tangible fixed assets are recognised under the cost model and 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 upon acquisition.

Depreciation is provided on the following basis:

Leasehold property	- Straight line over the term of the lease
Other fixed assets	- Straight line over 4 years

Depreciation of a tangible fixed asset commences once the asset is available for use. The residual value and depreciation basis of tangible fixed assets are reviewed and adjusted prospectively where deemed appropriate, if there is an indication of a significant change since the last balance sheet date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. Accounting policies (continued)

2.14 Fixed asset investments

Fixed asset investments comprise the following:

Holdings in unlisted company shares of subsidiary undertakings

Such holdings are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured at cost less provision for impairment at the reporting date.

Holdings in unlisted company shares of associated undertakings

Such holdings are a form of financial instrument. The company accounts for its interests in associated undertakings using the equity method. Under this method, the company recognises its investment in the associated undertaking at cost and subsequently adjusts this for its share of profits or losses, recognised in profit or loss within non-operating items, and accumulated provision for impairment.

2.15 Financial instruments

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities; with said financial assets and liabilities classified in accordance with the substance of the underlying contractual obligations rather than its legal form.

Financial assets and liabilities are recognised in the company's balance sheet when the company becomes a party to the contractual provisions of the instrument.

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or the financial asset is transferred along with substantially all the risks and rewards of ownership of the asset to another party. Financial liabilities are derecognised only when the company's obligations are discharged, cancelled or expired.

The measurement of specific financial assets (other than investments), financial liabilities, and equity held by the company are as outlined below:

Debtors and creditors

Debtors, excluding deferred taxation (see note 2.12), and creditors deemed to be short term in nature are initially measured at transaction price (i.e fair value) and subsequently held, at transaction price less provision for impairment of assets. The company held no debtors, excluding deferred taxation, and/or creditors deemed not to be short term in nature during the current or preceding financial reporting periods.

Cash and cash equivalents

Cash balances are reported by the company as being financial instruments classified as short term receivables and are represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours and subject to an insignificant risk of changes in value. Cash and cash equivalents are held at floating interest rates linked to UK bank rates.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. Accounting policies (continued)

2.15 Financial instruments (continued)

Derivatives

During the current and preceding financial reporting periods, the company entered into forward foreign exchange contracts, not designated and effective as a hedging instrument, to manage its exposure to foreign exchange rate risk (see note 20).

Such derivatives are initially, and subsequently re-measured at each reporting date, at fair value with any gains or losses on re-measurement immediately recognised in profit or loss. A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a fixed asset or long-term liability if the remaining maturity is more than 12 months and is not expected to be realised or settled within 12 months of the reporting date. Other derivatives are presented as current assets or current liabilities.

Equity and dividends

Ordinary share capital, shown in equity, is initially measured at transaction price. There were no costs directly attributable to Ordinary share capital issued by the company.

Equity dividends are recognised in the reporting period in which they become legally payable within the statement of changes in equity upon approval by the company's shareholders.

2.16 Government grants

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

Grants of a revenue nature are recognised in the statement of comprehensive income in the same period as the related expenditure.

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

In the opinion of the directors, there were no areas of judgment in applying the principal accounting policies, outlined in note 2 of these financial statements, towards the preparation of these financial statements that may be considered as having a significant risk of causing a material adjustment to the carrying amount of assets and/or liabilities carried forward as at the balance sheet date whereby which the actual future outcome observed may differ from that originally determined and reported.

In preparing the company's financial statements, the directors may make estimates and assumptions concerning events that have transpired, or were ongoing, during the financial reporting period and continued after the balance sheet date. The resulting accounting estimates will, by definition, seldom equal the related actual results. In the opinion of the directors, there were no estimates and/or assumptions made towards the preparation of these financial statements that would be considered as having a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial reporting period.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

3. Judgments in applying accounting policies (continued)**Research and development**

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

4. Turnover

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

	2021 £	2020 £
Provision of television programming development and production services	16,987,815	15,660,370
Royalties and other fees on exploitation of distribution rights	495,686	506,864
	<u>17,483,501</u>	<u>16,167,234</u>

Analysis of turnover by country of destination:

	2021 £	2020 £
United Kingdom	3,593,696	4,365,422
Rest of the world	13,889,805	11,801,812
	<u>17,483,501</u>	<u>16,167,234</u>

5. Other operating income

	2021 £	2020 £
Provision of office space and related facilities	1,490	82,257
Government grants receivable	10,157	64,172
Management and resource fees receivable	79,591	107,751
	<u>91,238</u>	<u>254,180</u>

