

Company Registration Number 02503356

Goldcrest Investment Holdings Limited

Annual Report and Financial Statements

For the year ended 31 December 2020

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Goldcrest Investment Holdings Limited

Annual report and financial statements For the year ended 31 December 2020

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Goldcrest Investment Holdings Limited

Officers and professional advisers

Directors

J Quested
N Quested
C Quested

Registered Office

1 Lexington Street
London
W1F 9AF
United Kingdom

Bankers

Coutts & Co
440 Strand
London
WC2R 0QS
United Kingdom

Solicitors

Marriott Harrison
11 Staple Inn
London
WC1V 7QH
United Kingdom

Auditor

Nyman Libson Paul LLP
Chartered Accountants and Statutory Auditor
124 Finchley Road
London
NW3 5JS
United Kingdom

Goldcrest Investment Holdings Limited

Strategic report

This strategic report has been prepared for the Group as a whole and therefore gives greater emphasis to those matters which are significant to Goldcrest Investment Holdings Limited and its subsidiary undertakings when viewed as a whole.

Principal activities

The principal activities of Goldcrest Investment Holdings Limited is to act as a holding company for its subsidiaries, which provide film and television services, comprising of the licensing, production, post-production, financing, marketing and distribution of film and television programmes.

Review of the business

Turnover has decreased by 21% on last year to £12.86m (2019: £16.35m). Operating loss was £0.19m in the year (2019: profit of £0.66m). The Group net current liability position was £6.05m at the balance sheet date (2019: £5.64m) with net liabilities of £14.23m (2019: £13.37m).

The drop in revenue and profitability was a direct consequence of the Coronavirus pandemic. As events began to rapidly unfold, we saw a film and television production hiatus around the globe from March 2020 onwards. Once there was enough confidence for people to return to work, as well as clear messaging from governments, productions that had already completed their shoots were able to utilise the Group's post-production services in the UK and USA even as the pandemic continued around the globe. As confidence grew further, as well as key practical issues resolved such as film and television makers being able to obtain production insurance, we saw production shoots start-up again. The result was that many of the Group's post-production jobs pushed to later in the year and beyond.

To help off-set a portion of the drop in revenues, the UK and USA post-production facilities were able to utilise government support, such as the Coronavirus Job Retention Scheme in the UK and the Paycheck Protection Program in the USA, totalling £1.01m in 2020.

Distribution rights licensing also halted for a brief time as the events of the pandemic unfolded. However we saw a speedy recovery as broadcasters and streamers scrambled to acquire enough product to air during the pandemic.

The roll-out of the vaccination programmes in the UK and USA in 2021 has provided greater certainty of revenues. We have started to see a significant up-lift in demand for the Group's post-production services, with major bookings being confirmed in 2021 and as far away as 2023. In the UK, two third-party sub-leases came to an end and, as a result, the post-production business was able to expand its footprint to accommodate a greater number of projects. In the USA, new management has been able to grow the quality of our services offering, winning a greater number of high-end television projects in 2021 than in any preceding year. In spite of the difficulties that 2020 and 2021 presented, the Group is now well positioned to bounce-back after the worst effects of the pandemic and grow revenues beyond pre-pandemic levels as film and television production continues to ramp up.

Principal risks and uncertainties

The Group's activities expose it to a number of financial risks including credit risk and liquidity risk. The Company does not use derivatives to manage its financial risks. For further information see the directors' report on page 4.

Global recession risk

A sudden downturn in revenues or profits caused by a global recession could reduce spending which might result in a reduction in profitability and operating cash flow. In the event of such a reduction in profits and/or cash flow, the directors have the ability to make a number of mitigating actions.

Cyber security risk

Like many organisations, the Group is at risk from cyber-attack. This presents a potentially serious risk disruption to our ability to provide post-production services and could have an impact on the profitability of the business and the security of intellectual property assets. The Group uses firewalls and IT controls to prevent attack as well as maintaining offsite backup of intellectual property and other computerised records. For added assurance as to the Group's cyber security, the Group's post-production facilities are regularly audited by the major Hollywood film studios as well as by the MPAA.

