

Registered number: 08330170

FERMION FILMS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 5 APRIL 2016

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FERMION FILMS LIMITED

COMPANY INFORMATION

DIRECTORS

R D Mansell
C A R R Auty

COMPANY SECRETARY

S Cruickshank
E L Greenfield

REGISTERED NUMBER

08330170

REGISTERED OFFICE

108 Corbyn Street
London
N4 3DB

INDEPENDENT AUDITOR

Shipleys LLP
Chartered Accountants and Statutory Auditor
10 Orange Street
Haymarket
London
WC2H 7DQ

BANKERS

Barclays Wealth
38 Hans Crescent
London
SW1X 0LZ

FERMION FILMS LIMITED

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FERMION FILMS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 5 APRIL 2016

The directors present their report and the audited financial statements for Fermion Films Limited ("the Company") for the year ended 5 April 2016.

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2015) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

PRINCIPAL ACTIVITIES

The Company was formed to conduct a film and television development and production business. Based in the UK, it draws on a deep pool of talent to produce and deliver high quality films and/or television projects to a commissioning distributor ("the Commissioning Distributor").

In assessing which projects to produce, the Company endeavours to work with the most successful distributors and sales agents, and to work with, and engage the highest quality production services companies and personnel to carry out its production activities.

FERMION FILMS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 5 APRIL 2016

DIRECTORS

The directors who served during the year were:

R D Mansell (appointed 13 December 2012)

C A R R Auty (appointed 26 March 2014)

DISCLOSURE OF INFORMATION TO AUDITOR

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

AUDITOR

Shipleys LLP were appointed in the period and in the absence of a notice proposing the appointment be terminates, Shipleys LLP will be deemed to be re-appointed in accordance with section 487(2) of the Companies Act 2006.

SMALL COMPANY PROVISIONS

This Directors' Report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption. This is in accordance with Part 15 of the Companies Act 2006. The Company has taken advantage of the exemption for the requirement to disclose an enhanced business review and to prepare a strategic report in accordance with section 414B of the Companies Act 2006.

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



C A R R Auty
Director

Date: 23/3/2017

108 Corbyn Street
London
N4 3DB

FERMION FILMS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF FERMION FILMS LIMITED

We have audited the financial statements of Fermion Films Limited for the year ended 5 April 2016, set out on pages 5 to 12. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective January 2015) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

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.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

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. 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 directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' 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 5 April 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

FERMION FILMS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF FERMION FILMS LIMITED

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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and to take advantage of the small companies' exemption from the requirement to prepare a Strategic Report or in preparing the Directors' Report.

Shipleys LLP

Agnieszka Ambrosewicz (Senior Statutory Auditor)

for and on behalf of
Shipleys LLP

Chartered Accountants and Statutory Auditor

10 Orange Street
Haymarket
London
WC2H 7DQ

Date: 23/03/2017

FERMION FILMS LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 5 APRIL 2016**

	Note	2016 £	2015 £
TURNOVER	1	3,872,416	-
Cost of sales		<u>(3,688,076)</u>	<u>(10,980)</u>
GROSS PROFIT/(LOSS)		184,340	(10,980)
Administrative expenses		(104,525)	(111,894)
Other operating charges		<u>(32)</u>	<u>-</u>
OPERATING PROFIT/(LOSS)	2	79,783	(122,874)
Interest receivable and similar income	4	7,004	17,746
Interest payable and similar charges	5	<u>(2,925)</u>	<u>-</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		83,862	(105,128)
Tax on profit/(loss) on ordinary activities	6	<u>(1,397)</u>	<u>(1,190)</u>
PROFIT/(LOSS) FOR THE FINANCIAL YEAR	12	<u>82,465</u>	<u>(106,318)</u>

The notes on pages 7 to 12 form part of these financial statements.

FERMION FILMS LIMITED
REGISTERED NUMBER: 08330170

BALANCE SHEET
AS AT 5 APRIL 2016

	Note	£	2016 £	£	2015 £
FIXED ASSETS					
Investments	7		1,286		-
CURRENT ASSETS					
Stocks	8	1,103,722		-	
Debtors	9	1,301,331		46,804	
Cash at bank		3,550,369		4,322,715	
		<u>5,955,422</u>		<u>4,369,519</u>	
CREDITORS: amounts falling due within one year	10	<u>(1,517,814)</u>		<u>(13,090)</u>	
NET CURRENT ASSETS			<u>4,437,608</u>		<u>4,356,429</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>4,438,894</u>		<u>4,356,429</u>
CAPITAL AND RESERVES					
Called up share capital	11		4,473,557		4,473,557
Share premium account	12		192,913		192,913
Profit and loss account	12		<u>(227,576)</u>		<u>(310,041)</u>
SHAREHOLDERS' FUNDS	13		<u>4,438,894</u>		<u>4,356,429</u>

The financial statements have been prepared in accordance with the special provisions applicable to small companies within Part 15 of the Companies Act 2006 and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2015).

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


CARR Auty
 Director

Date: 23/3/2017

The notes on pages 7 to 12 form part of these financial statements.

FERMION FILMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 5 APRIL 2016

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2015).

1.2 Cash flow

The financial statements do not include a Cash Flow Statement because the Company, as a small reporting entity, is exempt from the requirement to prepare such a statement under the Financial Reporting Standard for Smaller Entities (effective January 2015).

1.3 Turnover

Turnover is derived from the development and/or production of film and/or television projects, and is stated net of Value Added Tax. Turnover is recognised at the fair value of the right to consideration and is not recognised until there is certainty over the right to consideration. Turnover which has been recognised but not invoiced by the Balance Sheet date is included in debtors. Amounts invoiced in advance are included in deferred income.

