

Company Registration No. 01226628 (England and Wales)

QUEEN PRODUCTIONS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019

QUEEN PRODUCTIONS LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

Directors	B May R Taylor J Deacon	
Secretary	R W Lee N Adleman	(Resigned 2 August 2019) (Appointed 2 August 2019)
Company number	01226628	
Registered office	7 Savoy Court London WC2R 0EX	
Auditor	Sopher + Co LLP Chartered Accountants & Statutory Auditors 5 Elstree Gate Elstree Way Borehamwood Hertfordshire WD6 1JD	
Accountants	Dales Evans & Co Limited Chartered Accountants 88/90 Baker Street London W1U 6TQ	

QUEEN PRODUCTIONS LIMITED

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FOR THE YEAR ENDED 30 SEPTEMBER 2019**

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QUEEN PRODUCTIONS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2019

The directors present the strategic report for the year ended 30 September 2019.

Fair review of the business

The group is principally engaged in the promotion and exploitation of various services and productions of the artists collectively known as Queen. In assessing the performance of the group, the directors consider that success is determined by the level of sales from which the group derives its profit and hence the group's key performance indicators are considered to be the level of turnover and the net profit margin for the year.

During the year turnover increased by £50,825,753, which led to an increase in profit before tax. This can be attributed in part to the success of the film Bohemian Rhapsody. The net profit margin in the year decreased by 9% which was mainly due to an increase in royalties and commissions payable.

Given the success of Bohemian Rhapsody it is anticipated there will be further income from the film in the year ended 30 September 2020 and in the years thereafter, although not at the same level as the current year in which the film was released.

Principal risks and uncertainties

The group uses a variety of financial instruments including cash deposits and net trade debtors arising from its operations. The main purpose of these financial instruments is to provide working capital for the group's operations. Given the nature of the group's operations and the financial instruments in existence the company is exposed to very limited credit or liquidity risk.

Credit risk

The principal credit risk arises from its trade debtors. In order to manage the credit risk associated with this the directors review payment plans on a regular basis.

Liquidity risk

The group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

Environmental risk

The COVID-19 pandemic has had a global impact on the music industry. This has been addressed by the directors in the going concern note (1.3).

Development and performance

The directors believe that the gross core income from royalties will continue to be generated in the immediate future at a satisfactory level, and that the COVID-19 pandemic will not have a significant impact on the performance of the company.

Key performance indicators

The directors use many key performance indicators to monitor the performance of the group. They regard the following as the key financial indicators of performance, all of which can be observed in the attached financial statements.

Turnover: £72,769,737 (2018: £21,943,984)

Profit before tax: £32,653,649 (2018: £11,802,056)

Net profit margin: 45% (2018: 54%)

The net profit margin is calculated as a percentage of profit before tax over turnover.

Despite the decrease in net profit margin, the directors are more than satisfied with the increase in turnover and profit before tax, and the overall results for the year. The directors anticipate the performance of the current year will not be matched in the coming year, but will still be at an acceptable level.

On behalf of the board

R Taylor
Director

20 August 2020
Date

QUEEN PRODUCTIONS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2019

The directors present their annual report and financial statements for the year ended 30 September 2019.

Directors

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

B May
R Taylor
J Deacon

Results and dividends

The results for the year are set out on page 6.

Dividends of £19,427,550 were paid during the year (2018: £7,779,200).

Auditor

Sopher + Co LLP were appointed as auditor to the group and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

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 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. The directors are responsible for the maintenance and integrity of the company website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Strategic report

The directors have included principal risks and uncertainties in the Strategic report and that information is not repeated here under S414c of the Companies Act 2006.

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

B May
Director

20 August 2020
Date

QUEEN PRODUCTIONS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF QUEEN PRODUCTIONS LIMITED

Opinion

We have audited the financial statements of Queen Productions Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 September 2019 which comprise the group statement of comprehensive income, the group balance sheet, the company balance sheet, 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 September 2019 and of the group's profit for the year 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.