OCTOBER FILMS LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

6. Operating profit/(loss)

The operating profit/(loss) is stated after charging:

	2021 £	2020 £
Research & development charged as an expense	123,138	219,011
Depreciation of tangible fixed assets	90,521	272,068
Gain on disposal of tangible fixed assets	(1,644)	-
Defined contribution pension cost	24,940	26,345
Net foreign currency exchange differences	94,648	13,362
Operating lease charges land and buildings	352,147	457,944
Other operating lease rentals	25,830	34,440

7. Auditors' remuneration

The following amounts were due by the company to its auditors in respect of statutory audit and other professional services provided.

	2021 £	2020 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	24,000	20,000
Taxation compliance services	4,866	5,732
Other services	10,328	4,922
	<u>39,194</u>	<u>30,654</u>

The aforementioned amounts are inclusive of fees borne by the company on behalf of the following fellow group undertakings of the company in respect of audit and other professional services for the financial reporting year ended 31 December 2021 provided by the company's auditors:

- October Films Inc
- Brutal October Limited

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

8. Employees

	2021 £	2020 £
Wages and salaries including directors' remuneration	2,049,394	1,463,340
Social security costs	259,177	178,286
Cost in respect of defined contribution pension schemes	24,940	26,345
	<u>2,333,511</u>	<u>1,667,971</u>

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

	2021 No.	2020 No.
	<u>37</u>	<u>38</u>
Administration, technical and production		

9. Key management personnel

The directors of the company are recognised as being the key management personnel of the company. It is these individuals who together hold joint responsibility for planning, directing and controlling the activities of the company.

As the company forms part of a group for which consolidated financial statements are prepared and the results of the company are included within as part of the consolidation, the company has taken advantage of the exemption provided by paragraph 33.7 of Financial Reporting Standard 102 not to disclose total key management compensation as part of these financial statements.

10. Directors' remuneration

	2021 £	2020 £
Directors' emoluments	555,762	339,886
Company contributions to defined contribution pension schemes	4,864	4,996
	<u>560,626</u>	<u>344,882</u>

During the reporting period retirement benefits were accruing for 3 directors (2020: 4) in respect of defined contribution pension schemes.

During the current reporting period, the highest paid director received remuneration of £212,500 and for whom company's contributions in respect of defined contribution pension schemes amounted to £1,621.

OCTOBER FILMS LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

11. Income from investments

	2021 £	2020 £
Dividends received from unlisted investments	<u>133,009</u>	<u>16,000</u>

12. Interest receivable

	2021 £	2020 £
Interest receivable from group companies	1,382	1,937
Other interest receivable	322	5,291
	<u>1,704</u>	<u>7,228</u>

13. Taxation

	2021 £	2020 £
Corporation tax		
Adjustments in respect of previous periods	-	(147,086)
Deferred tax		
Origination and reversal of timing differences	<u>51,523</u>	<u>507</u>
Taxation on profit/(loss) on ordinary activities	<u>51,523</u>	<u>(146,579)</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

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

The tax assessed for the year is lower than (2020: lower than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021 £	2020 £
Profit/(loss) on ordinary activities before tax	<u>373,275</u>	<u>(55,139)</u>
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	70,922	(10,476)
Effects of:		
Expenses not deductible for tax purposes	336	250
Other permanent differences leading to a decrease in tax charge	5,114	6,904
Short term timing difference leading to an increase (decrease) in taxation	422	6,869
Dividends from UK companies	(25,271)	(3,040)
Utilisation of tax losses - prior period	-	(147,086)
Total tax charge for the year	<u><u>51,523</u></u>	<u><u>(146,579)</u></u>

Factors that may affect future tax charges

At Budget 2021, the government announced that the Corporation Tax main rate for the years starting 1 April 2021 and 2022 would remain at 19% and for the years starting 1 April 2023 Corporation tax main rate would be 25% for profits above £250,000 and for profit below £250,000 (small profits) rate would be 19%.

There are no further factors to report that may affect future taxation charges.