Goldcrest Investment Holdings Limited

Strategic report (continued)

Key performance indicators

Revenue, profit before tax and net assets are considered key performance indicators.

Future developments

The directors intend to take every opportunity to develop the business and future prospects.

A handwritten signature in black ink, appearing to read 'Chris Quested', with a stylized flourish at the end.

C Quested
Director

30th September 2021

1 Lexington Street, London W1F 9AF

Goldcrest Investment Holdings Limited

Directors' report

The directors present their annual report on the affairs of the Group, together with the financial statements and auditors report, for the year ended 31 December 2020.

Going concern

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

Further details regarding the adoption of the going concern basis can be found in the Statement of accounting policies in the financial statements.

Financial risk management objectives and policies

The Group's activities expose it to a number of financial risks including credit risk and liquidity risk. The use of financial derivatives is governed by the Group's policies approved by the board of directors, which provide written principles on the use of financial derivatives to manage these risks. The Group does not use derivative financial instruments for speculative purposes.

Credit risk

The Group's principal financial assets are bank balances and cash, trade and other receivables, and investments.

The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Company uses a mixture of long-term and short-term debt finance.

Further details regarding liquidity risk can be found in the Statement of accounting policies in the financial statements.

Dividends

The directors do not propose any dividends during the financial year (2019: £nil).

Directors

The directors, who served throughout the year and subsequently except as noted, were as follows:

J Qusted
N Qusted
C Qusted

Goldcrest Investment Holdings Limited

Directors' report (continued)

Auditor


Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Nyman Libson Paul LLP has expressed their willingness to continue in office as auditor and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

Approved by the Board and signed on its behalf by:



C Quast
Director

30th September 2021

1 Lexington Street, London W1F 9AF

Goldcrest Investment Holdings Limited

Directors' responsibilities statement

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

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

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

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

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

Independent auditor's report to the member of Goldcrest Investment Holdings Limited

Opinion

We have audited the financial statements of Goldcrest Investment Holdings Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2020, which comprise the Group Profit and Loss Account, the Group Statement of Comprehensive Income, the Group and Company Balance Sheet, the Group Statement of Changes in Equity, 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 affairs as at 31 December 2020 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 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

Independent auditor's report to the member of Goldcrest Investment Holdings Limited (continued)

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 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 Directors' report has 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 parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic report and 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.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement on page 6, 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 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 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 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 Group and parent company and the industry in which it operates, and considered the risk of acts by the Group and parent 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, 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

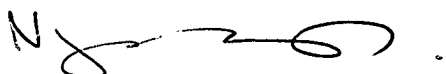
Independent auditor's report to the member of Goldcrest Investment Holdings Limited (continued)

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.

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 and Statutory Auditors
124 Finchley Road
London
NW3 5JS
30th September 2021

Goldcrest Investment Holdings Limited

Consolidated profit and loss account For the year ended 31 December 2020

	Note	2020 £'000	2019 £'000
Turnover	3	12,861	16,349
Cost of sales		<u>(6,368)</u>	<u>(7,042)</u>
Gross profit		6,493	9,307
Administrative expenses		(8,425)	(9,701)
Other operating income	4	<u>1,740</u>	<u>1,051</u>
Operating (loss)/profit		(192)	657
Finance costs (net)	5	<u>(646)</u>	<u>(737)</u>
Loss on ordinary activities before taxation	6	(838)	(80)
Tax on loss on ordinary activities	9	<u>(8)</u>	<u>18</u>
Loss for the financial year	10	<u><u>(846)</u></u>	<u><u>(62)</u></u>

Goldcrest Investment Holdings Limited

Consolidated statement of comprehensive income For the year ended 31 December 2020

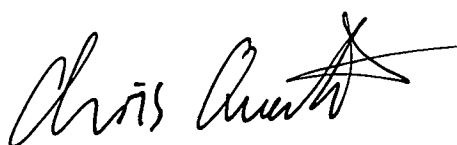
	2020 £'000	2019 £'000
Loss for the financial year	(846)	(62)
Currency translation difference on foreign currency net investments	<u>(13)</u>	<u>(5)</u>
Total comprehensive expense	<u><u>(859)</u></u>	<u><u>(67)</u></u>

