

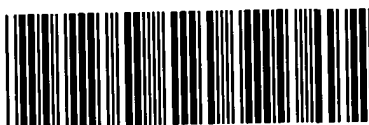
---

**FERNLAKES LIMITED**

---

**GROUP ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 29 DECEMBER 2022**

FRIDAY



\*ACZG570Q\*

A15

22/03/2024

#198

COMPANIES HOUSE

---

**FERNLAKES LIMITED**

---

**COMPANY INFORMATION**

---

<b>Directors</b>	P A McKenna D M Reid P M Shawyer
<b>Company secretary</b>	S J Cruickshank
<b>Registered number</b>	06525088
<b>Registered office</b>	Parcels Building 14 Bird Street London W1U 1BU
<b>Independent auditor</b>	BDO LLP Statutory Auditor 55 Baker Street London W1U 7EU
<b>Bankers</b>	Barclays Bank PLC 1 Churchill Place London E14 5HP  Metro Bank PLC 1 Southampton Row London WC1B 5HA

---

**FERNLAKES LIMITED**

---

**CONTENTS**

---

	Page
<b>Group Strategic Report</b>	<b>1 - 3</b>
<b>Directors' Report</b>	<b>4 - 5</b>
<b>Independent Auditor's Report</b>	<b>6 - 9</b>
<b>Consolidated Profit and Loss Account</b>	<b>10</b>
<b>Consolidated Balance Sheet</b>	<b>11</b>
<b>Company Balance Sheet</b>	<b>12</b>
<b>Consolidated Statement of Changes in Equity</b>	<b>13</b>
<b>Company Statement of Changes in Equity</b>	<b>14</b>
<b>Consolidated Statement of Cash Flows</b>	<b>15</b>
<b>Notes to the Financial Statements</b>	<b>16 - 44</b>

---

## FERNLAKES LIMITED

---

### GROUP STRATEGIC REPORT FOR THE YEAR ENDED 29 DECEMBER 2022

---

The Group Strategic Report has been prepared for Fernlakes Limited (the "Company") and the Fernlakes Limited group of companies (the "Group") for the year ended 29 December 2022.

#### **Principal activity and review of the business**

The principal activities of the Group include managing its remaining trading and investment activities to the media, real estate and infrastructure sectors. Commercially, the trading activities of the Group have been very low in recent years. The Group has recognised a reduction in turnover in the year due to a decrease in recharged overhead costs that are now incurred directly by Ingenious Capital Management Services Limited, a related party of the Group. The Group generated a loss after tax of £8,000k (2021: loss after tax of £23,452k), predominantly due to legal fees and other operating expenses.

The directors are not aware of any other significant changes in the Group's activities in the next year.

#### **Principal risks and uncertainties**

The Group actively manages risks and uncertainties facing its business by undertaking regular strategic reviews. The Board has put in place appropriate corporate governance structures to support its oversight of the firm's risk management framework, which include:

##### **Business Risk**

Business risk is the risk of failure of the business to execute its business strategy and therefore being unsuccessful in achieving projected returns. The factors affecting this risk include changes to tax legislation. Please refer to note 9 Taxation for further details.

##### **External Risks**

These include risks affecting the economic, political, regulatory and legal environment in which the Group operates. Changes in legislation will therefore have a significant impact on the Group, thus appropriate resources are deployed to perform detailed assessments of current legislation, as well as understand and predict the sentiment of the future political and regulatory environment.

##### **Operational Risk**

Operational risk relates to the efficacy of the Group's systems, controls and processes. The Group's Risk Management Committee is responsible for overseeing the design and operational effectiveness of our systems and controls, and are monitored on a regular basis. Any significant risks or issues identified are immediately assessed, resolved and debriefed to ensure any possible future related risks are mitigated to the utmost.

##### **Dividends**

The results for the Group for the year are set out on page 10.

The directors do not propose to pay a dividend to the class 'A' shareholders (2021: £nil).

#### **Financial instruments and risk management**

The Group's activities expose it to a number of financial risks including liquidity risk, interest rate risk and credit risk.

---

## **FERNLAKES LIMITED**

---

### **GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 29 DECEMBER 2022**

---

#### **(a) Liquidity risk**

The Group manages its liquidity assets in order to maximise returns, whilst ensuring the Group has sufficient liquid resources to meet the operating needs of the business as well as the regulatory capital requirements as laid down by the Financial Conduct Authority.

#### **(b) Interest rate risk**

The Group is exposed to interest rate risk on its lending and deposit balances. The Group negotiates a fixed margin of interest payable on borrowings and seeks to maximise its margin on interest receivable, subject to the requirements of liquidity risk noted above.

#### **(c) Credit risk**

The Group's principal financial assets are cash, trade debtors and loans receivable, to which the Group's credit risk is primarily attributable. The Group regularly reviews its treasury management strategy based upon all available information. Where loans are provided in the normal course of business, credit reviews are undertaken where possible.

#### **Statement in compliance with section 172(1) of Companies Act 2006**

The directors of the Group are acutely aware of the requirement for them to act in the way they consider, in good faith, would be most likely to promote the success of the Group for the benefit of its members as a whole. In considering this duty the directors consider the following stakeholders:

##### ***Shareholders***

The shares of the Company are 100% owned by Patrick McKenna. Patrick McKenna is also a director of the Company.

##### ***Customers***

Customers of the Group mainly consist of investors into the funds that the Group operates, being private individuals, their financial advisors, and other intermediaries. The Group also has a small number of corporate customers. The Group is focused on providing quality discretionary management services to its entire customer base. Treating customers fairly is ingrained in the organisation. Engagement with customers is mainly through the investment portal and the client services team.

##### ***Suppliers***

Relationships with suppliers are maintained through regular contact and interaction. The Group does not follow any specific code or standard on payment of creditors. The Group agrees the payment terms as part of the commercial arrangement negotiated with counterparties. Payments are made on these terms provided the counterparty meets its obligations.

---

## FERNLAKES LIMITED

---

### GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 29 DECEMBER 2022

---

#### **HMRC**

The relationship with HMRC is maintained through a dedicated tax team.

#### ***Community and the environment***

The Group has a minimal direct impact on the environment as it is currently only managing its existing investments and is currently not involved in any new investment activity. However, the Group remains committed to having a positive impact on the sectors and communities it operates in.

#### ***Other stakeholders***

The directors also consider the FCA a stakeholder as the regulator of Goldwoodshire Limited, a subsidiary in the Group.

#### ***Key factors impacting the Company during the year***

In May 2022, the Claimants and the Ingenious Defendants, including the Company, resolved their dispute on confidential terms. Please refer to prior year financial statements, note 25 for further details about the civil litigation claims.

On 23 November 2022, an investor (the "Claimant") in Ingenious Film Partners LLP (the "Partnership") served a Claim Form on the Company, Freeshire Limited, its immediate subsidiary and some of the Group subsidiaries (the "Defendants"), that were involved in the establishment and promotion of the Partnership. The Defendants believe the claim has no merit.

#### **Future developments**

The directors of the Group and senior management are currently in the process of disposing the income rights of certain films ("Film Rights") which is expected to generate significant revenue and cash for the Group in the next financial year.

Approved by the board of directors and signed on its behalf by:



**D M Reid**  
Director

Date: 21 March 2024

---

## FERNLAKES LIMITED

---

### DIRECTORS' REPORT FOR THE YEAR ENDED 29 DECEMBER 2022

---

The directors present their report and the financial statements for the year ended 29 December 2022.

#### Directors' responsibilities statement

The directors are responsible for preparing the Group annual reports and 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 the Group and of the profit or loss of the Group for that period.

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

- select suitable accounting policies for the Group's financial statements 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 Group 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 the Group 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements and other information included in Directors' Reports may differ from legislation in other jurisdictions.

#### Directors

The directors who served during the year and subsequently were as follows:

N A Forster (resigned 6 March 2024)  
P A McKenna  
D M Reid  
P M Shawyer

#### Directors' remuneration

Please refer to note 6 Directors' remuneration.

