

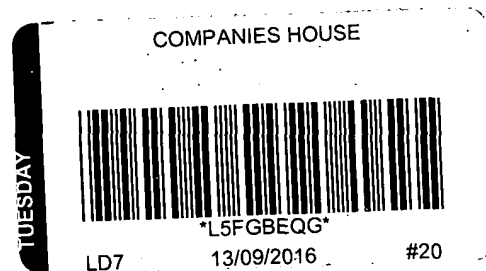
REGISTRAR OF COMPANIES

Manga Entertainment Limited

Director's report and audited financial statements

for the year ended 31 December 2015

Registered number: 02202664



Company Information

Director	C Lomax
Registered number	02202664
Registered office	6 Heddon Street London W1B 4BT
Independent auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
Bankers	Coutts & Co 440 Strand London WC2R 0QS

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Director's report

for the year ended 31 December 2015

The director presents his report together with the financial statements of Manga Entertainment Limited ('the company') for the year ended 31 December 2015.

Principal activity

The principal activity of the company during the year was the licensing, marketing and distribution of feature films, television and video programming through DVD and Blu-ray and other channels.

Results and dividends

The profit for the year, after taxation, amounted to £310,150 (2014 – loss of £5,396,192).

The financial performance of the company in each trading period can fluctuate depending on the quality of the content, number of product releases and consumer acceptance. The company's net revenue of £3,945,800 was lower than the same period last year (2014 - £4,606,677).

The company's main focus is on its strong position in the niche market of Japanese animation and continues to license from the main Japanese anime producers and take on sales and distribution arrangements for similar products.

The director does not recommend payment of an ordinary dividend and the retained profit for the year is transferred to reserves.

Director

The director who served during the year was:

C Lomax

Director's responsibilities statement

The director is responsible for preparing the Director's report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable him to ensure that the financial statements comply with the Companies Act 2006. He is also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Director's report

for the year ended 31 December 2015

Disclosure of information to auditor

The director at the time when this Director's report is approved has confirmed that:

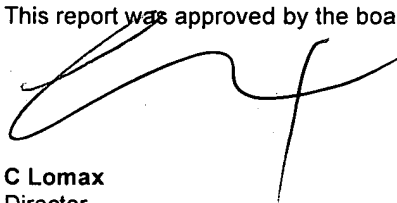
- so far as he is aware, there is no relevant audit information of which the company's auditor is unaware, and
- he has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This report has been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

This report was approved by the board on

19/8/2016

and signed on its behalf.



C Lomax
Director

Independent auditor's report to the members of Manga Entertainment Limited for the year ended 31 December 2015

We have audited the financial statements of Manga Entertainment Limited for the year ended 31 December 2015, which comprise the Profit and loss account, the Balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective January 2015) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of director and auditor

As explained more fully in the Director's responsibilities statement, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Director's report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the members of Manga Entertainment Limited for the year ended 31 December 2015

Matters on which we are required to report by exception

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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the director was not entitled to prepare the financial statements in accordance with the small companies regime and to take advantage of the small companies' exemption from the requirement to prepare a Strategic report or in preparing the Director's report.



Simon Wax (Senior statutory auditor)
for and on behalf of
Buzzacott LLP
Statutory auditor
130 Wood Street
London
EC2V 6DL
Date: 12/9/16

Profit and loss account

for the year ended 31 December 2015

	Note	2015 £	2014 £
Turnover	1	3,945,800	4,606,677
Cost of sales		(2,298,736)	(2,599,702)
Gross profit		1,647,064	2,006,975
Selling and distribution costs		(455,822)	(588,233)
Administrative expenses		(801,703)	(750,102)
Exceptional administrative expenses		-	(6,064,832)
Total administrative expenses		(801,703)	(6,814,934)
Operating profit/(loss)	3	389,539	(5,396,192)
Interest receivable and similar income		16	-
Profit/(loss) on ordinary activities before taxation		389,555	(5,396,192)
Tax on profit/(loss) on ordinary activities	6	(79,405)	-
Profit/(loss) for the financial year	13	310,150	(5,396,192)

The notes on pages 7 to 11 form part of these financial statements.

