Registered number: 05214060

GLASINE LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 29 DECEMBER 2021

GLASINE LIMITED

COMPANY INFORMATION

Directors	N A Forster D M Reid
Company secretary	S J Cruickshank
Registered number	05214060
Registered office	15 Golden Square London W1F 9JG
Business address	15 Golden Square London W1F 9JG
Independent auditor	BDO LLP Statutory Auditor 55 Baker Street London W1U 7EU
Banker	Barclays Bank PLC 1 Churchill Place London E14 5HP

GLASINE LIMITED

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DIRECTORS' REPORT
FOR THE YEAR ENDED 29 DECEMBER 2021

The directors present their report and the financial statements for the year ended 29 December 2021.

Principal activity

Glasine Limited ("the Company"), private company limited by shares, is a wholly-owned subsidiary of Freeshire Limited, a wholly-owned subsidiary within the Fernlakes Limited group ("the Group"). The principal activity of the Company is the provision of services to the media and entertainment industry. The value of current year film sales with US film studios were considerably lower in comparison to prior year, subsequently £188k in turnover has been recognised in the profit of loss during the year (2020: £3,475k).

The Group manages its operations on a divisional basis. For this reason, the Company's directors believe that key performance indicators for the Company are not necessary or appropriate for an understanding of its development and performance or position.

Going concern

The Company's business activities including the impact of the decisions of the First-tier Tax Tribunal, the Upper Tribunal and Court of Appeal, together with Partner Payment Notices (as further explained in note 8), the impact of Brexit, the COVID19 pandemic and the current conflict between Russia and Ukraine have been reviewed by the directors.

Having assessed these risks, its financial position, results and cash flow forecasts, the directors intend to continue operating its business and have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The going concern basis of accounting is appropriate however there are material uncertainties related to events or conditions that may cast significant doubt upon the Company's ability to continue to adopt the going concern basis of accounting in the future.

Further details regarding the adoption of the going concern basis can be found in note 1.3.

Principal risks and uncertainties

The key business risk of the Company is the exposure to credit risk attributable to its investment and debtor balances as discussed below. Other business risks faced by the Company can be affected by a number of factors some of which may result from matters beyond the Company's control, such as conditions in the domestic and global financial markets and the wider economy, as well as change in legislation.

The financial risk and operational management policies are determined for the Group as a whole and are discussed in the Group's annual report and financial statements. The directors have specifically considered the impact of Brexit, the COVID19 world pandemic and current conflict between Russia and Ukraine on the business - please refer to note 1.3 Going concern for further details.

The Company is exposed to financial risk through its financial assets and liabilities. The most important components of financial risk are:

(a) Liquidity risk

The Group operates a group-wide treasury management strategy to manage the liquidity requirements of the Group as a whole (including the Company) and is discussed in the Group's annual reports and financial statements.

(b) Credit risk

The Company's principal financial assets are investments, bank balances and debtors with the Company's credit risk primarily attributable to its debtors. Where possible the Company reviews the credit rating of its partners and undertakes regular detailed reviews of any outstanding receivable balances. The amounts presented in the Balance Sheet are net of allowances for doubtful receivables.

(c) Interest rate risk

The Company is exposed to interest rate risk on its deposit balances. The Company seeks to maximise its margin on interest receivable, subject to the requirements of liquidity risk noted above.

(d) Business risk

Business risk is the failure of the business to execute its business strategy and therefore being unsuccessful in achieving projected returns. This includes changes to tax legislation or financial regulation. Please refer to note 8 for further details.

Results and dividends

The results for the year are set out on page 9.

The directors do not propose to pay a final dividend for the year (2020: £nil).

No interim dividends were paid during the year (2020: £nil).

Directors

The directors in office during the year and subsequently were as follows:

N A Forster

D M Reid

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 29 DECEMBER 2021

Directors' responsibilities statement

The directors are responsible for preparing 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 year.

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;
- 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.

Creditors payment policy

The Company does not follow any specific code or standard on payment of creditors. The Company agrees the payment terms as part of the commercial arrangement negotiated with suppliers. Payments are made on these terms provided the supplier meets its obligations.

Provision of insurance to directors

All directors were covered by directors' and officers' liability insurance throughout the year under review and this will continue to remain in force.

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 directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

The auditor, BDO LLP, will be proposed for reappointment in accordance with section 487(2) of the Companies Act 2006.

