Company Registration No. 05587621 (England and Wales)

Marv Studios Limited

Annual report and group financial statements for the period ended 30 June 2018

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Marv Studios 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

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Marv Studios Limited

Strategic report
For the period ended 30 June 2018

The directors present the strategic report for the period ended 30 June 2018.

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 £1,076,643 (2017: £23,106,690).

The group's net assets as at the balance sheet date are £42,153,162 (2017: £41,076,519).

The company made a profit for the period of £8,360,163 (2017: £12,340,756).

The company's net assets as at the balance sheet date are £40,006,537 (2017: £31,646,374)

Principal risks and uncertainties
The group is involved in several film projects which have both a short term and long term profit-making prospects. The directors consider the principal risk to the business to be government changes to the UK tax incentives, which would have a material and 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 inherent risks of the industry.

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

On behalf of the board

.....
Claudia De Vere Drummond
Director
25/03/2019

Directors' report
For the period ended 30 June 2018

The directors present their annual report and financial statements for the period ended 30 June 2018.

Principal activities
The principal activity of the company and group continued to be the provision of film production, film distribution, 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.

No ordinary dividends were paid (2017: £10,000). The directors do not recommend payment of a further dividend.

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

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: 25/03/2019

Independent auditor's report
To the members of Marv Studios Limited

Opinion

We have audited the financial statements of Marv Studios Limited (the 'parent company') and its subsidiaries (the 'group') for the period ended 30 June 2018 which comprise the group income statement, the group statement of comprehensive income, the group statement of financial position, the company statement of financial position, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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 30 June 2018 and of the group's 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters 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.

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.

Responsibilities of directors

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: http://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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.

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

26/03/2019

Chartered Accountants
Statutory Auditors

71 Queen Victoria Street
London
EC4V 4BE

Marv Studios Limited

Group income statement
For the period ended 30 June 2018

	Notes	Period ended 30 June 2018 £	Period ended 26 August 2017 £
Turnover	3	14,605,345	122,668,496
Cost of sales		(9,707,173)	(101,887,265)
Gross profit		4,898,172	20,781,231
Administrative expenses		(5,400,022)	(13,516,561)
Other operating income		4,755	78,988
Operating (loss)/profit	4	(497,095)	7,343,658
Interest receivable and similar income	7	36,476	9,801
Interest payable and similar expenses	8	(199)	(2,244,087)
(Loss)/profit before taxation		(460,818)	5,109,372
Tax on (loss)/profit	9	1,537,461	17,997,318
Profit for the financial period		1,076,643	23,106,690

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

Marv Studios Limited

Group statement of comprehensive income
For the period ended 30 June 2018

	Period ended 30 June 2018 £	Period ended 26 August 2017 £
Profit for the period	1,076,643	23,106,690
Other comprehensive income	-	-
Total comprehensive income for the period	1,076,643	23,106,690

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

Marv Studios Limited

Group statement of financial position
As at 30 June 2018

	Notes	£	As at 30 June 2018 £	£	As at 26 August 2017 £
Fixed assets					
Intangible assets	12		5,120,344		5,722,737
Tangible assets	13		120,097		111,590
			5,240,441		5,834,327
Current assets					
Stocks	17	1,269,598		-	
Debtors	18	10,182,004		29,489,380	
Cash at bank and in hand		33,082,913		17,301,928	
		44,534,515		46,791,308	
Creditors: amounts falling due within one year	19	(7,621,794)		(11,549,116)	
Net current assets			36,912,721		35,242,192
Total assets less current liabilities			42,153,162		41,076,519
Capital and reserves					
Called up share capital	22		13,892,928		13,892,928
Profit and loss reserves			28,260,234		27,183,591
Total equity			42,153,162		41,076,519

The financial statements were approved by the board of directors and authorised for issue on 25/03/2019 and are signed on its behalf by:

.....

