

COMPANY REGISTRATION NUMBER: 09694780

Lighthouse Pictures Limited
Financial Statements
31 August 2016

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Lighthouse Pictures Limited

Financial Statements

Period from 21 July 2015 to 31 August 2016

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Lighthouse Pictures Limited

Officers and Professional Advisers

Director	A I F Macdonald
Registered office	10 Orange Street London England WC2H 7DQ
Auditor	Shipleys LLP Chartered accountant & statutory auditor 10 Orange Street Haymarket London WC2H 7DQ

Lighthouse Pictures Limited

Strategic Report

Period from 21 July 2015 to 31 August 2016

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company during the period was the development and production of theatrical feature films.

During the period the company commenced production of a film entitled "Annihilation". The film was incomplete at the period end but the directors anticipate formal completion and delivery in the forthcoming period.

GOING CONCERN

The directors have undertaken a rigorous assessment of whether the company was a going concern when the accounts were prepared, considering all available information about the future, covering a period of 12 months from the date of the approval of the accounts.

The directors are not aware of any material uncertainty arising from their assessment that would cast doubt on the company's ability to continue as a going concern.

A detailed budget and cashflow have been prepared for the production and delivery of the film. Funds to meet the cashflow requirements are contractually in place and the directors do not anticipate any material overspend. The directors are therefore satisfied that the going concern assumption remains appropriate.

PRINCIPAL RISKS AND UNCERTAINTIES

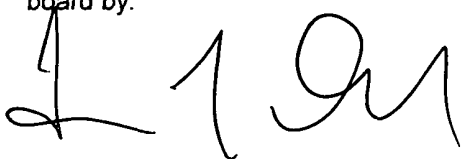
The business of film production is subject to a number of risks.

The film industry is a volatile industry susceptible to changes in the global economy, as well as changes in legislation, regulation and government policy which may affect the industry. Any of these may adversely affect consumer demand for films or the ability to successfully finance or market films.

KEY PERFORMANCE INDICATORS

The company was incorporated solely to produce the film "Annihilation". Given this and the nature of the business, the company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

This report was approved by the board of directors on 27/09/2016 and signed on behalf of the board by:



A I F MACDONALD
DIRECTOR

Lighthouse Pictures Limited

Director's Report

Period from 21 July 2015 to 31 August 2016

The director presents his report and the financial statements of the company for the period ended 31 August 2016.

Incorporation

The company was incorporated on 21 July 2015 in the United Kingdom.

Director

The director who served the company during the period was as follows:

A I F Macdonald (Appointed 21 July 2015)

Dividends

The director does not recommend the payment of a dividend.

Future developments

The commercial environment is expected to remain competitive in the coming period.

Financial instruments

The Company's principal financial instruments comprise bank balances, loans, trade creditors and trade debtors. The main purpose of these instruments is to raise funds for the company's operations and to finance the company's operations.

Due to the nature of the financial instruments used by the company, there is no exposure to price risk. The company's approach to managing other risks applicable to the financial instruments concerned is shown below.

In respect of bank balances the liquidity risk is managed by maintaining a balance sufficient to meet the funds required for the company's operations. The company makes use of money market facilities where funds are available.

Trade debtors are managed in respect of credit and cash flow risk by ensuring that amounts due are received in a timely manner.

Trade creditors' liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

Overseas branches

The company was incorporated in the United Kingdom and has no overseas branches.

Disclosure of information in the strategic report

In accordance with section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013, various matters previously dealt with in the Directors' Report are now included in the Strategic Report.

Director's responsibilities statement

The director is responsible for preparing the strategic report, director's report and the financial statements in accordance with applicable law and regulations.

Lighthouse Pictures Limited

Director's Report *(continued)*

Period from 21 July 2015 to 31 August 2016

Company law requires the director to prepare financial statements for each financial period. 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). 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 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

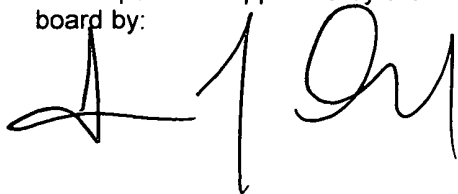
The director is responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies 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.