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board of directors and signed on its behalf by:

D M Reid
Director

Date: 16 November 2022

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GLASINE LIMITED

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 29 December 2021 and of its loss 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.

We have audited the financial statements of Glasine Limited ("the Company") for the year ended 29 December 2021 which comprise the Profit and Loss Account, Balance Sheet, Statement of Changes in Equity and notes to the financial statements, 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).

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 Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Material uncertainty related to going concern

We draw attention to note 1.3 to the financial statements which indicates that in order to continue as a going concern the Company is dependent on financial support from its ultimate parent company, which is not guaranteed and may not be forthcoming if some or all of the expected revenue and cash assumptions made by the parent company do not crystalise over the next 12 months. Should the financial support not be forthcoming the Company will need to seek alternate funding. As stated in note 1.3, these events or conditions, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in preparation of the financial statements is appropriate,

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Emphasis of matter- Tax liability

We draw attention to note 2 in the financial statements which highlights the key sources of estimation uncertainties that the directors have made in the process of determining the tax liability as at 29 December 2021. Our opinion is not modified in respect of this matter.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GLASINE LIMITED

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 auditor's 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. 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.

Other Companies Act 2006 reporting

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

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 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.
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' Report and from the requirement to prepare a strategic report.

Responsibilities of Directors

As explained more fully in the Statement of Directors' Responsibilities, 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GLASINE LIMITED

Auditor's 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 auditor's 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.

Extent to which the audit was capable of detecting irregularities, including fraud

- We obtained an understanding of the legal and regulatory framework applicable to the entity. We determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the reporting framework (FRS 102) and the Companies act 2006;

- We enquired of management to identify how the entity is complying with those legal and regulatory frameworks and whether there were any known instances of non-compliance, or any actual, suspected or alleged fraud. We corroborated our enquiries through review of board minutes;

- We assessed the risk of susceptibility of the entity's financial statements to material misstatement, including how fraud might occur;

- We considered the entity's control environment that has been established to prevent, detect and deter fraud;

- In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments in the general ledger and evaluated the business rationale of any significant transactions that were unusual or outside the normal course of business;

- We communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and discussed how and where these might occur and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, 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, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed 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 are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: https://www.frc.org.uk/auditorsresponsibilities.This description forms part of our auditor's report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GLASINE LIMITED

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 auditor's 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.

Peter Smith (Senior Statutory Auditor)

For and on behalf of

BDO LLP, Statutory Auditor

London, UK

16 November 2022

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 29 DECEMBER 2021

	Note	29 December 2021 £000	*29 December 2020 £000*
Turnover	5	**194**	*3,498*
Cost of sales		**(181)**	*(3,301)*
Gross profit		**13**	*197*
Administrative expenses		**(9)**	*(31)*
Other operating income		**-**	*20*
Operating profit		**4**	*186*
Fair value movement of financial assets through profit and loss	9	**(56)**	*(14)*
Interest receivable and similar income	6	**-**	*1*
Interest payable and similar expenses	7	**(166)**	*(176)*
Loss before tax		**(218)**	*(3)*
Loss for the financial year/period		**(218)**	*(3)*

The notes on pages 12 to 23 form part of these financial statements.

BALANCE SHEET
AS AT 29 DECEMBER 2021

	Note		29 December 2021 £'000		*29 December 2020 £'000*
Fixed assets					
Investments			**354**		*410*
			354		*410*
Current assets					
Debtors: amounts falling due within one year	10	**-**		*90*	
Bank and cash balances		**4,401**		*4,207*	
		4,401		*4,297*	
Creditors: amounts falling due within one year	11	**(9,798)**		*(9,698)*	
Net current liabilities			**(5,397)**		*(5,401)*
Total assets less current liabilities			**(5,043)**		*(4,991)*
Provisions for liabilities					
Other provisions	12	**(3,185)**		*(3,019)*	
			(3,185)		*(3,019)*
Net liabilities			**(8,228)**		*(8,010)*
Capital and reserves					
Profit and loss account			**(8,228)**		*(8,010)*
			(8,228)		*(8,010)*

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements were approved and authorised for issue by the board of directors and were signed on its behalf by:

D M Reid
Director

Date: 16 November 2022

Company registration number: 05214060 (England and Wales)

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 29 DECEMBER 2021

	Called up share capital £'000	Profit and loss account £'000	Total equity £'000
At 31 December 2019	**-**	**(8,007)**	**(8,007)**
Comprehensive income for the period			
Loss for the period	-	**(3)**	**(3)**
At 30 December 2020	**-**	**(8,010)**	**(8,010)**
Comprehensive income for the year			
Loss for the year	-	**(218)**	**(218)**
At 29 December 2021	**-**	**(8,228)**	**(8,228)**

The notes on pages 12 to 23 form part of these financial statements.

