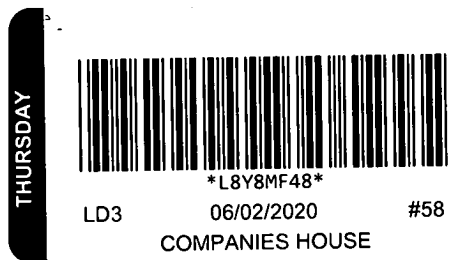


Company Registration No. 05587621 (England and Wales)

Marv Studios Limited

**Annual report and
group financial statements
for the year ended 30 June 2019**



Marv Studios Limited

Company information

Directors Matthew De Vere Drummond
Claudia De Vere Drummond

Company number 05587621

Registered office 11 Portland Mews
London
United Kingdom
W1F 8JL

Independent auditor Saffery Champness LLP
71 Queen Victoria Street
London
EC4V 4BE

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Strategic report

For the year ended 30 June 2019

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

Fair review of the business

The principal activity of the group during the period continued to be the provision of film production services, film distribution and brand licensing and management of the Kingsman and Claudia Schiffer brands.

The group made a profit for the period of £11,539,519 (2018: £4,462,092).

The group's net assets as at the balance sheet date are £62,371,446 (2018: £50,831,927).

The company made a profit for the period of £21,281,753 (2018: £8,360,163).

The company's net assets as at the balance sheet date are £61,288,294 (2018: £40,006,537)

Principal risks and uncertainties

The group is involved in several film projects which have both short term and long term profit-making prospects. The directors consider the principal risk to the business to be government changes to the UK tax incentives, which would have a material and detrimental impact on the UK film industry as a whole. The group is diversifying by working on commercial licensing and merchandising projects, which should offset some of the inherent risks of the industry.

The group is also exposed to currency exchange rate risk due to a significant proportion of its contractual arrangements and operating expenses being denominated in non-sterling currencies, principally US dollars. The net exposure is monitored and managed by the use of forward foreign exchange contracts, currency loans or overdrafts. The forward foreign exchange contracts all mature within 12 months.

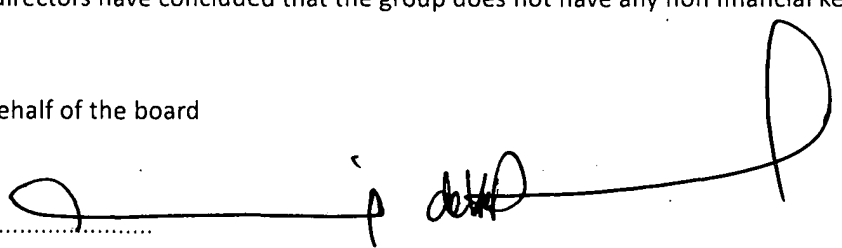
Key performance indicators

The directors consider the group's key performance indicator to be revenue. Based on this indicator the results are deemed to be satisfactory.

Other performance indicators

The directors have concluded that the group does not have any non financial key performance indicators.

On behalf of the board


.....
Claudia De Vere Drummond
Director

5/2/2020

Marv Studios Limited

Directors' report

For the year ended 30 June 2019

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

Principal activities

The principal activity of the company and group continued to be the provision of film production services, film distribution, brand licensing and management of the Kingsman and Claudia Schiffer brands.

Directors

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

Matthew De Vere Drummond
Claudia De Vere Drummond

Results and dividends

The results for the year are set out on page 7.

No ordinary dividends were paid (2018: £138,643). The directors do not recommend payment of a further dividend.

Post reporting date events

On 2 July 2019 Marv L&M Limited was dissolved and ceased to be a subsidiary of the parent company.

On 11 July 2019 a new subsidiary, Marv Studios Property Holdings Limited, was incorporated.

On 5 September 2019 two new subsidiaries, Marv Poets Productions & Marv Poets Holdings, were incorporated.

