UNITED NATIONAL FILM CORP
Form 10-Q
February 05, 2003

FORM 10-Q
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarter Ended December 31, 2001

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____
Commission file number: _____

UNITED NATIONAL FILM CORPORATION

(Exact name of Small Business Issuer as specified in its charter)

Colorado	84-1092589
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

6363 Christie Avenue
Emeryville, CA 94608
(Address of Principal Executive Offices)

(510) 653-7020
(Issuer's telephone number)

Check whether the issuer: (1) filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes X No
The number of shares outstanding of the issuer's Common Stock, $.001 par value, as of December 31, 2001 was 7,496,983 shares.

UNITED NATIONAL FILM CORPORATION
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PART 1 FINANCIAL INFORMATION

Item 1. Financial Statements

The condensed consolidated interim financial statements included herein have been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations, although the Company believes that the disclosures made are
adequate to make the information disclosed not misleading. It is suggested that the condensed consolidated interim financial statements be read in conjunction with the consolidated financial statement and the notes thereto included in the Company Annual Report on Form 10-K for the year ended June 30, 2001. The accompanying consolidated interim financial statements have been prepared, in all material respects, in conformity with the standards of accounting measurements set forth in Accounting Principles Board Opinion No. 28 and reflect, in the opinion of management, all adjustments, which are of a normal recurring nature, necessary to summarize fairly the financial position and results of operations for such periods. The results of operations for such interim periods are not necessarily indicative of the results to be expected for a full year.

UNITED NATIONAL FILM CORP.
(A DEVELOPMENT STAGE ENTERPRISE)
CONSOLIDATED BALANCE SHEET

(UNAUDITED)

	December 31, 2001	December 31, 2000
ASSETS		
CURRENT ASSETS:		
Cash	$ 11	118
TOTAL CURRENT ASSETS	$ 11	118
FILM COSTS AND PRODUCTION RIGHTS	-	64,500
Total	11	64,636
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts Payable Accrued Expenses	$ 30,886	10,400
Note payable	50,000	50,000
TOTAL CURRENT LIABILITIES	80,886	60,400
LOAN FROM SHAREHOLDER	15,308	8,000
STOCKHOLDERS' EQUITY:		
Preferred stock - $.01 par, 3,000,000 shares authorized, 100,000 Series A shares issued and outstanding (in 2000 only) and 21,500 Series B issued and outstanding	215	1,215
Common stock - $.001 par, 30,000,000 shares Authorized, 7,496,983 shares issued and outstanding	7,496	6,626
Paid in capital	469,318	205,313
Accumulated deficit	(573,212)	(216,918)
TOTAL STOCKHOLDERS' EQUITY	(96,183)	(3,764)
Total	$ 11	64,636

See notes to financial statements

UNITED NATIONAL FILM CORP.
(A DEVELOPMENT STAGE ENTERPRISE)
CONSOLIDATED STATEMENT OF OPERATIONS

	Three Months ended December 31, 2001	Three Months ended December 31, 2000
REVENUE	$ 0	$ 0
COST OF REVENUES	0	0
GROSS PROFIT	0	0
EXPENSES:		
General and Administrative	29	794
NET LOSS	29	794
BASIC LOSS PER SHARE	0	0
WEIGHTED AVERAGE SHARES OUTSTANDING	7,496,983	6,626,983

See notes to financial statements

UNITED NATIONAL FILM CORP.
(A DEVELOPMENT STAGE ENTERPRISE)
CONSOLIDATED STATEMENT OF CASH FLOWS

	Three months ended December 31, 2001	2000
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income (Loss)	$(29)	(794)

Changes in operating assets and liabilities:		
Decrease (increase) in accounts	0	0
Total adjustments:	0	0
NET INCREASE (DECREASE) IN CASH	(29)	(794)
CASH AT BEGINNING OF PERIOD	40	912
CASH AT END OF PERIOD	$ 11	118

See notes to financial statements

UNITED NATIONAL FILM CORP.
(A DEVELOPMENT STAGE ENTERPRISE)
NOTES TO FINANCIAL STATEMENTS
(UNAUDITED)