1. Accounting policies

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

1.1 General information and basis of accounting

Glasine Limited is a company incorporated in England and Wales under the Companies Act. Its registered office address is 15 Golden Square, London, W1F 9JG. The nature of the Company's operations and principal operating activity are set out in the Directors' Report on pages 1 to 4.

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

The functional currency of the Company is considered to be pounds sterling which is the currency of the primary economic environment in which the Company operates. Foreign transactions are included in accordance with the policies set out below.

The Company 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 financial statements. Exemptions that have been taken in these separate Company financial statements are discussed further down in the accounting policies.

1.2 Accounting period

The Company has taken advantage of section 390(3)(b) of the Companies Act 2006 in preparing these financial statements to 29 December 2021 which is within seven days of the Company's 22 December 2021 accounting reference period end.

1. Accounting policies (continued)

1.3 Going concern

The Company's business activities including the impact of the decisions of the First-tier Tax Tribunal, the Upper Tribunal and Court of Appeal, together with Partner Payment Notices (as further explained in note 8) have been reviewed by the directors.

In addition to the risks identified in the Directors' Report, the directors have considered the impact of Brexit, the COVID19 pandemic and the current conflict between Russia and Ukraine on the business. The Company is wholly based in the UK and has experienced minimal business interruption, and at this stage we do not believe there to be a material impact on the Company's ability to earn revenues from film transactions. At the time of approval of these financial statements, the directors believe that the aforementioned events have had a minimal (if any) impact on the Company's activities.

The directors have prepared cash flow forecasts for 12 months following approval of these financial statements assuming a range of operational transactions including HMRC's determination of the Partner Payment Notices. Having assessed the risks facing the business as set out in the Directors' Report, its financial position and cash flow forecasts, the directors acknowledge that in order to continue to trade as a going concern, the Company is dependent on financial support from its ultimate parent, which is expected though not guaranteed. Although the parent company is currently in a net current liability position as at the balance sheet date, the directors of the parent company and senior management are currently working across a number of activities, notably a Film Rights sale, a Music Rights consultancy project, whilst awaiting a legal fee rebate awarded following the Court of Appeal decision, which are all expected to generate significant revenues and cash for the parent company in the next 12 months. The parent company is forecasted to return to an overall net asset position within the next financial year which will allow the parent company to provide the necessary financial support. Therefore, the directors consider the going concern basis of preparation to be appropriate.

However, if some or all of the parent company's expected revenue and cash assumptions do not crystalise over the next 12 months, the parent company may be unable to provide the necessary financial support to the Company which will result in the Company needing to seek alternate funding. This indicates that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern, and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business. The financial statements do not include any adjustments that would be necessary should the going concern basis of preparation be inappropriate.

1.4 Turnover

Turnover represents amounts receivable from US film studios net of Value Added Tax derived from the Company's principal activity on an accruals basis. 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 fair value of the consideration received or receivable.

1.5 Cost of sales

Cost of sales represents direct costs attributable to turnover.

1. Accounting policies (continued)

1.6 Foreign currencies

Transactions denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the balance sheet date. Exchange differences are taken to the Profit and Loss Account.

1.7 Investments

Other investments and loans

Investments are measured at fair value through profit and loss. Gains and losses on fair valuation are recorded in the statement of profit or loss for the year.

During the year the Company had a 15% (2020: 15%) investment in Protagonist Pictures Limited ("PPL"), an integrated film business. The directors currently deem that the Company's share of PPL's Net Assets should be used as the basis for fair valuation at the balance sheet date, and periodically review PPL's performance and growth targets to ensure this continues to be the correct basis of valuation.

Where fair value cannot be reliably measured, other investments are stated at cost less any provision for permanent diminution in value.

Loans are held at amortised cost using the effective interest rate method, except those that are classified as non basic as defined in FRS102 Section 12 and are therefore accounted for at fair value through profit or loss.

1.8 Taxation

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

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore 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 tax profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax assets and liabilities are not discounted.