QUEEN PRODUCTIONS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF QUEEN PRODUCTIONS LIMITED

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 year 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.

QUEEN PRODUCTIONS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF QUEEN PRODUCTIONS LIMITED

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.

Stephen Iseman FCA
for and on behalf of Sopher + Co LLP
Chartered Accountants & Statutory Auditors
5 Elstree Gate
Elstree Way
Borehamwood
Hertfordshire
WD6 1JD

20 August 2020

Date

QUEEN PRODUCTIONS LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2019

	Notes	2019 £	2018 £
Turnover	3	72,769,737	21,943,984
Cost of sales		(20,969,529)	(5,227,369)
Gross profit		51,800,208	16,716,615
Administrative expenses		(19,181,984)	(4,917,432)
Operating profit	4	32,618,224	11,799,183
Interest receivable and similar income	7	36,365	2,874
Interest payable and similar expenses	8	(940)	(1)
Profit before taxation		32,653,649	11,802,056
Tax on profit	9	(6,141,763)	(2,136,486)
Profit for the financial year	18	26,511,886	9,665,570

Profit for the financial year and total comprehensive income for the year is all attributable to the owners of the parent company

QUEEN PRODUCTIONS LIMITED

GROUP BALANCE SHEET
AS AT 30 SEPTEMBER 2019

	Notes	£	2019 £	£	2018 £
Fixed assets					
Tangible assets	11		-		-
Current assets					
Debtors	15	12,337,294		4,605,137	
Cash at bank and in hand		25,305,306		5,958,414	
		<u>37,642,600</u>		<u>10,563,551</u>	
Creditors: amounts falling due within one year	16	<u>(24,889,172)</u>		<u>(4,894,459)</u>	
Net current assets			<u>12,753,428</u>		<u>5,669,092</u>
Total assets less current liabilities			<u>12,753,428</u>		<u>5,669,092</u>
Capital and reserves					
Called up share capital	17		100		100
Profit and loss reserves	18		<u>12,753,328</u>		<u>5,668,992</u>
Total equity			<u>12,753,428</u>		<u>5,669,092</u>

The financial statements were approved by the board of directors and authorised for issue on 20 August 2020 and are signed on its behalf by:

R Taylor
Director

QUEEN PRODUCTIONS LIMITED

**COMPANY BALANCE SHEET
AS AT 30 SEPTEMBER 2019**

		2019		2018	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	11	-	-	-	-
Investments	12		107		106
			<u>107</u>		<u>106</u>
Current assets					
Debtors	15	12,003,550	4,667,213		
Cash at bank and in hand		18,330,839	3,622,037		
		<u>30,334,389</u>	<u>8,289,250</u>		
Creditors: amounts falling due within one year	16	<u>(19,012,810)</u>	<u>(3,124,757)</u>		
Net current assets		<u>11,321,579</u>	<u>5,164,493</u>		
Total assets less current liabilities		<u><u>11,321,686</u></u>	<u><u>5,164,599</u></u>		
Capital and reserves					
Called up share capital	17	100	100		
Profit and loss reserves	18	11,321,586	5,164,499		
Total equity		<u><u>11,321,686</u></u>	<u><u>5,164,599</u></u>		

As permitted by s408 Companies Act 2006, the company has not presented its own Statement of Comprehensive Income and related notes. The company's profit after tax for the year was £25,584,637 (2018: £9,576,619).

