

Company Registration No. 05587621 (England and Wales)

Marv Studios Limited (formerly known as Marv Films Limited)

**Annual report and
group financial statements
for the period from 11 April 2016 to 26 August 2017**



Marv Studios Limited (formerly known as Marv Films Limited)

Company information

Directors Matthew De Vere Drummond
Claudia De Vere Drummond

Company number 05587621

Registered office 71 Queen Victoria Street
London
EC4V 4BE

Independent auditor Saffery Champness LLP
71 Queen Victoria Street
London
EC4V 4BE

Marv Studios Limited (formerly known as Marv Films Limited)

Contents

	Page
Strategic report	1
Directors' report	2 - 3
Independent auditor's report	4 - 5
Group Income statement	6
Group statement of comprehensive income	7
Group statement of financial position	8
Company statement of financial position	9 - 10
Group statement of changes in equity	11
Company statement of changes in equity	12
Group statement of cash flows	13
Notes to the financial statements	14 - 37

Marv Studios Limited (formerly known as Marv Films Limited)

Strategic report

For the period ended 26 August 2017

The directors present the strategic report for the period ended 26 August 2017.

Fair review of the business

The principal activity of the group during the period continued to be the provision of film production, film distribution and brand licensing and management of the Kingsman and Claudia Schiffer brands.

The group made a profit for the period of £23,106,690 (2016: £1,143,640).

The group's net assets as at the balance sheet date are £41,076,519 (2016: £17,979,829).

The company made a profit for the period of £12,340,756 (2016: £2,989,860).

The company's net assets as at the balance sheet date are £31,646,374 (2016: £19,315,618)

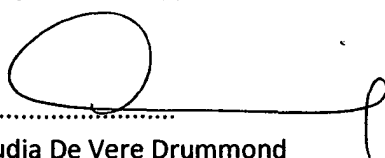
Principal risks and uncertainties

The group is involved in several film projects which have both a short term and long term profit-making perspective. The directors consider the principal risk to the business to be the Government changing the UK tax incentives, which will have a material, detrimental impact on the UK film industry as a whole. The group is diversifying by working on commercial licensing and merchandising projects, which should offset some of the risks inherent in the film industry.

Key performance indicators

The directors consider the group's key performance indicator to be net profit. Based on this indicator the results are deemed to be satisfactory.

On behalf of the board

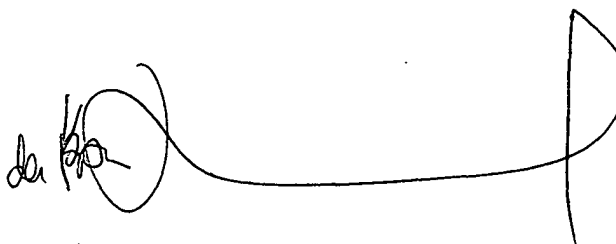


.....

Claudia De Vere Drummond

Director

04/10/2018



Marv Studios Limited (formerly known as Marv Films Limited)

Directors' report

For the period ended 26 August 2017

The directors present their annual report and financial statements for the period ended 26 August 2017.

Principal activities

The principal activity of the company and group continued to be the provision of film production, film distribution and brand licensing and management of the Kingsman and Claudia Schiffer brands.

Directors

The directors who held office during the period and up to the date of signature of the financial statements were as follows:

Matthew De Vere Drummond

Claudia De Vere Drummond

Results and dividends

The results for the period are set out in note 11.

Ordinary dividends were paid amounting to £10,000. The directors do not recommend payment of a further dividend.

During the period ending 10 April 2016, interim ordinary dividends were paid amounting to £900,000. Additionally, the directors declared a final dividend of £11,100,000 which was paid during the current period.

Auditor

The auditor, Saffery Champness LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Directors' report (continued)

For the period ended 26 August 2017

Statement of directors' responsibilities

The directors are responsible for preparing the Annual 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 group and company, and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

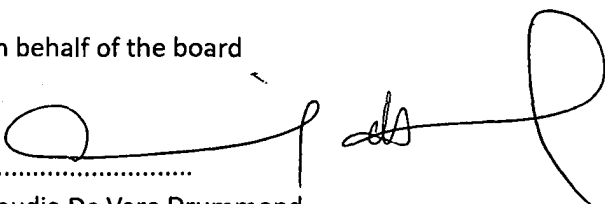
- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

On behalf of the board



.....
Claudia De Vere Drummond

Director

Date: 04/10/2018

Marv Studios Limited (formerly known as Marv Films Limited)

Independent auditor's report

To the members of Marv Studios Limited (formerly known as Marv Films Limited)

We have audited the financial statements of Marv Studios Limited (formerly known as Marv Films Limited) for the period ended 26 August 2017 set out on pages 6 to 37. 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 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 set out on pages 2 - 3, 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 group's and the parent 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 annual 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 group's and the parent company's affairs as at 26 August 2017 and of its profit 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, based on the work undertaken in the course of our audit, the information given in the Strategic Report and the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements, and the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Marv Studios Limited (formerly known as Marv Films Limited)

Independent auditor's report (continued)

To the members of Marv Studios Limited (formerly known as Marv Films Limited)

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.