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This report was approved by the board of directors on 27/10/2016 and signed on behalf of the board by:



A I F MACDONALD
DIRECTOR

Lighthouse Pictures Limited

Independent Auditor's Report to the Shareholders of Lighthouse Pictures Limited

Period from 21 July 2015 to 31 August 2016

We have audited the financial statements of Lighthouse Pictures Limited for the period ended 31 August 2016 which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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

Respective responsibilities of director and auditor

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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the director; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the strategic report and the director's report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 August 2016 and of its result for the period 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the strategic report and the director's report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Lighthouse Pictures Limited

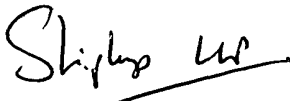
Independent Auditor's Report to the Shareholders of Lighthouse Pictures Limited *(continued)*

Period from 21 July 2015 to 31 August 2016

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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 director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Kenneth Roberts (Senior Statutory Auditor)

For and on behalf of
Shipleys LLP
Chartered accountant & statutory auditor
10 Orange Street
Haymarket
London
WC2H 7DQ

31/10/2016.

Lighthouse Pictures Limited

Statement of Comprehensive Income

Period from 21 July 2015 to 31 August 2016

		Period from 21 Jul 15 to 31 Aug 16 £
Turnover	Note 3	23,068,569
Cost of sales		28,281,260
Gross loss		(5,212,691)
Administrative expenses		10,000
Operating loss		(5,222,691)
Loss on ordinary activities before taxation		(5,222,691)
Tax on loss on ordinary activities	6	(5,222,691)
Profit for the financial period and total comprehensive income		—

All the activities of the company are from continuing operations.

The notes on pages 11 to 14 form part of these financial statements.

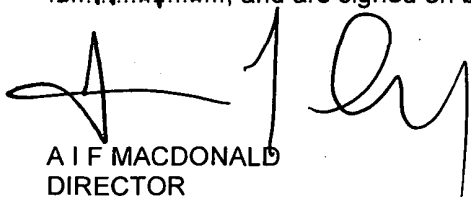
Lighthouse Pictures Limited

Statement of Financial Position

31 August 2016

	Note	31 Aug 16 £
Current assets		
Debtors	7	8,887,829
Cash at bank and in hand		<u>520,637</u>
		9,408,466
Creditors: amounts falling due within one year	8	<u>9,408,465</u>
Net current assets		<u>1</u>
Total assets less current liabilities		<u>1</u>
Net assets		<u><u>1</u></u>
Capital and reserves		
Called up share capital	9	<u>1</u>
Shareholders funds		<u><u>1</u></u>

These financial statements were approved by the board of directors and authorised for issue on 27.10.2016 and are signed on behalf of the board by:



A I F MACDONALD
DIRECTOR

Company registration number: 09694780

The notes on pages 11 to 14 form part of these financial statements.

Lighthouse Pictures Limited

Statement of Changes in Equity

Period from 21 July 2015 to 31 August 2016

	Called up share capital £	Profit and loss account £	Total £
Profit for the period		—	—
Issue of shares	1	—	1
	<hr/>	<hr/>	<hr/>
Total investments by and distributions to owners	1	—	1
	<hr/>	<hr/>	<hr/>
At 31 August 2016	1	—	1
	<hr/>	<hr/>	<hr/>

The notes on pages 11 to 14 form part of these financial statements.

Lighthouse Pictures Limited

Statement of Cash Flows

Period from 21 July 2015 to 31 August 2016

	31 Aug 16 £
Cash flows from operating activities	
<i>Adjustments for:</i>	
Tax on loss on ordinary activities	(5,222,691)
Accrued expenses	4,174,641
<i>Changes in:</i>	
Trade and other debtors	(8,887,829)
Trade and other creditors	11,133
Cash generated from operations	(9,924,746)
Tax received	10,445,382
Net cash from/(used in) operating activities	<u>520,636</u>
Cash flows from financing activities	
Proceeds from issue of ordinary shares	1
Net cash from financing activities	<u>1</u>
Net increase in cash and cash equivalents	520,637
Cash and cash equivalents at beginning of period	—
Cash and cash equivalents at end of period	<u>520,637</u>

The notes on pages 11 to 14 form part of these financial statements.