---

## FERNLAKES LIMITED

---

### DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 29 DECEMBER 2022

---

#### Going concern

The Company's business activities including the impact of the decisions of the First-tier Tax Tribunal, the Upper Tribunal, Court of Appeal together with Partner Payment Notices (as further explained in note 9 Taxation), as well as macroeconomic factors such as the recent increase in interest rates, the cost of living crisis, and the current war between Russia and Ukraine have been reviewed by the directors.

Having assessed these risks including those set out in the Group Strategic Report, its financial position, and results and cash flow forecasts, the directors intend to continue operating its business and have a reasonable expectation that the Company and the Group have 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 and the Group'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 1.2.

#### Creditors payment policy

The Group does not follow a specific code or standard on payment of creditors. The Group 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.

#### Charitable donations

During the year the Group made charitable donations of £Nil (2021: £Nil).

#### 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

The auditor, BDO LLP, will be proposed for reappointment in accordance with section 485 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: 21 March 2024



---

## FERNLAKES LIMITED

---

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FERNLAKES LIMITED

---

#### Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the Company's affairs as at 29 December 2022 and of the Group's 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 Fernlakes Limited ("the Company") and its subsidiaries ("the Group") for the year ended 29 December 2022 which comprise of Consolidated Profit and Loss Account, the Consolidated and the Company Balance Sheets, the Consolidated and the Company Statements of Changes in Equity, the Consolidated Statement of Cash Flows, 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 Group and 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 1.2 to the financial statements which indicates that the ability for the Company and the Group to continue as a going concern is dependent on the Group's expected film right sales revenue and cash assumptions crystallising over the next 12 months. Should these not crystallise the Group may be unable to provide the necessary financial support to the subsidiaries, including the Company, which will result in them needing to seek alternate funding. As stated in note 1.2, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's and Group'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 2022. Our opinion is not modified in respect of this matter.

---

## FERNLAKES LIMITED

---

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FERNLAKES 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 Group Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic report and the Directors' report have 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 Group Strategic report and 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.

#### Responsibilities of Directors

As explained more fully in the Directors' Responsibilities statement, 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.

#### 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

---

## FERNLAKES LIMITED

---

---

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FERNLAKES LIMITED

---

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*

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:

#### *Non-compliance with laws and regulations*

Based on:

- Our understanding of the Group, the Company and the industry in which it operates;
- Discussion with management and those charged with governance;
- Obtaining and understanding of the Group and the Company's policies and procedures regarding compliance with laws and regulations; and

Our procedures in respect of the above included:

- Review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of correspondence with tax authorities for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation;
- Involvement of tax specialists in the audit;

#### *Fraud*

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and those charged with governance regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Company's policies and procedures relating to:
  - Detecting and responding to the risks of fraud; and
  - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;

Based on our risk assessment, we considered the areas most susceptible to fraud to be management override of controls, completeness and accuracy of revenue recognised from film income, inappropriate accounting and disclosure of litigation costs incurred by the Group and cost allocation under transfer pricing

Our procedures in respect of the above included:

- Testing a sample of journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation;
- Assessing significant estimates made by management for bias; and
- We have obtained post-year-end collection statements and ensured that they do not contain income that relates to the next financial year in the financial year under review;
- For a sample of movie rights, we obtained the producer statements to verify the accuracy of the revenue.

---

## FERNLAKES LIMITED

---

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FERNLAKES LIMITED

---

Furthermore, to check the completeness of the revenue we analysed the current year's collection against last year's and investigated any unexpected movements related to rights that came through between the two years; and

- Reviewed the facts and circumstances related to litigation during the year and assessed the appropriateness of accounting and disclosures thereof.
- Tested the reasonability of the basis of apportionment of costs on a sample basis for the time spent analysis.


We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities 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.

#### Use of our report

This report is made solely to the Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:  
  
0F308806BCF046B...

Peter Smith (Senior Statutory Auditor)

For and on behalf of BDO LLP,  
Statutory Auditor

London  
UK

Date: 21 March 2024

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

FERNLAKES LIMITED

**CONSOLIDATED PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 29 DECEMBER 2022**

		<b>Continuing operations 2022 £000</b>	<b>Discontinued operations 2022 £000</b>	<b>Total 2022 £000</b>	<i>Continuing operations 2021 £000</i>	<i>Discontinued operations 2021 £000</i>	<i>Total 2021 £000</i>
	<b>Note</b>						
Turnover		8,904	-	8,904	16,644	-	16,644
Cost of sales		(397)	-	(397)	(126)	23	(103)
<b>Gross profit</b>		<b>8,507</b>	<b>-</b>	<b>8,507</b>	<b>16,518</b>	<b>23</b>	<b>16,541</b>
Administrative expenses		(15,194)	3	(15,191)	(57,449)	(14)	(57,463)
Other operating income/ (expense)		16	-	16	(673)	-	(673)
<b>Operating (loss) / profit</b>	<b>4</b>	<b>(6,671)</b>	<b>3</b>	<b>(6,668)</b>	<b>(41,604)</b>	<b>9</b>	<b>(41,595)</b>
Profit on discontinued operations	<b>25</b>	<b>-</b>	<b>457</b>	<b>457</b>	<b>-</b>	<b>18,503</b>	<b>18,503</b>
<b>Total operating (loss) / profit</b>		<b>(6,671)</b>	<b>460</b>	<b>(6,211)</b>	<b>(41,604)</b>	<b>18,512</b>	<b>(23,092)</b>
Income from other participating interests		136	-	136	(59)	-	(59)
Interest receivable and similar income	<b>7</b>	<b>115</b>	<b>-</b>	<b>115</b>	<b>-</b>	<b>-</b>	<b>-</b>
Interest payable and similar expenses	<b>8</b>	<b>(1,117)</b>	<b>(7)</b>	<b>(1,124)</b>	<b>(1,015)</b>	<b>560</b>	<b>(455)</b>
<b>(Loss) / profit before tax</b>		<b>(7,537)</b>	<b>453</b>	<b>(7,084)</b>	<b>(42,678)</b>	<b>19,072</b>	<b>(23,606)</b>
Deferred tax	<b>9</b>	<b>(244)</b>	<b>-</b>	<b>(244)</b>	<b>154</b>	<b>-</b>	<b>154</b>
Current tax	<b>9</b>	<b>(672)</b>	<b>-</b>	<b>(672)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>(Loss) / profit for the financial year</b>		<b>(8,453)</b>	<b>453</b>	<b>(8,000)</b>	<b>(42,524)</b>	<b>19,072</b>	<b>(23,452)</b>
Owners of the parent		(8,453)	453	(8,000)	(42,524)	19,072	(23,452)

There were no recognised gains and losses for 2022 or 2021 other than those included in the consolidated profit and loss account.

The notes on pages 16 to 44 form part of these financial statements.

**FERNLAKES LIMITED**  
**REGISTERED NUMBER: 06525088**

**CONSOLIDATED BALANCE SHEET**  
**AS AT 29 DECEMBER 2022**

	Note	2022 £000	2021 £000
<b>Fixed assets</b>			
Fixed asset investments	10	320	287
Intangible fixed assets	11	-	74
Tangible fixed assets	12	262	737
		<u>582</u>	<u>1,098</u>
<b>Current assets</b>			
Debtors	13	45,245	62,244
Cash at bank and In hand	14	10,678	14,884
		<u>55,923</u>	<u>77,128</u>
Creditors	15	(62,488)	(56,513)
		<u>(6,565)</u>	<u>20,615</u>
<b>Net current (liabilities)/assets</b>		<u>(6,565)</u>	<u>20,615</u>
<b>Total assets less current liabilities</b>		<u>(5,983)</u>	<u>21,713</u>
Creditors: Amounts Falling Due After More Than One Year		(14,794)	-
<b>Provisions for liabilities</b>			
Provisions	18	(7,689)	(42,179)
		<u>(7,689)</u>	<u>(42,179)</u>
<b>Net liabilities</b>		<u>(28,466)</u>	<u>(20,466)</u>
<b>Capital and reserves</b>			
Called up share capital		154	154
Merger Reserve	20	(149,945)	(149,945)
Profit And Loss Account		121,325	129,325
		<u>(28,466)</u>	<u>(20,466)</u>

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

  
**D M Reid**

Director

Date: 21 March 2024

The notes on pages 16 to 44 form part of these financial statements.

