

Registration number: 04467199

THE EMPIRE FILM COMPANY LIMITED

**Unaudited Financial Statements
for the Year Ended 31 December 2019**



BREBNERS
Chartered Accountants
130 Shaftesbury Avenue
London
W1D 5AR

THE EMPIRE FILM COMPANY LIMITED

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THE EMPIRE FILM COMPANY LIMITED

Company Information

Directors	N R Wood S C Burdge
Company secretary	D R Blight
Registered office	130 Shaftesbury Avenue 2nd Floor London W1D 5EU
Accountants	Brebners Chartered Accountants 130 Shaftesbury Avenue London W1D 5AR

THE EMPIRE FILM COMPANY LIMITED

Statement of Financial Position as at 31 December 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	4	347,711	272,932
Current assets			
Debtors	5	4,050,158	3,034,253
Cash at bank and in hand		<u>908,717</u>	<u>1,237,355</u>
		4,958,875	4,271,608
Creditors: Amounts falling due within one year	6	<u>(1,244,834)</u>	<u>(869,504)</u>
Net current assets		<u>3,714,041</u>	<u>3,402,104</u>
Total assets less current liabilities		4,061,752	3,675,036
Creditors: Amounts falling due after more than one year	6	(77,261)	(44,131)
Provisions	8	<u>(210,435)</u>	<u>(210,435)</u>
Net assets		<u>3,774,056</u>	<u>3,420,470</u>
Capital and reserves			
Called up share capital		51	51
Capital redemption reserve		49	49
Profit and loss account		<u>3,773,956</u>	<u>3,420,370</u>
Total equity		<u>3,774,056</u>	<u>3,420,470</u>

For the financial year ending 31 December 2019 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

Directors' responsibilities:

- The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476; and
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

These financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006 and in accordance with FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

These financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime and the option not to file the Statement of Income and Retained Earnings has been taken.

The notes on pages 4 to 9 form an integral part of these financial statements.

THE EMPIRE FILM COMPANY LIMITED

Statement of Financial Position as at 31 December 2019

22-Dec-20

Approved and authorised by the Board on and signed on its behalf by:



.....
S C Burdge

Director

Company registration number: 04467199

The notes on pages 4 to 9 form an integral part of these financial statements.

THE EMPIRE FILM COMPANY LIMITED

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2019

1 GENERAL INFORMATION

The company is a private company limited by share capital, incorporated in England and Wales.

The address of its registered office is:

130 Shaftesbury Avenue
2nd Floor
London
W1D 5EU

The principal activity of the company continued to be that of the production of film trailers.

2 ACCOUNTING POLICIES

Statement of compliance

These financial statements have been prepared in accordance with Financial Reporting Standard 102 Section 1A - 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006.

Basis of preparation

These financial statements have been prepared using the historical cost convention and are presented in sterling, which is the functional currency of the entity.

Going concern

The company has net assets at the year end date of £3,774,056, including cash at bank of £908,717. During the year the company remained profitable.

Subsequent to the year end, the COVID-19 virus has been declared a pandemic, with the Government implementing lockdown measures during March 2020. To limit the spread of the virus, the Government requested that certain business shut and people remain at home; among the businesses shut for a significant period were cinemas. These measures resulted in a general economic slowdown, and had a significant negative impact on the film industry.

The company has continued to operate, with employees working remotely. As a result of the above effects, management accounts show that revenue in the period to October 20 was down as compared with the same period in 2019. Despite this decrease in revenue, the company continues to trade profitably. The company has also accessed government grant assistance where available and appropriate.

The ongoing developments of the COVID-19 pandemic are difficult to predict, as are its economic effects. The company may therefore continue to experience results below those it would have enjoyed without the existence of COVID-19. The directors have considered the potential effect of the COVID 19 pandemic, and although there is no certainty as to when this will end, the directors' view is that the impact will be manageable. During the pandemic lockdown restrictions, the company has continued to trade, and unaudited management accounts and forecasts show that although results are worse than those budgeted, the company has continued to and will continue to trade profitably for the period subsequent to the year end. The company operates in a sector where, although overall activity has reduced, its services remain in demand and the directors are optimistic that this demand will increase as the film industry recovers. The directors have produced cashflow forecasts over the next twelve months taking into account the potential reduced activity during the COVID-19 pandemic and are confident that the group has sufficient resources to continue its operations for the foreseeable future.

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Notes to the Unaudited Financial Statements for the Year Ended 31 December 2019

The company's working capital requirements are currently met via a combination of trade creditors, bank facilities, hire purchase, and funds from related undertakings. The directors have no reason to believe that any of these facilities will be discontinued. As a consequence, the directors believe that the company is well placed to continue to manage its business risks successfully.

On the basis of the above, and after making enquires and taking into account the combination of those circumstances outlined above, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis in preparing the financial statements.

Revenue recognition

Turnover is the amounts receivable for services provided and is stated net of VAT.

Revenues from design services are normally recognised as services are performed, on a time basis when the company has a right to consideration. Occasionally design services are sold on a fixed price basis, and under these circumstances revenue is recognised according to the percentage of work performed.