Claudia De Vere Drummond
Director

Marv Studios Limited

Company statement of financial position
As at 30 June 2018

	Notes	£	As at 30 June 2018 £	£	As at 26 August 2017 £
Fixed assets					
Intangible assets	**12**		5,120,343		5,722,737
Tangible assets	**13**		120,097		111,590
Investments	**14**		5,479		206
			5,245,919		5,834,533
Current assets					
Debtors	**18**	7,363,056		21,509,200	
Cash at bank and in hand		33,049,503		9,812,834	
		40,412,559		31,322,034	
Creditors: amounts falling due within one year	**19**	(5,651,941)		(5,510,193)	
Net current assets			34,760,618		25,811,841
Total assets less current liabilities			40,006,537		31,646,374
Capital and reserves					
Called up share capital	**22**		13,892,928		13,892,928
Profit and loss reserves			26,113,609		17,753,446
Total equity			40,006,537		31,646,374

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 £8,360,163 (2017 - £12,340,756 profit).

The financial statements were approved by the board of directors and authorised for issue on 25/03/2019 and are signed on its behalf by:

.....
Claudia De Vere Drummond
Director

Company Registration No. 05587621

Marv Studios Limited

Group statement of changes in equity
For the period ended 30 June 2018

	Notes	Share capital £	Profit and loss reserves £	Total £
Balance at 11 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	10	-	(10,000)	(10,000)
Balance at 26 August 2017		13,892,928	27,183,591	41,076,519
Period ended 30 June 2018:				
Profit and total comprehensive income for the period		-	1,076,643	1,076,643
Balance at 30 June 2018		13,892,928	28,260,234	42,153,162

Marv Studios Limited

Company statement of changes in equity
For the period ended 30 June 2018

	Notes	Share capital £	Profit and loss reserves £	Total £
Balance at 11 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	10	-	(10,000)	(10,000)
Balance at 26 August 2017		13,892,928	17,753,446	31,646,374
Period ended 30 June 2018:				
Profit and total comprehensive income for the period		-	8,360,163	8,360,163
Balance at 30 June 2018		13,892,928	26,113,609	40,006,537

Marv Studios Limited

Group statement of cash flows
For the period ended 30 June 2018

	Notes	£	2018 £	£	2017 £
Cash flows from operating activities					
Cash generated from operations	27		12,482,671		2,435,571
Interest paid			(199)		(2,244,087)
Income taxes refunded			9,037,704		11,122,488
Net cash inflow from operating activities			21,520,176		11,313,972
Investing activities					
Purchase of tangible fixed assets		(47,215)		(33,511)	
Interest received		1,486		4,516	
Net cash used in investing activities			(45,729)		(28,995)
Financing activities					
Repayment of bank loans		(5,682,161)		(12,700,990)	
Dividends paid to equity shareholders		-		(10,000)	
Net cash used in financing activities			(5,682,161)		(12,710,990)
Net increase/(decrease) in cash and cash equivalents			15,792,286		(1,426,013)
Cash and cash equivalents at beginning of period			17,290,627		18,716,640
Cash and cash equivalents at end of period			33,082,913		17,290,627
Relating to:					
Cash at bank and in hand			33,082,913		17,301,928
Bank overdrafts included in creditors payable within one year			-		(11,301)

1 Accounting policies

Company information

Marv Studios 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 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 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 30 June 2018. 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 27 August 2017 to 30 June 2018, a ten month period. The period was shortened in order to achieve co-terminus period end with some of its subsidiaries. The prior year financial statements were prepared for the period 11 April 2016 to 26 August 2017, a sixteen and a half month period. The comparative amounts presented in the financial statements (including related notes) are therefore not entirely comparable.

1.5 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.

1.6 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 amortised over their useful economic life, being the period over which the rights generate revenue for the group.

1.7 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
Fixtures and fittings	25% straight line
Motor vehicles	25% straight line

1 Accounting policies (continued)

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.

1.8 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible 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.

1.9 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.

1.10 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)

1.11 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.

1.12 Equity instruments

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

1.13 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 includes 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.

1.14 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.

1.15 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1 Accounting policies (continued)

1.16 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

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 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.