Balance sheet

as at 31 December 2015

	Note	£	2015 £	£	2014 £
Fixed assets					
Tangible assets	7		313,546		358,218
Current assets					
Stocks	8	297,722		258,507	
Debtors	9	1,542,550		480,662	
Cash at bank and in hand		44,554		7,914	
		<u>1,884,826</u>		<u>747,083</u>	
Creditors: amounts falling due within one year	10	<u>(1,371,365)</u>		<u>(564,476)</u>	
Net current assets			<u>513,461</u>		<u>182,607</u>
Total assets less current liabilities			<u>827,007</u>		<u>540,825</u>
Provisions for liabilities					
Other provisions	11		<u>(35,176)</u>		<u>(59,424)</u>
Net assets			<u>791,831</u>		<u>481,401</u>
Capital and reserves					
Called up share capital	12		5,820,497		5,820,217
Share premium account	13		71,255		71,255
Profit and loss account	13		<u>(5,099,921)</u>		<u>(5,410,071)</u>
Shareholders' funds	14		<u>791,831</u>		<u>481,401</u>

The financial statements have been prepared in accordance with the special provisions applicable to small companies within Part 15 of the Companies Act 2006 and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2015).

The financial statements were approved and authorised for issue by the board and were signed on its behalf on


C Lomax
Director

The notes on pages 7 to 11 form part of these financial statements.

Notes to the financial statements

for the year ended 31 December 2015

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2015).

1.2 Turnover

Turnover consists of sales of goods, theatrical income, film sales and film sales commission, at invoiced value excluding VAT and discounts. Turnover is recognised as earned when and to the extent that the company obtains the right to consideration in exchange for goods and services. Full value is taken for contracted sales when all conditions have been met.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Master film costs	-	85% in the first year, 9% in the second year and 6% in the third year.
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1.4 Stocks

Stocks of raw materials and finished goods are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow moving items. Stock values are computed using the first in, first out method. Costs included are those incurred in bringing the product to its present location and condition, including purchase price and other directly attributable costs less trade discounts and subsidies.

The estimation technique used for the calculation of provisions against cost for obsolete and slow moving item uses historic sales as a basis for future stock level requirements.

1.5 Royalty reserves

Royalty reserves included in prepayments consist of amounts paid by the company in advance of royalties due on film titles.

Royalty reserves are not recoverable if sales do not achieve the required level and therefore a provision for non recoverability is made based on projected future sales.

1.6 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of transaction. All differences are taken to profit and loss account.

1.7 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

Notes to the financial statements

for the year ended 31 December 2015

1. Accounting policies (continued)

1.8 Provision for sales returns

The company operates a four months return policy on sales. The company therefore provides for sales returns based on an average of previous returns experience.

2. Turnover

The whole of the turnover is attributable to the company's principal activity.

All turnover arose within the United Kingdom.

3. Operating profit/(loss)

The operating profit is stated after charging:

	2015 £	2014 £
Depreciation of tangible fixed assets:		
- owned by the company	415,612	432,608
Pension costs	7,764	6,888
	<u>423,376</u>	<u>439,496</u>

During the year, no director received any remuneration (2014 - £nil).

4. Auditor's remuneration

	2015 £	2014 £
Fees payable to the company's auditor for the audit of the company's annual accounts	18,905	18,905
Fees payable to the company's auditor in respect of:		
Taxation compliance services	2,660	2,660
All other non-audit services not included above	2,125	2,050
	<u>23,690</u>	<u>23,615</u>

5. Exceptional items

The exceptional item in 2014 arose due to the balance with the associated company Platform Entertainment Limited being forgiven and the balances with other entities under common control during the period to 24 December 2014 also being forgiven. The balances that were forgiven are as follows:-

	2015 £	2014 £
Anchor Bay Entertainment, LLC	-	206,623
Starz Media LLC	-	132,504
Platform Entertainment Limited	-	5,725,705
	<u>-</u>	<u>6,064,832</u>

The forgiveness of these balances had no corporation tax consequences due to the corporate debt legislation.