1. Accounting policies (continued)

1.9 Investment in jointly controlled operations and jointly controlled assets

In prior years, the Company entered into Film Services Agreements with independent film producers to source and undertake various film-related activities on their behalf. The producers maintain a right of approval over any such transactions entered into on their behalf and also over the use of such funds advanced until suitable opportunities arise.

In prior years, the Company entered into a Games Services Agreement with Ingenious Games LLP, to source and undertake various game-related activities on its behalf. The partnership maintains a right of approval over any such transactions entered into on its behalf and also over the use of such funds advanced until suitable opportunities arise.

In the opinion of the directors each of the above arrangements constitute jointly controlled operations and jointly controlled assets, as defined by FRS 102 Section 15 Investments in Joint Ventures. Accordingly all transactions entered into by the Company under the Film Services Agreements and the Game Services Agreement are recorded in the partnerships' or producers' own financial statements to correctly reflect the substance of those transactions. The transactions under these arrangements were not included in the financial statements.

1.10 Disclosure exemptions

The Company is a qualifying entity under FRS 102 and it is taking advantage of some of the disclosure exemptions available to such entities in its financial statements. As such, the financial statements do not include a Cash Flow Statement, a note on the Financial Instruments and a Reconciliation of number of shares outstanding. Further details can be found in note 14 about the name of the immediate parent company of the Company and details of where the consolidated financial statements of that parent can be obtained.

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

In the application of the Company'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 year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future year if the revision affects both current and future years.

Critical judgements in applying the accounting policies

The following are the critical judgements that the directors have made in the process of applying the accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Tax liability

In estimating the potential tax liability relating to the First-tier Tax Tribunal, Upper Tribunal and Court decisions (refer to note 8), the following key elements as set out in the Tribunal decision were taken into account in calculating the partnerships' revised profits or losses: treatment of the operator and executive producer fees, deductibility of contracted film cost, recognition of film income and the calculation of the film net realisable values. These reduce the income and expenditure recognised by the partnerships which reduces the losses available to be utilised by the Group.

Fair value of investments

The most critical estimates and assumptions for investments relate to the determination of carrying value of unlisted investments at fair value through profit and loss. In determining this amount, the Group applies the overriding concept that fair value is the amount for which an asset can be exchanged between knowledgeable willing parties in an arm's length transaction. The nature, facts and circumstances of the investment drives the valuation methodology.

Aside from the estimated tax liability and the fair value of investments, there were no other key sources of estimation uncertainty in the Company.

3. Operating profit

	2021 £'000	*2020* *£'000*
This is stated after charging:		
Fees for the statutory audit of the Company	**9**	*8*
Bad debt provisions	**6**	*23*

4. Staff costs

The Company incurred no staff costs nor paid any remuneration to its directors during the year (2020: £nil). The Company had no employees during the current year and prior period.

The emoluments of the directors were paid and borne by other Group undertakings and none of their remuneration was specifically attributable to their services to the Company.

5. Turnover

	2021	*2020*
	£'000	*£'000*
Film Sales	**188**	*3,475*
Security Trustee Fees	**6**	*23*
	194	*3,498*

Paramount Pictures re-acquired the rights, title, and interest in and to the master print of various studio films, film rental receipts of £188k were received and accounted for by the Company in the year (2020: £3,475k).

6. Interest receivable and similar income

	2021	*2020*
	£'000	*£'000*
Other interest receivable	**-**	*1*
	-	*1*

7. Interest payable and similar expenses

	2021	*2020*
	£'000	*£'000*
Other interest payable	**166**	*176*
	166	*176*

8. Taxation

	2021 £'000	*2020 £'000*
Total current tax	-	-
Deferred tax		
Total deferred tax	-	-
Taxation on profit on ordinary activities	-	-

Factors affecting tax charge for the year

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

	2021 £'000	*2020 £'000*
Company loss on ordinary activities before tax	(218)	*(3)*
Tax on loss on ordinary activities at standard UK corporation tax rate of 19% (2020:19%)	(41)	*(1)*
Effects of:		
Expenses not deductible for tax purposes	11	*3*
Group relief claimed	30	*(2)*
Total tax charge for the year	-	-

No factors affecting future tax charge

In prior accounting periods the Company has received the benefit of tax losses associated with the Group's investment in a number of film and game production partnerships. The partnerships have challenged the basis on which the closure notices have been calculated, resulting in a hearing before the Tribunal. The initial decision of the Tribunal was delivered on 2 August 2016, a second decision which clarified the findings of the first decision was delivered in May 2017 and an amended decision was received on 16 November 2017. The effect of the decisions is to reduce both the losses available to Group entities that invested in the film and game production partnerships and their share of taxable income from the partnerships. The partnerships received permission to appeal in full on 7 of the 8 grounds requested from the Tribunal and on all aspects of the 8th ground the Upper Tribunal was asked to consider. The appeal hearing before the Upper Tribunal was heard in March and April 2019.

