

Majestic Films and Television

Report And Financial Statements

31 December 2016

Rees Pollock
Chartered Accountants



COMPANY INFORMATION

Directors	A Iervolino J Masciello J A Sultan (appointed 30 September 2016)
Company secretary	Elemental Company Secretary Limited
Registered number	02693090
Registered office	27 Old Gloucester Street London WC1N 3AX
Independent auditors	Rees Pollock 35 New Bridge Street London EC4V 6BW
Bankers	Coutts & Co. 440 Strand London WC2R 0QS

DIRECTORS' REPORT

For the Year Ended 31 December 2016

The directors present their report and the financial statements for the year ended 31 December 2016.

Directors

The directors who served during the year were:

A Iervolino
J Masciello
J A Sultan (appointed 30 September 2016)

Directors' responsibilities statement

The directors are responsible for preparing the Directors' 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments 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 directors are 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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are 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.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director 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 auditors are aware of that information.

Auditors

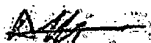
The auditors, Rees Pollock, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

DIRECTORS' REPORT (CONTINUED)
For the Year Ended 31 December 2016

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 22 February 2018 and signed on its behalf.



A Iervolino
Director

**INDEPENDENT AUDITORS' REPORT TO THE
SHAREHOLDERS OF MAJESTIC FILMS AND TELEVISION**

We have audited the financial statements of Majestic Films and Television for the year ended 31 December 2016, set out on pages 5 to 11. The relevant financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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 Auditors' 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 Directors and Auditors

As explained more fully in the Directors' responsibilities statement on page 1, the directors are 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 Financial Reporting Council'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.

Basis for disclaimer of opinion on financial statements

The audit evidence available to us was limited because the financial records were such that we were unable to obtain certain information over particular trading transactions and adequately test the balance sheet and therefore statement of comprehensive income for the year ended 31 December 2016.

As is discussed in more detail in note 2.1 to the financial statements, the audit evidence available to us was limited because the directors and management have been unable to fully reconcile and validate the company's accounting records and answer queries arising from the audit process due to significant delays in being able to produce financial information because of flawed accounting system data migration.

As a result of this we have been unable to obtain sufficient appropriate audit evidence in relation to the financial statements.

Disclaimer of opinion

Because of the significance of the matters described in the Basis for disclaimer of opinion on financial statements paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly we do not express an opinion on the financial statements.

Opinion on other matter prescribed by the Companies Act 2006

Notwithstanding our disclaimer of an opinion on the financial statements, in our opinion, based on the work undertaken in the course of the audit, the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with those financial statements and that report has been prepared in accordance with applicable legal requirements.

In the light of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

INDEPENDENT AUDITORS' REPORT TO THE
SHAREHOLDERS OF MAJESTIC FILMS AND TELEVISION (CONTINUED)

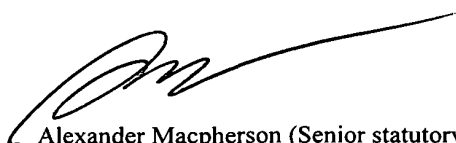
Matters on which we are required to report by exception

Arising from the limitation of our work referred to above:

- we were unable to determine whether adequate accounting records have been kept or have historically been maintained; and
- we were unable to determine whether the financial statements are in agreement with the accounting records and returns; and
- we were unable to determine if certain disclosures of directors' remuneration specified by law have not been made; and
- we were unable to obtain all the information and explanations we considered necessary for the purpose of our audit.

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:

- returns adequate for our audit have not been received from branches not visited by us; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemption in preparing the Directors' report and take advantage of the small companies' exemption from the requirement to prepare a Strategic report.



Alexander Macpherson (Senior statutory auditor)
for and on behalf of

Rees Pollock

Statutory auditor

Date: 26 February 2018

STATEMENT OF COMPREHENSIVE INCOME
For the Year Ended 31 December 2016

	Note	2016 £	2015 £
Turnover		-	3,949
Cost of sales		-	(191)
Gross profit		-	3,758
Administrative expenses		-	(1,406)
Operating profit		-	2,352
Loss on waiver of debt		-	(12,144)
Loss on ordinary activities before taxation		-	(9,792)
Tax on loss on ordinary activities		-	-
Loss for the financial year		-	(9,792)

There was no other comprehensive income for 2016 (2015:£NIL).

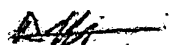
The notes on pages 7 to 11 form part of these financial statements.

BALANCE SHEET
As at 31 December 2016

	Note	2016 £	2015 £
Current assets			
Debtors: amounts falling due within one year		1,472	-
Cash at bank and in hand		39	1,720
		<u>1,511</u>	<u>1,720</u>
Creditors: amounts falling due within one year	7	<u>(4,695)</u>	<u>(4,904)</u>
Net current liabilities		<u>(3,184)</u>	<u>(3,184)</u>
Total assets less current liabilities		<u>(3,184)</u>	<u>(3,184)</u>
Net liabilities		<u>(3,184)</u>	<u>(3,184)</u>
Capital and reserves			
Called up share capital		100	100
Profit and loss account		<u>(3,284)</u>	<u>(3,284)</u>
		<u>(3,184)</u>	<u>(3,184)</u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
22 February 2018



A Iervolino
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 2016

1. General information

Majestic Films and Television is a private company limited by shares which is incorporated in the United Kingdom and registered in England and Wales at 27 Old Gloucester Street, London WC1N 3AX.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The company's transition date to Financial Reporting Standard 102 was 1 January 2015. There were no changes to the reported financial position or performance of the company on the first time adoption of FRS 102.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. Given the simplicity of the company's operations, no critical accounting estimates or significant judgements have been necessary in the preparation of these financial statements.