The financial statements were approved by the board of directors and authorised for issue on 20 August 2020 and are signed on its behalf by:

R Taylor
Director

Company Registration No. 01226628

QUEEN PRODUCTIONS LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2019

		Share capital	Profit and loss reserves	Total
	Notes	£	£	£
Balance at 1 October 2017		100	3,782,622	3,782,722
Year ended 30 September 2018:				
Profit and total comprehensive income for the year		-	9,665,570	9,665,570
Dividends	10	-	(7,779,200)	(7,779,200)
Balance at 30 September 2018		100	5,668,992	5,669,092
Year ended 30 September 2019:				
Profit and total comprehensive income for the year		-	26,511,886	26,511,886
Dividends	10	-	(19,427,550)	(19,427,550)
Balance at 30 September 2019		100	12,753,328	12,753,428

QUEEN PRODUCTIONS LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2019

		Share capital	Profit and loss reserves	Total
	Notes	£	£	£
Balance at 1 October 2017		100	3,367,080	3,367,180
Year ended 30 September 2018:				
Profit and total comprehensive income for the year		-	9,576,619	9,576,619
Dividends	10	-	(7,779,200)	(7,779,200)
Balance at 30 September 2018		100	5,164,499	5,164,599
Year ended 30 September 2019:				
Profit and total comprehensive income for the year		-	25,584,637	25,584,637
Dividends	10	-	(19,427,550)	(19,427,550)
Balance at 30 September 2019		100	11,321,586	11,321,686

QUEEN PRODUCTIONS LIMITED

GROUP STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 SEPTEMBER 2019

		2019		2018	
	Notes	£	£	£	£
Cash flows from operating activities					
Cash generated from operations	23	42,554,192		10,242,383	
Interest paid		(940)		(1)	
Income taxes paid		(3,815,175)		(2,147,164)	
Net cash inflow from operating activities		38,738,077		8,095,218	
Investing activities					
Purchase of tangible fixed assets		-	(50,639)		
Interest received		36,365	2,874		
Net cash generated from/(used in) investing activities		36,365		(47,765)	
Financing activities					
Dividends paid to equity shareholders		(19,427,550)	(7,779,200)		
Net cash used in financing activities		(19,427,550)		(7,779,200)	
Net increase in cash and cash equivalents		19,346,892		268,253	
Cash and cash equivalents at beginning of year		5,958,414		5,690,161	
Cash and cash equivalents at end of year		25,305,306		5,958,414	

QUEEN PRODUCTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

1 Accounting policies

Company information

Queen Productions Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is 7 Savoy Court, London, WC2R 0EX.

The group consists of Queen Productions 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 principal accounting policies adopted are set out below.

1.2 Basis of consolidation

The consolidated financial statements incorporate those of Queen Productions 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).

All financial statements are made up to 30 September 2019. 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.

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.

The directors have considered the potential impact of the COVID-19 pandemic and a possible no-deal Brexit on the company, and are satisfied that the company has adequate facilities to meet its liabilities as they fall due for at least twelve months from the date of the approval of the financial statements.

1.4 Turnover

Turnover is measured at the fair value of the consideration received or receivable and represents amounts for services provided net of discounts and VAT.

Income from services is recognised when they are performed and entitlement has arisen under the terms of the contract.

Royalties are recognised on receipt or as rights are utilised on an accruals basis where sufficient reliable information is available.

Performance fees are recognised on the date of the performance.

Film licensing income is recognised on an accruals basis where sufficient reliable information is available.

QUEEN PRODUCTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2019

1 Accounting policies (Continued)

1.5 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	15% - 33%
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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 profit and loss account.

1.6 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

1.7 Cash and cash equivalents

Cash and cash equivalents 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.

1.8 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 balance sheet 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 and cash and bank balances, 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.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

QUEEN PRODUCTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2019

1 Accounting policies

(Continued)

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

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.

Derecognition of financial liabilities

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

1.9 Taxation

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

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account 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.

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. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is 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.

QUEEN PRODUCTIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

1 Accounting policies

(Continued)

1.10 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. 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 in the period are included in profit or loss.

1.11 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

2 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.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Debtors

Management applies judgement in evaluating the recoverability of debtors. This judgement is based on the ageing profile of debtors and historical experience. To the extent that the directors believe debtors not to be recoverable they have been provided for in the financial statements.