Goldcrest Investment Holdings Limited

Consolidated balance sheet As at 31 December 2020

	Notes	2020 £'000	2019 £'000
Fixed assets			
Tangible assets	11	4,697	5,343
		<u>4,697</u>	<u>5,343</u>
Current assets			
Stocks	13	65	113
Debtors – due within one year	14	7,475	8,727
Cash at bank and in hand		1,895	1,633
		<u>9,435</u>	<u>10,473</u>
Creditors: Amounts falling due within one year	15	<u>(15,482)</u>	<u>(16,114)</u>
Net current (liabilities) / assets		<u>(6,047)</u>	<u>(5,641)</u>
Total assets less current liabilities		<u>(1,350)</u>	<u>(298)</u>
Creditors: Amounts falling due after more than one year	16	<u>(12,880)</u>	<u>(13,073)</u>
Net liabilities		<u>(14,230)</u>	<u>(13,371)</u>
Capital and reserves			
Called-up share capital	17	43	43
Share premium account	17	165	165
Capital redemption reserve		1,434	1,434
Profit and loss account		<u>(15,872)</u>	<u>(15,013)</u>
Shareholders' deficit		<u>(14,230)</u>	<u>(13,371)</u>

The financial statements of Goldcrest Investment Holdings Limited (registration number 02503356) were approved by the board of directors and authorised for issue on 30th September 2021. They were signed on its behalf by:



C Quested
Director

Goldcrest Investment Holdings Limited

Company balance sheet As at 31 December 2020

	Notes	2020 £'000	2019 £'000
Fixed assets			
Investments	12	11,394	11,394
		<u>11,394</u>	<u>11,394</u>
Current assets			
Debtors – due within one year	14	2,781	2,849
		<u>2,781</u>	<u>2,849</u>
Creditors: Amounts falling due within one year	15	<u>(8,691)</u>	<u>(8,683)</u>
Net current liabilities		<u>(5,910)</u>	<u>(5,834)</u>
Total assets less current liabilities		<u>5,484</u>	<u>5,560</u>
Net assets		<u>5,484</u>	<u>5,560</u>
Capital and reserves			
Called up share capital	17	43	43
Share premium account	17	165	165
Profit and loss account		<u>5,276</u>	<u>5,352</u>
Shareholders' funds		<u>5,484</u>	<u>5,560</u>

The financial statements of Goldcrest Investment Holdings Limited (registered number 02503356) were approved by the board of directors and authorised for issue on 30th September 2021. They were signed on its behalf by:



C Quested
Director

Goldcrest Investment Holdings Limited

Consolidated statement of changes in equity As at 31 December 2020

	Called-up share capital £'000	Share premium account £'000	Capital redemp- -tion reserve £'000	Profit and loss account £'000	Total £'000
At 31 December 2018	43	165	1,434	(14,946)	(13,304)
Loss for the financial year	-	-	-	(62)	(62)
Other comprehensive profit	-	-	-	(5)	(5)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2019	43	165	1,434	(15,013)	(13,371)
Loss for the financial year	-	-	-	(846)	(846)
Other comprehensive profit	-	-	-	(13)	(13)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2020	<u>43</u>	<u>165</u>	<u>1,434</u>	<u>(15,872)</u>	<u>(14,230)</u>

Goldcrest Investment Holdings Limited

Company statement of changes in equity As at 31 December 2020

	Called-up share capital £'000	Share premium account £'000	Capital redemp tion reserve £'000	Profit and loss account £'000	Total £'000
At 31 December 2018	43	165	-	5,055	5,263
Profit for the financial year	-	-	-	297	297
At 31 December 2019	43	165	-	5,352	5,560
Loss for the financial year	-	-	-	(76)	(76)
At 31 December 2020	43	165	-	5,276	5,484