8. Taxation (continued)

On 26 July 2019 the film and game production partnerships received the decision of the Upper Tribunal on their appeals against the decision of the First-tier Tax Tribunal. The Upper Tribunal concluded that the partnerships were not trading and did not have a view to profit. The finding that the partnerships were not trading is sufficient to dispose of the entirety of the partnerships' appeals. However, mindful that the decision may itself be appealed, the Upper Tribunal went on to briefly consider the remaining questions, where it often corrected the First-tier Tribunal's approach but generally supported the First-tier Tribunal's overall conclusions. An application for permission to appeal the Upper Tribunal's decision was submitted in November 2019 and was refused by the Upper Tribunal. An application was therefore made for permission to appeal to the Court of Appeal in December 2019 and authority was granted by the Court of Appeal in February 2020 to appeal the findings on trading and view to profit. The appeal hearing before the Court of Appeal was heard in March 2021. On 4 August 2021 the film and game production partnerships received the decision of the Court of Appeal. The Court of Appeal reversed the decision of the Upper Tribunal and restored the decision of the First-tier Tribunal that the film partnerships were trading with a view to profit. Ingenious Games was found to be in business with a view to profit. The effect of restoring the First-tier Tribunal decision is to reduce both the losses available to Group entities that invested in the film and game production partnerships and their share of taxable income from the partnerships. On receipt of the draft decision HMRC submitted an application to the Court of Appeal to appeal its decision, which was declined on 4 August 2021. In the absence of an HMRC application to appeal to the Supreme Court, the decision of the Court of Appeal on 4 August 2021 represents the final outcome of the tax case (subject to any out of time applications). The impact on the financial statements for the Company of the Court of Appeal decision has not yet been agreed with HMRC but is expected to be consistent with the directors' estimate of the additional tax and interest liability calculated on the basis of the decision of the First-tier Tax Tribunal.

The quantum of both tax losses available to the Group and income taxable on Group entities arising from the Group's investment in these partnerships will remain uncertain until the tax cases are finally resolved. For the year ended 29 December 2021, the directors have estimated an additional tax liability for the Company of £Nil (2020: £Nil, 2019: £Nil, 2018: £Nil, 2017: £Nil; 2016: £6,371k) together with a liability for late paid interest of £165k (2020: £176k, 2019: £206k, 2018: £286k, 2017: £177k; 2016: £2,174k) based on the current Tribunal decision. The directors' estimate of the additional tax and interest liability continues to be calculated on the basis of the decision of the First-tier Tax Tribunal as the directors consider that this decision provides the most likely outcome to the litigation. If, at the end of the appeals process, all contested areas of the Tribunal decision are found in favour of HMRC, an additional tax liability of c.£90k, plus interest on late paid tax, would arise for the Company in addition to the estimate of the liability arising from the Tribunal decision of £6,371k. As at 29 December 2021, no payments had been made with regard to these amounts.

During November 2016, a number of companies, all subsidiaries of Fernlakes Limited, as corporate members of film production partnerships received Partner Payment Notices ("PPNs"), which are demands for payments on account in respect of a tax liability in dispute, from HMRC. These corporate member companies (together the "Members") submitted written representations to HMRC within the authorised 90 day period. As a result of these representations, the PPNs were not due and payable until 30 days after the date on which HMRC responded to the representations. On 10 November 2017 HMRC issued amended PPNs to some Members and as a consequence of the determination, on 13 December 2017, the Group notified HMRC of an intended claim for judicial review of the decision to uphold the PPNs and filed its claim with the court on 5 January 2018. At the date of signing these financial statements the claim for judicial review has not been heard.