3 Turnover and other revenue

An analysis of the group's turnover is as follows:

	2019	2018
	£	£
Turnover analysed by class of business		
Royalties	71,530,351	21,338,938
Rendering of services	944,454	433,356
Other income	294,932	171,690
	<u>72,769,737</u>	<u>21,943,984</u>

The turnover and profit before tax are attributable to the promotion and exploitation of various services and products of the artists collectively known as Queen. Given the nature of the company's activities, any analysis of turnover between different geographical markets is impracticable to determine and would in any case be of little meaning or relevance.

QUEEN PRODUCTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2019

4 Operating profit

	2019	2018
	£	£
Operating profit for the year is stated after charging/(crediting):		
Exchange gains	(306,326)	(8,454)
Depreciation of owned tangible fixed assets	-	50,639
	<u> </u>	<u> </u>

5 Auditor's remuneration

	2019	2018
	£	£
Fees payable to the company's auditor:		
For audit services		
Audit of the financial statements of the group and company	21,500	20,600
Audit of the financial statements of the company's subsidiaries	17,500	32,550
	<u> </u>	<u> </u>
	39,000	53,150
	<u> </u>	<u> </u>
For other services		
Taxation compliance services	9,775	10,250
	<u> </u>	<u> </u>

6 Employees

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

	Group		Company	
	2019	2018	2019	2018
	Number	Number	Number	Number
Total	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

7 Interest receivable and similar income

	2019	2018
	£	£
Interest income		
Interest on bank deposits	34,284	2,874
Other interest income	2,081	-
	<u> </u>	<u> </u>
Total income	36,365	2,874
	<u> </u>	<u> </u>

QUEEN PRODUCTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2019

8 Interest payable and similar expenses

	2019 £	2018 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	-	1
Other finance costs:		
Other interest	940	-
Total finance costs	940	1

9 Taxation

	2019 £	2018 £
Current tax		
UK corporation tax on profits for the current period	5,669,889	2,076,382
Adjustments in respect of prior periods	(73,304)	(194,689)
Total UK current tax	5,596,585	1,881,693
Foreign current tax on profits for the current period	581,229	254,793
Total current tax	6,177,814	2,136,486
Deferred tax		
Origination and reversal of timing differences	(36,051)	-
Total tax charge	6,141,763	2,136,486

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

	2019 £	2018 £
Profit before taxation	32,653,649	11,802,056
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	6,204,193	2,242,391
Tax effect of expenses that are not deductible in determining taxable profit	8,474	8,310
Change in unrecognised deferred tax assets	(36,051)	-
Adjustments in respect of prior years	(73,303)	(194,689)
Permanent capital allowances in excess of depreciation	(8,728)	-
Depreciation on assets not qualifying for tax allowances	-	9,621
Other permanent differences	47,178	70,853
Taxation charge	6,141,763	2,136,486

QUEEN PRODUCTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2019

10 Dividends

	2019 £	2018 £
A Ordinary shares	5,075,000	2,332,850
B Ordinary shares	5,371,500	2,146,400
C Ordinary shares	5,054,550	1,986,950
D Ordinary shares	3,926,500	1,313,000
	<u>19,427,550</u>	<u>7,779,200</u>

11 Tangible fixed assets

Group	Plant and equipment £
Cost	
At 1 October 2018 and 30 September 2019	<u>2,075,313</u>
Depreciation and impairment	
At 1 October 2018 and 30 September 2019	<u>2,075,313</u>
Carrying amount	
At 30 September 2019	<u>-</u>
Company	Plant and equipment £
Cost	
At 1 October 2018 and 30 September 2019	<u>2,071,202</u>
Depreciation and impairment	
At 1 October 2018 and 30 September 2019	<u>2,071,202</u>
Carrying amount	
At 30 September 2019	<u>-</u>

In the prior period, £4,111 of tangible assets cost brought forward was offset against £4,111 of tangible assets accumulated depreciation brought forward in the Group tangible assets statement. In the current period these amounts have been included within the tangible assets brought forward balances and therefore tangible assets cost and accumulative depreciation are not directly comparable to the prior year accounts.

