

Company Registration No. 08264929 (England and Wales)

Double Negative Films Limited

Annual Report and Financial statements

For the year ended 31 March 2020

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Double Negative Films Limited

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Double Negative Films Limited

Company information

Director

V Rathee

Secretary

Link Company Matters Limited

Company Number

08264929

Registered Office

160 Great Portland Street
London
W1W 5QA

Independent Auditor

Deloitte LLP
Hill House
1 Little New Street
London
EC4A 3TR

Double Negative Films Limited

Director's report

The director presents his annual report and audited financial statements for the year ended 31 March 2020.

In preparing this report the director has taken advantage of the small companies' exemptions provided in terms of Section 415A of the Companies Act 2006 and exemption in Section 414B from the requirement to prepare the strategic report.

Principal activities

Double Negative Films Limited ("the Company") is a private limited company, limited by shares, registered in London, United Kingdom (Registration No. 08264929).

The principal activity of the Company is to support the wider group's activities by providing advanced funding to movies in return for revenue participation in those movies.

The Company neither has cross-border transactions with the European Union, nor anticipates any, and consequently does not expect Brexit to have a significant impact on future results.

Business review

The Company has a revenue participation agreement with a film studio, wherein the Company has contributed a total £3.2 million (2019: £4.8 million) towards production costs of a film in return for a specified percentage of box office collection after production costs have been covered. This amount is recorded as a financial asset on the balance sheet.

Results and dividends

The Company invested in revenue participation rights for one of the movies, wherein the return was linked to revenue earned by the movies based on the collection at the box office. During the year, the Company had loss after tax of £321,536 (2019: loss after tax of £2,756,750) pertaining to exchange fluctuation in the current year and provision towards uncertainty on the collection of proceeds towards one of the movies in the previous year.

No dividends were paid during the year and the director did not recommend the payment of dividend for the year.

Financial risk management objectives and policies

At the balance sheet date, the Company has no bank overdraft facility, any short-term financing requirements are handled by the holding companies.

Financial risk

Liquidity risk

The Company is financed with appropriate long-term and short-term finance to match the need of the business.

Foreign currency risk

The Company is exposed to foreign currency risk on its operations, by virtue of entering into transactions in currencies other than the Company's functional currency of Pound Sterling. These are not material.

Credit risk

New customers are only accepted after they have been approved by the Board and credit control.

Double Negative Films Limited

Directors' report (continued)

Directors

The directors who served during the year, except as noted, and up to the date of this report were:

V Rathee

M Holben (resigned 21 November 2019)

A Hope (resigned 21 November 2019)

Employee involvement

The Company had no employees during the year and previous year.

Disabled persons

The Company's policy is to recruit disabled workers for those vacancies that they are able to fill. All necessary assistance with initial training courses is given, once employed, a career plan is developed so as to ensure suitable opportunities for each disabled person. Arrangements are made, wherever possible, for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities.

Creditor payment policy

It is the Company's policy to pay all creditors promptly as payments fall due.

Auditor

Deloitte LLP was re-appointed as auditor during the year. Subsequent to the audit for the year ended 31 March, 2020 the auditors, Deloitte LLP, will be resigning as auditor and new auditor will be appointed.

Going concern

The director has adopted the going concern basis in preparing these accounts after assessing the principal risks and uncertainties for the impact of COVID-19. The director has considered the impact of the current COVID-19 environment on the business for the next 12 months, and the longer term. The director monitors the Company's funding strategy and have prepared forecasts which underpin the going concern basis for the Company. In assessing whether the going concern basis is appropriate, the director takes into account all available information about the future, which is at least, but is not limited to twelve months from the date of signing these financial statements. The intermediate holding Company remains committed to providing support if necessary to ensure the Company has sufficient cash to fund its operations over the next twelve months. The director believes that the Company will continue to operate successfully for the foreseeable future and be able to meet its liabilities as and when they fall due.

Basis of preparation

The Company's financial statements have been presented on a going concern basis, which contemplates the realisation of assets and the satisfaction of liabilities in the normal course of business.

The Company meets the definition of a qualifying entity under FRS 100 'Application of Financial Reporting Requirements' issued by the FRC. Accordingly, these financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework'.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to share-based payment, financial instruments, capital management, presentation of comparative information in respect of certain assets, preparation of a cash flow statement, impairment of assets and related party transactions.