**FERNLAKES LIMITED**  
**REGISTERED NUMBER: 06525088**

**COMPANY BALANCE SHEET**  
**AS AT 29 DECEMBER 2022**

	Note	2022 £'000	2021 £'000
<b>Fixed assets</b>			
Tangible Fixed Assets	12	179	-
		<u>179</u>	<u>-</u>
<b>Current assets</b>			
Debtors	13	963	9,400
Cash at bank and in hand	14	124	108
		<u>1,087</u>	<u>9,508</u>
Creditors: amounts falling due within one year	15	(29,579)	(238)
<b>Net current (liabilities)/assets</b>		<u>(28,492)</u>	<u>9,270</u>
<b>Total assets less current liabilities</b>		<u>(28,313)</u>	<u>9,270</u>
<b>Provisions for liabilities</b>			
Provision	18	(153)	(29,736)
		<u>(153)</u>	<u>(29,736)</u>
<b>Net liabilities</b>		<u>(28,466)</u>	<u>(20,466)</u>
<b>Capital and reserves</b>			
Called up share capital		154	154
Profit and loss account brought forward	20	(20,620)	2,832
Loss for the year		(8,000)	(23,452)
Profit and loss account carried forward		<u>(28,620)</u>	<u>(20,620)</u>
		<u>(28,466)</u>	<u>(20,466)</u>

The Company's loss for the year amounted to £8,000k (2021: £23,452k).

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

  
**D M Reid**  
 Director

Date: 21 March 2024

The notes on pages 16 to 44 form part of these financial statements.

---

**FERNLAKES LIMITED**

---

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 29 DECEMBER 2022**

---

	<b>Called up share capital £000</b>	<b>Merger reserve £000</b>	<b>Profit and loss account £000</b>	<b>Equity attributable to owners of parent Company £000</b>	<b>Total equity £000</b>
<b>At 30 December 2020</b>	154	(149,945)	152,777	2,986	2,986
Loss for the year	-	-	(23,452)	(23,452)	(23,452)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>At 29 December 2021</b>	154	(149,945)	129,325	(20,466)	(20,466)
Loss for the year	-	-	(8,000)	(8,000)	(8,000)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>At 29 December 2022</b>	<u>154</u>	<u>(149,945)</u>	<u>121,325</u>	<u>(28,466)</u>	<u>(28,466)</u>

The notes on pages 16 to 44 form part of these financial statements.



---

**FERNLAKES LIMITED**

---

**COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 29 DECEMBER 2022**

---

	<b>Called up share capital £'000</b>	<b>Profit and loss account £'000</b>	<b>Total equity £'000</b>
<b>At 30 December 2020</b>	154	2,832	2,986
Loss for the year	-	(23,452)	(23,452)
<b>At 29 December 2021</b>	154	(20,620)	(20,466)
Loss for the year	-	(8,000)	(8,000)
<b>At 29 December 2022</b>	154	(28,620)	(28,466)

The notes on pages 16 to 44 form part of these financial statements.

**FERNLAKES LIMITED**

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 29 DECEMBER 2022**

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
<b>Cash flows from operating activities</b>		
Loss for the financial year	(8,000)	(23,452)
<b>Adjustments for:</b>		
Amortisation of intangible assets (note 11)	74	74
Depreciation of tangible assets (note 12)	854	211
Interest paid	-	455
Decrease/(increase) in debtors	16,693	(66)
(Decrease)/increase in creditors	(30,275)	18,109
Profit on deconsolidation of subsidiaries (note 25)	(457)	-
Fair value adjustment of investments (note 10)	(33)	56
<b>Net cash generated from operating activities</b>	<b>(21,144)</b>	<b>(4,613)</b>
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	(378)	-
Repayment of loan assets	3,140	2,460
Deconsolidation of subsidiaries (note 25)	(13)	-
<b>Net cash from investing activities</b>	<b>2,749</b>	<b>2,460</b>
<b>Cash flows from financing activities</b>		
Advance of loan assets	14,189	-
Repayment of loan assets	-	(621)
<b>Net cash used in financing activities</b>	<b>14,189</b>	<b>(621)</b>
<b>Net (decrease) in cash and cash equivalents</b>	<b>(4,206)</b>	<b>(2,774)</b>
Cash and cash equivalents at beginning of year	14,884	17,658
<b>Cash and cash equivalents at the end of year</b>	<b>10,678</b>	<b>14,884</b>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	10,678	14,884
	<b>10,678</b>	<b>14,884</b>

The notes on pages 16 to 44 form part of these financial statements.

---

## FERNLAKES LIMITED

---

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 DECEMBER 2022

---

#### 1. Accounting policies

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

##### 1.1 General information and basis of accounting

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

Fernlakes Limited is a company incorporated in England and Wales under the Companies Act. Its place of business and registered office address is Parcels Building, 14 Bird Street, London, W1U 1BU. The nature of the Group and Company's operations and principal operating activity are set out in the Group Strategic Report on pages 1 to 3.

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

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies (see note 2).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Profit and Loss Account in these financial statements.

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 separate financial statements, which are presented alongside the consolidated financial statements. Exemptions have been taken, by the Company, in relation to financial instruments and presentation of a cash flow statement.

The following principal accounting policies have been applied:

##### 1.2 Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Group Strategic Report. The Group Strategic Report on pages 1 to 3 describes the Group's objectives, policies, its financial risk management objectives and its exposure to various risks.

The directors have considered the impact of recent interest rate increases, the cost of living crisis and the current war between Russia and Ukraine on the business. The Group is wholly based in the UK and is not taking on any new business, and the main source of any potential revenue in the future is unaffected as it is attributable to transactions that completed in the past and is not dependent on broader economic activity that may be negatively affected by these circumstances. The directors do not believe that the remaining assets on the Balance Sheet will be impaired as a result of these circumstances, the Group does not have any direct employees, and the cost base of the Group should not be materially affected even after factoring in the current rise in inflation as a result of these events. Therefore, the directors have concluded that the aforementioned events have had a minimal impact on the Group.

The directors of the Group have prepared cash flow forecasts for 12 months following approval of these financial statements assuming a range of operational transactions. Having assessed the risks

---

## FERNLAKES LIMITED

---

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 DECEMBER 2022

---

#### 1. Accounting policies (continued)

facing the business as set out in the Group Strategic Report, the Directors' Report, its financial position and results and cashflow forecasts, the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future and have therefore concluded that it is appropriate to prepare these financial statements on a going concern basis. Although the Group is currently in a net current liability position as at the balance sheet date, the directors of the Group and senior management are currently working to close the film rights sale, which is expected to generate significant revenue and cash for the Group in the next financial year. The Group is forecasted to return to an overall net asset position within the next financial year and is expected though not guaranteed to provide financial support to its subsidiaries if called upon. If the film rights sales revenue and cash does not crystallise over the next 12 months, the Group may be unable to provide the necessary financial support to the subsidiaries which will result in the subsidiaries needing to seek alternate funding, whilst adjustments might be required to the consolidated financial statements and subsidiary accounts. This indicates that a material uncertainty exists that may cast significant doubt on the Company's and Group's ability to continue as a going concern. The financial statements do not include any adjustments should the going concern basis of preparation not be appropriate.

#### 1.3 Basis of consolidation

The financial statements represent the consolidated accounts of the Company and of each of its subsidiary undertakings. The results of subsidiary undertakings are included from the date on which control passes to the Group, and similarly excluded after the date on which the Group no longer controls the subsidiary. Subsidiaries are accounted for under the acquisition method unless otherwise noted.

The Profit and Loss Account of the Company is not included in the financial statements as permitted by section 408 of the Companies Act 2006. The Company's loss for the financial year amounted to £8,000k (2021: loss of £23,452k).

Certain dormant subsidiaries of the Company have taken advantage of the Companies Act 2006 s480A exemption from audit of accounts. These subsidiaries are exempt from the requirement for an audit of the accounts by virtue of this section and are disclosed as dormant in note 10.

#### 1.4 Turnover

Turnover represents amounts receivable for services net of Value Added Tax and is derived from the Group's principal activity. 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.

