

Audited Financial Statements

for the Period 1 February 2019 to 31 March 2020

for

Underbelly Ltd



Underbelly Ltd

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for the Period 1 February 2019 to 31 March 2020

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Underbelly Ltd

Company Information  
for the Period 1 February 2019 to 31 March 2020

**DIRECTORS:**

C B M Wood  
E A A Bartlam  
T L Page

**SECRETARY:**

T L Page

**REGISTERED OFFICE:**

4th Floor  
36-38 Hatton Garden  
London  
Greater London  
EC1N 8EB

**REGISTERED NUMBER:**

04206540 (England and Wales)

**SENIOR STATUTORY AUDITOR:** Mr Christopher Haywood FCA CTA

**AUDITORS:**

Haywood & Co LLP  
Kevan Pilling House  
1 Myrtle Street  
Bolton  
Lancashire  
BL1 3AH

Balance Sheet  
31 March 2020

	Notes	2020 £	2019 £
<b>FIXED ASSETS</b>			
Tangible assets	4	2,540,725	2,434,318
Investments	5	2	2
		<u>2,540,727</u>	<u>2,434,320</u>
<b>CURRENT ASSETS</b>			
Debtors	6	1,842,948	2,311,093
Cash at bank		(93,340)	174,709
		<u>1,749,608</u>	<u>2,485,802</u>
<b>CREDITORS</b>			
Amounts falling due within one year	7	(4,361,382)	(4,439,953)
<b>NET CURRENT LIABILITIES</b>		<u>(2,611,774)</u>	<u>(1,954,151)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		(71,047)	480,169
<b>CREDITORS</b>			
Amounts falling due after more than one year	8	(1,494,240)	-
<b>PROVISIONS FOR LIABILITIES</b>		<u>(410,000)</u>	<u>(190,216)</u>
<b>NET (LIABILITIES)/ASSETS</b>		<u><u>(1,975,287)</u></u>	<u><u>289,953</u></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital		21	21
Retained earnings		<u>(1,975,308)</u>	<u>289,932</u>
<b>SHAREHOLDERS' FUNDS</b>		<u><u>(1,975,287)</u></u>	<u><u>289,953</u></u>

The financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies regime.

In accordance with Section 444 of the Companies Act 2006, the Statement of Comprehensive Income has not been delivered.

The financial statements were approved by the Board of Directors and authorised for issue on 29 March 2021 and were signed on its behalf by:



C B M Wood - Director

Notes to the Financial Statements  
for the Period 1 February 2019 to 31 March 2020

1. **STATUTORY INFORMATION**

Underbelly Ltd is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. **ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" including the provisions of Section 1A "Small Entities" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

**Related party exemption**

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

**Significant judgements and estimates**

Significant judgement has been applied in regards to Depreciation, Accrued Income and Prepayments, Accruals and Deferred Income.

**Turnover**

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

**Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Plant and machinery etc                      - 10% on reducing balance

**Investments in subsidiaries**

Investments in subsidiary undertakings are recognised at cost.

**Taxation**

Taxation for the period comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

**Hire purchase and leasing commitments**

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

Notes to the Financial Statements - continued  
for the Period 1 February 2019 to 31 March 2020

**2. ACCOUNTING POLICIES - continued**

**Going concern**

At the time of approving the financial statements the company is unable to trade due to the restrictions imposed by the UK Government as a response to the COVID-19 pandemic.

At the time of approving the accounts the directors have a reasonable expectation that the company has adequate resources to continue to operate for the foreseeable future for the following reasons:

The company has been able to access significant funding under the Coronavirus Business Interruption Loan scheme.

The company has received various non-repayable grants from various Government backed support schemes.

The company has received grants in relation to the job support scheme and is still receiving such grants.

The directors and their families have injected significant amounts into the business by way of long term loans.

An agreement is in place with HMRC under the VAT deferral scheme to defer VAT until June 2021.

Agreements are in place with some suppliers to defer payments until operating restrictions are lifted by the Government.

The company has had some meaningful, but due to on going restrictions smaller, profit making events during the year.

For 2021/2022 the company has secured new contracts at several prestige sites.

The company is working in line with the UK and the Scottish Governments' roadmaps to deliver events in and around the UK.

Cash flow forecasts produced by management show positive cash returns and an ability to meet funding requirements.

The directors therefore continue to adopt the going concern basis of accounting in preparing the financial statements.

**Year end extension**

The company has extended the reporting period from 31 January 2020 to 31 March 2020.

The directors have implemented the change due to the increased number of winter festivals and Christmas festival contracts in place.

The extension of the year end allows management more time to collate income and expenditure from these events and account more accurately for amounts due to 3rd parties.

The directors believe this will allow for more accurate reporting at the year end.

Due to the extension of the year end the comparative amounts presented in the financial statements (including related notes) are not entirely comparable.

**3. EMPLOYEES AND DIRECTORS**

The average number of employees during the period was 38 (2019 - 35).