14. Dividends

	2021 £	2020 £
Equity dividends paid: £Nil (2020:1,875) per £1 share	<u>-</u>	<u>150,000</u>

OCTOBER FILMS LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

15. Tangible fixed assets

	Short-term leasehold property £	Plant and machinery £	Office equipment £	Computer equipment £	Total £
Cost					
At 1 January 2021	622,583	407,594	502,085	388,679	1,920,941
Additions	38,873	-	1,980	18,771	59,624
Disposals	-	-	-	(15,435)	(15,435)
At 31 December 2021	661,456	407,594	504,065	392,015	1,965,130
Depreciation					
At 1 January 2021	248,569	377,150	488,083	383,586	1,497,388
Charge for the year on owned assets	68,175	10,203	7,592	4,551	90,521
Disposals	-	-	-	(15,435)	(15,435)
At 31 December 2021	316,744	387,353	495,675	372,702	1,572,474
Net book value					
At 31 December 2021	344,712	20,241	8,390	19,313	392,656
At 31 December 2020	374,014	30,444	14,002	5,093	423,553

16. Fixed asset investments

	Investments in subsidiary companies £	Investments in associates £	Total £
Cost			
At 1 January 2021	91	621,880	621,971
Additions	100	-	100
Foreign exchange movement	-	3,670	3,670
Share of profit/(loss)	-	(25,925)	(25,925)
At 31 December 2021	191	599,625	599,816

OCTOBER FILMS LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

Associated companies

Investments in associated undertakings comprise a 25% equity holding in the issued Ordinary share capital of Talos Films LLC, a non-publicly traded entity incorporated in the state of Delaware, USA and whose registered agent office address is 874 Walker Road, Suite C, Dover, Delaware, 19904.

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding
Brutal October Limited	Ordinary	51 %
October Film Studios Limited	Ordinary	80 %
October Mysteries Limited	Ordinary	100 %

Investments in subsidiary undertakings comprise equity holdings in the issued Ordinary share capital of the above non-publicly traded entities, all of which are incorporated under the UK Companies Act 2006, domiciled in England and whose registered office address is Benwell Studios, 11-13 Benwell Road, London, United Kingdom, N7 7BL

17. Debtors

	2021 £	2020 £
Due after more than one year		
Deferred tax asset	-	49,764
	2021 £	2020 £
Due within one year		
Trade debtors	157,407	880,802
Amounts owed by group undertakings	911,823	448,321
Other debtors	137,948	25,772
Prepayments and accrued income	1,445,574	1,522,757
Financial instruments	-	190,822
	<u>2,652,752</u>	<u>3,068,474</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

17. Debtors (continued)

Amounts owed by group undertakings falling due within one year and amounting to £610,042 (2020: £448,321) are unsecured, interest-free and repayable on demand with no fixed date for repayment.

Amounts owed by group undertakings falling due within one year and amounting to £301,781 (2020: £Nil) are unsecured, interest-bearing and repayable on demand with no fixed date for repayment.

Trade and other debtors falling due within one year are non-interest bearing and their fair value is not materially different from their carrying value.

As at 31 December 2021, trade and other debtors falling due within one year were deemed fully recoverable.

18. Cash and cash equivalents

	2021 £	2020 £
Cash at bank and in hand	1,432,275	2,927,434
Less: bank overdrafts	(13,790)	-
	<u>1,418,485</u>	<u>2,927,434</u>

19. Creditors: Amounts falling due within one year

	2021 £	2020 £
Bank overdrafts	13,790	-
Trade creditors	251,001	843,510
Amounts owed to group undertakings	2,095,252	2,186,901
Other taxation and social security	250,464	165,906
Other creditors	38	-
Accruals and deferred income	1,061,165	2,861,386
Financial instruments	48,785	-
	<u>3,720,495</u>	<u>6,057,703</u>

Amounts owed by group undertakings falling due within one year and amounting to £2,095,152 (2020: £2,186,901) are unsecured, interest-free and repayable on demand with no fixed date for repayment.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

20. Financial instruments**Other derivatives**

	31 December 2021		31 December 2020	
	Current assets	Current liabilities	Current assets	Current liabilities
	£	£	£	£
Other derivatives	-	(48,785)	190,822	-

Other derivatives comprise of forward foreign exchange currency contracts classified as 'held for trading'.

The company uses derivative financial instruments to cover its exposure to foreign exchange risks arising from operational activities. It principally employs forward foreign exchange contracts to hedge against changes in exchange rates over fixed terms of between three and twelve months.

Derivative financial instruments are recognised at fair value and during the current and preceding financial reporting periods, derivative financial instruments held by the company were not designated as hedges and were therefore required to be classified as 'held for trading' with changes in their underlying fair values recognised in profit or loss as they arose.