1. ORGANIZATION AND BUSINESS DESCRIPTION

United National Film Corp. (the Company) is a Colorado corporation. The Company is engaged in the acquisition and development of properties for, and the production of, television series, television specials, made-for-home television motion pictures and feature length motion pictures for domestic and international distribution.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Accounting Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that effect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

B. Film Costs and Program Rights - Film costs and program rights (project cost) which include acquisition and development costs such as story rights,scenario and scripts, direct production costs including salaries and costs of talent, production overhead and post-production costs are deferred and amortized by the individual-film-forecast-computation method as required by Statement of Financial Standards No. 53.

c. Fair Value of Financial Instruments:

The carrying amounts reported in the balance sheet for cash, accounts and notes payable and accrued expenses approximate fair value based on the short term maturity of these instruments.

d. Principles of Consolidation:

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary. All significant intercompany balances and transactions have been eliminated.

e. Revenue Recognition:

The business of the Company is to derive revenues primarily from providing production services to third parties and exploiting projects originally developed by the Company in which it retains an ownership interest. Revenues from being a provider of contract production services are recognized using the percentage of completion method,

recognizing revenue relative to the proportionate progress on such contracts as measured by the ratio which project costs incurred by the Company to date bear to the total anticipated costs of each project. Amounts advanced under such contracts are deferred and not recognized as revenue until obligations under such contracts are performed. Revenue from licensing company-owned projects is recognized when the film is delivered and available for showing, costs are determinable, the fee is known and collectibility is reasonably assured.

3. RELATED PARTY TRANSACTIONS
None.

4. NOTES PAYABLE
Pursuant to the acquisition of the screenplay titled, Molly and Lawless John, a note was issued for $50,000 which was due on January 15, 1999. The payment date on this note has been indefinitely extended by the holder of the note.

5. LOANS DUE TO SHAREHOLDER
In April 1999, a non-interest bearing loan was made to the Company from the Chief Executive Officer in the amount of $1,500. This note remains outstanding. In January 2001, the president of the company loaned the company $750. The loan is non-interest bearing and is to be paid out of future revenues. The Chief Executve Officer has continued to make advances to the Company to cover general overhead costs. The total amount advance as of the end of this reporting period is $15,308.

6. STOCK ISSUED.
None.

7. GENERAL
Reference is made to the financial statements included in the Company's Annual Report (Form 10-K) filed with the Securities and Exchange Commission for the year ended June 30, 2001. The Company began its operation in February 1998. The financial statements for the period ended December 31, 1999 are unaudited but include all adjustments which, in the opinion of management, are necessary for a fair presentation of the results of operations for the period then ended. All such adjustments are of a normal recurring nature. The results of the Company's operations for any interim period are not necessarily indicative of the results of the Company's operations for a full fiscal year.

ITEM 2: Managements Discussion and Analysis of Financial Condition and Results of Operations.

The Company is a development stage enterprise with no expenses incurred during the period. The Company is engaged in active negotiations with a potential funding source from Ireland for one or more of its screenplays. In addition, the Company is continuing to seek funding for the distribution of its children's animation film, "Snappy Sings", an educational short. The Company is exploring the licensing of film rights to Internet broadcasting companies and has discussed through third parties the suitability of several films in the Western genre to which the Company has access.

The company has been approached by more than one suitor company, each of whch is requesting an ownership take-over of the company. A preliminary terms sheet has been issued by one suitor company. However, no terms sheet has been agreed upon or signed by the company. Active negotiations continue with the suitor companies and any definitive agreement will be subject to shareholder approval.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings
The Company has initiated legal proceedings to cancel certain common stock certificates. The basis of the lawsuit is the failure of the recipients of the stock certificates to deliver consideration for the shares. Settlement negotiations relating to the lawsuit are in progress. The company is hopeful that the lawsuit will be settled during the next fiscal

year.

Item 2. Changes in Securities.
None

Item 3. Defaults Upon Senior Securities.
None

Item 4. Submission of Matters to a vote of Security Holders.
None.

Item 5. Other Information.
None.

Item 6. Exhibits and Reports on Form 8-K.

(a) Exhibits
none

(b) Reports on Form 8-K.
None.

SIGNATURES
Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

UNITED NATIONAL FILM CORP.
By: /s/ Deno Paoli
Chief Executive Officer

Date: February 5, 2003