1.4 Investments

Investments held as fixed assets are shown at cost less provision for impairment.

1.5 Consolidation

The Company is not required to prepare consolidated accounts due to exemption under Companies Act 2016 section 383 applicable to small groups.

1.6 Stocks and work in progress

Stock and work in progress other than long term contracts, are stated at the lower of cost and net realisable value. Cost comprises contractual expenditure in respect of the films and/or television projects being developed and/or produced. Net realisable value is based on estimated selling price less all further costs to completion and all relevant marketing, selling and distribution costs.

1.7 Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date.

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

FERMION FILMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 5 APRIL 2016

1. ACCOUNTING POLICIES (continued)

1.8 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date, with the exception of certain balances which are translated into sterling at the rate of exchange in forward and spot rate contracts. These contracts are in place in order to mitigate the risk of exchange rate fluctuations.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Profit and Loss Account.

1.9 Loans

Non-derivative financial liabilities with fixed or determinable repayments that are not quoted in an active market are classified as loans. Loans are initially recognised at fair value of consideration received plus directly related transaction costs. They are subsequently measured at amortised cost using the effective interest method. Arrangement fees and interest payable on financial liabilities that are classified as loans, are charged to the profit and loss account.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating the interest payable over the expected life of the liability. The effective interest rate is the rate that exactly discounts estimated future cashflows to the instrument's initial carrying amount. Calculation of the effective interest rate takes into account fees payable, that are an integral part of the instrument yield and transaction costs. All contractual terms of a financial instrument are considered when estimating future cash flows.

A financial liability is removed from the Balance Sheet when the obligation is discharged, or cancelled, or expires.

2. OPERATING PROFIT/(LOSS)

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

	2016 £	2015 £
Auditor's remuneration	1,900	1,900
Difference on foreign exchange	32	-
	<u> </u>	<u> </u>

3. DIRECTORS' REMUNERATION

	2016 £	2015 £
Aggregate remuneration	10,000	10,282
	<u> </u>	<u> </u>

FERMION FILMS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 5 APRIL 2016**

4. INTEREST RECEIVABLE

	2016 £	2015 £
Bank interest receivable	<u>7,004</u>	<u>17,746</u>

5. INTEREST PAYABLE

	2016 £	2015 £
On other loans	<u>2,925</u>	<u>-</u>

6. TAXATION

	2016 £	2015 £
UK corporation tax charge on profit/(loss) for the year	<u>1,397</u>	<u>1,190</u>

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2015 - higher than) the standard rate of corporation tax in the UK of 20% (2015 - 20%). The differences are explained below:

	2016 £	2015 £
Profit/(loss) on ordinary activities before tax	<u>83,862</u>	<u>(105,128)</u>
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 20%)	16,772	(21,026)
Effects of:		
Expenses not deductible for tax purposes	-	621
Unrelieved tax losses in period	-	21,595
Utilisation of previously unrecognised tax losses brought forward	(15,375)	-
Current tax charge for the year (see note above)	<u>1,397</u>	<u>1,190</u>

Factors that may affect future tax charges

A potential deferred tax asset of £32,022 (year ended 5 April 2015: £49,084) 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.

FERMION FILMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 5 APRIL 2016

7. FIXED ASSET INVESTMENTS

	Investments in subsidiary companies £
Cost or valuation	
At 6 April 2015	-
Additions	1,286
At 5 April 2016	1,286
Net book value	
At 5 April 2016	1,286
At 5 April 2015	-

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding
FSOB Productions Inc	Ordinary	100%
Southside With You Productions, Inc	Ordinary	100%

The Company was not able to obtain the financial statements for FSOB Productions Inc and Southside With You Productions, Inc. As a result, the disclosure of the net assets and result for the most recent period have not been disclosed as required by the FRSSE 2015.

8. STOCKS

	2016 £	2015 £
Work in progress	1,103,722	-

9. DEBTORS

	2016 £	2015 £
Trade debtors	1,124,370	-
VAT recoverable	18,380	46,804
Other debtors	158,581	-
	1,301,331	46,804

FERMION FILMS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 5 APRIL 2016**

**10. CREDITORS:
Amounts falling due within one year**

	2016 £	2015 £
Other loans	102,926	-
Trade creditors	110,076	-
Corporation tax	1,397	1,190
Deferred income	1,187,721	-
Other creditors	115,694	11,900
	<u>1,517,814</u>	<u>13,090</u>

The loan is limited recourse and was secured by a charge over the Company's interest in the film entitled "50 Shades Of Black". Interest was charged at a rate of 4% above the bank's base rate. The loan was repaid on 1 June 2016.

11. SHARE CAPITAL

	2016 £	2015 £
Allotted, called up and fully paid		
2 Ordinary A shares of £1 each	2	2
4,473,555 Ordinary B shares of £1 each	4,473,555	4,473,555
	<u>4,473,557</u>	<u>4,473,557</u>

12. RESERVES

	Share premium account £	Profit and loss account £
At 6 April 2015	192,913	(310,041)
Profit for the financial year		82,465
At 5 April 2016	<u>192,913</u>	<u>(227,576)</u>

FERMION FILMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 5 APRIL 2016

13. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2016 £	2015 £
Opening shareholders' funds	4,356,429	4,424,120
Profit/(loss) for the financial year	82,465	(106,318)
Shares issued during the year	-	24,790
Share premium on shares issued	-	13,837
Closing shareholders' funds	<u>4,438,894</u>	<u>4,356,429</u>

14. CONTINGENT LIABILITIES

Charges have been made against the film "50 Shades Of Black" in favour of the following parties to secure their interests in the copyright of and title to the film:

Fifty Shades Productions, LLC

15. CONTROLLING PARTY

During the year ended 5 April 2016 there was no direct or ultimate controlling party.