Goldcrest Investment Holdings Limited

Consolidated cash flow statement For the year ended 31 December 2020

	Note	2020 £'000	2019 £'000
Net cash flows from operating activities	18	2,175	2,245
Cash flows from investing activities			
Purchase of equipment		(499)	(460)
Interest received		4	2
Net cash flows from investing activities		<u>(495)</u>	<u>(458)</u>
Cash flows from taxation			
Foreign tax (paid) / received		(8)	18
Net cash flows from taxation		<u>(8)</u>	<u>18</u>
Cash flows from financing activities			
Repayments of borrowings		(3,995)	(4,437)
Interest paid		(399)	(804)
Repayments of obligations under finance lease		(1,000)	(1,064)
New loans raised		4,289	5,192
Net cash flows from financing activities		<u>(1,105)</u>	<u>(1,113)</u>
Net increase in cash and cash equivalents		<u>567</u>	<u>692</u>
Cash and cash equivalents at beginning of year		<u>1,633</u>	<u>1,387</u>
Effect of foreign exchange rate changes		(305)	(446)
Cash and cash equivalents at end of year		<u>1,895</u>	<u>1,633</u>
Reconciliation to cash at bank and in hand:			
Cash at bank and in hand		1,895	1,633
Cash and cash equivalents		<u>1,895</u>	<u>1,633</u>

Goldcrest Investment Holdings Limited

Notes to the financial statements For the year ended 31 December 2020

1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and to the preceding year.

General information and basis of accounting

Goldcrest Investment Holdings Limited is a company incorporated in the United Kingdom under the Companies Act. The address of the registered office is given on page 1.

The financial statements have been prepared under the historical cost convention, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of Goldcrest Investment Holdings Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates. The consolidated financial statements are also presented in pounds sterling. Foreign operations are included in accordance with the policies set out below.

Goldcrest Investment Holdings Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements, which are presented alongside the consolidated financial statements. Exemptions have been taken in relation to financial instruments.

Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and its subsidiary undertakings drawn up to 31 December each year.

Business combinations are accounted for under the purchase method. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation. In accordance with Section 35 of FRS 102, Section 19 of FRS 102 has not been applied in these financial statements in respect of business combinations effected prior to the date of transition.

Going concern

At 31 December 2020, the Group had net current liabilities of £6.05m (2019: £5.64m) and made a loss of £846,000. The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the strategic report. The directors' report further describes the financial position of the Group; its cash flows, liquidity position and borrowing facilities; the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposure to credit risk and liquidity risk.

The Group subsidiaries meet their day to day working capital requirements through the transfer of intercompany funds throughout the Group. The Group has gone through a period of significant investment, particularly into the London based post-production business. The investment has been financed through a combination of third-party loans and finance leases. The Group intends to repay the debt as it falls due out of operating cash flows. The directors are pleased with the significant increase in turnover, profitability and cash flows since the balance sheet.

Due to the global outbreak of COVID-19 from January 2020 there has been an adverse effect on the global economy, specifically the film and television industries both in the United Kingdom and United States, which may impact on the Group's ability to operate as a going concern. Existing forecasts and projections indicate that the Group has adequate bookings and resources to continue as a going concern. Although the potential effects of the coronavirus pandemic can be modelled, it is very difficult to determine the assumptions that will prove to be most appropriate and therefore there remains an element of uncertainty in those models that cannot be quantified.

The Group's forecasts and projections show that the Group is able to operate within the level of its current cash flows. After making enquiries, the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future, being at least one year from the date of signing these accounts. Accordingly, they continue to adopt the going concern bases in preparing the annual report and accounts.

Goldcrest Investment Holdings Limited

Notes to the financial statements For the year ended 31 December 2020 (continued)

1. Accounting policies (continued)

Going concern (continued)

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

Tangible fixed assets

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, other than investment properties and freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Freehold building	- 5%
Leasehold improvements	- 5%
Studio equipment	- 20%
Fixtures, fittings and office equipment	- 20-33%

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to sell, which is equivalent to net realisable value.

Films for distribution

Films in production are included at cost, including finance costs, and an appropriate proportion of overheads.

Films produced or acquired for distribution are included at the lower of cost and estimated selling price less costs to complete and sell. Cost includes production costs and overheads or acquisition costs where appropriate.

The market value of certain individual films may exceed book value.