On 19 September 2019 a new subsidiary, Marv Music Limited was incorporated.

On 5 November 2019 Ska Layercake Limited submitted a notice for voluntary strike off.

Future developments

The Group continues to expand its film catalogue with a number of productions to start in the forthcoming year. Additionally, the Group will continue to grow its merchandising business as well as the creation and exploitation of music rights.

Auditor

The auditor, Saffery Champness LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Directors' report (continued)
For the year ended 30 June 2019

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 group and 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.

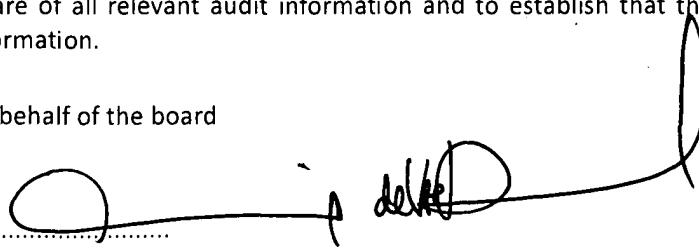
Strategic report

The group has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the group's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of principal risks and uncertainties.

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



.....
Claudia De Vere Drummond

Director

Date: 5/2/2020

Marv Studios Limited

Independent auditor's report

To the members of Marv Studios Limited

Opinion

We have audited the financial statements of Marv Studios Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 June 2019 which comprise the group statement of comprehensive income, the group statement of financial position, the company statement of financial position, 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 June 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.

Independent auditor's report (continued)
To the members of Marv Studios Limited

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.

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.

Independent auditor's report (continued)
To the members of Marv Studios Limited

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.

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.

Darren Drake (Senior Statutory Auditor)
for and on behalf of Saffery Champness LLP

6 February 2020

Chartered Accountants
Statutory Auditors

71 Queen Victoria Street
London
EC4V 4BE

Marv Studios Limited

Group statement of comprehensive income
For the year ended 30 June 2019

	Notes	2019 £	2018 £
Turnover	3	12,557,960	14,913,853
Cost of sales		(2,508,879)	(6,514,685)
Gross profit		10,049,081	8,399,168
Administrative expenses		(2,892,545)	(5,383,550)
Other operating income			4,766
Operating profit	4	7,156,536	3,020,384
Interest receivable and similar income	7	346,569	36,476
Interest payable and similar expenses	8	(1,195,181)	(199)
Impairment of intangible assets	11	(6,781,509)	-
(Loss)/profit before taxation		(473,585)	3,056,661
Tax on (loss)/profit	10	12,013,104	1,405,431
Profit for the financial year	25	11,539,519	4,462,092

Profit for the financial year is all attributable to the owners of the parent company.

Total comprehensive income for the year is all attributable to the owners of the parent company,

Marv Studios Limited

Parent company statement of comprehensive income
For the year ended 30 June 2019

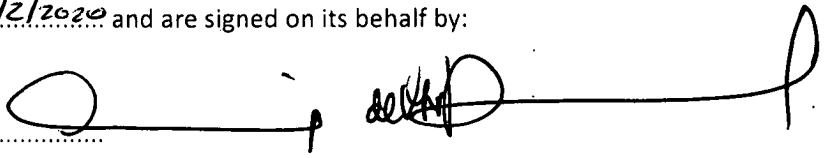
	2019	2018
	£	£
Turnover	30,908,466	8,511,003
Cost of sales	(3,238,653)	(4,036,563)
	<hr/>	<hr/>
Gross profit	27,669,813	4,474,440
Administrative expenses	(2,468,801)	(5,081,721)
Other operating income	-	4,755
	<hr/>	<hr/>
Operating profit/(loss)	25,201,012	(602,526)
Interest receivable and similar income	8,237,747	8,775,601
Interest payable and similar expenses	(207,139)	(199)
Other gains and losses	(7,003,337)	-
	<hr/>	<hr/>
Profit before taxation	26,228,283	8,172,876
Tax on profit	(4,946,530)	187,287
	<hr/>	<hr/>
Profit for the financial year	21,281,753	8,360,163
	<hr/>	<hr/>