If circumstances arise that may change the original estimates of revenues or extent of progress towards completion, estimates are revised. These revisions may result in increases or decreases in estimated revenues and are reflected in income in the period in which the circumstances that gave rise to the revision become known by management.

Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a charge attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Deferred tax is recognised in respect of all timing differences between taxable profits and profits reported in the financial statements.

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

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference.

Tangible assets

Tangible assets are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

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Notes to the Unaudited Financial Statements for the Year Ended 31 December 2019

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Leasehold Improvements	over the term of the lease
Editing Equipment	20% straight line
Fixtures & Fittings	25% straight line

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at cost. The asset is then depreciated over its useful life. Future payments are apportioned between finance costs in the income statement and reduction of the liability so as to achieve a constant periodic rate of interest on the remaining balance of the liability using the effective interest method.

Provisions

Provisions are recognised when the company has an obligation at the reporting date as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

Operating leases and finance leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease. Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.

Assets held under finance leases are recognised at the lower of their fair value at inception of the lease and the present value of the minimum lease payments. These assets are depreciated on a straight-line basis over the shorter of the useful life of the asset and the lease term. The corresponding liability to the lessor is included in the Statement of Financial Position as a finance lease obligation.

Lease payments are apportioned between finance costs in the Income Statement and reduction of the lease obligation so as to achieve a constant periodic rate of interest on the remaining balance of the liability.

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Notes to the Unaudited Financial Statements for the Year Ended 31 December 2019

Dividends

Dividend distribution to the company's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are declared.

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

3 STAFF NUMBERS

The average number of persons employed by the company during the year, was 49 (2018 - 48).

4 TANGIBLE ASSETS

	Leasehold Improvements £	Editing Equipment £	Fixtures & Fittings £	Total £
Cost or valuation				
At 1 January 2019	67,654	636,307	139,645	843,606
Additions	-	159,996	53,919	213,915
At 31 December 2019	<u>67,654</u>	<u>796,303</u>	<u>193,564</u>	<u>1,057,521</u>
Depreciation				
At 1 January 2019	39,537	410,447	120,690	570,674
Charge for the year	3,124	113,947	22,065	139,136
At 31 December 2019	<u>42,661</u>	<u>524,394</u>	<u>142,755</u>	<u>709,810</u>
Carrying amount				
At 31 December 2019	<u>24,993</u>	<u>271,909</u>	<u>50,809</u>	<u>347,711</u>
At 31 December 2018	<u>28,117</u>	<u>225,860</u>	<u>18,955</u>	<u>272,932</u>

5 DEBTORS

	2019 £	2018 £
Trade debtors	1,078,810	989,930
Other debtors	<u>2,971,348</u>	<u>2,044,323</u>
	<u>4,050,158</u>	<u>3,034,253</u>

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Notes to the Unaudited Financial Statements for the Year Ended 31 December 2019

6 CREDITORS

Creditors: amounts falling due within one year

	Note	2019 £	2018 £
Due within one year			
Loans and borrowings	7	77,923	56,616
Trade creditors		280,629	137,097
Taxation and social security		785,382	552,334
Other creditors		100,900	123,457
		<u>1,244,834</u>	<u>869,504</u>

Included within loans and borrowings are liabilities under hire purchase agreements amounting to £77,923 (2018: £56,616) which are secured on the assets concerned.

Creditors: amounts falling due after more than one year

	Note	2019 £	2018 £
Due after one year			
Loans and borrowings	7	<u>77,261</u>	<u>44,131</u>

Included within loans and borrowings are liabilities under hire purchase agreements amounting to £77,261 (2018: £44,131) which are secured on the assets concerned.

7 LOANS AND BORROWINGS

	2019 £	2018 £
Current loans and borrowings		
Hire purchase agreements	<u>77,923</u>	<u>56,616</u>

	2019 £	2018 £
Non-current loans and borrowings		
Hire purchase agreements	<u>77,261</u>	<u>44,131</u>

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Notes to the Unaudited Financial Statements for the Year Ended 31 December 2019

8 DEFERRED TAX AND OTHER PROVISIONS

	Other provisions £	Total £
At 1 January 2019	210,435	210,435
At 31 December 2019	<u>210,435</u>	<u>210,435</u>

9 FINANCIAL COMMITMENTS, GUARANTEES AND CONTINGENCIES

The total amount of financial commitments not included in the statement of financial position is £7,712,745 (2018 - £6,406,721), comprising £2,640,000 (2018: £2,970,000) of lease commitments, £4,884,024 (2018: £3,358,413) of bank cross guarantees, and £188,721 (2018: £78,308) of VAT cross guarantees.

10 RELATED PARTY TRANSACTIONS

Included within debtors is a balance of £630,157 (2018: £271,078) due from a director. During the year advances of £631,079 and repayments of £272,000 were made. Interest of £16,177 (2018: £6,522) has been charged at 2.5%. There are no set terms in place.

11 NON ADJUSTING EVENTS AFTER THE FINANCIAL PERIOD

Subsequent to the year end, interim dividends totalling £1,187,850 were declared and paid.