John Graydon (Senior Statutory Auditor)
for and on behalf of Saffery Champness LLP

9/10/18

Chartered Accountants
Statutory Auditors

Marv Studios Limited (formerly known as Marv Films Limited)

Group income statement

For the period ended 26 August 2017

		period ended 26 August 2017	period ended 10 April 2016
	Notes	£	£
Turnover	4	122,668,496	35,354,895
Cost of sales		(101,887,265)	(29,808,474)
Gross profit		20,781,231	5,546,421
Administrative expenses		(13,516,561)	(7,786,070)
Other operating income		78,988	-
Operating profit/(loss)	5	7,343,658	(2,239,649)
Interest receivable and similar income	8	9,801	441
Interest payable and similar expenses	9	(2,244,087)	(21,172)
Profit/(loss) before taxation		5,109,372	(2,260,380)
Tax on profit/(loss)	10	17,997,318	3,404,020
Profit for the financial period		23,106,690	1,143,640

Profit for the financial period is all attributable to the owners of the parent company.

Marv Studios Limited (formerly known as Marv Films Limited)

Group statement of comprehensive income

For the period ended 26 August 2017

	period ended 26 August 2017 £	period ended 10 April 2016 £
Profit for the period	23,106,690	1,143,640
Other comprehensive income	-	-
Total comprehensive income for the period	<u>23,106,690</u>	<u>1,143,640</u>

Total comprehensive income for the period is all attributable to the owners of the parent company.

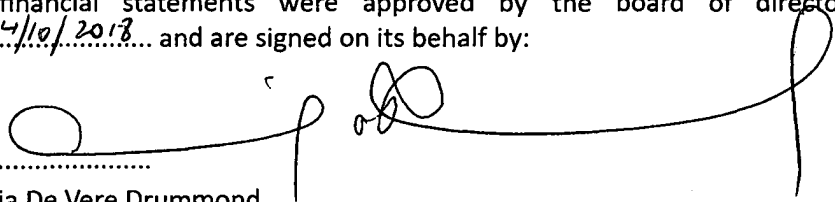
Marv Studios Limited (formerly known as Marv Films Limited)

Group statement of financial position

As at 26 August 2017

			as at 26 August 2017	as at 10 April 2016
	Notes	£	£	£
Fixed assets				
Intangible assets	13		5,722,737	8,364,221
Tangible assets	14		111,590	144,816
			<u>5,834,327</u>	<u>8,509,037</u>
Current assets				
Stocks	18	-	17,756,442	
Debtors	19	29,489,380	14,879,838	
Cash at bank and in hand		17,301,928	18,716,640	
		<u>46,791,308</u>	<u>51,352,920</u>	
Creditors: amounts falling due within one year	20	(11,549,116)	(41,882,128)	
Net current assets			<u>35,242,192</u>	<u>9,470,792</u>
Total assets less current liabilities			<u>41,076,519</u>	<u>17,979,829</u>
Capital and reserves				
Called up share capital	22		13,892,928	13,892,928
Profit and loss reserves			27,183,591	4,086,901
Total equity			<u>41,076,519</u>	<u>17,979,829</u>

The financial statements were approved by the board of directors and authorised for issue on 04/10/2017 and are signed on its behalf by:

.....

 Claudia De Vere Drummond
 Director

Marv Studios Limited (formerly known as Marv Films Limited)

Company statement of financial position

As at 26 August 2017

		as at		as at
		26 August		10 April
		2017		2016
				as restated
	Notes	£	£	£
Fixed assets				
Intangible assets	13	5,722,737		8,364,221
Tangible assets	14	111,590		144,816
Investments	15	206		204
		<u>5,834,533</u>		<u>8,509,241</u>
Current assets				
Debtors	19	21,509,200	18,301,153	
Cash at bank and in hand		9,812,834	13,952,595	
		<u>31,322,034</u>	<u>32,253,748</u>	
Creditors: amounts falling due within one year	20	<u>(5,510,193)</u>	<u>(21,447,371)</u>	
Net current assets		<u>25,811,841</u>		<u>10,806,377</u>
Total assets less current liabilities		<u>31,646,374</u>		<u>19,315,618</u>
Capital and reserves				
Called up share capital	22	13,892,928		13,892,928
Profit and loss reserves		17,753,446		5,422,690
Total equity		<u>31,646,374</u>		<u>19,315,618</u>

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the period was £12,340,756 (2016 - £2,989,860 profit).