Marv Studios Limited

Group statement of financial position
As at 30 June 2019

			2019	2018
	Notes	£	£	£
Fixed assets				
Intangible assets	12		8,718,886	5,120,344
Tangible assets	13		257,234	120,097
			<u>8,976,120</u>	<u>5,240,441</u>
Current assets				
Stocks	18	88,278,718	1,269,598	
Debtors	17	22,644,731	11,651,411	
Cash at bank and in hand		47,838,574	37,787,794	
		<u>158,762,023</u>	<u>50,708,803</u>	
Creditors: amounts falling due within one year	19	(96,634,100)	(5,117,317)	
Net current assets			<u>62,127,923</u>	<u>45,591,486</u>
Total assets less current liabilities			<u>71,104,043</u>	<u>50,831,927</u>
Creditors: amounts falling due after more than one year	20	(8,732,597)		-
Net assets			<u><u>62,371,446</u></u>	<u><u>50,831,927</u></u>
Capital and reserves				
Called up share capital	23	13,892,932	13,892,932	
Profit and loss reserves	25	48,478,514	36,938,995	
Total equity			<u><u>62,371,446</u></u>	<u><u>50,831,927</u></u>

The financial statements were approved by the board of directors and authorised for issue on 3/2/2020 and are signed on its behalf by:

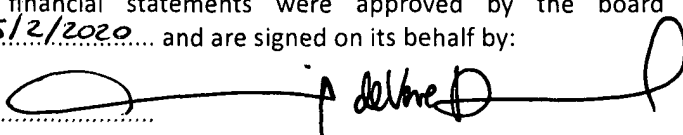

.....
Claudia De Vere Drummond
Director

Marv Studios Limited

Company statement of financial position
As at 30 June 2019

	Notes	£	2019 £	£	2018 £
Fixed assets					
Intangible assets	12		7,378,515		5,120,343
Tangible assets	13		257,234		120,097
Investments	14		1,556,411		5,479
			<u>9,192,160</u>		<u>5,245,919</u>
Current assets					
Debtors	17	23,947,593		7,363,056	
Cash at bank and in hand		44,341,191		33,049,503	
		<u>68,288,784</u>		<u>40,412,559</u>	
Creditors: amounts falling due within one year	19	(7,460,053)		(5,651,941)	
Net current assets			<u>60,828,731</u>		<u>34,760,618</u>
Total assets less current liabilities			<u>70,020,891</u>		<u>40,006,537</u>
Creditors: amounts falling due after more than one year	20	(8,732,597)			
Net assets			<u><u>61,288,294</u></u>		<u><u>40,006,537</u></u>
Capital and reserves					
Called up share capital	23		13,892,932		13,892,928
Profit and loss reserves	25		47,395,362		26,113,609
Total equity			<u><u>61,288,294</u></u>		<u><u>40,006,537</u></u>

The financial statements were approved by the board of directors and authorised for issue on 5/2/2020 and are signed on its behalf by:



Claudia De Vere Drummond
Director

Company Registration No. 05587621

Marv Studios Limited**Group statement of changes in equity
For the year ended 30 June 2019**

	Share capital	Profit and loss reserves	Total
	£	£	£
Balance at 27 August 2017	13,892,932	32,615,546	46,508,478
	<hr/>	<hr/>	<hr/>
Period ended 30 June 2018:			
Profit and total comprehensive income for the period	-	4,462,092	4,462,092
Dividends	-	(138,643)	(138,643)
	<hr/>	<hr/>	<hr/>
Balance at 30 June 2018	13,892,932	36,938,995	50,831,927
	<hr/>	<hr/>	<hr/>
Year ended 30 June 2019:			
Profit and total comprehensive income for the year	-	11,539,519	11,539,519
	<hr/>	<hr/>	<hr/>
Balance at 30 June 2019	13,892,932	48,478,514	62,371,446
	<hr/>	<hr/>	<hr/>