3 Turnover and other revenue

	2018	2017
	£	£
Turnover analysed by class of business		
Sales of rights	-	115,115,079
Provision of film production services	14,605,345	7,553,417
	14,605,345	122,668,496

3 Turnover and other revenue (continued)

	2018	2017
	£	£
Other significant revenue		
Interest income	36,476	9,801

	2018	2017
	£	£
Turnover analysed by geographical market		
USA	-	115,115,079
UK	14,605,345	7,553,417
	14,605,345	122,668,496

4 Operating (loss)/profit

	2018	2017
	£	£
Operating (loss)/profit for the period is stated after charging/(crediting):		
Exchange losses	1,353,039	8,237,011
Depreciation of owned tangible fixed assets	38,708	63,258
(Profit)/loss on disposal of tangible fixed assets	-	3,478
Amortisation of intangible assets	602,393	3,812,966
Impairment of intangible assets	-	20,000
Reversal of past impairment of intangible assets	-	(1,191,481)
Operating lease charges	193,438	-

5 Auditor's remuneration

	2018	2017
Fees payable to the company's auditor and associates:	£	£
For audit services		
Audit of the financial statements of the group and company	160,580	47,165
Audit of the financial statements of the company's subsidiaries	32,501	86,884
Auditor's remuneration for non-audit services	170,793	16,082
	363,874	150,131

6 Employees

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

	Group		Company	
	2018	2017	2018	2017
	Number	Number	Number	Number
Staff	12	113	10	8

Their aggregate remuneration comprised:

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Wages and salaries	561,421	1,708,222	561,421	765,410
Social security costs	312,835	197,564	312,835	88,353
Pension costs	108,497	-	108,497	-
	982,753	1,905,786	982,753	853,763

7 Interest receivable and similar income

	2018	2017
	£	£
Interest income		
Interest on bank deposits	1,486	4,516
Other interest income	34,990	5,285
Total income	36,476	9,801

8 Interest payable and similar expenses

	2018	2017
	£	£
Interest on bank overdrafts and loans	-	2,244,087
Other interest	199	-
Total finance costs	199	2,244,087

9 Taxation

	2018	2017
	£	£
Current tax		
UK corporation tax on profits for the current period	(1,537,461)	(18,016,218)
Adjustments in respect of prior periods	-	18,900
Total current tax	(1,537,461)	(17,997,318)

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:

	2018	2017
	£	£
(Loss)/profit before taxation	(460,818)	5,109,372
Expected tax (credit)/charge based on the standard rate of corporation tax in the UK of 19.00% (2017: 19.00%)	(87,555)	970,781
Tax effect of expenses that are not deductible in determining taxable profit	175,880	736,180
Tax effect of income not taxable in determining taxable profit	-	(226,381)
Tax effect of utilisation of tax losses not previously recognised	-	1,775
Change in unrecognised deferred tax assets	(57,422)	(143,084)
Fixed assets differences	(10,904)	(4,410)
Enhanced losses arising from the film tax credit	(1,025,089)	(14,994,045)
Difference between the rate of corporation tax and the rate of relief under the film tax credit	(324,089)	(3,958,508)
Other tax adjustments	(208,282)	(379,626)
Taxation credit	(1,537,461)	(17,997,318)

10 Dividends

	2018	2017
	£	£
Final paid	-	10,000

11 Impairments

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

	Notes	2018 £	2017 £
In respect of:			
Intangible assets	12	-	20,000
Recognised in:			
Administrative expenses		-	20,000

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	2018 £	2017 £
In respect of:			
Intangible assets	12	-	1,191,481
Recognised in:			
Administrative expenses		-	1,191,481

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

12 Intangible fixed assets

Group	Participation rights	Acquired goodwill	Total
	£	£	£
Cost			
At 27 August 2017 and 30 June 2018	15,507,005	1,116,507	16,623,512
Amortisation and impairment			
At 27 August 2017	9,784,268	1,116,507	10,900,775
Amortisation charged for the period	602,393	-	602,393
At 30 June 2018	10,386,661	1,116,507	11,503,168
Carrying amount			
At 30 June 2018	5,120,344	-	5,120,344
At 26 August 2017	5,722,737	-	5,722,737

Company	Participation rights	Acquired goodwill	Total
	£	£	£
Cost			
At 27 August 2017 and 30 June 2018	15,507,005	1,116,507	16,623,512
Amortisation and impairment			
At 27 August 2017	9,784,269	1,116,507	10,900,776
Amortisation charged for the period	602,393	-	602,393
At 30 June 2018	10,386,662	1,116,507	11,503,169
Carrying amount			
At 30 June 2018	5,120,343	-	5,120,343
At 26 August 2017	5,722,737	-	5,722,737

More information on the impairment arising in the period is given in note 11.