Work in progress

Work in progress represent advances made to producers for certain film production rights. These are capitalised at cost and reviewed for impairment annually.

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences and differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the figure reversal of the underlying timing differences can be deducted.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to property, plant and equipment measured using the revaluation model.

Goldcrest Investment Holdings Limited

Notes to the financial statements For the year ended 31 December 2020 (continued)

1. Accounting policies (continued)

Turnover

Turnover is stated net of VAT and trade discounts and is recognised when the significant risks and rewards are considered to have been transferred to the buyer.

Film and television royalties, as well as advanced minimum guarantees, are recognised at the point at which a reliable estimate can be made. The Group's share of advances received from sub-distributors before completion and delivery of films is excluded from turnover and accounted for as deferred revenue in the balance sheet, unless such advances are not returnable under the terms of the contracts.

Turnover from the Group's post-production facilities and studios is recognised on completion of milestones as agreed in client contracts and in the period the studio hire relates to.

For all other income streams, turnover from the sale of goods is recognised when the goods are physically delivered to the customer. Turnover from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the value of the consideration due. Where payments are received from customers in advance of services provided, the amounts are recorded as deferred income and included as part of creditors due within one year.

Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

The results of overseas operations are translated at the average rates of exchange during the period and their balance sheets at the rates ruling at the balance sheet date. Exchange differences arising on translation of the opening net assets and results of overseas operations are reported in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

Leases

Rentals under operating leases are charged on a straight line basis over the terms of the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease terms.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

Where the Company enters into a lease, which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease. The asset is recorded in the Balance Sheet as a tangible fixed asset and is depreciated over its estimated useful life or the term of the lease, whichever is shorter. Future instalments under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the Profit and Loss account, and the capital element, which reduces the outstanding obligation for future instalments.

Government grants

Government grants are recognised based on the accrual model and are measured at the fair value of the asset received or receivable. Grants are classified as relating either to revenue or to assets. Grants relating to revenue are recognised in income over the period in which the related costs are recognised. Grants relating to assets are recognised over the expected useful life of the asset. Where part of a grant relating to an asset is deferred, it is recognised as deferred income.

Goldcrest Investment Holdings Limited

Notes to the financial statements For the year ended 31 December 2020 (continued)

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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.

Impairment of debtors

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

3. Turnover

An analysis of the Group's turnover by class of business is set out below.

	2020 £'000	2019 £'000
Turnover		
Film licensing, marketing and distribution	1,846	2,362
Post-production services	11,014	13,987
	<u>12,861</u>	<u>16,349</u>

An analysis of the Group's turnover by geographical market is set out below.

	2020 £'000	2019 £'000
Turnover		
United Kingdom	7,691	10,287
United States of America	5,170	6,062
	<u>12,861</u>	<u>16,349</u>

4. Other operating income

	2020 £'000	2019 £'000
Government grants	1,012	-
Other income	728	1,051
	<u>1,740</u>	<u>1,051</u>

Goldcrest Investment Holdings Limited

Notes to the financial statements For the year ended 31 December 2020 (continued)

5. Finance costs (net)

	2020 £'000	2019 £'000
Interest payable and similar charges	650	739
Other interest receivable and similar income	(4)	(2)
	<u>646</u>	<u>737</u>

Interest payable and similar charges

	2020 £'000	2019 £'000
Finance leases and hire purchase contracts	134	149
Other loans	516	590
	<u>650</u>	<u>739</u>

6. Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging:

	2020 £'000	2019 £'000
Depreciation of tangible fixed assets	1,586	1,874
Operating lease rentals	2,432	2,432
Impairment of stock recognised as an expense	60	60
Foreign exchange loss / (gain)	13	5
	<u>4,091</u>	<u>4,371</u>

The analysis of the auditor's remuneration is as follows:

	2020 £'000	2019 £'000
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	35	35
Fees payable to the company's auditor and its associates for other services to the Group	6	6
	<u>41</u>	<u>41</u>
Total fees	<u>41</u>	<u>41</u>

Goldcrest Investment Holdings Limited

Notes to the financial statements For the year ended 31 December 2020 (continued)

7. Staff costs

The average monthly number of employees (including executive directors) was:

	2020 Number	2019 Number
Production and post-production	79	67
Sales, marketing and distribution	3	1
Administration	29	31
	<u>111</u>	<u>99</u>

Their aggregate remuneration comprised:

	2020 £'000	2019 £'000
Wages and salaries	5,432	5,505
Social security costs	527	554
Other pension costs	102	97
	<u>6,061</u>	<u>6,156</u>

'Other pension costs' includes only those items included within operating costs. Items reported elsewhere have been excluded.