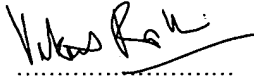
Double Negative Films Limited

Directors' report (continued)

Statement of disclosure to auditor

So far as the director is aware, there is no relevant audit information of which the auditor is unaware. Additionally, the director has taken all the necessary steps that he ought to have taken as a director in order to make himself aware of all relevant audit information and to establish that the auditor is aware of that Information pursuant to s418 of the Companies Act 2006.

Approved and signed by the director



V Rathee

Director

30 March, 2021

Double Negative Films Limited

Director's responsibilities statement

Director is responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework". Under company law the director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Double Negative Films Limited

Independent auditor's report to the members of Double Negative Films Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Double Negative Films Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 March 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- statement of total comprehensive income;
- statement of financial position;
- statement of changes in equity; and
- the related notes 1 to 16.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework".

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 are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

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

We have nothing to report in respect of these matters.

Other information

The director is 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.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Independent auditor's report to the members of Double Negative Films Limited (continued)

Responsibilities of the director

As explained more fully in the director's responsibilities statement, the director is 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 director is 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 director 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 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.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the director's report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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 director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the director was not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the director's report and from the requirement to prepare a strategic report.

We have nothing to report in respect of these matters.

Independent auditor's report to the members of Double Negative Films Limited (continued)

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Sukhbinder Kooner (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, UK
30 March 2021

Double Negative Films Limited

Statement of total comprehensive income For the year ended 31 March 2020

	Notes	Year ended 31 March, 2020 £	Year ended 31 March, 2019 £
Continuing operations			
Other operating charges	5	(293,786)	(2,756,750)
Loss before tax		(293,786)	(2,756,750)
Tax expense	8	(27,750)	-
Loss and total comprehensive income for the year		(321,536)	(2,756,750)

The notes on pages 12 to 22 form an integral part of the Financial Statements

Double Negative Films Limited

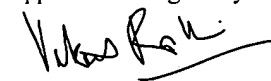
Statement of financial position As at 31 March 2020

	Notes	As at 31 March 2020 £	As at 31 March 2019 £
ASSETS			
Non-current assets			
Investments	9	18	-
Total non- current assets		18	-
Current assets			
Trade and other receivables	10	-	1
Other financial assets	11	3,314,632	2,352,425
Total current assets		3,314,632	2,352,426
Total assets		3,314,650	2,352,426
LIABILITIES			
Current liabilities			
Payables due to related parties	13	12,883,667	11,616,925
Current income tax liabilities		17,000	-
Total current liabilities		(12,900,667)	(11,616,925)
Total net current liabilities		(9,586,017)	(9,264,499)
Equity			
Capital and reserves			
Authorised and called up share capital	12	19	1
Profit and loss account		(9,586,036)	(9,264,500)
Total equity		(9,586,017)	(9,264,499)

The accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The notes on pages 12 to 22 form an integral part of the Financial Statements

Approved and signed by the director on 30 March, 2021



V Rathee
Director
Company Registration Number: 08264929

Double Negative Films Limited

Statement of changes in equity For the year ended 31 March 2020

	Called up Share Capital £	Profit and Loss Account £	Total Equity £
At 1 April 2018	1	(6,507,750)	(6,507,749)
Total loss and comprehensive expense	-	(2,756,750)	(2,756,750)
At 31 March 2019	1	(9,264,500)	(9,264,499)
Shares issued during the year	18	-	18
Total loss and comprehensive expense	-	(321,536)	(321,536)
At 31 March 2020	19	(9,586,036)	(9,586,017)

The notes on pages 12 to 22 form an integral part of the Financial Statements

Double Negative Films Limited

Notes to the financial statements

1. General information

Double Negative Films Limited ("the Company" or "Dneg Films") is a UK private company limited by shares incorporated in the United Kingdom under the Companies Act, 2006 and registered and domiciled in England. The registration number of the Company is 08264929. The financial statements are presented in Sterling Pounds, which is also the Company's functional currency and economic environment in which it trades.