During the year the company and the wider group of which it is part changed the accounting software used to maintain the company's accounting records. Unfortunately the automatic data migration process was flawed and it became necessary to manually delete and re-input historic information, including that relating to the year ended 31 December 2016. This was an extremely time consuming process which has distracted significant management time and resource away from the financial reporting process.

Accordingly, basic financial information for the company was only available after the deadline for delivery of the company's financial statements had already passed. This has had a significant knock on effect on management's ability to engage with the audit process.

Despite the best efforts of management, at the date of approval of these financial statements it has not been possible to deal with all the queries arising from the audit process. The directors believe that they will ultimately be able to answer all audit queries satisfactorily allowing financial statements giving a true and fair view to be prepared. However, the directors are now compelled to deliver accounts to avoid striking off action being taken against the company.

Accordingly while the company's directors have directed considerable efforts to reconciling and verifying the company's financial statements, at the date of approval of these financial statements they cannot express with certainty that material errors do not remain in the company's financial statements.

The failure to be able to fully reconcile and validate the company's financial information represents a failure to ensure that the financial statements give a true and fair view. However, as noted above, the directors have been compelled by the passage of time to file these non-compliant accounts.

The directors are confident that financial statements for the year ended 31 December 2017 can be prepared which will contain full comparative information for 2016 on which the company's auditor's procedures will have been completed. Due consideration will be given as to whether to produce replacement financial statements for the year ended 31 December 2016 as part of this process.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2016

2. Accounting policies (continued)

2.2 Going concern

In August 2015 the Company was acquired by AMBI Exclusive Acquisition Co. LLC, a company registered in Delaware, USA. On the same date the company's trade and assets were transferred to the Exclusive (Majestic) International Limited, a fellow subsidiary undertaking. The directors have a valid expectation that the wider group of which the company is part will provide sufficient liquidity to allow the company to meet its liabilities as they fall due for a period of not less than twelve months from the date of approval of these financial statements. Accordingly the directors continue to adopt the going concern assumption in the preparation of these financial statements.

2.3 Revenue

Turnover is derived from global distribution and marketing of films stated net of value added tax. The directors do not consider any one part of the worldwide market to be significantly different from any other.

Income from agents' commissions and exploitation of film rights is recognised on completion of the licensor's contractual obligations under licence production agreements on a film by film basis.

Monies received in respect of commission income from licence agreements under which the licensor has not completed its contractual obligations or from the exploitation of film rights where contractual obligations have not been completed are not recognised as income but are included as deferred income.

2.4 Financial instruments

The Company does not trade in financial instruments and all such instruments arise directly from operations.

All trade and other debtors are initially recognised at transaction value, as none contain in substance a financing transaction. Thereafter trade and other debtors are reviewed for impairment where there is objective evidence based on observable data that the balance may be impaired. The company does not hold collateral against its trade and other receivables so its exposure to credit risk is the net balance of trade and other debtors after allowance for impairment.

The company's cash holdings comprise on demand balances. All cash is held with banks with strong external credit ratings.

Trade and other creditors and accruals are initially recognised at transaction value as none represent a financing transaction. They are only derecognised when they are extinguished.

As the company only has short term receivables and payables, its net current asset position is a reasonable measure of its liquidity at any given time.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2016

2. Accounting policies (continued)

2.5 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of comprehensive income.

2.6 Taxation

Tax is recognised in the Statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that the recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against other future taxable profits.

3. Operating profit

The Company's audit fee is borne by a fellow group undertaking.

4. Employees

The directors are the only employees, and do not directly receive remuneration in respect of their services to the company. It is not practicable to allocate any of their remuneration from the wider group to which the company belongs (see note 9) to the company.

The average monthly number of employees, including directors, during the year was 2 (2015 - 2).

5. Taxation

	2016 £	2015 £
UK corporation tax charge on (loss)/profit for the year	-	-

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2016

5. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 20% (2015 - 20%). The differences are explained below:

	2016 £	2015 £
Profit/(loss) on ordinary activities before tax	-	(9,792)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 20%)	-	(1,958)
Effects of:		
Non-taxable debt waiver	-	2,429
Group relief	-	(471)
Total tax charge for the year	-	-

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

6. Debtors

	2016 £	2015 £
Amounts owed by group undertakings	1,472	-

7. Creditors: amounts falling due within one year

	2016 £	2015 £
Trade creditors	488	267
Amounts owed to group undertakings	4,207	4,637
	4,695	4,904

8. Related party transactions

The company has taken advantage of the exemption available for small entities contained within section 33 of Financial Reporting Standard 102 and has not disclosed transactions with wholly owned group undertakings.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2016

9. Controlling party

The company's immediate parent company is Exclusive Media (Majestic) Holdings Limited, a company registered in England and Wales.

On 14 August 2015 the company was acquired by AMBI Group. From that date the company's ultimate parent undertaking was AMBI Exclusive Acquisition Co. LLC, a company incorporated in the USA and the ultimate controlling party was Entertainment Worldwide Holding Inc., a company incorporated in Canada.