8. Directors' remuneration and transactions

	2020 £'000	2019 £'000
<i>Directors' remuneration</i>		
Emoluments	<u>266</u>	<u>409</u>

	2020 £'000	2019 £'000
Remuneration of the highest paid director:		
Emoluments	<u>125</u>	<u>251</u>

	2020 £'000	2019 £'000
<i>Key management personnel remuneration</i>		
Emoluments	1,352	1,634
Company contributions to money purchase pension schemes	39	44
	<u>1,391</u>	<u>1,678</u>

Goldcrest Investment Holdings Limited

Notes to the financial statements For the year ended 31 December 2020 (continued)

9. Tax on profit on ordinary activities

The tax charge comprises:

	2020 £'000	2019 £'000
Current tax on profit / loss on ordinary activities		
UK corporation tax	-	-
Overseas tax	(8)	18
Total current tax (charge) / credit	<u>(8)</u>	<u>18</u>
Total tax (charge) / credit	<u>(8)</u>	<u>18</u>

There is no expiry date on timing differences, unused tax losses or tax credits.

The differences between the total current tax shown above and the amount calculated is determined by applying the standard rate of UK corporation tax to the profit / loss before tax is as follows:

	2020 £'000	2019 £'000
Group (loss) on ordinary activities before tax	<u>(838)</u>	<u>(80)</u>
Tax credit on Group loss on ordinary activities at standard UK corporation tax rate of 19% (2019: 19%)	159	15
Effects of:		
- Expenses not deductible for tax purposes	(2)	15
- Capital allowances in excess of depreciation	(72)	(61)
- Losses carried forward	(85)	61
- Effect of overseas earnings	(8)	18
Group total tax (charge) / credit for period	<u>(8)</u>	<u>18</u>

At the year end, the Company had carried forward tax losses of £27m (2019: £27m). No deferred tax asset has been recognised in respect of these losses as well as short term timing differences and capital allowances as it is not certain that the Company will make sufficient future profits with which to offset them. The Company also had capital losses of £6m at the year end (2019: £6m). No deferred tax asset has been recognised in respect of these capital losses as it is not certain that the Company will generate sufficient capital gains in the future with which to offset them. The amount of the deferred tax assets not recognised at 31 December 2020 is £5.2m (2019: £5.1m). This asset would be recovered if sufficient profits were made in the same trade.

10. Profit attributable to the Company

The profit for the financial year dealt with in the financial statements of the parent Company was £76,000 (2019: £297,000). As permitted by Section 408 of the Companies Act 2006, no separate profit and loss account or statement of comprehensive income is presented in respect of the parent Company.

Goldcrest Investment Holdings Limited

Notes to the financial statements For the year ended 31 December 2020 (continued)

11. Tangible fixed assets

Group	Land and buildings £'000	Leasehold improve- ments £'000	Plant and machinery £'000	Total £'000
Cost or valuation				
At 31 December 2019	1,597	4,123	11,065	16,785
Additions	-	13	975	988
Disposals	-	-	(556)	(556)
Exchange adjustment	(51)	(121)	(92)	(264)
At 31 December 2020	<u>1,546</u>	<u>4,015</u>	<u>11,392</u>	<u>16,953</u>
Depreciation				
At 31 December 2019	(1,279)	(3,361)	(6,802)	(11,442)
Charge for the year	-	(76)	(1,510)	(1,586)
Disposals	-	-	556	556
Exchange adjustment	41	104	71	216
At 31 December 2020	<u>(1,238)</u>	<u>(3,333)</u>	<u>(7,685)</u>	<u>(12,256)</u>
Net book value				
At 31 December 2020	<u>308</u>	<u>682</u>	<u>3,707</u>	<u>4,697</u>
At 31 December 2019	<u>318</u>	<u>762</u>	<u>4,263</u>	<u>5,343</u>
Leased assets included above:				
Net book value				
At 31 December 2020	<u>-</u>	<u>-</u>	<u>1,206</u>	<u>1,206</u>
At 31 December 2019	<u>-</u>	<u>-</u>	<u>1,701</u>	<u>1,701</u>

Property rental income earned during the year was £437,000 (2019: £661,000). No contingent rents have been recognised as income in the current or prior year.