For the financial period ended 26 August 2017 the company was entitled to exemption from audit under section 477 of the Companies Act 2006.

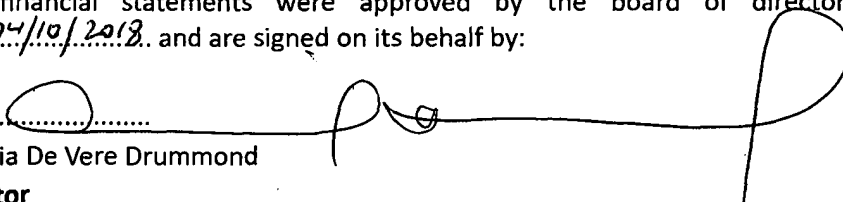
The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

Marv Studios Limited (formerly known as Marv Films Limited)

Company statement of financial position (continued)

As at 26 August 2017

The financial statements were approved by the board of directors and authorised for issue on 04/10/2018 and are signed on its behalf by:

.....
Claudia De Vere Drummond
Director

Company Registration No. 05587621

Marv Studios Limited (formerly known as Marv Films Limited)

Group statement of changes in equity

For the period ended 26 August 2017

	Notes	Share capital £	Profit and loss reserves £	Total £
As restated for the period ended 10 April 2016:				
Balance at 1 July 2015		2	14,943,261	14,943,263
As restated		2	14,943,261	14,943,263
Period ended 10 April 2016:				
Profit and total comprehensive income for the period		-	1,143,640	1,143,640
Issue of share capital	22	13,892,926	-	13,892,926
Dividends	11	-	(12,000,000)	(12,000,000)
Balance at 10 April 2016		13,892,928	4,086,901	17,979,829
Period ended 26 August 2017:				
Profit and total comprehensive income for the period		-	23,106,690	23,106,690
Dividends	11	-	(10,000)	(10,000)
Balance at 26 August 2017		13,892,928	27,183,591	41,076,519

Marv Studios Limited (formerly known as Marv Films Limited)

Company statement of changes in equity

For the period ended 26 August 2017

	Notes	Share capital £	Profit and loss reserves £	Total £
As restated for the period ended 10 April 2016:				
Balance at 1 July 2015		2	14,432,830	14,432,832
As restated		2	14,432,830	14,432,832
Period ended 10 April 2016:				
Profit and total comprehensive income for the period		-	2,989,860	2,989,860
Issue of share capital	22	13,892,926	-	13,892,926
Dividends	11	-	(12,000,000)	(12,000,000)
Balance at 10 April 2016		13,892,928	5,422,690	19,315,618
Period ended 26 August 2017:				
Profit and total comprehensive income for the period		-	12,340,756	12,340,756
Dividends	11	-	(10,000)	(10,000)
Balance at 26 August 2017		13,892,928	17,753,446	31,646,374

Marv Studios Limited (formerly known as Marv Films Limited)

Group statement of cash flows

For the period ended 26 August 2017

		2017	2016
	Notes	£	£
Cash flows from operating activities			
Cash generated from operations	26	2,435,571	7,432,780
Interest paid		(2,244,087)	(21,172)
Income taxes refunded		11,122,488	69,502
Net cash inflow from operating activities		11,313,972	7,481,110
Investing activities			
Purchase of intangible assets		-	(13,892,926)
Purchase of tangible fixed assets		(33,511)	(97,538)
Proceeds on disposal of tangible fixed assets		-	12,500
Interest received		4,516	441
Net cash used in investing activities		(28,995)	(13,977,523)
Financing activities			
Proceeds from issue of shares		-	13,892,926
Repayment of borrowings		-	(11,344,209)
Repayment of bank loans		(12,700,990)	18,383,151
Dividends paid to equity shareholders		(10,000)	(900,000)
Net cash (used in)/generated from financing activities		(12,710,990)	20,031,868
Net (decrease)/increase in cash and cash equivalents		(1,426,013)	13,535,455
Cash and cash equivalents at beginning of period		18,716,640	5,181,185
Cash and cash equivalents at end of period		17,290,627	18,716,640
Relating to:			
Cash at bank and in hand		17,301,928	18,716,640
Bank overdrafts included in creditors payable within one year		(11,301)	-

1 Accounting policies

Company information

Marv Studios Limited (formerly known as Marv Films Limited) ("the company") is a private limited company incorporated in England and Wales. The registered office is 71 Queen Victoria Street, London, EC4V 4BE. Marv Studios Limited changed its name from Marv Films Limited on 11 June 2018.

