

MINUTES OF MEETING

SANDS FILMS COSTUMES AGM

for the year ending 31 December 2022

held at Sands Films Studio on Monday 5th June 2023 at 15.00

Present in person at the meeting:

Olivier Stockman and Christine Goodwin, Directors

Nigel Wood, Company accountant and David Warren for Cocke, Vellacott & Hill

and SHAREHOLDERS: Sean Flynn, Birgit Schoer, Clare Armstrong, Edith Mueller, Elizabeth Joseph, Francesca Corscadden, Geoff Fairbairn, Graham Marshall, Iain Reid, John Lavery, heather a watts, Olcay Aniker-Lumley, Paul Cooke, Pauline Emily Adenwalla, Sally Anderson, Tony Alston, Valli Lawrence, Wendy Langworthy.

Other Shareholders were also attending the meeting online.

Following the agenda, Olivier Stockman started the proceedings by introducing himself as Olivier Stockman, company director, introducing Nigel Wood , Sands Films regular in house accountant and also David Warren, the newly appointed supervising accountant from Cocke, Vellacott & Hill who prepared the accountants presented today to the shareholders.

Olivier then presented the directors overall view of the company's 2022 results. He explained that he and Christine, being closely involved with the day to day running of the company, have a view of the continuum of the company's performance over the year whilst the accounts provide a snap shot of the financial position at 31st December. Although the company is reporting a small loss for 2022, the directors feel that the year was much better than 2021. The turnover is higher, the cost of sales is down and loss is generated by the legal requirement to depreciate the assets. The depreciation of the building or of the costumes are not actual costs. The other indicator of success is the fact the company has a tax liability: this is because the

taxable profits are higher than the reported profits. The directors argue it shows the company traded well during the year 2022. By contrast the profit generated the previous year 2021 was created by the outside funding/revenue from the Art Council and the Furlough scheme without which the company would have made a substantial loss.

Olivier also pointed out that accounting for a rental business forced the accountants to place some of the revenue collected must be spread out over the entire duration of the rental period. Thus, some revenue collected during 2022 must be accrued to 2023 as the rental period stretches many weeks into 2023.

Olivier then spoke about the state of the costume business in general: the only consistent thing about it is the fact it is totally unpredictable. He pointed out that a few AGMs ago all European trade seemed to have been lost, currently the reverse is true: nearly all the period costume productions are EU based. He takes the view that this is not a trend but a coincidence, an accident. The industry is not particularly rational: he gave the example that in the current year (2023) the company is working on two different versions of The Count of Montecristo being filmed at the same time which seems completely nonsensical.

Olivier provided a list of the biggest projects the company worked during the year:

Gilded Age

Jeanne Dubarry

Man Hunt

Napoleon

Renegade Nell

Snow White

The Great

and he singled out Dangerous Liaisons as a good example of how irrational productions can be: this is an £83,000 rental contract signed in October 22, paid in November and then cancelled in December: Sands Films gets to keep the money on the basis that there is no breach of contract and the actual amount of work for Sands Films is the same, whether the film get made or not. Most of the income of that film, however, is accrued to next year as the rental was to stretch to July 23.

Finally Olivier spoke about their continued work with The Sands Films Cinema Club and The Sands Films Music Room. He pointed out that the revenue from these income streams have doubled and he intends to double it again for next year.

Nigel Wood then took over the meeting and provided a line by line analysis of the accounts documents. The details of this section is probably easier to follow on the audio visual recording. Nigel took questions from the floor when they occurred and David Warren provided clarifications when required. They concluded this more technical part of the meeting with a vote moved by Tony Alston on the Director Annual bonus of £15,000 seconded by John Lavery. He explained that the bonus of the previous year had not, in fact, been paid and that this year's bonus was needed to regularise the Directors accounts: they borrowed money to purchase the shares of a shareholder who needed to withdraw in a rush making it impossible to find a matching purchaser. The bonuses will therefore only be a book keeping operation. Finally, the meeting took the vote of acceptance of the 2022 accounts also moved by Tony Alston and seconded by John Lavery.

Nigel Wood then reported on the Director Remuneration sub-committee which had been created at the previous AGM. He reported that Dudley Cloake, Simon Fradd and Tony Alston met up to discuss the matter and eventually set up a meeting with the directors.

Olivier Stockman took over and explained that the conclusion of the sub committee meeting with the directors was that the directors remuneration was less an issue than the forward planning of the next few years remaining before the HSBC mortgage is paid up. Sands Films is steadily breaking even whilst paying every year a substantial amount of cash in mortgage repayments. In four years time this will be paid up and all things being equal, Sands should then report approx £100k profit per year. The question will be how is this money to be used: some shareholders will want dividends, other will want the money invested in consolidating the company's future and others might also consider this to be the natural exit point for their share investment. The sub- committee concluded that it would be a good idea to do a survey of the shareholders to establish what is the proportion of each group.

A survey was therefore drafted and sent to all shareholders. There are currently 476 shareholders and we received 206 replies. 16% of the people who replied wish to withdraw from the scheme when the mortgage is paid up, 33% wish to remain in and receive dividends,

44% wish to retain their shares and re-invest profits in the infrastructure of the company and 7% have other suggestions...

The process of the survey led to required work on the maintenance of the register: Companies House website is proving difficult to access and update for such a large number of shareholders, we decided to move the Shareholder Register to the registered address and shareholder Eleanor Hein kindly committed to come weekly to Sands to help keep it up to date. We established that Sands Films has lost all contact with 82 shareholders (for whom we have no valid email, postal address or telephone no.)

The results of the survey pointed to the need to plan the restructure of the shareholding in the near future. Make provisions for those wishing to exit and establish the process for doing so with the agreement of those staying in.

In view of this Olivier told the AGM that it would be a good idea to start thinking about it now and maybe create a sub committee or some sort of “think tank”. However no specific decision were taken on that point.

This marked the end of the meeting and all went to a well deserved cup of tea and cake.

Olivier Stockman

Director

8th June 2022