2. Significant accounting policies

Statement of compliance

These financial statements have been prepared in accordance with the Financial Reporting Standard (FRS) 101 Reduced Disclosure Framework.

Basis of preparation

The Company's financial statements have been presented on a going concern basis, after assessing the principal risks and uncertainties for the impact of COVID-19. The Company has considered the impact of the current COVID-19 environment on the business for the next 12 months, and the longer term. The director monitors the Company's funding strategy and have prepared forecasts which underpin the going concern basis for the Company. In assessing whether the going concern basis is appropriate, the director takes into account all available information about the future, which is at least, but is not limited to twelve months from the date of signing these financial statements. The intermediate holding Company remains committed to providing support if necessary to ensure the Company has sufficient cash to fund its operations over the next twelve months from the date of signing. At the date of approval of these financial statements, the director believes that the Company will continue to operate successfully for the foreseeable future and be able to meet its liabilities as and when they fall due.

The Company meets the definition of a qualifying entity under FRS 100 'Application of Financial Reporting Requirements' issued by the FRC. Accordingly, these financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework'.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to share-based payment, financial instruments, capital management, presentation of comparative information in respect of certain assets, preparation of a cash flow statement, standards not yet effective, impairment of assets and related party transactions.

As at 31 March 2020, the Company is a wholly owned subsidiary of Prime Focus World, N.V., a company incorporated in the Netherlands. Prime Focus World, N.V. is the smallest group of undertakings for which consolidated financial statements were drawn up. The registered address of Prime Focus World, N.V. is Prins Bernhardplein 200, 1097 JB Amsterdam, Netherlands. At 31 March 2020, Prime Focus Limited, a company incorporated in India was the ultimate parent undertaking and the controlling party. Prime Focus Limited was the largest group of undertakings for which consolidated financial statements were drawn up. The registered address of Prime Focus Limited is Prime Focus House, Opp. Citi Bank, Linking Road, Khar (West), Mumbai, Maharashtra, India 400052. The annual report of Prime Focus Limited may be obtained from this address.

The preparation of financial statements in compliance with FRS 101 "Reduced Disclosure Framework" requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the accounting policies. The areas where significant judgments and estimates have been made in preparing these financial statements are disclosed in note 3.

The financial statements have been prepared on the historical cost basis except for financial instruments that are measured or re-valued to their estimated fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services received.

Double Negative Films Limited

Notes to the financial statements (continued)

2. Significant accounting policies (continued)

Basis of preparation (continued)

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, including directly observable prices or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorised into level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly, and

Level 3 inputs are unobservable inputs for the asset or liability.

Financial instruments

Financial assets and financial liabilities are recognised in the Statement of Financial Position when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities, at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

All purchases or sales of financial assets are recognised or derecognised on a trade date basis. The purchases or sales of financial assets require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Financial assets at fair value through profit or loss (FVTPL)

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognised in Statement of Profit or Loss. The net gain or loss recognised in Statement of Profit or Loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item. Dividend on financial assets at FVTPL is recognised when the PFW Group's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the PFW Group, the dividend does not represent a recovery of part of cost of the asset and the amount of dividend can be measured reliably.

Double Negative Films Limited

Notes to the financial statements (continued)

2. Significant accounting policies (continued)

Financial assets at fair value through profit or loss (FVTPL) (continued)

Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, trade receivables, other contractual rights to receive cash or other financial asset, and financial guarantees not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets).

The Company estimates cash flows by considering all contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

For the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under IFRS 9. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

Foreign exchange gains and losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period for foreign currency denominated financial assets measured at amortised cost and FVTPL, the exchange differences are recognised in Statement of Profit or Loss except for those which are designated as hedging instruments in a hedging relationship.

Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired. The two categories are 'fair value through profit or loss' and 'other financial liabilities'

The Company's accounting policy for each category is as follows:

Fair value through profit or loss

They are carried in the Statement of Financial Position at fair value with changes in fair value recognised in the Statement of Profit or Loss and Other Comprehensive Income. Other than the certain embedded derivatives in certain financial instruments, the Company does not have any liabilities held for trading nor has it designated any financial liabilities as being at fair value through profit or loss.