Notes to the financial statements

for the year ended 31 December 2015

6. Taxation

	2015 £	2014 £
UK corporation tax charge on profit for the year	79,405	-

7. Tangible fixed assets

	Master film costs £
Cost	
At 1 January 2015	3,029,021
Additions	370,940
At 31 December 2015	3,399,961
Depreciation	
At 1 January 2015	2,670,803
Charge for the year	415,612
At 31 December 2015	3,086,415
Net book value	
At 31 December 2015	313,546
At 31 December 2014	358,218

8. Stocks

	2015 £	2014 £
Finished goods	297,722	258,507

9. Debtors

	2015 £	2014 £
Trade debtors	12,634	1,728
Other debtors	1,529,916	478,934
	1,542,550	480,662

Notes to the financial statements
for the year ended 31 December 2015

10. Creditors:
Amounts falling due within one year

	2015 £	2014 £
Trade creditors	457,082	-
Corporation tax	79,405	-
Other creditors	834,878	564,476
	<u>1,371,365</u>	<u>564,476</u>

11. Provisions

	Other provisions £
At 1 January 2015	59,424
Movement in the period	(24,248)
At 31 December 2015	<u>35,176</u>

Other provisions

Other provisions represent an estimate of the value of future returns of DVDs sold as the majority of sales are made on a sale or return basis.

12. Share capital

	2015 £	2014 £
Allotted, called up and fully paid		
400 (2014 - 3,244,181) Ordinary shares of £1 each	400	3,244,181
5,820,097 (2014 - 2,576,036) Deferred shares of £1 each	5,820,097	2,576,036
	<u>5,820,497</u>	<u>5,820,217</u>

On 24 March 2015, 280 Ordinary shares were issued for £1 each. On the same day, 3,244,061 Ordinary shares were reclassified as Deferred shares.

The deferred shares do not carry the right to any dividend or distribution and are not redeemable.

They carry no votes at the general meetings of the company. At any separate general meeting of the holders of the deferred shares, on any shows of hands, any shareholder present in person shall have a vote, and on a poll every such holder present in person or by proxy shall have one vote for each deferred share of which they are the holder.

On winding up of the company, the deferred shareholders have a right to receive £1 shares, but only after the holders of the ordinary shares have received the nominal amount paid up on their shares plus a further £10 million on aggregate.

Notes to the financial statements
for the year ended 31 December 2015

13. Reserves

	Share premium account £	Profit and loss account £
At 1 January 2015	71,255	(5,410,071)
Profit for the year	-	310,150
At 31 December 2015	<u>71,255</u>	<u>(5,099,921)</u>

14. Reconciliation of movement in shareholders' funds

	2015 £	2014 £
Opening shareholders' funds	481,401	5,806,337
Profit/(loss) for the financial year	310,150	(5,396,192)
Shares issued during the year	280	1
Share premium on shares issued	-	71,255
Closing shareholders' funds	<u>791,831</u>	<u>481,401</u>

15. Pension commitments

The company makes payments to employees' personal pension schemes. The assets of these schemes are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions paid by the company and amounted to £7,764 (2014 - £6,888). At 31 December 2015, there were no amounts payable in relation to these pension schemes (2014 - £nil).

16. Related party transactions

During the year, costs of £3,789,619 (2014 - £4,832,997) were paid for by Platform Entertainment Limited on behalf of the company and amounts totalling £4,321,335 (2014 - £5,299,480) were paid by the company on behalf of Platform Entertainment Limited. At 31 December 2015, £531,716 (2014 - £nil) was due to the company by Platform Entertainment Limited. Platform Entertainment Limited is a related party by virtue of the director having significant influence over the company and Platform Entertainment Limited.

During the year, £25,477 (2014 - £nil) was advanced to GFM Films LLP. There was no amount outstanding at 31 December 2015 (2014 - £nil). GFM Films LLP is a related party by virtue of a shareholder having significant influence over the company and GFM Films LLP.

During the year, £50,000 (2014 - £nil) was advanced to Evolution Pictures Limited, a company controlled by GFM Films LLP. At 31 December 2015, £50,000 (2014 - £nil) was due to the company by Evolution Pictures Limited.

17. Ultimate parent undertaking and controlling party

The director does not consider there to be an ultimate controlling party.