Lighthouse Pictures Limited

Notes to the Financial Statements

Period from 21 July 2015 to 31 August 2016

1. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

2. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Revenue recognition

Turnover relates to the production of the film entitled "Annihilation". It represents the value of the work done in the period, including estimates of amounts not invoiced and is stated after trade discounts, other taxes and net of VAT.

Revenue from the rendering of services is measured by reference to the stage of completion of the service transaction at the end of the reporting period provided that the outcome can be reliably estimated. When the outcome cannot be reliably estimated, revenue is recognised only to the extent that expenses recognised are recoverable.

Income tax

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

Financial Instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Lighthouse Pictures Limited

Notes to the Financial Statements *(continued)*

Period from 21 July 2015 to 31 August 2016

2. Accounting policies *(continued)*

Significant estimation technique adopted

Accruals are estimated by reference to purchase orders raised at the period end and estimates to complete. Payments received on account are estimated by reference to percentage of completion of the television production, as noted in "Turnover" above.

Comparatives

The accounts cover the period from incorporation through to 31 August 2016, hence there are no comparative figures.

The accounting period has been extended to ensure that the accounting period and tax credit claim is *conterminous*.

3. Turnover

Turnover arises from:

	Period from 21 Jul 15 to 31 Aug 16 £
Production funding	<u>23,068,569</u>

There is no material difference between the geographical origin and destination of the supply underlying the turnover figure.

The whole of the turnover is attributable to the principal activity of the company wholly undertaken in the United Kingdom.

4. Particulars of employees

The company has been incorporated to produce a film called "Annihilation". In common with the film and television industry the majority of crew are hired on short term contracts for the duration of principal photography or are self-employed.

None of the Directors received any form of remuneration.

5. Auditor's remuneration

	Period from 21 Jul 15 to 31 Aug 16 £
Fees payable for the audit of the financial statements	<u>10,000</u>

Lighthouse Pictures Limited

Notes to the Financial Statements *(continued)*

Period from 21 July 2015 to 31 August 2016

6. Tax on loss on ordinary activities

Major components of tax income

	Period from 21 Jul 15 to 31 Aug 16 £
Current tax:	
UK current tax income	(5,222,691)
Tax on loss on ordinary activities	<u>(5,222,691)</u>

Reconciliation of tax income

The tax assessed on the result on ordinary activities for the period is lower than the standard rate of corporation tax in the UK of 20%.

	Period from 21 Jul 15 to 31 Aug 16 £
Loss on ordinary activities before taxation	(5,222,691)
Film tax relief	<u>(5,222,691)</u>

7. Debtors

	31 Aug 16 £
Trade debtors	1,200
Prepayments and accrued income	2,962,998
VAT recoverable	669,519
Corporation tax recoverable	5,222,691
Other debtors	31,421
	<u>8,887,829</u>

8. Creditors: amounts falling due within one year

	31 Aug 16 £
Accruals and deferred income	4,174,641
Corporation tax	5,222,691
Production loan	11,133
	<u>9,408,465</u>

The loan has been secured against the anticipated future film tax credit.

Lighthouse Pictures Limited

Notes to the Financial Statements *(continued)*

Period from 21 July 2015 to 31 August 2016

9. Called up share capital

Issued, called up and fully paid

	31 Aug 16	
	No.	£
Ordinary shares of £1 each	<u>1</u>	<u>1</u>

10. Reserves

Profit and loss account - This reserve records retained earnings and accumulated losses.

11. Contingent liabilities

Charges have been made against the film in favour of the following parties to secure their interests in the copyright of and title to the film:

Paramount Pictures Corporation

12. Related party transactions

The company was under the control of DNA Films Limited throughout the period.

The company has taken advantage of Section 33 of FRS 102 from disclosing transactions entered into between two or more members of a group, where any subsidiary undertaking which is a party to the transaction is wholly owned by a member of that group.

No transactions with related parties were undertaken such as are required to be disclosed under FRS 102.

13. Controlling party

In the opinion of the directors the immediate parent undertaking is DNA Films Limited, a company incorporated in England and Wales. The ultimate controlling party is A I F Macdonald (100% shareholder of DNA Films Limited).