Other financial liabilities

Other financial liabilities comprise trade payables and borrowings for which the accounting policy is described below:

Trade payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Double Negative Films Limited

Notes to the financial statements (continued)

2. Significant accounting policies (continued)

Equity instruments

Financial instruments issued by the Company are treated as equity only to the extent that they do not meet the definition of a financial liability. The Company's ordinary shares are classified as equity instruments. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Taxation and deferred tax

Income tax expense represents the sum of income tax currently payable and deferred tax. The tax currently payable is based on the taxable profit for the period. Taxable profit differs from profit as reported in the Statement of Profit or Loss because it excludes items of income or expense that are taxable or deductible in other periods, and it further excludes items that are not taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax liabilities/ (assets) are settled/ (recovered).

Accounting developments

New and revised IFRSs in issue but not effective yet

At the date of authorisation of these financial statements, the following standards and interpretations relevant to the Company and which have not been applied in these financial statements, were in issue but were not yet effective. In some cases, these standards and guidance have not been endorsed for use in the UK.

Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

IFRS 17 Insurance Contracts

Amendments to References to the Conceptual Framework in IFRS Standards.

Amendment to IFRS 3: Business Combinations. Amendments to IAS 1 and IAS 8: Definition of Material.

Amendments to IFRS 9, IAS 39, and IFRS 7 - Interest rate Benchmark Reform.

Amendments to IAS 1- Classification of liabilities as Current or Non-Current.

Amendments to IFRS 16: COVID-related rent concessions.

Amendments to IAS 4: Insurance Contracts.

Annual Improvements 2018-2020 cycle.

Amendments to IAS 37: Costs of fulfilling an onerous contract.

Amendments to IAS 16: Property, Plant and Equipment

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies.

Amendments to IAS 8: Definition of Accounting Estimates.

Amendments to IFRS 3 Definition of a business Amendments to IAS 1 and IAS 8 Definition of material Conceptual Framework

Amendments to References to the Conceptual Framework in IFRS Standards.

Double Negative Films Limited

Notes to the financial statements (continued)

2. Significant accounting policies (continued)

New and revised IFRSs in issue but not effective yet (continued)

The Directors anticipate that the adoption of the standards and interpretations mentioned above will have no significant impact on the Group's financial statements when the relevant standards come into effect.

The Company has no leases, hence there is no impact on the financial statements on adoption of IFRS 16.

3. Critical accounting judgments and key sources of estimates

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The judgments, estimates and associated assumptions are evaluated based on historical experience and various other factors, including expectations of future events, which are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The Company enters into revenue participation arrangements with film studios. The revenue participation arrangements are tested for their recoverability at every reporting period based on the expected cash flow models and performance of the movie at the box office. The directors consider this as a key source of estimation uncertainty.

There are no critical accounting judgements.

4. Capital management and financial instruments

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

Principal financial instruments

The principal financial instruments used by the Company, from which financial instrument risk arises, are as follows:

- a. Investments
- b. Other financial assets
- c. Trade and other receivables
- d. Payables due to related parties

Double Negative Films Limited

Notes to the financial statements (continued)

4. Capital management and financial instruments (continued)

Principal financial instruments (continued)

A. Categories of financial instruments

The financial instruments of the Company are categorised as follows:

At 31 March 2020	Notes	Financial assets valued at FVTPL £	Financial assets held at amortised cost £	Total £
Non-current financial assets				
Investments	9	-	18	18
Current financial assets				
Other financial assets	11	3,314,632	-	3,314,632
		<u>3,314,632</u>	<u>18</u>	<u>3,314,650</u>

At 31 March 2019	Notes	Financial assets valued at FVTPL £	Financial assets held at amortised cost £	Total £
Current financial assets				
Other financial assets	11	2,352,425	-	2,352,425
Trade and other receivables	10	-	1	1
		<u>2,352,425</u>	<u>1</u>	<u>2,352,426</u>

At 31 March 2020		Financial liabilities valued at FVTPL £	Financial liabilities held at amortised cost £	Total £
Current financial liabilities				
Payables due to related parties		-	12,883,667	12,883,667
		<u>-</u>	<u>12,883,667</u>	<u>12,883,667</u>

At 31 March 2019		Financial liabilities valued at FVTPL £	Financial liabilities held at amortised cost £	Total £
Current financial liabilities				
Payables due to related parties		-	11,616,925	11,616,925
		<u>-</u>	<u>11,616,925</u>	<u>11,616,925</u>

Double Negative Films Limited

Notes to the financial statements (continued)

4. Capital management and financial instruments (continued)

B. Capital risk management

The capital managed by the Company consists of its other financial assets. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Company management sets the amounts of capital required in proportion to risk. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and risk characteristics of the underlying assets.

