

COMPANY REGISTRATION NUMBER: 08495607

M2 Entertainment Limited
Filleted Financial Statements
31 December 2019

M2 Entertainment Limited
Statement of Financial Position
31 December 2019

		2019	2018
	Note	£	£
Fixed assets			
Investments	5	713	713
Current assets			
Work in progress		773	70,605
Debtors	6	3,633,714	4,047,304
Cash at bank and in hand		119,846	57,985
		3,754,333	4,175,894
Creditors: amounts falling due within one year	7	2,554,624	2,807,967
Net current assets		1,199,709	1,367,927
Total assets less current liabilities		1,200,422	1,368,640
Net assets		1,200,422	1,368,640
Capital and reserves			
Called up share capital		100	100
Profit and loss account		1,200,322	1,368,540
Shareholders funds		1,200,422	1,368,640

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 24 August 2020 , and are signed on behalf of the board by:

M J M Nielsen

Director

Company registration number: 08495607

M2 Entertainment Limited

Notes to the Financial Statements

Year ended 31 December 2019

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 reported this period and of major events occurring since the balance sheet date, namely Brexit and the Covid-19 pandemic, 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 conclusion reached was that the company remains a going concern for the foreseeable future and as such the financial statements are prepared on this basis. In reaching this conclusion the director considers the business to be financially viable with the knowledge that it has the operational and financial support of its ultimate parent company should the need arise. The potential impact of Brexit is uncertain but given the nature of the business it is not seen as a major concern at this stage. The Covid-19 pandemic, however, is expected to have an impact on the financial prosperity of the business and of the group as a whole due to the suspension of live action projects and the reduction in customer marketing activities. The duration of the Covid-19 pandemic is uncertain, but the actions taken by the company and by the group, in order to adapt to the current circumstances, are expected to provide for a positive result for 2020.

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.

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.

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.

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 2 (2018: 3).

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

5. Investments

	Shares in group undertakings	
	£	
Cost		
At 1 January 2019 and 31 December 2019		713

Impairment		
At 1 January 2019 and 31 December 2019		—

Carrying amount		
At 31 December 2019	713	

At 31 December 2018	713	

6. Debtors

	2019	2018
	£	£
Trade debtors	73,113	372,511
Amounts owed by group undertakings and undertakings in which the company has a participating interest	3,524,559	3,520,681
Other debtors	36,042	154,112
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	3,633,714	4,047,304
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7. Creditors: amounts falling due within one year

	2019	2018
	£	£
Trade creditors	6,165	9,921
Amounts owed to group undertakings and undertakings in which the company has a participating interest	2,474,155	2,359,731
Social security and other taxes	21,686	—
Other creditors	52,618	438,315
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	2,554,624	2,807,967
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8. Summary audit opinion

The auditor's report for the year dated 4 September 2020 was unqualified, however, the auditor drew attention to the following by way of emphasis.

We draw attention to Note 3 to the financial statements which explains the directors assessment of going concern and the reliance placed on the continuing availability of financial support from the parent company to enable the company to meet its future cash flow needs. Our opinion is not modified in respect of this matter.

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

9. Related party transactions

In view of this, the following related party balances are required to be made as not conducted at market rates:

	2019	2018
	£	£
2D M2 Entertainment Limited	—	(5,803)
FRD M2 Entertainment Limited	—	(11,752)
MM Music & Entertainment Limited	(185,628)	(63,756)
LKT M2 Entertainment Limited	142,259	203,456
LFP M2 Entertainment Limited	—	199

All loans are interest free and repayable on demand.

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	£	£
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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.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.