Where the amount of turnover is contingent on future events, this is only recognised where the amount of revenue can be measured reliably and it is probable that the economic benefits will be received. When this cannot be estimated reliably, revenue is only recognised to the extent of the expenses recognised that are recoverable, with an additional element of revenue recognised based on stage of completion once the uncertain events no longer exist.

Services provided to the client which at the balance sheet date have not been billed have been recognised as revenue and are included in debtors as accrued income. 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.

---

## FERNLAKES LIMITED

---

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 DECEMBER 2022

---

#### 1. Accounting policies (continued)

##### 1.5 Cost of sales

Cost of sales represents direct costs attributable to turnover, recorded on an accruals basis.

##### 1.6 Leased assets

Rentals payable under operating leases are charged against income on a straight-line basis over the lease term.

##### 1.7 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 tax rates and 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.

##### 1.8 Pension

The pension costs charged in the financial statements represent the defined contributions payable by the Group during the period on an accruals basis.

##### 1.9 Foreign currencies

Transactions denominated in foreign currencies are translated into pound 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 consolidated Profit and Loss Account.

##### 1.10 Borrowing costs

All borrowing costs are recognised in the Consolidated Profit and Loss Account in the year in which they are incurred.

##### 1.11 Intangible assets - website development costs

Website development costs are recorded at cost less accumulated amortisation. Website development costs are amortised to the Consolidated Profit and Loss Account over a 3 year period, being their estimated useful lives.

---

## FERNLAKES LIMITED

---

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 DECEMBER 2022

---

#### 1. Accounting policies (continued)

##### 1.12 Intangible assets - acquired rights

Where the rights to future film receipts are acquired from ordinary members in film partnerships, an intangible asset arises representing the value of payments owing to those members. The intangible asset is amortised to the consolidated Profit and Loss Account on a systematic basis to match against the income generated by the acquisition.

##### 1.13 Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment.

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

Short leasehold land and buildings	In equal instalments over the remaining period of the lease
Fixtures, fittings and equipment	10% - 33% of cost

##### 1.14 Fixed asset investments

###### *Other investments and loans*

Where fair value cannot be reliably measured, other investments are stated at cost less any provision for permanent diminution in value. Refer to note 1.17 for policies on impairment of certain investments.

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.

##### 1.15 Trade loans

Trade loans entered into are recorded at the full extent of their legal liability at the date that the loan agreement was signed, less any repayments to date.

##### 1.16 Bank borrowings

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges are accounted for on an accruals basis in the Profit and Loss Account using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

##### 1.17 Financial instruments

The Group enters into basic and non basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method, except those that are designated at fair value to avoid an accounting mismatch. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or

---

## FERNLAKES LIMITED

---

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 DECEMBER 2022

---

#### 1. Accounting policies (continued)

received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated Profit and Loss Account.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the balance sheet date.

Financial liabilities that do not have fixed repayment terms are classified as non basic financial instruments and are therefore held at fair value through profit or loss. Where their value is dependent on the value of a corresponding financial asset, the financial asset is also classified at fair value to avoid an accounting mismatch.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

#### 1.18 Financial liabilities

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

Financial liabilities that are non basic are initially classified as financial liabilities at fair value through profit or loss.

The Group determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

Subsequently, the measurement of financial liabilities depends on their classification under FRS102. Basic financial liabilities are measured at amortised cost, and non basic financial liabilities are valued at fair value through profit or loss.

#### Interest bearing loans and borrowings

Obligations for loans and borrowings are recognised when the Group becomes party to the related contracts and are measured initially at the fair value of consideration received less directly attributable transaction costs.

---

## FERNLAKES LIMITED

---

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 DECEMBER 2022

---

#### 1. Accounting policies (continued)

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses arising on the repurchase, settlement or otherwise cancellation of liabilities are recognised respectively in finance income and finance cost.

#### **Derecognition of financial liabilities**

A liability is derecognised when the contract that gives rise to it is settled, sold, cancelled or expired.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such as an exchange or modification, this is treated as a derecognition of the original liability, such that the difference in the respective carrying amounts together with any costs or fees incurred are recognised in profit or loss.

#### **1.19 Film finance leases**

In accordance with FRS 102 Section 20 Leases, the amount due from the lessee under finance leases is recorded in the Balance Sheet as a debtor at the amount of the net investment in the lease, less provision for any items such as bad and doubtful rentals receivable.

#### **1.20 Provisions**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

#### **1.21 Merger reserve**

The merger reserve was created due to a reorganisation of the Group in a previous period. The Group reorganisation was accounted for using merger accounting principles in order to meet the overriding requirement under section 611 of the Companies Act 2006 for financial statements to present a true and fair view.

#### **1.22 Other operating income/(expense)**

Other operating income/(expense) include charges for investments and other assets impaired during the period. Other operating income includes, inter alia, the gain on sale of investments.



---

## FERNLAKES LIMITED

---

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 DECEMBER 2022

---

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

In the application of the Group's and 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 years if the revision affects both current and future years.

#### **Critical accounting 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.

Aside from that noted below, there are no other key sources of estimation uncertainty in the Group.

#### **Impairment of financial and non-financial assets**

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

##### *Non-financial assets*

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

##### *Financial assets*

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate. For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment have been recognised.

After making this assessment, an impairment loss of £15k relating to trade loans has been recognised in the profit and loss account in the financial year. No other non financial or financial assets have been impaired in the year.

---

**FERNLAKES LIMITED**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 29 DECEMBER 2022**

---

**Tax liability**

In estimating the potential tax liability relating to the First-tier Tax Tribunal, the Upper Tribunal and Court of Appeal decisions (refer to note 9), 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.

**3. Turnover**

The total turnover of the Group for the year has been predominantly derived from its principal activity (refer to page 1).

**4. Operating loss**

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

	<b>2022</b>	<i>2021</i>
	<b>£000</b>	<i>£000</i>
Fair value adjustment of fixed asset investments (see note 10)	33	56
Amortisation of intangible assets (see note 11)	1,698	1,801
Depreciation of tangible fixed assets (see note 12)	939	211
Operating lease rentals - land and buildings	1,571	1,571
Other operating income/ expense:	(16)	699
Provision for bad debt	4,139	142

**Auditor remuneration**

Fees payable to the Company's auditor for the audit of the Company's annual financial statements	100	87
Fees payable to the Group's auditor for the audit of the Group's subsidiaries pursuant to legislation	201	216

**Other services**

Fees payable to the Company's auditor for other assurance services	7	7
--	---	---

**5. Employees**

The average monthly number of employees (excluding directors) during the year ended 29 December 2022 was nil (2021: nil).

---

**FERNLAKES LIMITED**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 29 DECEMBER 2022**

---

**6. Directors' remuneration**

The highest paid director received remuneration of £nil (2021 - £nil).

See also directors' current accounts in note 23.

**7. Interest receivable and similar income**

	<b>2022</b> <b>£'000</b>	<b>2021</b> <b>£'000</b>
Other interest receivable	115	-
	<u>115</u>	<u>-</u>

**8. Interest payable and similar expenses**

	<b>2022</b> <b>£'000</b>	<b>2021</b> <b>£'000</b>
Interest payable on shareholder loan (note 16)	596	-
Other interest payable	528	455
	<u>1,124</u>	<u>455</u>

**9. Taxation**

	<b>2022</b> <b>£000</b>	<b>2021</b> <b>£000</b>
<b>Corporation tax</b>		
UK Corporation tax credit	(14)	-
Adjustments in respect of prior years	686	-
<b>Total current tax</b>	<u>672</u>	<u>-</u>
<b>Deferred tax</b>		
Deferred tax charge/ (credit) for the year	188	(10)
Deferred tax adjustment in respect of prior years (credit)	(3)	(141)
Change in tax rate movement charge/ (credit)	59	(3)
<b>Taxation on profit/(loss) on ordinary activities</b>	<u>916</u>	<u>(154)</u>

---

**FERNLAKES LIMITED**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 29 DECEMBER 2022**

---

**9. Taxation (continued)**

**Factors affecting tax charge/ (credit) for the year**

The tax assessed for the year is higher than (2021: higher than) the standard rate of corporation tax in the UK of 19% (2021: 19%). The differences are explained below:

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Loss on ordinary activities before tax	(7,084)	(23,606)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	(1,346)	(4,485)
<b>Effects of:</b>		
Adjustments resulting from investment in film partnerships	112	(288)
Adjustments in respect of investment in associated LLPs	(3)	(2)
Expenses not deductible for tax purposes	1,182	3,647
Transfer pricing adjustment	(189)	165
Other short-term timing differences	(30)	24
Income of consolidated partnerships taxable on members	-	7
Share of profit of associated company	-	11
Adjustments in respect of prior years	683	(141)
Impact of CT rate difference (2021: CT at 19% vs DT at 25%)	59	(3)
Unrecognised tax losses carried forward	390	940
Utilisation of tax losses carried forward	(29)	-
Timing differences in relation to capital allowances	196	(14)
Non taxable income	(109)	(15)
<b>Total tax charge for the year</b>	<b>916</b>	<b>(154)</b>

**Factors that may affect future tax charges**

A potential deferred tax asset of £2.1m (2021: £3.2m) in respect of tax losses carried forward has not been recognised due to uncertainty over the availability of taxable profits in future chargeable accounting periods.

The March 2021 Budget announced a further increase to the main rate of corporation tax to 25% from 1 April 2023. This rate was substantively enacted on 24 May 2021. Both the recognised and unrecognised deferred tax assets as at 29 December 2022 have been measured at 25%.

---

## FERNLAKES LIMITED

---

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 DECEMBER 2022

---

#### 9. Taxation (continued)

In prior accounting periods, the Group has received the benefit of tax losses associated with the Group's investment in a number of film and game production partnerships related to the Group. The Group has challenged the basis on which the closure notices of the partnerships have been calculated, resulting in a hearing before the First-tier Tax Tribunal ("the Tribunal"). The initial decision of the Tribunal was delivered on 2 August 2016 and 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.

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 Tax Tribunal's approach but generally supported the First-tier Tax 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 appeals 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. 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). During the process of agreeing the film partnership profits and losses subject to corporation tax with HMRC it has become apparent that HMRC have a different interpretation to the Company on one aspect of the First-tier Tribunal decision. The Company understands that the partnership asset created by the film expenditure and described by the First-tier tribunal as an intangible fixed asset should qualify for relief under Part 8 CTA 2009. HMRC consider that the asset is precluded from qualifying for relief under Part 8 CTA 2009 because it constitutes a financial asset. If the parties remain unable to resolve this point between themselves a referral back to the First-tier Tribunal will be required. If the Company is correct 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. If HMRC are correct, a total tax liability of £18.8m, plus interest on late paid tax, would arise for the Group, subject to agreeing the basis of the calculation of the liability with HMRC. As at 29 December 2022, payments totalling £13.8m (tax) and £6.1m (interest) had been made with regard to these amounts, as described further below.

---

## FERNLAKES LIMITED

---

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 DECEMBER 2022

---

#### 9. Taxation (continued)

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 2022, the directors have estimated an additional tax liability for the Group of £19k (2021: £13k, 2020: £nil, 2019: £64k, 2018: £535k, 2017: £1,826k, 2016: £37,292k) together with a liability for late paid interest of £516k (2021: £355k, 2020: £827k, 2019: £890k, 2018: £2,206k, 2017: £1,724k, 2016: £17,977k). 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.

During November 2016, a number of companies, all subsidiaries of Fernlakes Limited, as corporate members of film production partnerships received 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 have agreed to postpone collection of part of the PPN liability. The postponed amounts fall under two tranches; the first tranche HMRC agreed to postpone pending the hearing of the judicial review, the second tranche is currently postponed pending an internal HMRC review. The first tranche of PPN liability no longer falls within the Group due to the deconsolidation of some former Group entities. If the second tranche becomes payable the subsidiaries will have a liability to make tax payments of a further £6.5m to HMRC which will also attract interest charges.

If HMRC also issues determinations in respect of the representations submitted by other Members, an additional payment of £6.6m will be due to HMRC in respect of group relief being withdrawn which will trigger further liabilities for interest on late paid tax.

Subject to the final court decision; the payments on account of tax of £13.8m may be repaid so are shown as debtors (note 13) with the gross amount of total taxes provided included in creditors (note 15). 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.

**FERNLAKES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 29 DECEMBER 2022**

**10. Fixed asset investments**

**Group**

	<b>Other Investments £000</b>
<b>Fair value</b>	
At 30 December 2021	287
Fair value adjustment through profit or loss	33
At 29 December 2022	<u>320</u>

During the year the Group had a 15% (2021: 15%) holding in the ordinary shares of Protagonist Pictures Limited ("PPL"), an integrated film business.

**Significant investments**

During the year the Group had interests in the following significant investments:

	<b>Net assets / (liabilities) at latest financial year end £'000</b>	<b>Profit / (loss) at latest financial year end £'000</b>	<b>Members' capital %</b>	<b>As at financial year end</b>
Amber Film Partners	-	-	45	05-Apr-22
Blythe Films LLP	-	-	36	05-Apr-22
Bronze Film Partners	97	-	36	05-Apr-22
Capricorn Films LLP	1	-	20	05-Apr-22
Chelmer Films LLP	1	-	17	05-Apr-22
Cherwell Films LLP	622	-	25	05-Apr-22
Clyde Films LLP	1	-	29	05-Apr-22
Corinth Film Partners	1	-	35	05-Apr-22
Delphi Film Partners	8	-	36	05-Apr-22
Derwent Films LLP	3	-	20	05-Apr-22
Electra Film Partners	19	-	37	05-Apr-22
Gemini Film Partners	1	-	36	05-Apr-22
Hera Films LLP	3	-	24	05-Apr-22
Ingenious Fuller Partnership LLP	1,725	-	72	05-Apr-22
Ingenious Games LLP	-	-	100	05-Apr-22
Jade Film Partners	1	-	36	05-Apr-22
Kennet Films LLP	12	-	26	05-Apr-22
Medway Films LLP	2	-	18	05-Apr-22

---

**FERNLAKES LIMITED**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 29 DECEMBER 2022**

---

**10. Fixed asset investments (continued)**

Milan Film Partners	2	-	17	05-Apr-22
Mole Films LLP	23	-	16	05-Apr-22
North John Street LLP	(415)	2,777	13	05-Apr-22
Orwell Films LLP	1	-	18	05-Apr-22
Pisces Films LLP	1	-	36	05-Apr-22
Sirius Film Partners	80	-	36	05-Apr-22
Stuart Films LLP	-	-	33	05-Apr-22
Swale Films LLP	1	-	25	05-Apr-22
Tamar Films LLP	3	2	14	05-Apr-22
Topaz Film Partners	69	-	35	05-Apr-22
Tyne Film LLP	25	-	39	05-Apr-22
Virgo Film Partners	(272)	-	37	05-Apr-22
Wye Films LLP	2	-	13	05-Apr-22
Zeus Films LLP	1	-	14	05-Apr-22

Management do not consider any of these to be subsidiaries, associates or joint ventures, as defined in FRS102, as the Group has no control or significant influence over the operating and financial policies.

**Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

<b>Name</b>	<b>Class of shares</b>	<b>Holding</b>
Freeshire Limited	Ordinary	100%
Amber Film Partner 1 Limited	Ordinary	100%
Aries Film Partner 1 Limited	Ordinary	100%
Aries Film Partner 2 Limited	Ordinary	100%
Barnsdale Hills Limited **	Ordinary	100%
Bergkamp Productions Limited	Ordinary	100%
Big Screen Productions 10 Limited *	Ordinary	100%
Big Screen Productions 11 Limited *	Ordinary	100%
Big Screen Productions 12 Limited *	Ordinary	100%
Big Screen Productions 13 Limited *	Ordinary	100%
Big Screen Productions 14 IM Limited *	Ordinary	100%
Big Screen Productions 15 IM Limited *	Ordinary	100%
Big Screen Productions 16 IM Limited *	Ordinary	100%
Big Screen Productions 17 IM Limited *	Ordinary	100%
Big Screen Productions 18 IM Limited *	Ordinary	100%
Big Screen Productions 19 IM Limited *	Ordinary	100%
Big Screen Productions 2 Limited *	Ordinary	100%
Big Screen Productions 20 IM Limited *	Ordinary	100%
Big Screen Productions 21 IM Limited *	Ordinary	100%
Big Screen Productions 22 IM Limited *	Ordinary	100%
Big Screen Productions 23 IM Limited *	Ordinary	100%
Big Screen Productions 24 IM Limited *	Ordinary	100%
Big Screen Productions 3 Limited *	Ordinary	100%



---

**FERNLAKES LIMITED**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 29 DECEMBER 2022**

---

**10. Fixed asset investments (continued)**

**Subsidiary undertakings (continued)**

<b>Name</b>	<b>Class of shares</b>	<b>Holding</b>
Big Screen Productions 4 Limited *	Ordinary	100%
Big Screen Productions 5 Limited *	Ordinary	100%
Big Screen Productions 7 Limited *	Ordinary	100%
Big Screen Productions 8 Limited *	Ordinary	100%
Big Screen Productions 9 Limited *	Ordinary	100%
Bronze Film Partner 1 Limited	Ordinary	100%
Bronze Film Partner 2 Limited	Ordinary	100%
Bullock Street Waste Energy Limited *	Ordinary	100%
Burguard Limited **	Ordinary	100%
Cairo Film Partner 1 Limited	Ordinary	100%
Cairo Film Partner 2 Limited	Ordinary	100%
Capitan Films Limited *	Ordinary	100%
Chrome Film Partner 1 Limited	Ordinary	100%
Chrome Film Partner 2 Limited	Ordinary	100%
Copper Film Partner 1 Limited	Ordinary	100%
Copper Film Partner 2 Limited	Ordinary	100%
Corinth Film Partner 1 Limited	Ordinary	100%
Corinth Film Partner 2 Limited	Ordinary	100%
Cornsdale Limited	Ordinary	100%
Cradgrove Limited **	Ordinary	100%
Dayday Films (CM) Limited *	Ordinary	100%
Daylily Investments Limited *	Ordinary	100%
Delphi Film Partner 1 Limited	Ordinary	100%
Delphi Film Partner 2 Limited	Ordinary	100%
Ebony Film Partner 1 Limited	Ordinary	100%
Ebony Film Partner 2 Limited	Ordinary	100%
Electra Film Partner 1 Limited	Ordinary	100%
Electra Film Partner 2 Limited	Ordinary	100%
Enghamshire Limited	Ordinary	100%
Evetree Limited *	Ordinary	100%
Fleet Film Partners 1 Limited	Ordinary	100%
Fleet Film Partners 2 Limited	Ordinary	100%
Gemini Film Partner 1 Limited	Ordinary	100%
Gemini Film Partner 2 Limited	Ordinary	100%
Gemstone Film Partner 1 Limited	Ordinary	100%
Gemstone Film Partner 2 Limited	Ordinary	100%
Gildales Limited	Ordinary	100%
Glasine Limited	Ordinary	100%
Ingenious (Jersey) Film Sales Limited	Ordinary	100%
Golden Square Services 1 Limited	Ordinary	100%
Golden Square Services 2 Limited	Ordinary	100%
Goldwoodshire Limited	Ordinary	100%
Granleaf Square Limited **	Ordinary	100%
Grapedale Limited	Ordinary	100%
Hartshire Limited	Ordinary	100%
Hastings Games 1 Limited	Ordinary	100%
Hastings Games 2 Limited	Ordinary	100%

---

**FERNLAKES LIMITED**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 29 DECEMBER 2022**

---

**10. Fixed asset investments (continued)**

**Subsidiary undertakings (continued)**

<b>Name</b>	<b>Class of shares</b>	<b>Holding</b>
Howells Productions Limited	Ordinary	100%
IFP1 Corporate Partner Limited	Ordinary	100%
IFP2 Corporate Partner Limited	Ordinary	100%
Inkie Productions IM Limited **	Ordinary	100%
Ivory Film Partner 1 Limited	Ordinary	100%
Ivory Film Partner 2 Limited	Ordinary	100%
Jade Film Partner 1 Limited	Ordinary	100%
Jade Film Partner 2 Limited	Ordinary	100%
Jasper Film Partner 1 Limited	Ordinary	100%
Jasper Film Partner 2 Limited	Ordinary	100%
Jewel Film Partner 1 Limited	Ordinary	100%
Jewel Film Partner 2 Limited	Ordinary	100%
Kantern Limited	Ordinary	100%
Langreave Limited **	Ordinary	100%
Lanternbury Limited	Ordinary	100%
Leo Film Partner 1 Limited	Ordinary	100%
Leo Film Partner 2 Limited	Ordinary	100%
Libra Film Partner 1 Limited	Ordinary	100%
Libra Film Partner 2 Limited	Ordinary	100%
Little Blair Productions IM Limited *	Ordinary	100%
Lodestone Film Partner 1 Limited	Ordinary	100%
Lodestone Film Partner 2 Limited	Ordinary	100%
Luxor Film Partner 1 Limited	Ordinary	100%
Luxor Film Partner 2 Limited	Ordinary	100%
Malachite Film Partner 1 Limited	Ordinary	100%
Malachite Film Partner 2 Limited	Ordinary	100%
Mars Film Partner 1 Limited	Ordinary	100%
Mars Film Partner 2 Limited	Ordinary	100%
MC Pictures IM Limited *	Ordinary	100%
Mercury Film Productions Limited	Ordinary	100%
Milan Film Partner 1 Limited	Ordinary	100%
Milan Film Partner 2 Limited	Ordinary	100%
Millbank Broadcasting Partner 1 Limited	Ordinary	100%
Millbank Broadcasting Partner 2 Limited	Ordinary	100%
NBPP (IM) Limited *	Ordinary	100%
Neptune Film Partner 1 Limited	Ordinary	100%
Neptune Film Partner 2 Limited	Ordinary	100%
Opal Film Partners 1 Limited	Ordinary	100%
Opal Film Partners 2 Limited	Ordinary	100%
Pangorda Investor Limited *	Ordinary	100%
Petra Film Partner 1 Limited	Ordinary	100%
Petra Film Partner 2 Limited	Ordinary	100%
Phoenix Film Partners Limited *	Ordinary	100%
Quartz Film Partner 1 Limited	Ordinary	100%
Quartz Film Partner 2 Limited	Ordinary	100%
Rome Film Partner 1 Limited	Ordinary	100%
Rome Film Partner 2 Limited	Ordinary	100%

---

**FERNLAKES LIMITED**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 29 DECEMBER 2022**

---

**10. Fixed asset investments (continued)**

**Subsidiary undertakings (continued)**

<b>Name</b>	<b>Class of shares</b>	<b>Holding</b>
Sapphire Film Partner 1 Limited	Ordinary	100%
Sapphire Film Partner 2 Limited	Ordinary	100%
Saturn Film Partner 1 Limited	Ordinary	100%
Saturn Film Partner 2 Limited	Ordinary	100%
Silwood Limited	Ordinary	100%
Sirius Film Partner 1 Limited	Ordinary	100%
Sirius Film Partner 2 Limited	Ordinary	100%
Skull Distribution Limited	Ordinary	100%
Solar Film Partners IM Limited *	Ordinary	100%
Starlight Film Partners Limited *	Ordinary	100%
Taurus Film Partner 1 Limited	Ordinary	100%
Taurus Film Partner 2 Limited	Ordinary	100%
Tolushire Limited	Ordinary	100%
Topaz Film Partner 1 Limited	Ordinary	100%
Topaz Film Partner 2 Limited	Ordinary	100%
Trafalgar Film Partner 1 Limited	Ordinary	100%
Trafalgar Film Partner 2 Limited	Ordinary	100%
Trieste Film Partner 1 Limited	Ordinary	100%
Trieste Film Partner 2 Limited	Ordinary	100%
Turin Film Partner 1 Limited	Ordinary	100%
Turin Film Partner 2 Limited	Ordinary	100%
Venus Film Partner 1 Limited	Ordinary	100%
Verona Film Partner 1 Limited	Ordinary	100%
Verona Film Partner 2 Limited	Ordinary	100%
Vienna Film Partner 1 Limited	Ordinary	100%
Vienna Film Partner 2 Limited	Ordinary	100%
Virgo Film Partner 1 Limited	Ordinary	100%
Virgo Film Partner 2 Limited	Ordinary	100%
Waterloo Film Partner 1 Limited	Ordinary	100%
Waterloo Film Partner 2 Limited	Ordinary	100%
Wickshills Limited	Ordinary	100%
Zinc Film Partner 1 Limited	Ordinary	100%
Zinc Film Partner 2 Limited	Ordinary	100%