QUEEN PRODUCTIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

12 Fixed asset investments

Movements in fixed asset investments

Company	Shares in group undertakings
	£
Cost or valuation	
At 1 October 2018	106
Additions	1
	<hr/>
At 30 September 2019	107
	<hr/>
Carrying amount	
At 30 September 2019	107
	<hr/>
At 30 September 2018	106
	<hr/>

13 Subsidiaries

Details of the company's subsidiaries at 30 September 2019 are as follows:

Name of undertaking	Nature of business	Class of shares	Holding %
Queen Touring Limited	Production of concert tours	Ordinary	100.00
Raincloud Productions Limited*	Promotion of non-UK compositions of certain musicians	Ordinary	100.00
We Will Rock You Limited	Licensing of musicals and hiring of theatrical equipment	Ordinary	100.00
Queen Theatrical Productions Limited**	Production of musicals	Ordinary	100.00
Queen Films Limited***	Licensing in connection with film production	Ordinary	100.00
Queen Online Limited	Dormant	Ordinary	100.00
We Will Rock You Films Limited****	Dormant	Ordinary	100.00
Queen Extravaganza, Inc.*****	Promotion of concert tours	Ordinary	100.00
Bohemian Theatrical Productions Limited	Dormant	Ordinary	100.00

* 1 share held via a nominee

** 1 share held jointly via Raincloud Productions Limited as nominee and by Queen Productions Limited

*** 1 share held via Raincloud Productions Limited as nominee

**** held indirectly via Queen Theatrical Productions Limited

***** held indirectly via Queen Touring Limited

All subsidiary undertakings of the Company are incorporated in England & Wales, other than Queen Extravaganza, Inc. which is incorporated in the USA.

The registered office for all subsidiary companies excluding Queen Extravaganza, Inc. is 7 Savoy Court, London, WC2R 0EX. The registered office of Queen Extravaganza Inc. is 21255 Burbank Blvd #320, Woodland Hills, CA 91367.

QUEEN PRODUCTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2019

14 Financial instruments

	Group 2019 £	2018 £	Company 2019 £	2018 £
Carrying amount of financial assets				
Debt instruments measured at amortised cost	8,536,106	4,099,294	8,468,649	4,231,087
Instruments measured at fair value through profit or loss	25,305,306	5,958,414	18,330,839	3,622,037
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Carrying amount of financial liabilities				
Measured at amortised cost	21,287,688	3,325,032	16,123,358	2,201,822
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Financial assets measured at fair value through profit or loss comprise of cash and cash equivalents.

Financial assets that are debt instruments measured at amortised cost comprise of trade and other debtors and amounts receivable from both group undertakings and related parties.

Financial liabilities measured at amortised cost comprise of trade and other creditors, accruals, amounts receivable by both group undertakings and related parties.

15 Debtors

	Group 2019 £	2018 £	Company 2019 £	2018 £
Amounts falling due within one year:				
Trade debtors	7,954,640	3,844,891	7,883,295	3,738,019
Corporation tax recoverable	21,570	271,146	-	251,246
Amounts owed by group undertakings	-	-	4,376	342,001
Amounts owed by related parties	461,611	49,535	461,611	6,361
Other debtors	3,154,052	344,641	2,114,209	229,119
Prepayments and accrued income	709,370	94,924	1,504,008	100,467
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	12,301,243	4,605,137	11,967,499	4,667,213
Deferred tax asset	36,051	-	36,051	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	12,337,294	4,605,137	12,003,550	4,667,213
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

QUEEN PRODUCTIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

16 Creditors: amounts falling due within one year

	Group 2019 £	2018 £	Company 2019 £	2018 £
Trade creditors	3,442,464	319,540	2,033,211	252,364
Amounts owed to group undertakings	-	-	13,155	7,157
Amounts owed to related parties	3,427,754	722,964	2,819,041	541,145
Corporation tax payable	3,390,231	1,277,168	2,889,452	922,935
Other taxation and social security	211,253	292,259	-	-
Other creditors	360,888	434,808	-	104,956
Accruals and deferred income	14,056,582	1,847,720	11,257,951	1,296,200
	<u>24,889,172</u>	<u>4,894,459</u>	<u>19,012,810</u>	<u>3,124,757</u>

Included within the group accruals is an amount of £3,159,834 (2018: £537,843) due to related parties in respect of royalties and service fees. Also included within the group accruals is £388,375 (2018: nil) due to key management personnel.