Marv Studios Limited

**Company statement of changes in equity
For the year ended 30 June 2019**

		Share capital	Profit and loss reserves	Total
	Notes	£	£	£
Balance at 27 August 2017		13,892,928	17,753,446	31,646,374
Period ended 30 June 2018:				
Profit and total comprehensive income for the period		-	8,360,163	8,360,163
Balance at 30 June 2018		13,892,928	26,113,609	40,006,537
Year ended 30 June 2019:				
Profit and total comprehensive income for the year		-	21,281,753	21,281,753
Issue of share capital	23	4	-	4
Balance at 30 June 2019		13,892,932	47,395,362	61,288,294

Marv Studios Limited

Group statement of cash flows
For the year ended 30 June 2019

		2019	2018
	£	£	£
Cash flows from operating activities			
Cash (absorbed by)/generated from operations	31	(75,739,578)	13,546,773
Interest paid		(888,210)	(199)
Income taxes refunded		3,277,265	11,345,193
Net cash (outflow)/inflow from operating activities		(73,350,523)	24,891,767
Investing activities			
Purchase of intangible assets	(15,668,704)	(4,607,819)	
Purchase of tangible fixed assets	(214,800)	(47,215)	
Interest received	318,414	1,486	
Net cash used in investing activities		(15,565,090)	(4,653,548)
Financing activities			
Proceeds from issue of shares	4	-	
Proceeds from the issue of preference shares	8,503,510	-	
Proceeds of new bank loans	90,462,879	-	
Repayment of bank loans	-	(5,682,161)	
Dividends paid to equity shareholders	-	(138,643)	
Net cash generated from/(used in) financing activities		98,966,393	(5,820,804)
Net increase in cash and cash equivalents		10,050,780	14,417,415
Cash and cash equivalents at beginning of year		37,787,794	23,370,379
Cash and cash equivalents at end of year		47,838,574	37,787,794

1 Accounting policies

Company information

Marv Studios Limited ("the company") is a private limited company incorporated in England and Wales. The registered office is 11 Portland Mews, London, United Kingdom, W1F 8JL.

The group consists of Marv Studios Limited and all of its subsidiaries as detailed in note 15.

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 financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain financial instruments at fair value. The principal accounting policies adopted are set out below.

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 4 'Statement of Financial Position': Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment': Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

1 Accounting policies (continued)

1.2 Basis of consolidation

During the year a group reorganisation took place and as a consequence Marv Outfit Holdings Limited, Marv Outfit Productions Limited and SKA Films (Layer cake) Limited have been included in the group financial statements using the merger accounting method. Accordingly, the group income statement, group statement of financial position, and the group statement of cash flows include the results, position and cashflows of these companies as if they have always been controlled by the group.

In the group financial statements, where acquisitions do not meet the definition of a group reorganisation, the acquisition cost of a business combination is the fair value at the acquisition date of the assets acquired, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

The group financial statements incorporate those of Marv Studios 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). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

Marv Merchandise Limited has been included in the group financial statements using the acquisition method of accounting. Accordingly, the group profit and loss account and statement of cash flows include the results and cash flows of Marv Merchandise Limited for the five month period from its acquisition on 25 January 2019. The purchase consideration has been allocated to the assets and liabilities on the basis of fair value at the date of acquisition.

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.

1.4 Reporting period

The prior year financial statements were prepared for a 10 month period from 27 August 2017 to 30 June 2018. The comparative amounts presented in the financial statements (including related notes) are therefore not entirely comparable. The prior period was shortened in order to achieve a co-terminus period end with some of its subsidiaries.