13 Tangible fixed assets

Group	Plant and equipment	Fixtures and fittings	Motor vehicles	Total
	£	£	£	£
Cost				
At 27 August 2017	72,495	-	141,355	213,850
Additions	31,950	15,265	-	47,215
At 30 June 2018	104,445	15,265	141,355	261,065
Depreciation and impairment				
At 27 August 2017	11,911	-	90,349	102,260
Depreciation charged in the period	15,004	2,361	21,343	38,708
At 30 June 2018	26,915	2,361	111,692	140,968
Carrying amount				
At 30 June 2018	77,530	12,904	29,663	120,097
At 26 August 2017	60,585	-	51,005	111,590

Company	Plant and equipment	Fixtures and fittings	Motor vehicles	Total
	£	£	£	£
Cost				
At 27 August 2017	72,495	-	141,355	213,850
Additions	31,950	15,265	-	47,215
At 30 June 2018	104,445	15,265	141,355	261,065
Depreciation and impairment				
At 27 August 2017	11,911	-	90,349	102,260
Depreciation charged in the period	15,004	2,361	21,343	38,708
At 30 June 2018	26,915	2,361	111,692	140,968
Carrying amount				
At 30 June 2018	77,530	12,904	29,663	120,097
At 26 August 2017	60,585	-	51,005	111,590

14 Fixed asset investments

	Notes	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Investments in subsidiaries	15	-	-	5,479	206

Movements in fixed asset investments

Company	Shares in group undertakings
	£
Cost or valuation	
At 27 August 2017	206
Additions	5,273
At 30 June 2018	5,479
Carrying amount	
At 30 June 2018	5,479
At 26 August 2017	206

15 Subsidiaries

Details of the company's subsidiaries at 30 June 2018 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct	% Held 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 Distribution Limited	England & Wales	Motion Picture Distribution	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 Films Development Limited	England & Wales	Motion Picture Development	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 Tailor Productions Limited	England & Wales	Motion Picture Production Activities	Ordinary shares	-	100.00
Marv Tailor Holdings Limited	England & Wales	Motion Picture Distribution	Ordinary shares	100.00	-
Marv Great Game Productions Limited	England & Wales	Motion Picture Production Activities	Ordinary shares	-	100.00
Marv Great Game Holdings Limited	England & Wales	Motion Picture Distribution	Ordinary shares	100.00	-
Firefly Corporation	United States of America	Motion Picture Production Activities	Ordinary shares	100.00	-

16 Financial instruments

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Carrying amount of financial assets				
Debt instruments measured at amortised cost	5,786,766	7,353,757	n/a	n/a
Carrying amount of financial liabilities				
Measured at amortised cost	5,429,249	11,539,939	n/a	n/a

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.

17 Stocks

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Work in progress	1,269,598	-	-	-

18 Debtors

	Group		Company	
	2018	2017	2018	2017
Amounts falling due within one year:	£	£	£	£
Trade debtors	2,418,855	111,961	19,287	431
Corporation tax recoverable	2,478,727	9,979,834	1,128,355	941,932
Amounts owed by group undertakings	-	-	1,956,077	12,787,192
Other debtors	4,332,330	7,328,783	3,307,245	7,296,101
Prepayments and accrued income	952,092	12,068,802	952,092	483,544
	10,182,004	29,489,380	7,363,056	21,509,200