Included within the company accruals is an amount of £1,882,069 (2018: £464,848) due to related parties in respect of royalties and service fees. Also included within the company accruals is £388,375 (2018: nil) due to key management personnel.

17 Share capital

	Group and company	
	2019 £	2018 £
Ordinary share capital		
Issued and fully paid		
25 A Ordinary shares of £1 each	25	25
25 B Ordinary shares of £1 each	25	25
25 C Ordinary shares of £1 each	25	25
25 D Ordinary shares of £1 each	25	25
	<u>100</u>	<u>100</u>

The different classes of shares carry equal rights in respect of dividends and capital. The holders can receive dividends at differing rates with the unanimous agreement of all shareholders.

18 Reserves

Called up share capital represents the nominal value of shares that have been issued.

Profit and loss account includes all current and prior period distributable retained profits and losses.

QUEEN PRODUCTIONS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2019****19 Events after the reporting date**

The worldwide outbreak of the COVID-19 virus represents a significant event since the end of the financial period. In light of the impact of the virus upon the global economy, the company has reviewed its cash flow forecasts and considered the impact on going concern, concluding that the going concern basis remains an appropriate basis of preparation for these financial statements given the likely cash flow impact of operations 12 months from the date of signing this report. Please refer to note 1.2 for further details on the company's going concern basis of preparation.

COVID-19 is considered to be a non-adjusting post balance sheet event and therefore has not been taken into account in preparing the Balance Sheet as at 30 September 2019.

20 Related party transactions**Transactions with related parties**

The company has taken advantage of the exemption as provided by Section 33, Related Party Disclosures, not to disclose transactions with fellow wholly owned group companies included within the group financial statements.

During the year the group entered into the following transactions with related parties:

	Net income/(expenses)	
	2019	2018
	£	£
Group		
Key management personnel	(863,929)	(138,444)
Other related parties	(11,206,578)	(8,013,422)
	<u> </u>	<u> </u>
Company		
Key management personnel	(863,929)	(138,444)
Other related parties	(12,973,092)	(2,576,155)
	<u> </u>	<u> </u>

The other related parties are related by virtue of common control held by the directors. During the year, other related party transactions were mainly in respect of royalties and service charges.

The following amounts were outstanding at the reporting end date:

Amounts due to related parties	2019	2018
	£	£
Group		
Key management personnel	61,872	40,430
Other related parties	2,966,143	673,428
	<u> </u>	<u> </u>
Company		
Key management personnel	61,872	40,430
Other related parties	2,357,430	1,002,330
	<u> </u>	<u> </u>

All related party balances are unsecured, interest free and repayable on demand.

QUEEN PRODUCTIONS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2019****21 Directors' transactions**

Dividends totalling £15,501,050 (2018: £6,466,200) were paid in the year in respect of shares held by the company's directors.

22 Controlling party

The shareholders, as a body, are considered to be the controlling party of the group.

23 Cash generated from group operations

	2019 £	2018 £
Profit for the year after tax	26,511,886	9,665,570
Adjustments for:		
Taxation charged	6,141,763	2,136,486
Finance costs	940	1
Investment income	(36,365)	(2,874)
Depreciation	-	50,639
Movements in working capital:		
Increase in debtors	(7,945,682)	(1,682,304)
Increase in creditors	17,881,650	74,865
Cash generated from operations	<u>42,554,192</u>	<u>10,242,383</u>

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.