Notes to the financial statements (continued)
For the year ended 30 June 2019

1 Accounting policies (continued)

1.5 Turnover

Turnover in respect of the exploitation of trademarks, IP rights and licensing agreements is recognised at the fair value of the consideration received or receivable for rights sold and services provided in the normal course of business, and is shown net of VAT and other sales related taxes.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

In respect of long-term contracts for ongoing film production services, turnover represents the value of work done in the period, including estimates for amounts not invoiced. Value of work done in respect of long-term contracts and contracts for ongoing services is determined by reference to the stage of completion.

The "percentage of completion method" is used to determine the appropriate amount to recognise in a given period. The stage of completion is measured by the proportion of contract costs incurred for work performed to date compared to the estimated total contract costs. Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. These costs are presented as stocks, prepayments or other assets depending on their nature, and provided it is probable they will be recovered.

1.6 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are made up of film participation rights and intellectual property rights. They are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date if the fair value can be measured reliably.

Merchandising, brands and trademarks are amortised over their useful economic life, being the period over which the rights generate revenue for the group with the exception of the luxury men's fashion brand which is amortised over 10 years.

The participation rights are amortised over their useful economic life, being the period over which the rights generate revenue for the group.

The intellectual property rights are recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Residual intellectual property Rights & legacy value	2.5% straight line
Other intellectual property	33% straight line

1.7 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.

Notes to the financial statements (continued)

For the year ended 30 June 2019

1 Accounting policies (continued)

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:

Office equipment	Up to 33% straight line
Fixtures and fittings	33% straight line
Motor vehicles	25% straight line

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 income statement.

1.8 Fixed asset investments

Interest in subsidiaries, associates and jointly controlled entities are initially measured at costs and subsequently measured at costs less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

1.9 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.10 Work In Progress

Work in progress is stated at the lower of cost and estimated selling price less costs to complete and sell. Costs comprises production costs incurred up to the balance sheet date on productions not yet delivered.

1 Accounting policies (continued)

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of work in progress over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.11 Cash at bank and in hand

Cash at bank and in hand 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.

1.12 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 statement of financial position 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, 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.

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.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered in to and are subsequently re-measured at their fair value. Changes to the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate.

Notes to the financial statements (continued)
For the year ended 30 June 2019

1 Accounting policies (continued)

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.

1.13 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

1.14 Derivatives

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered in to and are subsequently re-measured at their fair value. Changes to the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate.

1.15 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 income statement 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.

The tax currently recoverable includes relievables arising in the period as the result of film tax relief legislation. Relievables differ from net losses as reported in the statement of comprehensive income because they include an additional deduction relating to qualifying film development expenditure and exclude items of income or expense that are taxable or deductible in other periods, as well as items that are never taxable or deductible. The company's tax position is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

1 Accounting policies (continued)

1.16 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.17 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.18 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

1.19 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions where practicable, else at the average rate over the period in which the transactions were incurred. 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 are included in the income statement for the period.

2 Critical accounting 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.

The intangible assets are recognised at cost less any accumulated amortisation and impairments. Impairment reviews were carried out as at the balance sheet date based on valuations provided by an external valuer. The actual results may therefore differ from these estimates.

Notes to the financial statements (continued)
For the year ended 30 June 2019

3 Turnover and other revenue

	2019 £	2018 £
Turnover analysed by class of business		
Provision of film production services	11,966,982	14,534,499
Exploitation of trademarks, IP rights and licensing agreements	590,978	379,354
	<u>12,557,960</u>	<u>14,913,853</u>
	2019 £	2018 £
Other significant revenue		
Interest income	346,569	36,476
	<u>346,569</u>	<u>36,476</u>
	2019 £	2018 £
Turnover analysed by geographical market		
USA	11,966,993	14,516,678
Europe	590,967	397,175
	<u>12,557,960</u>	<u>14,913,853</u>