At the balance sheet date, the Group had contracted with tenants for the following future total minimum lease payments:

	2020 £'000	2019 £'000
Within one year	375	438
In the second to fifth years inclusive	1,500	1,500
After five years	<u>4,219</u>	<u>4,594</u>

Goldcrest Investment Holdings Limited

Notes to the financial statements For the year ended 31 December 2020 (continued)

12. Fixed asset investments

	Group		Company	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Carrying value before impairment				
At 31 December 2019	-	-	18,580	18,580
At 31 December 2020	-	-	18,580	18,580
Provisions for impairment				
At 31 December 2019	-	-	(7,186)	(7,186)
At 31 December 2020	-	-	(7,186)	(7,186)
Carrying value	-	-	11,394	11,394

Principal Group investments

The parent Company and its subsidiary undertakings have investments in the following subsidiary undertakings, which principally affected the results or net assets of the Group.

Subsidiary undertakings	Country of incorporation or principal business address	Principal activity	Holding	%
Goldcrest Films International Ltd. +	United Kingdom	Film licensing	Ordinary	100
Goldcrest Post Production Facilities Ltd. +	United Kingdom	Post-production	Ordinary	100
Goldcrest Post Productions Ltd. +	United States of America	Post-production	Ordinary	100
Goldcrest Features Inc.	United States of America	Production	Ordinary	100
Saboteur Media LLC	United States of America	Production	Ordinary	100
Goldcrest Group Ltd. +	United Kingdom	Dormant	Ordinary	100
Goldcrest Films & Television Ltd. +	United Kingdom	Dormant	Ordinary	100
Goldcrest Films & Television (Holdings) Ltd. +	United Kingdom	Dormant	Ordinary	100
Goldcrest Animation Ltd.	United Kingdom	Dormant	Ordinary	100
Goldcrest Distributors Ltd.	United Kingdom	Dormant	Ordinary	100
Goldcrest Music Ltd.	United Kingdom	Dormant	Ordinary	100
Goldcrest Film Finance LLP	United Kingdom	Dormant	Ordinary	100
Goldcrest Pictures Ltd.	United Kingdom	Dormant	Ordinary	100
Goldcrest Film Rights Ltd.	United Kingdom	Dormant	Ordinary	100
Goldcrest Film Rights II Ltd.	United Kingdom	Dormant	Ordinary	100
Goldcrest Acquisitions Ltd.	United Kingdom	Dormant	Ordinary	100
Goldcrest Film Distribution Ltd.	United Kingdom	Dormant	Ordinary	100
Goldcrest Film Distribution III Ltd.	United Kingdom	Dormant	Ordinary	100
Goldcrest Funding Ltd.	United Kingdom	Film financing	Ordinary	100
Goldcrest Funding III Ltd.	United Kingdom	Dormant	Ordinary	100
Goldcrest Studios Ltd.	United Kingdom	Dormant	Ordinary	100
Goldcrest Films Ltd.	United Kingdom	Dormant	Ordinary	100

+ Held directly by Goldcrest Investment Holdings Limited.

Goldcrest Investment Holdings Limited

Notes to the financial statements For the year ended 31 December 2020 (continued)

13. Stocks

	Group		Company	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Finished goods and goods for resale	22	30	-	-
Films for distribution	37	77	-	-
Work in progress	6	6	-	-
	<u>65</u>	<u>113</u>	<u>-</u>	<u>-</u>

14. Debtors – due within one year

	Group		Company	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Trade debtors	6,355	6,954	-	-
Amounts owed by Group undertakings*	-	-	2,781	2,849
Other debtors	32	49	-	-
Prepayments and accrued income	1,088	1,724	-	-
	<u>7,475</u>	<u>8,727</u>	<u>2,781</u>	<u>2,849</u>

* Amounts owed by Group undertakings are interest free and repayable on demand.

