

COMPANY REGISTRATION NUMBER: 08495607

**M2 Entertainment Limited**  
**Filleted Financial Statements**  
**31 December 2018**

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## M2 Entertainment Limited

### Statement of Financial Position

31 December 2018

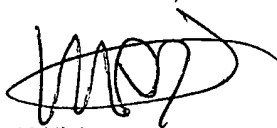
|                                                       | Note | 2018<br>£        | 2017<br>£        |
|-------------------------------------------------------|------|------------------|------------------|
| <b>Fixed assets</b>                                   |      |                  |                  |
| Investments                                           | 5    | 713              | 713              |
| <b>Current assets</b>                                 |      |                  |                  |
| Work in progress                                      |      | 70,605           | 684,935          |
| Debtors                                               | 6    | 4,047,304        | 4,421,471        |
| Cash at bank and in hand                              |      | 57,985           | 55,441           |
|                                                       |      | <u>4,175,894</u> | <u>5,161,847</u> |
| <b>Creditors: amounts falling due within one year</b> | 7    | <u>2,807,967</u> | <u>2,236,384</u> |
| <b>Net current assets</b>                             |      | <u>1,367,927</u> | <u>2,925,463</u> |
| <b>Total assets less current liabilities</b>          |      | <u>1,368,640</u> | <u>2,926,176</u> |
| <b>Net assets</b>                                     |      | <u>1,368,640</u> | <u>2,926,176</u> |
| <b>Capital and reserves</b>                           |      |                  |                  |
| Called up share capital                               |      | 100              | 100              |
| Profit and loss account                               |      | <u>1,368,540</u> | <u>2,926,076</u> |
| <b>Shareholders funds</b>                             |      | <u>1,368,640</u> | <u>2,926,176</u> |

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

In accordance with section 444 of the Companies Act 2006, the statement of income and retained earnings has not been delivered.

The director acknowledges his responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

These financial statements were approved by the board of directors and authorised for issue on 29/05/19, and are signed on behalf of the board by:



M Nielsen  
Director

Company registration number: 08495607

The notes on pages 2 to 6 form part of these financial statements.

# **M2 Entertainment Limited**

## **Notes to the Financial Statements**

**Year ended 31 December 2018**

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### **1. General information**

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is 10 Orange Street, Haymarket, London, WC2H 7DQ.

### **2. Statement of compliance**

These financial statements have been prepared in compliance with Section 1A of FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

### **3. Accounting policies**

#### **Basis of preparation**

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the entity.

#### **Going concern**

In light of the trading loss this period the director has undertaken a rigorous assessment of whether the company can continue to present its financial statements on the going concern basis, considering all available information about the future of the company, covering a period of not less than 12 months from the date of balance sheet approval. The director is not aware of any material uncertainty arising from the assessment that would cast significant doubt on the company's ability to continue as a going concern. Funds to meet existing and future cashflow requirements are considered available from the parent company and as such the director is satisfied that the going concern assumption remains appropriate and that the financial statements can continue to be prepared on that basis.

#### **Disclosure exemptions**

The entity satisfies the criteria of being a qualifying entity as defined in FRS 102. Its financial statements are consolidated into the financial statements of M2 Film A/S which can be obtained on request. As such, advantage has been taken of the following disclosure exemptions available under paragraph 1.12 of FRS 102:

- (b) No cash flow statement has been presented for the company.
- (c) Disclosures in respect of financial instruments have not been presented.
- (d) Disclosures in respect of share-based payments have not been presented.
- (e) No disclosure has been given for the aggregate remuneration of key management personnel.

#### **Consolidation**

The company has taken advantage of the exemption from preparing consolidated financial statements contained in Section 400 of the Companies Act 2006 on the basis that it is a subsidiary undertaking of M2 Group A/S, a company incorporated in Denmark, and is included in the consolidated financial statements of that company.

## **M2 Entertainment Limited**

### **Notes to the Financial Statements *(continued)***

**Year ended 31 December 2018**

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#### **3. Accounting policies *(continued)***

##### **Judgements and key sources of estimation uncertainty**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

##### **Revenue recognition**

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for work done in the year in respect of long-term contracts and contracts for on-going services, including estimates of amounts not invoiced. The value of work done in respect of long-term contracts and contracts for on-going services is determined by reference to the stage of completion. All amounts recognised as turnover are stated net of discounts and of Value Added Tax.