Derivative financial instruments used by the company are not traded in an active market; however, their fair values are based on currency broker prices and are therefore measured at fair value through profit or loss in accordance with IFRS 13 classification hierarchy Level 2.

The company held no other financial instruments during either the current or preceding financial reporting periods that would be considered reportable under sections 1.12, 11 or 12 of Financial Reporting Standard 102 and paragraph 36 of Schedule 1 to the Companies Act 2006.

21. Deferred taxation

	2021 £
At beginning of year	49,764
Charged to profit or loss	(51,523)
At end of year	(1,759)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

21. Deferred taxation (continued)

The net deferred taxation asset/(liability) carried forward is made up as follows:

	2021 £	2020 £
Accelerated capital allowances	(5,955)	5,299
Tax losses carried forward	4,196	44,465
	<u>(1,759)</u>	<u>49,764</u>

22. Share capital

	2021 £	2020 £
Allotted, called up and fully paid		
80 Ordinary shares of £1.00 each	<u>80</u>	<u>80</u>

23. Reserves**Capital redemption reserve**

The capital redemption reserve of £20 (2020: £20) includes all amounts transferred following the redemption or purchase of the company's own share capital.

Profit and loss account

The profit and loss account of £1,355,145 (2020: £1,033,393) includes all current and prior period retained profits and (losses).

24. Capital commitments

In a previous financial reporting period, the company entered into an agreement with associated undertaking Talos Films LLC, a corporate entity registered in the USA, to acquire 25% of Talos Films LLC's issued share capital in exchange for the provision of management services, resources and cash investment; the value of which is estimated on the date of the agreement to be US\$ 1.2 million.

The directors are of the opinion that as the agreement includes a clause which states that the value of services provided and cash invested by the company may change given the performance of Talos Films LLC; it would not be considered prudent to recognise the investment at its gross estimated value, as per the agreement, along with a corresponding net liability due to Talos Films LLC.

The directors therefore agree, and have reflected as such in these financial statements, that it would be far more prudent to recognise the change in investment value as and when management services and resources are provided and cash is invested.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

25. Commitments under operating leases

At 31 December 2021 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2021 £	2020 £
Not later than 1 year	152,445	555,765
Later than 1 year and not later than 5 years	1,063,290	2,102,520
Later than 5 years	-	358,839
	<u>1,215,735</u>	<u>3,017,124</u>

26. Related party transactions**Wholly-owned group undertakings**

As the company forms part of a group for which consolidated financial statements are prepared and the results of the company are included within as part of the consolidation, the company has taken advantage of the exemptions provided by Section 33 of Financial Reporting Standard 102 from the requirement to disclose transactions undertaken or balances carried forward as at the reporting date between the company and its fellow wholly-owned group undertakings. Outstanding aggregated balances with the company's fellow wholly-owned group undertakings as at the reporting date are disclosed within notes 17 and 19 of the financial statements.

Other related parties

During the reporting period, the company entered into trading arrangements with October Film Studios Limited, a subsidiary undertaking of the company, to provide, and be provided with, television programming production services. The trading arrangements were at arms length under normal commercial terms. Amounts included in turnover and cost of sales in respect of said services amounted to £307,220 and £3,278,467 respectively (2020: £539,302 and £6,985,127). In addition to aforementioned, recharges amounting to £224,611 (2020: £117,136) were recharged to October Film Studios Limited during the reporting period.

During the year, a dividend of £16,000 (2020: £16,000) was received from October Film Studios Limited.

At the reporting date aggregated balances owed by the company to October Film Studios Limited amounted to £789,715 (2020: £1,110,211).

During the reporting period, the company provided Brutal October Limited, a subsidiary undertaking of the company, to provide and be provided with television programming production services. The trading arrangements under which services were provided were at arms length under normal commercial terms. Amounts included in turnover and cost of sales in respect of said services amounted to £71,744 and £Nil respectively (2020: £300,903 and £260,521).

During the reporting period the company received dividends of £117,009 (2020: £Nil) from Brutal October Limited.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

26. Related party transactions (continued)

27. Controlling party

The immediate parent undertaking is Boulder Television Limited by virtue of a 100% interest in the total issued share capital of October Films Ltd. Boulder Television Limited is incorporated in England and Wales, whose registered office is located at Benwell Studios, 11-13 Benwell Road, London, N7 7BL.

The ultimate parent undertaking largest group to consolidate these financial statements is October Holdings Limited. Copies of the October Holdings Limited consolidated financial statements are available from Benwell Studios, 11-13 Benwell Road, London, N7 7BL.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.