15. Creditors: Amounts falling due within one year

	Group		Company	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Obligations under finance leases and hire purchase contracts	628	741	-	-
Short term borrowings and overdrafts	-	6	-	-
Trade creditors	5,266	5,592	-	-
Amounts owed to Group undertakings*	-	-	8,682	8,674
VAT payable	1,164	922	-	-
Other taxation and social security	97	112	-	-
Amounts owed to directors	4	30	-	-
Other creditors	98	189	-	-
Other loans	7,167	7,240	-	-
Accruals and deferred income	1,058	1,282	9	9
	<u>15,482</u>	<u>16,114</u>	<u>8,691</u>	<u>8,683</u>

* Amounts owed to Group undertakings are interest free and repayable on demand.

Goldcrest Investment Holdings Limited

Notes to the financial statements For the year ended 31 December 2020 (continued)

16. Creditors: Amounts falling due after more than one year

	Group		Company	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Obligations under finance leases and hire purchase contracts	380	573	-	-
Loan stock	5,700	5,700	-	-
Other loans	6,800	6,800	-	-
	<u>12,880</u>	<u>13,073</u>	<u>-</u>	<u>-</u>

Borrowings are repayable as follows:

	Group		Company	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Finance leases				
Between one and two years	380	573	-	-
On demand or within one year	628	741	-	-
	<u>1,008</u>	<u>1,314</u>	<u>-</u>	<u>-</u>
Other loans				
Between one and two years	12,500	12,500	-	-
Between two and five years	-	-	-	-
On demand or within one year	7,167	7,240	-	-
	<u>19,667</u>	<u>19,740</u>	<u>-</u>	<u>-</u>

17. Called-up share capital and reserves

	2020	2019
	£'000	£'000
Allotted, called-up and fully-paid 42,500 ordinary shares of £1 each	<u>43</u>	<u>43</u>

The Group and Company's other reserves are as follows:

The share premium reserve contains the premium arising on issue of equity shares, net of issue expenses.

The profit and loss reserve represents cumulative profits or losses, including unrealised profit on the remeasurement of investment properties, net of dividends paid and other adjustments.

Goldcrest Investment Holdings Limited

Notes to the financial statements For the year ended 31 December 2020 (continued)

18. Cash flow statement

Reconciliation of operating profit to cash generated by operations:

	2020 £'000	2019 £'000
Group (loss) for the financial year	(846)	(62)
Adjustment for:		
Depreciation and amortisation	1,586	1,874
Interest payable and similar charges	650	739
Interest receivable and similar income	(4)	(2)
Taxation	8	(18)
Decrease in stocks	48	45
Decrease / (increase) in debtors	1,252	(235)
Decrease in creditors	(519)	(96)
Net cash inflow from operating activities	2,175	2,245

Non-cash transactions

During the year the Group entered into finance lease arrangements in respect of assets with a total capital value at the inception of the leases of £489,000 (2019: £976,000).

19. Financial commitments

Total future minimum lease payments under non-cancellable operating leases are as follows:

	Land and buildings	
	2020 £'000	2019 £'000
Group		
- within one year	2,432	2,432
- between one and five years	9,640	9,672
- after five years	28,200	30,600
	40,272	42,704
Company		
- within one year	-	-
- between one and five years	-	-
- after five years	-	-
	-	-

20. Related party transactions

Directors' transactions

An unsecured interest free loan, made to by a director to the Group, was outstanding at the year end. The amount owing by the Group to the director was £4,000 at the balance sheet date (2019: £30,000).

Goldcrest Investment Holdings Limited

Notes to the financial statements

For the year ended 31 December 2020 (continued)

21. Controlling party

Mr John Qusted, a director of the Company, and members of his close family, control the Company as a result of controlling, directly or indirectly, 100 per cent of the issued share capital of the Company.