C. Financial risk management

During the periods the Company's strategy was to monitor and manage the use of funds whilst developing business strategies and marketing.

The Company is not subject to any externally imposed capital requirements.

The Company is exposed through its operations to the following financial risks:

- i. Credit risk
- ii. Liquidity risk
- iii. Market risk:
 - Foreign exchange risk
 - Interest rate risk

i. Credit risk

Credit risk is the risk of financial loss to the Company if a client or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from clients and cash. Management has a credit policy in place and the exposure to credit risk is monitored on an on-going basis.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet. The highest credit risk exposure to other assets is £3,314,632 (2019: £2,352,425) in respect of revenue participation in a movie.

ii. Liquidity risk

Since the Company is into entering into contracts for revenue participation for movies, there is certain liquidity risk as to certainty on realisation of the receivable. However, the Company is adequately funded by its holding companies.

iii. Market risk

The primary market risks to which the Company is exposed are foreign currency risk and interest rate risk.

a. *Foreign currency risk*

The Company has foreign currency exposure, but these are covered by Double Negative Limited.

b. *Interest rate risk*

Interest rate risk is the risk that the fair value of future cash flows in relation to a financial instrument will fluctuate due to changes in interest rates.

The Company has no interest rate risk as it has no borrowings and all financial assets and liabilities are interest free.

Double Negative Films Limited

Notes to the financial statements (continued)

5. Other operating charges

	2019-20	2018-19
	£	£
Impairment of receivables (refer note below)	-	2,447,042
Exchange loss	293,786	309,708
	<u>293,786</u>	<u>2,756,750</u>

The Company provided advance funding in return for in revenue participation rights in one movie, wherein the return was linked to revenue earned by the movies based on the collection at the box office. Based on expected cash flows model, due to uncertainty on the collection of proceeds the Company has made a provision of £Nil (2019: £2,447,042).

6. Staff costs

The Company did not have any staff and thereby no costs in the current year or prior year. The directors did not receive any remuneration in the current year or the prior year as a consequence of their role as directors.

7. Auditor's remuneration

The fee of £5,000 (2019: £5,000) for the audit of the Company is paid by Double Negative Limited, the fellow subsidiary. This was also the case in the prior year.

8. Taxation

Income tax recognised in Statement of Profit or Loss and Other Comprehensive Income

	For the year ended 31 March 2020 £	For the year ended 31 March 2019 £
Tax expense		
Current year tax charge	27,750	-
Total tax expense	<u>27,750</u>	<u>-</u>

The difference between the tax charge and the amount calculated by applying the standard rate of 19% (2019: 19%) of corporation tax to the loss before tax is shown below:

	For the year ended 31 March 2020 £	For the year ended 31 March 2019 £
Loss before tax	(293,786)	(2,756,750)
Income tax expense calculated at 19% (2019: 19%)	(55,819)	(523,783)
Effects of:		
Group relief related expense and other adjustments	72,819	523,783
Charge for previous year	10,750	-
Total tax charge	<u>27,750</u>	<u>-</u>

Double Negative Films Limited

Notes to the financial statements (continued)

9. Investments

	As at 31 March 2020 £	As at 31 March 2019 £
Investment in fellow subsidiary	18	-
	<u>18</u>	<u>-</u>

During the year, the Company made a long-term investment in a fellow subsidiary of Double Negative Holdings Limited, Double Negative Limited, 160 Great Portland Street, London, W1W 5QA. The Company owns 25.71% of the Double Negative Limited.