\* = In Liquidation

\*\* = In Administration

---

**FERNLAKES LIMITED**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 29 DECEMBER 2022**

---

**11. Intangible assets**

**Group**

	<b>Development expenditure £'000</b>	<b>Acquired rights £'000</b>	<b>Total £'000</b>
<b>Cost</b>			
At 30 December 2021	242	55,656	55,898
Additions	-	1,624	1,624
	<hr/>	<hr/>	<hr/>
At 29 December 2022	242	57,280	57,522
	<hr/>	<hr/>	<hr/>
<b>Amortisation</b>			
At 30 December 2021	168	55,656	55,824
Charge for the year on owned assets	74	1,624	1,698
	<hr/>	<hr/>	<hr/>
At 29 December 2022	242	57,280	57,522
	<hr/>	<hr/>	<hr/>
<b>Net book value</b>			
At 29 December 2022	-	-	-
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 29 December 2021	74	-	74
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

---

## FERNLAKES LIMITED

---

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 DECEMBER 2022

---

#### 11. Intangible assets (continued)

##### Development costs

Costs related to the development of a new website and internal client relationship management (CRM) system have been capitalised in accordance with the requirements of FRS 102.

##### Acquired rights

On 5 April 2008 Langreave Limited (previously known as Ingenious Film Partners Limited) acquired the right to receive future film receipts above an agreed level from the ordinary members of the Ingenious Film Partners LLP. On 22 November 2010, IFP1 Corporate Partner Limited became entitled to a portion of these film receipts, as detailed in the members' agreement.

On 5 April 2008 Cradgrove Limited (previously known as Ingenious Film Partners 2 Limited) acquired the right to receive future film receipts above an agreed level from the ordinary members of the Ingenious Film Partners 2 LLP. On 22 November 2010, IFP2 Corporate Partner Limited became entitled to a portion of these film receipts, as detailed in the members' agreement.

During the financial year, IFP1 Corporate Partner Limited and IFP2 Corporate Partner Limited were entitled to film receipts totalling £4,793k, of which £1,624k was payable to the ordinary members. The amount payable to the ordinary members was capitalised as an intangible asset and amortised as a charge to the Profit and Loss Account to offset the income that the asset has generated. No further film receipts were payable in 2022.

The above amortisation charge of £74k (2021: £1,801k) is included within administrative expenses in the Consolidated Profit and Loss Account.

---

**FERNLAKES LIMITED**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 29 DECEMBER 2022**

---

**12. Tangible fixed assets**

**Group**

	<b>Short-term leasehold property £'000</b>	<b>Fixtures, fittings and equipment £'000</b>	<b>Total £'000</b>
<b>Cost or valuation</b>			
At 30 December 2021	4,235	4,903	9,138
Additions	378	86	464
At 29 December 2022	<u>4,613</u>	<u>4,989</u>	<u>9,602</u>
<b>Depreciation</b>			
At 30 December 2021	3,635	4,766	8,401
Charge for the year on owned assets	799	140	939
At 29 December 2022	<u>4,434</u>	<u>4,906</u>	<u>9,340</u>
<b>Net book value</b>			
At 29 December 2022	<u>179</u>	<u>83</u>	<u>262</u>
At 29 December 2021	<u>600</u>	<u>137</u>	<u>737</u>

---

**FERNLAKES LIMITED**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 29 DECEMBER 2022**

---

**12. Tangible fixed assets (continued)**

**Company**

	<b>Short-term leasehold property £000</b>
<b>Cost or valuation</b>	
Additions	226
At 29 December 2022	<u>226</u>
<b>Depreciation</b>	
Charge for the year on owned assets	47
At 29 December 2022	<u>47</u>
<b>Net book value</b>	
At 29 December 2022	<u><u>179</u></u>
At 29 December 2021	<u><u>-</u></u>

The net book value of land and buildings may be further analysed as follows:

	<b>2022 £000</b>	<b>2021 £000</b>
Short-term leasehold property	179	-
	<u>179</u>	<u>-</u>

**FERNLAKES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 29 DECEMBER 2022**

**13. Debtors**

	<b>Group 2022 £000</b>	<b>Group 2021 £000</b>	<b>Company 2022 £000</b>	<b>Company 2021 £000</b>
<b>Due after more than one year</b>				
Trade loans	2,205	7,366	-	-
Deferred tax asset	357	601	-	-
	<u>2,562</u>	<u>7,967</u>	<u>-</u>	<u>-</u>
<b>Due within one year</b>				
Trade debtors	39	123	-	555
Amounts owed by Group undertakings	-	-	-	8,741
Other debtors	2,252	12,928	23	102
Prepayments and accrued income	5,012	6,208	940	2
Tax recoverable	13,876	13,847	-	-
Trade loans	21,504	20,744	-	-
Directors' current account	-	427	-	-
	<u>45,245</u>	<u>62,244</u>	<u>963</u>	<u>9,400</u>

Trade loans (due after more than one year) are represented by amounts lent to Ingenious Real Estate Enterprises 4 Limited.

Trade loans are shown net of provisions of £50,284k.

Other debtors represent the amounts receivable from the Ingenious Capital Management Holdings Limited group of companies.

**14. Cash and cash equivalents**

	<b>Group 2022 £000</b>	<b>Group 2021 £000</b>	<b>Company 2022 £000</b>	<b>Company 2021 £000</b>
Cash at bank and in hand	10,678	14,884	124	108
	<u>10,678</u>	<u>14,884</u>	<u>124</u>	<u>108</u>



**FERNLAKES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 29 DECEMBER 2022**

**15. Creditors**

	<b>Group 2022 £'000</b>	<i>Group 2021 £'000</i>	<b>Company 2022 £'000</b>	<i>Company 2021 £'000</i>
Trade creditors	336	971	79	-
Amounts owed to Group undertakings	-	-	22,963	-
Directors' current account	96	-	-	-
Corporation tax	17,488	16,911	-	-
Other creditors	36,458	26,745	6,385	-
Accruals and deferred income	8,110	11,886	152	238
	<u>62,488</u>	<u>56,513</u>	<u>29,579</u>	<u>238</u>

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

	<b>Group 2022 £000</b>	<i>Group 2021 £000</i>
Shareholder loan	14,794	-
	<u>14,794</u>	<u>-</u>

In May 2022 the Group's ultimate beneficial shareholder, P A McKenna, provided a combined £14,198k general purpose loan facility to two Group subsidiaries. The combined loan is repayable from drawings from the film partnerships. Interest of 5% above base rate accrues on the loan facility, £596k combined interest is repayable as at 29 December 2022.

When the film partnerships sells its film rights, any drawings from the film partnerships (less Ordinary member payments and tax) shall be applied in repayment of the loan facilities (a "Final Repayment"). On the date of the Final Repayment, the two Group subsidiaries shall pay any remaining accrued interest on their loan facility, provided drawings received by the Group from the film partnerships are sufficient to enable such payments to be made.

---

**FERNLAKES LIMITED**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 29 DECEMBER 2022**

---

**17. Financial instruments**

Please refer to Financial instruments and risk management in the Strategic Report for further details on the impact of liquidity, interest rate and credit risk to the Group.