The group consists of Marv Studios Limited (formerly known as Marv Films Limited) and all of its subsidiaries.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain financial instruments at fair value. The principal accounting policies adopted are set out below.

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available group financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the group financial statements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment' – Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

1 Accounting policies (continued)

1.2 Basis of consolidation

In the group financial statements, the acquisition cost of a business combination is the fair value at the acquisition date of the assets acquired, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

The group financial statements incorporate those of Marv Studios Limited (formerly known as Marv Films Limited) and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 26 August 2017. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Entities other than subsidiary undertakings or joint ventures, in which the group has a participating interest and over whose operating and financial policies the group exercises a significant influence, are treated as associates. In the group financial statements, associates are accounted for using the equity method.

Entities in which the group holds an interest and which are jointly controlled by the group and one or more other venturers under a contractual arrangement are treated as joint ventures. In the group financial statements, joint ventures are accounted for using the equity method.

1.3 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1 Accounting policies (continued)

1.4 Reporting period

The financial statements are prepared for the period 11 April 2016 to 26 August 2017, a 16 and a half month period. The period was extended in order to achieve co-terminus period end with some of its subsidiaries. The prior year financial statements were prepared for the period 1 July 2015 to 10 April 2016, a 9 and a half month period. The comparative amounts presented in the financial statements (including related notes) are therefore not entirely comparable.

1.5 Consolidation comparatives

In the prior period, the company has taken an advantage of exemption under section 399 of Companies Act 2006 not to prepare consolidated accounts. The period from 11 April 2016 to 26 August 2017 is therefore the first period in which the consolidated financial statements are prepared.

The comparative information reflects adjusted results of the parent entity. Included in the comparatives of the group and the company is a prior period adjustment as per note 26 to the accounts, as well as the following restatement.

The balance sheet dated 10 April 2016 has been restated in order to classify a loan with a value of £433,672 provided previously to Matthew De Vere Drummond by Blue Boar Partners LLP as a directors loan account balance, rather than an amount due to a related party. The amounts have been restated as part of notes 19 and 20. There has been no impact on the net assets of the company as at 10 April 2016.

1.6 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for rights sold and services provided in the normal course of business, and is shown net of VAT and other sales related taxes.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

1 Accounting policies (continued)

1.7 Intangible fixed assets - goodwill

Goodwill arising on the acquisition of trade and assets represents the excess of the fair value of the consideration over the fair value of the identifiable assets and liabilities acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

1.8 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are made up of film participation rights. They are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date if the fair value can be measured reliably.

The participation rights are being amortised over their useful economic life, been the period over which the rights generate revenue for the group.

1.9 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Plant and equipment	25% - 33% straight line
Motor vehicles	25% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.

Tangible fixed assets depreciation policy has changed from reducing balance to straight line.

1 Accounting policies (continued)

1.10 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.11 Work In Progress

Work in progress is stated at the lower of cost and estimated selling price less costs to complete and sell. Costs comprises production costs incurred up to the balance sheet date on productions not delivered.

Net realisable value is the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.12 Cash at bank and in hand

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1 Accounting policies (continued)

1.13 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's statement of financial position when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Classification of financial liabilities

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 group after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1.14 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

1.15 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

1 Accounting policies (continued)

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

The tax currently recoverable is based on relievable losses arising in the period as the result of film tax relief legislation. Relievable losses differ from net losses as reported in the statement of comprehensive income because they include an additional deduction relating to qualifying film development expenditure and exclude items of income or expense that are taxable or deductible in other periods, as well as items that are never taxable or deductible. The company's tax position is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and 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. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.16 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1 Accounting policies (continued)

1.17 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions where practicable, else at the average rate over the period in which the transactions were incurred. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the income statement for the period.

2 Change in accounting policy

In the current period, the following new and revised Standards and Interpretations have been adopted by the company and have an effect on the current period or a prior period or may have an effect on future periods:

Tangible fixed assets depreciation policy has changed from reducing balance to straight line.

3 Critical accounting judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The intangible asset is recognised at cost less any accumulated amortisation and impairments. An impairment review was carried out as at the balance sheet date based on a valuation provided by an external valuer. The actual results may therefore differ from these estimates.