Reconciliation of investments at the beginning and at the end of the reporting year:

	As at 31 March 2020 £	As at 31 March 2019 £
Investment balance at the beginning of the year	-	-
Purchase of investment during the year	18	-
Investment balance at the end of the year	<u>18</u>	<u>-</u>

10. Trade and other receivables

	As at 31 March 2020 £	As at 31 March 2019 £
Amounts falling due within one year:		
Trade receivables from related parties*	-	1
	<u>-</u>	<u>1</u>

* Receivables from related parties are repayable on demand and not interest bearing.

11. Other financial assets

	As at 31 March 2020 £	As at 31 March 2019 £
Revenue participation agreements*	<u>3,314,632</u>	<u>2,352,425</u>

* Advance funding in return for revenue participation in movies. Movement during the year pertains to payment during the year for a movie project.

Double Negative Films Limited

Notes to the financial statements (continued)

12. Share Capital

Authorised, allotted, called up and fully paid up

	31 March 2020 £	31 March 2019 £
19 (2019: 1) Ordinary shares of £1 each	19	1

The Company has one class of ordinary shares which carry no right to fixed income.

13. Fair value measurements

This note provides information about how the Company determines fair values of various financial assets and financial liabilities.

Fair value of the Company's financial assets and financial liabilities that are measured at fair value on a recurring basis:

Some of the Company's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation techniques and inputs used).

Financial Assets/ Financial Liabilities	Fair Value as at 31 March 2020	Fair Value hierarchy	Valuation techniques and key inputs	Significant unobservable Inputs	Relationship of unobservable inputs to fair value
Revenue participation in movie	£3,314,632	Level 2	Undiscounted cash flow based on estimated theatrical box office performance	Future estimated theatrical box office performance. These estimates are based on available historical market information in respect of the actual performance of the films deemed to be generally comparable.	Higher the estimated theatrical box office performance, the higher is the fair value
Financial Assets/ Financial Liabilities	Fair Value as at 31 March 2019	Fair Value hierarchy	Valuation techniques and key inputs	Significant unobservable Inputs	Relationship of unobservable inputs to fair value
Revenue participation in movie	£2,352,425	Level 2	Undiscounted cash flow based on estimated theatrical box office performance	Future estimated theatrical box office performance. These estimates are based on available historical market information in respect of the actual performance of the films deemed to be generally comparable.	Higher the estimated theatrical box office performance, the higher is the fair value

For the items measured at amortised cost, the carrying amount approximates fair value because of its short term nature.

Double Negative Films Limited

Notes to the financial statements (continued)

14. Related party balances

The Company is a wholly owned subsidiary of Prime Focus Limited, the consolidated accounts of which are publicly available. Accordingly, the Company has taken advantage of the exemption in IAS 24 from disclosing transactions with Prime Focus Limited and its subsidiaries. The related party liabilities do not carry any interest and are repayable on demand.

15. Control

As at 31 March 2020, the Company is a wholly owned subsidiary of Prime Focus World, N.V., a company incorporated in the Netherlands. Prime Focus World, N.V. is the smallest group of undertakings for which consolidated accounts were drawn up. The registered address of Prime Focus World, N.V. is Prins Bernhardplein 200, 1097 JB Amsterdam, Netherlands. At 31 March 2020, Prime Focus Limited, a company incorporated in India was the ultimate parent undertaking and the controlling party. Prime Focus Limited was the largest group of undertakings for which consolidated accounts were drawn up. The registered address of Prime Focus Limited is Prime Focus House, Opp. Citi Bank, Linking Road, Khar (West), Mumbai, Maharashtra, India 400052. The annual report of Prime Focus Limited may be obtained from this address.

16. Subsequent events

The COVID-19 pandemic has developed rapidly in 2020, with a significant number of cases. Measures taken by various governments to contain the virus have affected economic activity. We have taken a number of measures to monitor and mitigate the effects of COVID-19. As the pandemic started before 31 March, 2020, we have concluded that COVID-19 pandemic is not a subsequent event and the effect of it is reflected in the Balance Sheet.

At this stage, the impact on our business and results has not been significant. We will continue to follow the various government policies and advice and, in parallel, we will do our utmost to continue our operations in the best and safest way possible.

The Company had entered into agreement with third party for an investment in revenue participation rights for one of the movies of £3.2m, wherein the return was linked to revenue earned by the movies based on the collection at the box office. During the month of January, 2021, Company entered into an agreement for repayment of the said contribution made for the movie.