Revenue from the rendering of services is measured by reference to the stage of completion of the service transaction at the end of the reporting period provided that the outcome can be reliably estimated. When the outcome cannot be reliably estimated, revenue is recognised only to the extent that expenses recognised are recoverable.

##### **Income tax**

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other 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. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

##### **Foreign currencies**

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to the profit and loss account.

##### **Investments**

Fixed asset investments are stated at cost less provision for diminution in value.

## M2 Entertainment Limited

### Notes to the Financial Statements *(continued)*

Year ended 31 December 2018

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#### 3. Accounting policies *(continued)*

##### Stock and work in progress

Work in progress shown in the accounts represents the value of television and film rights acquired for the purpose of future resale. Work in progress is valued at the lower of cost and net realisable value.

##### Financial instruments

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

Any reversals of impairment are recognised in profit or loss immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

#### 4. Employee numbers

The average number of persons employed by the company during the year amounted to 3 (2017: 4).

All production staff and directors were contracted and paid through a fellow group company.

#### 5. Investments

|                                        | Shares in<br>group<br>undertaking<br>s |
|----------------------------------------|----------------------------------------|
| Cost                                   | £                                      |
| At 1 January 2018 and 31 December 2018 | 713                                    |
| Impairment                             | —                                      |
| At 1 January 2018 and 31 December 2018 | —                                      |

## M2 Entertainment Limited

### Notes to the Financial Statements *(continued)*

Year ended 31 December 2018

#### 5. Investments *(continued)*

|                     | Shares in<br>group<br>undertaking<br>s<br>£ |
|---------------------|---------------------------------------------|
| Carrying amount     |                                             |
| At 31 December 2018 | 713                                         |
| At 31 December 2017 | 713                                         |

#### 6. Debtors

|                                                                                                       | 2018<br>£        | 2017<br>£        |
|-------------------------------------------------------------------------------------------------------|------------------|------------------|
| Trade debtors                                                                                         | 372,511          | 973,641          |
| Amounts owed by group undertakings and undertakings in which the company has a participating interest | 3,520,681        | 2,955,469        |
| Other debtors                                                                                         | 154,112          | 492,361          |
|                                                                                                       | <u>4,047,304</u> | <u>4,421,471</u> |

#### 7. Creditors: amounts falling due within one year

|                                                                                                       | 2018<br>£        | 2017<br>£        |
|-------------------------------------------------------------------------------------------------------|------------------|------------------|
| Trade creditors                                                                                       | 9,921            | 316              |
| Amounts owed to group undertakings and undertakings in which the company has a participating interest | 2,359,731        | 1,885,308        |
| Corporation tax                                                                                       | —                | 363              |
| Other creditors                                                                                       | 438,315          | 350,397          |
|                                                                                                       | <u>2,807,967</u> | <u>2,236,384</u> |

#### 8. Summary audit opinion

The auditor's report for the year dated **13 JUN 2019** was unqualified.

The senior statutory auditor was Simon Robinson, for and on behalf of Shipleys LLP.

## M2 Entertainment Limited

### Notes to the Financial Statements *(continued)*

Year ended 31 December 2018

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#### 9. Related party transactions

The company is a majority (90%) owned subsidiary of M2 Group A/S and the results of the company and its subsidiaries are consolidated within the group financial statements of M2 Group A/S. The registered office of M2 Group A/S is Filmbyen 23, 4., 8000 Aarhus C, Denmark.

The company has taken advantage of exemptions available in FRS102 whereby disclosures of transactions and balances with wholly owned subsidiaries are not required to be disclosed. Disclosure is also not required where transactions and balances are conducted at normal market rates. In view of this, the following related party balances are required to be made as not conducted at market rates:

|                                  | 2018        | 2017      |
|----------------------------------|-------------|-----------|
|                                  | £           | £         |
| 2D M2 Entertainment Limited      | (5,803)     | (328,565) |
| FRD M2 Entertainment Limited     | (11,752)    | (751,903) |
| MM Music & Entertainment Limited | (63,756)    | (11,934)  |
| LKT M2 Entertainment Limited     | 203,456     | (101,774) |
| LFP M2 Entertainment Limited     | 199         | —         |
| M2 Film A/S                      | (1,365,637) | 123,437   |

All loans are interest free and repayable on demand.

#### 10. Controlling party

The immediate and ultimate parent company is M2 Group A/S, a company registered in Denmark. The ultimate controlling party is M Nielsen by virtue of his shareholding in M2 Group A/S.