4 Turnover and other revenue

	2017	2016
	£	£
Turnover analysed by class of business		
Sales of rights	115,115,079	28,304,488
Provision of film production services	7,553,417	7,050,407
	<u>122,668,496</u>	<u>35,354,895</u>

Marv Studios Limited (formerly known as Marv Films Limited)

Notes to the financial statements (continued)

For the period ended 26 August 2017

4 Turnover and other revenue (continued)

	2017	2016
	£	£
Other significant revenue		
Interest income	9,801	441

	2017	2016
	£	£
Turnover analysed by geographical market		
USA	115,115,079	28,304,488
UK	7,553,417	7,050,407
	<u>122,668,496</u>	<u>35,354,895</u>

5 Operating profit/(loss)

	2017	2016
	£	£
Operating profit/(loss) for the period is stated after charging/(crediting):		
Exchange losses	8,237,011	1,033,134
Depreciation of owned tangible fixed assets	63,258	41,378
Loss on disposal of tangible fixed assets	3,478	8,804
Amortisation of intangible assets	3,812,966	3,240,717
Impairment of intangible assets	20,000	2,307,988
Reversal of past impairment of intangible assets	<u>(1,191,481)</u>	<u>-</u>

6 Auditor's remuneration

	2017	2016
	£	£
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	47,165	23,500
Audit of the financial statements of the company's subsidiaries	86,884	43,855
Auditor's remuneration for non-audit services	16,082	23,783
	<u>134,049</u>	<u>67,355</u>

7 Employees

The average monthly number of persons (including directors) employed by the group and company during the period was:

Group 2017 Number	2016 Number	Company 2017 Number	2016 Number
113	61	8	7

Their aggregate remuneration comprised:

	Group 2017 £	2016 £	Company 2017 £	2016 £
Wages and salaries	5,409,840	3,025,214	765,410	275,860
Social security costs	507,257	273,856	88,353	40,610
	<u>5,917,097</u>	<u>3,299,070</u>	<u>853,763</u>	<u>316,470</u>

8 Interest receivable and similar income

	2017 £	2016 £
Interest income		
Interest on bank deposits	4,516	441
Other interest income	5,285	-
	<u>9,801</u>	<u>441</u>
Total income		

9 Interest payable and similar expenses

	2017 £	2016 £
Interest on bank overdrafts and loans	2,244,087	-
Other interest	-	21,172
	<u>2,244,087</u>	<u>21,172</u>
Total finance costs		

Marv Studios Limited (formerly known as Marv Films Limited)

Notes to the financial statements (continued)

For the period ended 26 August 2017

10 Taxation

	2017	2016
	£	£
Current tax		
UK corporation tax on profits for the current period	(18,016,218)	(3,404,020)
Adjustments in respect of prior periods	18,900	-
	<u>(17,997,318)</u>	<u>(3,404,020)</u>
Total current tax	<u>(17,997,318)</u>	<u>(3,404,020)</u>

The actual charge for the period can be reconciled to the expected charge based on the profit or loss and the standard rate of tax as follows:

	2017	2016
	£	£
Profit/(loss) before taxation	<u>5,109,372</u>	<u>(2,260,380)</u>
Expected tax charge/(credit) based on the standard rate of corporation tax in the UK of 19.00% (2016: 20.00%)	970,781	(452,076)
Tax effect of expenses that are not deductible in determining taxable profit	736,180	17,338
Tax effect of income not taxable in determining taxable profit	(226,381)	-
Tax effect of utilisation of tax losses not previously recognised	1,775	5,077
Unutilised tax losses carried forward	-	682,099
Change in unrecognised deferred tax assets	(143,084)	-
Fixed assets differences	(4,410)	1,109,656
Enhanced losses arising from the film tax credit	(14,994,045)	(3,809,023)
Difference between the rate of corporation tax and the rate of relief under the film tax credit	(3,958,508)	(957,091)
Other tax adjustments	(379,626)	-
	<u>(17,997,318)</u>	<u>(3,404,020)</u>
Taxation credit for the period	<u>(17,997,318)</u>	<u>(3,404,020)</u>

11 Dividends

	2017	2016
	£	£
Final paid	10,000	11,100,000
Interim paid	-	900,000
	<u>10,000</u>	<u>12,000,000</u>

12 Impairments

Impairment tests have been carried out where appropriate and the following impairment losses have been recognised in profit or loss:

	Notes	2017 £	2016 as restated £
In respect of:			
Goodwill	13	-	1,116,507
Intangible assets	13	20,000	1,191,481
		<u>20,000</u>	<u>1,191,481</u>
Recognised in:			
Administrative expenses		20,000	2,307,988
		<u>20,000</u>	<u>2,307,988</u>

The impairment losses in respect of financial assets are recognised in other gains and losses in the income statement.

Reversals of previous impairment losses have been recognised in profit or loss as follows:

	Notes	2017 £	2016 £
In respect of:			
Intangible assets	13	1,191,481	-
		<u>1,191,481</u>	<u>-</u>
Recognised in:			
Administrative expenses		1,191,481	-
		<u>1,191,481</u>	<u>-</u>

Included within administrative expenses is the reversal of an impairment loss from the previous period. An impairment review was carried out as at the balance sheet date by an external valuer. Based on the discounted cashflow valuation provided, an impairment loss in respect of participation rights recognised in the previous period was reversed.