HMRC has since agreed to postpone collection of amounts payable in respect of the PPN liability until the judicial review has been heard, and is considering whether to pursue collection of liabilities generated by the withdrawal of group relief prior to the judicial review hearing. If HMRC pursue collection of the liabilities generated by the withdrawal of group relief, an amount of £5,691k becomes collectable. HMRC are currently also considering representations in respect of additional PPNs issued to Corporate

8. Taxation (continued)

Members which have surrendered group relief to the Company. If these PPNs are determined as issued, a further liability arising from withdrawn group relief will arise of £600k together with an associated interest charge. When determining the best estimate of the ultimate cash outflows, the directors have considered the effect of the notices received but believe that the best estimate of ultimate cash outflows should still be based on the decision delivered by the First-tier Tax Tribunal as this represents the most likely outcome to the litigation.

9. Fixed asset investments

	2021 £'000	*2020 £'000*
Fair value:		
Balance brought forward	**343**	*357*
Adjustments in fair value	**(56)**	*(14)*
Balance carried forward	**287**	*343*
Loan notes:		
Balance brought forward	**67**	*67*
Balance carried forward	**67**	*67*
Total investment carried forward	**354**	*410*

During the year the Company had a 15% (2020: 15%) holding in the ordinary shares of Protagonist Pictures Limited ("PPL"), an integrated film business.

PPL's loss after tax for the year ended 31 March 2022 was £402k (31 March 2021: loss after tax of £305k), the net assets at 31 March 2022 were £1,800k (31 March 2021: £2,202k).

10. Debtors

	2021 £'000	2020 £'000
Amounts owed by group undertakings	-	90
	-	90

Amounts owed by Group undertakings represents balances due in respect of intra-group loans with other subsidiary companies within the Group. There are no fixed terms of repayment.

11. Creditors: Amounts falling due within one year

	2021 £'000	2020 £'000
Payments received on account	-	3
Amounts owed to group undertakings	12	-
Corporation tax	6,277	6,371
Accruals and deferred income	3,509	3,324
	9,798	9,698

Amounts owed to Group undertakings represented balances due in respect of intra-group loans with other subsidiary companies within the Group. There are no fixed terms of repayment.

12. Provisions

	Interest provision £'000
At 29 December 2020	3,019
Charged to profit or loss	166
At 29 December 2021	3,185

Interest provision relates to interest on the estimated tax liability (refer to note 8).

13. Share capital

	2021	*2020*
	£	*£*
Allotted, called up and fully paid		
1 Ordinary share of £1.00	1	*1*

14. Controlling party

During the year the Company was a wholly-owned subsidiary of Freeshire Limited, a company registered in England and Wales. Freeshire Limited is a wholly-owned subsidiary of Fernlakes Limited. Fernlakes Limited is the only parent undertaking for which consolidated financial statements are prepared.

The consolidated financial statements of Fernlakes Limited can be obtained from Companies House,

Crown Way, Cardiff, CF14 3UZ.

The controlling shareholder of Fernlakes Limited during the year was P A McKenna.

15. Related party transactions

The accounts do not include disclosure of transactions between the Company and entities that are wholly-owned by the Group. This is because, as a subsidiary whose shares are wholly-owned by the Group, it is exempt from the requirement to disclose such transactions, under FRS 102 section 33 Related Party Disclosures. Under this standard, disclosure is only required of material transactions with related parties that are not at arms length. There were no such transactions during the year.

16. Events after the balance sheet date

Civil litigation claims

During the year ended 30 June 2016 and 30 June 2018, the Company received claims from various law firms filed on behalf of a minority of investors (the "Claimants") in what was referred to as the Inside Track partnerships, the Ingenious Film partnerships and Ingenious Games LLP (the "Production Partnerships") and some film sale and leaseback partnerships (collectively, the "Ingenious Defendants"), all operated or managed by the Group and its related entities. The Claimants were seeking compensation via a number of legal remedies from various parties, many of whom are unconnected to the Group and its related entities, involved in the Production Partnerships and film sale and leaseback partnerships, including from the Company. In May 2022, the Claimants and the Ingenious Defendants, including the Company, resolved their dispute on confidential terms.

An investor in Ingenious Film Partners LLP filed a Claim Form on 28 July 2022. The defendants listed in the Claim Form are, amongst others, Fernlakes Limited and some of its subsidiaries, including the Company, that were involved in the establishment and promotion of the partnership. Currently, it is too early to assess the extent of the claim and for calculating the potential liability in the unexpected event that the claim does succeed, therefore no provision has been made in the financial statements.