19 Creditors: amounts falling due within one year

	Notes	Group 2018 £	2017 £	Company 2018 £	2017 £
Bank loans and overdrafts	20	-	5,693,462	-	-
Trade creditors		1,402,509	2,225,147	1,385,802	1,527,827
Amounts owed to group undertakings		-	-	1,514,048	-
Other taxation and social security		2,192,545	9,177	2,186,958	984,780
Other creditors		3,389,354	1,894,331	237,641	1,844,519
Accruals and deferred income		637,386	1,726,999	327,492	1,153,067
		7,621,794	11,549,116	5,651,941	5,510,193

20 Loans and overdrafts

	Group 2018 £	2017 £	Company 2018 £	2017 £
Bank loans	-	5,682,161	-	-
Bank overdrafts	-	11,301	-	-
	-	5,693,462	-	-
Payable within one year	-	5,693,462	-	-

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

21 Retirement benefit schemes

Defined contribution schemes	2018 £	2017 £
Charge to profit or loss in respect of defined contribution schemes	108,497	-

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

22 Share capital

	Group and company	
	2018	2017
Ordinary share capital	£	£
Issued and fully paid		
13,892,928 Ordinary shares of £1 each	13,892,928	13,892,928

23 Operating lease commitments

Lessee

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Within one year	357,292	-	178,646	-
Between two and five years	30,626	-	15,313	-
	387,918	-	193,959	-

24 Events after the reporting date

On 31 January 2019 Marv Studios Limited acquired all shares in Marv Outfit Holdings Limited, a company incorporated in England and Wales, in a share for share transaction.

On 31 January 2019 Marv Studios Limited acquired all shares in SKA Films (Layer Cake) Limited, a company incorporated in England and Wales, in a share for share transaction.

On 25 March 2019 Marv Studios Limited acquired all shares in 51 Red Balloons Limited, a company incorporated in England and Wales, in a share for share transaction.

On 25 March 2019 Marv Studios Limited acquired the trade and assets of MACL International Limited, a company incorporated in Luxembourg.

25 Controlling party

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

26 Related party transactions

Director loan balance
As at the balance sheet date the director, Matthew De Vere Drummond, owes to Marv Studios Limited, £2,007,464 (2017: £940,818). The loan was repaid on 05 July 2018.

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 26 August 2017	5,534,646
Services performed during the period	(3,113,381)
Settlement of balance due to the group via transfer of a debtor	(4,953,039)
Balance due from the group as at 30 June 2018	(2,531,774)

Marv Outfit Holdings Limited

	£
Balance owed by the group as at 26 August 2017	(1,615,159)
Settlement of balance owed by the group via transfer of a creditor	1,615,159
Balance due to the group as at 30 June 2018	-

26 Related party transactions (continued)

The below companies were under common directorship of Matthew and Claudia De Vere Drummond:

51 Red Balloons Limited

	£
Balance due to the group as at 26 August 2017	154,503
Settlement of balance due to the group via transfer of a debtor	(154,503)
Balance due to the company as at 30 June 2018	-

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

Blue Boar Partners LLP

	£
Balance due to the group as at 26 August 2017	8,233
Repaid during the period	(8,233)
Balance due to the group as at 30 June 2018	-

The below company's ultimate controlling party is Matthew De Vere Drummond:

Kick Ass Productions Limited

	£
Balance due to the group as at 26 August 2017	14,623
Settlement of balance due to the group via transfer of a debtor	(9,621)
Balance due to the group as at 30 June 2018	5,002

27 Cash generated from group operations

	2018	2017
	£	£
Profit for the period after tax	1,076,643	23,106,690
Adjustments for:		
Taxation credited	(1,537,461)	(17,997,318)
Finance costs	199	2,244,087
Investment income	(1,486)	(4,516)
(Gain)/loss on disposal of tangible fixed assets	-	3,478
Amortisation and impairment of intangible assets	602,393	2,641,485
Depreciation and impairment of tangible fixed assets	38,708	63,258
Movements in working capital:		
(Increase)/decrease in stocks	(1,269,598)	17,756,442
Decrease/(increase) in debtors	11,807,133	(7,734,713)
Increase/(decrease) in creditors	1,766,140	(17,643,322)
Cash generated from operations	12,482,671	2,435,571