13 Intangible fixed assets

Group	Participation Rights	Acquired goodwill	Total
	£	£	£
Cost			
At 11 April 2016 and 26 August 2017	15,507,005	1,116,507	16,623,512
Amortisation and impairment			
At 11 April 2016	7,142,783	1,116,507	8,259,290
Amortisation charged for the period	3,812,966	-	3,812,966
Impairment losses	20,000	-	20,000
Reversal of past impairment loss	(1,191,481)	-	(1,191,481)
At 26 August 2017	9,784,268	1,116,507	10,900,775
Carrying amount			
At 26 August 2017	5,722,737	-	5,722,737
At 10 April 2016	8,364,221	-	8,364,221

Company	Participation rights	Acquired goodwill	Total
	as restated	as restated	as restated
	£	£	£
Cost			
At 11 April 2016 and 26 August 2017	15,507,005	1,116,507	16,623,512
Amortisation and impairment			
At 11 April 2016	7,142,783	1,116,507	8,259,290
Amortisation charged for the period	3,812,966	-	3,812,966
Impairment losses	20,000	-	20,000
Reversal of past impairment loss	(1,191,481)	-	(1,191,481)
At 26 August 2017	9,784,268	1,116,507	10,900,775
Carrying amount			
At 26 August 2017	5,722,737	-	5,722,737
At 10 April 2016	8,364,221	-	8,364,221

More information on the impairment arising in the period is given in note 12.

14 Tangible fixed assets

Group	Plant and equipment £	Motor vehicles £	Total £
Cost			
At 11 April 2016	158,620	141,355	299,975
Additions	33,511	-	33,511
Disposals	(119,636)	-	(119,636)
	<u>72,495</u>	<u>141,355</u>	<u>213,850</u>
At 26 August 2017			
Depreciation and impairment			
At 11 April 2016	101,583	53,577	155,160
Depreciation charged in the period	26,485	36,773	63,258
Eliminated in respect of disposals	(116,158)	-	(116,158)
	<u>11,910</u>	<u>90,350</u>	<u>102,260</u>
At 26 August 2017			
Carrying amount			
At 26 August 2017	<u>60,585</u>	<u>51,005</u>	<u>111,590</u>
At 10 April 2016	<u>58,887</u>	<u>85,929</u>	<u>144,816</u>

Marv Studios Limited (formerly known as Marv Films Limited)

Notes to the financial statements (continued)

For the period ended 26 August 2017

14 Tangible fixed assets (continued)

Company	Plant and equipment £	Motor vehicles £	Total £
Cost			
At 11 April 2016	158,620	141,355	299,975
Additions	33,511	-	33,511
Disposals	(119,636)	-	(119,636)
	<u>72,495</u>	<u>141,355</u>	<u>213,850</u>
At 26 August 2017			
Depreciation and impairment			
At 11 April 2016	101,583	53,577	155,160
Depreciation charged in the period	26,485	36,773	63,258
Eliminated in respect of disposals	(116,158)	-	(116,158)
	<u>11,910</u>	<u>90,350</u>	<u>102,260</u>
At 26 August 2017			
Carrying amount			
At 26 August 2017	<u>60,585</u>	<u>51,005</u>	<u>111,590</u>
At 10 April 2016	<u>58,887</u>	<u>85,929</u>	<u>144,816</u>

15 Fixed asset investments

		Group 2017 £	2016 £	Company 2017 £	2016 £
	Notes				
Investments in subsidiaries	16	<u>-</u>	<u>-</u>	<u>206</u>	<u>204</u>

Marv Studios Limited (formerly known as Marv Films Limited)

Notes to the financial statements (continued)

For the period ended 26 August 2017

15 Fixed asset investments (continued)

Movements in fixed asset investments

Company

Shares in group undertakings

£

Cost or valuation

At 11 April 2016

204

Additions

2

At 26 August 2017

206

Carrying amount

At 26 August 2017

206

At 10 April 2016

204

16 Subsidiaries

Details of the company's subsidiaries at 26 August 2017 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Kick Ass 2 Productions Limited	England & Wales	Motion Picture Production Activities	Ordinary shares	100.00	-
Marv Bespoke Holdings Limited	England & Wales	Motion Picture Distribution	Ordinary shares	100.00	-
Marv Bespoke Productions Limited	England & Wales	Motion Picture Production Activities	Ordinary shares	-	100.00
Marv Eagle Productions Limited	England & Wales	Motion Picture Production Activities	Ordinary shares	100.00	-
Marv Eddie Limited	England & Wales	Motion Picture Production Activities	Ordinary shares	100.00	-
Marv Distribution Limited	England & Wales	Motion Picture Distribution	Ordinary shares	100.00	-
Marv Rocket Holdings Limited	England & Wales	Motion Picture Distribution	Ordinary shares	100.00	-
Marv Rocket Productions Limited	England & Wales	Motion Picture Production Activities	Ordinary shares	-	100.00
Marv Films Development Limited	England & Wales	Motion Picture Development	Ordinary shares	100.00	-