Underbelly Ltd

Notes to the Financial Statements - continued  
for the Period 1 February 2019 to 31 March 2020

4. **TANGIBLE FIXED ASSETS**

	Plant and machinery etc £
<b>COST</b>	
At 1 February 2019	4,294,526
Additions	444,490
	<hr/>
At 31 March 2020	4,739,016
	<hr/>
<b>DEPRECIATION</b>	
At 1 February 2019	1,860,208
Charge for period	338,083
	<hr/>
At 31 March 2020	2,198,291
	<hr/>
<b>NET BOOK VALUE</b>	
At 31 March 2020	2,540,725
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At 31 January 2019	2,434,318
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5. **FIXED ASSET INVESTMENTS**

	Shares in group undertakings £
<b>COST</b>	
At 1 February 2019 and 31 March 2020	2
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<b>NET BOOK VALUE</b>	
At 31 March 2020	2
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At 31 January 2019	2
	<hr/>

6. **DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2020	2019
	£	£
Trade debtors	315,758	928,285
Other debtors	1,527,190	1,382,808
	<hr/>	<hr/>
	1,842,948	2,311,093
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Underbelly Ltd

Notes to the Financial Statements - continued  
for the Period 1 February 2019 to 31 March 2020

**6. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR - continued**

Included in the above is a balance due from Underbelly Asia Ltd, a company registered in Hong Kong and a wholly owned subsidiary of Underbelly Ltd, of £423,400 (2019: £387,375).

The movement on the balance represents interest charged at the year end of 9.3%

At 31 March 2020 Underbelly Asia Ltd did not have sufficient funds to repay this balance.

At 31 January 2019 advance negotiations were underway with partners in Asia to launch productions in 2020. COVID-19 meant that these could not go ahead. However there is a run of shows planned in Singapore from the 28th May 2020 for at least 6 weeks with advanced negotiations to run the same in Hong Kong later in the year.

The directors therefore expect positive future cash flows from the operations of Underbelly Asia Ltd and that the amounts will be paid in full.

There is a further balance due from By Popular Demand Promotions Ltd, the majority shareholder in Underbelly Ltd, which acts as a holding company for the directors, of £313,881 (2019: £61,309).

Interest of 9.3% has been charged on the balance held at the year end.

Currently By Popular Demand Promotions Ltd does not have sufficient reserves to settle the outstanding amount.

The balance is expected to be settled via dividends from Underbelly Ltd future profits in line with any conditions imposed by post year end bank borrowings.

**7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2020	2019
	£	£
Trade creditors	2,716,217	3,213,798
Taxation and social security	95,789	798,510
Other creditors	1,549,376	427,645
	<u>4,361,382</u>	<u>4,439,953</u>

**8. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

Creditors of more than one year include the following amounts:

VAT deferred under the VAT deferral scheme of £873,068.

Amounts due to suppliers of £494,180.

**9. DISCLOSURE UNDER SECTION 444(5B) OF THE COMPANIES ACT 2006**

The Report of the Auditors was unqualified.

We, as Auditors, draw your attention to the following matters in the accounts in light of the ongoing uncertainty relating to the Worldwide COVID-19 pandemic.

The going concern note in Note 2 Accounting Policies.

The post balance sheet events note in Note 14 Post Balance Sheet Events.

Mr Christopher Haywood FCA CTA (Senior Statutory Auditor)  
for and on behalf of Haywood & Co LLP



Notes to the Financial Statements - continued  
for the Period 1 February 2019 to 31 March 2020

**10. OTHER FINANCIAL COMMITMENTS**

The company has the following material lease commitments:

Annual rental lease of their head office of £210,000, with a break clause in May 2021.

The company entered into an informal arrangement in 2019 to procure infrastructure equipment with a value of £712,000 over a 3 year period.

The agreement is with a long standing supplier and the company is able to cancel this arrangement with no financial penalty.

Consequently the assets have been recognised to the value of that which has been paid up to the financial year end in the accounts.

**11. RELATED PARTY DISCLOSURES**

During the year there were the following transactions with related parties:

Dividends were paid to the parent company of £300,000 (2019: £410,000)

Amounts loaned to the parent company of £238,700.

Interest has been charged on the amounts loan to the parent company of £13,872 (2019: £2,743).

Interest has been charged on amounts loaned to Underbelly Asia Ltd, a wholly owned subsidiary, of £36,025 (2019: £NIL).

**12. FRC ETHICAL STANDARD - PROVISIONS AVAILABLE FOR SMALL ENTITIES**

In common with many other businesses of our size and nature we use our auditors to prepare and submit returns to the tax authorities and assist with the preparation of the financial statements.

**13. POST BALANCE SHEET EVENTS**

In the early part of 2020, the world was hit by the COVID-19 pandemic.

Whilst the pandemic started in the year to 31 March 2020 it didn't impact any actual events held in the year.

It did however mean that planning and other costs were incurred relating to the 2020 events that were ultimately cancelled.

Due to restrictions the company was only able to run a few smaller events during the year to 31 March 2021.

The company has been able to access the following support since the year end:

Various grants have been accessed to provide support including the government job retention scheme.

The directors and their families have extended long term loans to the company.

Bank of Scotland have, through the Coronavirus Business Interruption Loan Scheme, provided a significant loan with an application to increase this currently under consideration. As part of this arrangement the overdraft facility was removed.

The company has secured the deferral of VAT payments until June 2021.

The company has arrangements with suppliers to defer payments until events can be run again.

The company has entered into new contracts to run events at several sites throughout the UK.

The company entered into a financial settlement after the year end as shown in provisions for liabilities. This relates to a non recurring theatre production.

**14. ULTIMATE CONTROLLING PARTY**

Mr C Wood and Mr E Bartlam are managing directors and majority shareholders through their holding company By Popular Demand Promotions Ltd, a company registered in England and Wales, registered office 4th Floor, 36-38 Hatton Garden, London, EC1N 8EB.