	<b>Group 2022 £000</b>	<i>Group 2021 £000</i>	<b>Company 2022 £000</b>	<i>Company 2021 £000</i>
<b>Financial assets</b>				
<b>Measured at fair value</b>				
Fixed asset investments	320	287	-	-
<b>Measured at undiscounted amount receivable</b>				
Trade loans	23,709	28,110	-	-
Trade debtors	39	123	-	555
Other debtors	2,242	12,928	23	102
Cash at bank and in hand	10,678	14,884	124	108
<b>Financial liabilities</b>				
<b>Measured at undiscounted amount payable</b>				
Trade creditors	326	971	79	-
Other creditors (due within one year)	36,458	26,745	6,385	-
<b>Measured at amortised cost</b>				
Other loans due after more than one year	14,198	-	-	-

---

**FERNLAKES LIMITED**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 29 DECEMBER 2022**

---

**18. Provisions**

**Group**

	Deferred Tax £000	Interest provision £000	Other provision £000	Total £000
At 30 December 2021	6	7,459	34,714	42,179
Charged to profit or loss	-	580	240	820
Credited to profit and loss	-	(67)	-	(67)
Utilised in year	(6)	(436)	(34,801)	(35,243)
<b>At 29 December 2022</b>	<b>-</b>	<b>7,536</b>	<b>153</b>	<b>7,689</b>

*Deferred Tax*

Deferred tax assets and liabilities are offset only where the Company has a legally enforceable right to do so and where the assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity or another entity within the Group.

*Interest provision*

Interest provision relates to interest on the estimated tax liability (refer to notes 2 and 9). £436k was released to the profit and loss in the year relating to discontinued operations.

*Other provisions*

The Group utilised £34,801k provisions in relation to litigation costs, of which £29,801k relates solely to the Company.

---

**FERNLAKES LIMITED**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 29 DECEMBER 2022**

---

**19. Called up share capital**

	<b>2022 £</b>	<b>2022 No.</b>
<b>Allotted, called up and fully paid</b>		
Class 'A' shares of 10p each	149,100	1,491,000
Class 'B' shares of 5p each	450	9,001
Class 'C' shares of 5p each	452	9,035
Class 'D' shares of 5p each	452	9,041
Class 'E' shares of 5p each	459	9,189
Class 'F' shares of 5p each	452	9,044
Class 'G' shares of 5p each	496	9,919
Class 'H' shares of 5p each	476	9,520
Class 'I' shares of 5p each	473	9,464
Class 'J' shares of 5p each	483	9,663
Class 'K' shares of 5p each	484	9,683
Class 'L' shares of 0.125p each	24	19,305
Class 'M' shares of 0.125p each	23	18,176
Class 'N' shares of 0.125p each	23	18,176
Class 'O' shares of 0.125p each	23	18,176
Class 'P' shares of 0.125p each	25	19,806
Class 'Q' shares of 0.125p each	25	19,676
Class 'R' shares of 0.125p each	25	19,676
Class 'S' shares of 0.125p each	24	19,184
Class 'T' shares of 0.125p each	24	18,957
Class 'U' shares of 0.125p each	24	18,956
Class 'V' shares of 0.125p each	23	18,689
Class 'W' shares of 0.125p each	23	18,694
Class 'X' shares of 0.125p each	23	18,642
Class 'Y' shares of 0.125p each	23	18,640
Class 'Z' shares of 0.125p each	136	109,056
	<hr/> 154,245 <hr/>	<hr/> 1,958,368 <hr/>

---

**FERNLAKES LIMITED**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 29 DECEMBER 2022**

---

**Called up share capital (continued)**

Class 'A' shares hold all voting rights and entitlements to distributions of retained profit.

Shares of 5p each of classes 'B' through 'K' acquired by employees are held in trust by Gildales Limited (previously known as Ingenious Nominees Limited) and/or Barry Nominees Limited on behalf of the named employees.

Shares of 0.125p each of classes 'L' through 'Z' acquired by employees are held in trust by Gildales Limited and/or Barry Nominees Limited on behalf of named employees. The shares do not carry voting rights or entitlements to dividends, but entitle the owner to a share of the proceeds on sale or public listing of the Company. Finance costs relating to the scheme are borne by Freeshire Limited. Employees can be made to surrender their shares if they cease to be employees of the Group.

**20. Merger reserve**

	<b>2022</b> <b>£'000</b>	<b>2021</b> <b>£'000</b>
<b>Group</b>		
Balance brought forward	(149,945)	(149,945)
<b>Balance carried forward</b>	<u>(149,945)</u>	<u>(149,945)</u>

See note 1.21 for further information on the merger reserve.

**21. Financial commitments**

Financial commitments are as follows:

	<b>2022</b> <b>£'000</b>	<b>2021</b> <b>£'000</b>
<b>Contracted for but not provided for</b>		
- operating leases entered into	7,039	7,857
- potential amounts owed to legacy investors	9,627	9,627
	<u>16,666</u>	<u>17,484</u>

Potential amounts owed to legacy investors represents the total repayment of limited recourse loans that could be redrawn if certain conditions are met. The Company estimates that its maximum settlement value is £9,627k (2021: £9,627k) as at the financial reporting date.

**FERNLAKES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 29 DECEMBER 2022**

Minimum future lease payments under non-cancelable operating leases are as follows:

	<b>2022</b> <b>£'000</b>	<b>2021</b> <b>£'000</b>
Within one year	1,571	1,571
Between one and five years	5,468	6,286
	<u>7,039</u>	<u>7,857</u>

**22. Related party transactions**

The Company has taken advantage of the exemptions conferred by FRS 102 Section 33 Related Party Disclosures to not disclose intercompany transactions between 100% subsidiaries. During the year the Group conducted significant transactions with the following related parties outside of the Group:

		<b>Fee income derived from entities listed below 2022 £'000</b>	<i>Fee income derived from entities listed below 2021 £'000</i>	<b>Amounts due from/(to) entities listed below 2022 £'000</b>	<i>Amounts due from/(to) entities listed below 2021 £'000</i>
	<i>Subnote</i>				
Evetree Limited	1	-	-	-	1,720
Ingenious AG JV Member Limited	1, 2	-	17	8	8
Ingenious Capital Management Limited	1, 2	(5)	11,169	565	198
Ingenious Capital Management Holdings Limited	1, 2	-	-	(6,456)	1,505
Ingenious Capital Management Services Limited	1, 2	3,785	(779)	1,895	7,254
Ingenious IQB Member Limited	1, 2	-	-	40,901	40,869
Ingenious Real Estate Enterprises 4 Limited	1, 2	251	326	2,541	5,367
North John Street LLP	3, 4	43	6	86	43

The Group had various trivial balances with entities listed in note 10.

The following significant relationships existed between the related parties during all or part of the year:

Subnote:

1 - Common director(s).

2 - Common shareholder(s)/ultimate shareholder.

3 - Common director(s) of designated member.

4 - Operator/promoter/administrator/advisor/manager/agent is Ingenious Capital Management Limited.

---

**FERNLAKES LIMITED**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 29 DECEMBER 2022**

---

**23. Directors' current account**

Directors serving during the year had the following loan balances outstanding at the year end:

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
<b>Directors' current accounts</b>		
Amount owed (from) / to the Group	(96)	427
	<u>          </u>	<u>          </u>

**24. Controlling party**

During the year ended 29 December 2022 the ultimate controlling party of the Group and the Company was P A McKenna. The Company is the only parent undertaking for which consolidated financial statements are prepared.

**25. Discontinued operations**

Burguard Limited, a subsidiary of the Group, entered administration in March 2022. The subsidiary generated a loss of £7k during the financial year, before recognising a profit on the disposal of the business of £457k.

Phoenix Nominees Limited, a subsidiary of the Group, was dissolved in April 2022. The subsidiary generated a loss of £3k during the financial year, before recognising a £nil profit on the disposal of the business.

The subsidiary results are included in Discontinued Operations in the Consolidated Profit and Loss Account on page 10.

	<b>£000</b>
<b>Net assets disposed of:</b>	
Corporation tax	16
Provisions for liabilities and charges	443
Cash	(13)
Other creditors	11
	<u>          </u>
	457
<b>Net profit on deconsolidation</b>	<u>          </u> <u>          </u> 457
	<b>£000</b>
Cash transferred on deconsolidation	(13)
<b>Net outflow of cash</b>	<u>          </u> <u>          </u> (13)