16 Subsidiaries (continued)

The company acquired 100% of the shares of Marv Bespoke Holdings Limited on 10 March 2016. The cash consideration was equal to the nominal value of the shares. The net assets of Marv Bespoke Holdings Limited at the point of acquisition had £nil value. The assets included work in progress, cash, other debtors and social and other tax receivable. The assets were equal to the liabilities comprised of trade creditors, other debtors and a balance with Marv Studios Limited.

The company acquired 100% of the shares of Marv Rocket Holdings Limited on its incorporation on 23 August 2017 and 100% shares of Marv Films Development Limited on its incorporation on 22 June 2016. The cash consideration was equal to the nominal value of the shares.

17 Financial instruments

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Carrying amount of financial assets				
Debt instruments measured at amortised cost	<u>7,353,757</u>	<u>10,239,717</u>	<u>n/a</u>	<u>n/a</u>
Carrying amount of financial liabilities				
Measured at amortised cost	<u>11,539,939</u>	<u>41,845,260</u>	<u>n/a</u>	<u>n/a</u>

As permitted by the reduced disclosure framework within FRS 102, the company has taken advantage of the exemption from disclosing the carrying amount of certain classes of financial instruments, denoted by 'n/a' above.

18 Work In Progress

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Work in progress	<u>-</u>	<u>17,756,442</u>	<u>-</u>	<u>-</u>

Marv Studios Limited (formerly known as Marv Films Limited)

Notes to the financial statements (continued)

For the period ended 26 August 2017

19 Debtors

	Group 2017	2016	Company 2017	2016 as restated
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	111,961	359,787	431	4,531
Corporation tax recoverable	9,979,834	3,409,906	941,932	-
Amounts owed by group undertakings	-	-	12,787,192	7,742,991
Other debtors	7,328,783	10,311,609	7,296,101	7,537,138
Prepayments and accrued income	12,068,802	798,536	483,544	3,016,493
	<u>29,489,380</u>	<u>14,879,838</u>	<u>21,509,200</u>	<u>18,301,153</u>

20 Creditors: amounts falling due within one year

		Group 2017	2016	Company 2017	2016 as restated
	Notes	£	£	£	£
Bank loans and overdrafts	21	5,693,462	18,383,151	-	-
Trade creditors		2,225,147	3,143,528	1,527,827	481,451
Corporation tax payable		-	-	-	1,375,104
Other taxation and social security		9,177	36,868	984,780	1,623,251
Other creditors		1,894,331	16,769,568	1,844,519	16,842,740
Accruals and deferred income		1,726,999	3,549,013	1,153,067	1,124,825
		<u>11,549,116</u>	<u>41,882,128</u>	<u>5,510,193</u>	<u>21,447,371</u>

21 Loans and overdrafts

	Group 2017	2016	Company 2017	2016
	£	£	£	£
Bank loans	5,682,161	18,383,151	-	-
Bank overdrafts	11,301	-	-	-
	<u>5,693,462</u>	<u>18,383,151</u>	<u>-</u>	<u>-</u>
Payable within one year	<u>5,693,462</u>	<u>18,383,151</u>	<u>-</u>	<u>-</u>

Marv Studios Limited (formerly known as Marv Films Limited)

Notes to the financial statements (continued)

For the period ended 26 August 2017

21 Loans and overdrafts (continued)

The long-term loans are secured by fixed charges over the assets of the company.

22 Share capital

	Group and company	
	2017	2016
	£	£
Ordinary share capital		
Issued and fully paid		
13,892,928 Ordinary shares of £1 each	13,892,928	13,892,928

13,892,926 ordinary shares were issued at par on 26 November 2015.

23 Events after the reporting date

Marv Studios Limited has acquired all shares of Firefly Corporation, a company incorporated in the United States of America, on 30 August 2017.

24 Controlling party

The company's ultimate controlling parties are Matthew De Vere Drummond and Claudia De Vere Drummond.

25 Related parties transactions

Director loan balance

As at the balance sheet date the directors, Claudia De Vere Drummond and Matthew De Vere Drummond, owe to Marv Studios Limited, £nil and £940,818 respectively. As at the previous balance sheet date, the directors were owed £10,605,979 by Marv Studios Limited. £11,100,000 of dividends declared in the prior year was paid during the year. £446,761 of personal expenses was paid by the company on behalf of the directors.

Related parties balances

The below companies, jointly owned and controlled by Claudia De Vere Drummond and Matthew De Vere Drummond, were owed the following amounts:

Marv Outfit Productions Limited

	£
Balance due to the group as at 11 April 2016	7,244,895
Gross income invoiced/accrued during the year	7,754,553
Bank receipts received during the year	(5,268,869)
Settlement of balance due to the group via transfer of a debtor	(4,195,933)
Balance due to the group as at 26 August 2017	<u>5,534,646</u>

Marv Outfit Holdings Limited

	£
Balance due from the group as at 11 April 2016	(6,006,918)
Settlement of balance due from the group via transfer of a debtor	4,195,993
Foreign exchange	106,964
Costs recharged in the period	<u>88,802</u>
Balance due from the group as at 26 August 2017	<u>(1,615,159)</u>

Marv Studios Limited (formerly known as Marv Films Limited)

Notes to the financial statements (continued)

For the period ended 26 August 2017

25 Related parties transactions (continued)

Cloudy Productions Limited

	£
Balance due to the group as at 11 April 2016	6,113
Balance written-off in the year	(6,113)
Balance due to the group as at 26 August 2017	-

The below company was under common directorship of Matthew and Claudia De Vere Drummond:

51 Red Balloons Limited

	£
Balance due to the group as at 11 April 2016	63,649
Recharged costs	76,858
Foreign exchange	13,996
Balance due to the group as at 26 August 2017	154,503

The below partnership was owned and controlled by Matthew De Vere Drummond:

Blue Boar Partners LLP

	£
Balance due from the group as at 11 April 2016	(22,849)
Movement on profit and loss recharged to the group	2,009
Balance written off in the year	29,073
Balance due to the group as at 26 August 2017	8,233

Marv Studios Limited (formerly known as Marv Films Limited)

Notes to the financial statements (continued)

For the period ended 26 August 2017

25 Related parties transactions (continued)

The below company is 51% owned and controlled by Matthew De Vere Drummond:

Ska Films Limited

	£
Balance due to the group as at 11 April 2016	532
Balance written-off in the year	(532)
Balance due to the group as at 26 August 2017	-

Kick Ass Productions Limited

	£
Balance due to the group as at 11 April 2016	72,779
Income accrued during the year	24,297
Bank receipts received during the year	(96,658)
Balance written off in the year	14,205
Balance due to the group as at 26 August 2017	14,623

The company has taken advantage of the exemption available in FRS 102 section 33 "Related party disclosures" whereby it has not disclosed transactions with the ultimate parent company or any wholly owned subsidiary undertaking of the group.

Marv Studios Limited (formerly known as Marv Films Limited)

Notes to the financial statements (continued)

For the period ended 26 August 2017

26 Cash generated from group operations

	2017	2016
	£	£
Profit for the period after tax	23,106,690	1,143,641
Adjustments for:		
Taxation credited	(17,997,318)	(3,404,020)
Finance costs	2,244,087	21,172
Investment income	(4,516)	(441)
Loss on disposal of tangible fixed assets	3,478	8,804
Amortisation and impairment of intangible assets	2,641,485	5,548,705
Depreciation and impairment of tangible fixed assets	63,258	41,378
Movements in working capital:		
Decrease/(increase) in stocks	17,756,442	(3,907,240)
(Increase)/decrease in debtors	(7,734,713)	12,657,648
(Decrease) in creditors	(17,643,322)	(4,676,867)
Cash generated from operations	<u><u>2,435,571</u></u>	<u><u>7,432,780</u></u>

Marv Studios Limited (formerly known as Marv Films Limited)

Notes to the financial statements (continued)

For the period ended 26 August 2017

Prior period adjustment

Reconciliation of changes in equity - company

	10 April 2016 £
Notes	
Equity as previously reported	17,646,774
Adjustments to prior period	
Impairment loss on intangible asset	1,668,844
Equity as adjusted	<u>19,315,618</u>

Reconciliation of changes in profit for the previous financial period

	10 April 2016 £
Notes	
Profit as previously reported	1,321,016
Adjustments to prior period	
Impairment loss on intangible asset	1,668,844
Profit as adjusted	<u>2,989,860</u>

Notes to reconciliation

The following prior year adjustment was posted:

The valuation model used for the participation rights contained an error in the prior year which has been rectified. As a result, the impairment loss in the prior year was reduced to £1,191,480 from £2,860,325, respectively the intangible asset in the prior year was understated by £1,668,845.