4 Operating profit

	2019 £	2018 £
Operating profit for the year is stated after charging:		
Exchange (gains)/losses	(1,034,787)	1,353,039
Depreciation of owned tangible fixed assets	77,663	38,708
Loss on disposal of investments	104	-
Amortisation of intangible assets	5,288,653	602,393
Impairment of intangible assets	6,781,509	-
Operating lease charges	183,347	193,438
	<u>183,347</u>	<u>193,438</u>

Notes to the financial statements (continued)

For the year ended 30 June 2019

5 Auditor's remuneration

	2019	2018
	£	£
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	93,000	160,580
Audit of the financial statements of the company's subsidiaries	40,355	32,501
Auditor's remuneration for non-audit services	40,155	223,773
	<u>173,510</u>	<u>416,854</u>
For other services		
Other assurance services	-	54,980
Taxation compliance services	8,271	64,595
Other taxation services	9,670	12,776
All other non-audit services	22,214	91,422
	<u>40,155</u>	<u>223,773</u>

6 Employees

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

	Group 2019 Number	2018 Number	Company 2019 Number	2018 Number
Staff	<u>219</u>	<u>12</u>	<u>19</u>	<u>10</u>

Their aggregate remuneration comprised:

	Group 2019 £	2018 £	Company 2019 £	2018 £
Wages and salaries	8,427,627	768,123	882,818	561,421
Social security costs	799,418	312,835	(84,192)	312,835
Pension costs	14,943	108,497	14,943	108,497
	<u>9,241,988</u>	<u>1,189,455</u>	<u>813,569</u>	<u>982,753</u>

Notes to the financial statements (continued)
For the year ended 30 June 2019

6 Employees (continued)

Director's remuneration for qualifying services during the period was £Nil (2018: £Nil)

7 Interest receivable and similar income

	2019	2018
	£	£
Interest income		
Interest on bank deposits	333,936	1,486
Other interest income	12,633	34,990
	<u>346,569</u>	<u>36,476</u>
Total income		

8 Interest payable and similar expenses

	2019	2018
	£	£
Interest on bank overdrafts and loans	988,042	-
Other interest relating to preference shares	207,139	-
Other interest	-	199
	<u>1,195,181</u>	<u>199</u>
Total finance costs		

9 Other gains and losses

	2019	2018
	£	£
Other gains and losses	(6,781,509)	-
	<u></u>	<u></u>

10 Taxation

	2019	2018
	£	£
Current tax		
UK corporation tax on profits for the current period	(12,013,104)	(1,405,431)
	<u></u>	<u></u>

Notes to the financial statements (continued)
For the year ended 30 June 2019

10 Taxation (continued)

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

	2019 £	2018 £
(Loss)/profit before taxation	(473,585)	3,056,661
Expected tax (credit)/charge based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	(89,981)	580,766
Tax effect of expenses that are not deductible in determining taxable profit	18,894,585	175,880
Change in unrecognised deferred tax assets	3,428,503	55,685
Other tax adjustments	-	(46,184)
Fixed assets differences	-	(10,904)
Enhanced losses arising from the film tax credit	(13,788,869)	(1,503,250)
Difference between the rate of corporation tax and the rate of relief under the film tax credit	(4,071,270)	(471,470)
Other timing differences	(16,386,072)	(185,954)
Taxation credit	(12,013,104)	(1,405,431)

11 Impairments

Impairment tests have been carried out where appropriate and the following impairment losses have been recognised in profit or loss:

	Notes	2019 £	2018 £
In respect of:			
Intangible assets	12	6,781,509	-
Recognised in:			
Other gains and losses		6,781,509	-

The impairment losses in respect of financial assets are recognised in other gains and losses in the income statement.

An impairment review was carried out at the balance sheet date. An impairment loss was required upon review.

Notes to the financial statements (continued)
For the year ended 30 June 2019

12 Intangible fixed assets

Group	Merchandising, brands & trademarks	Participation rights	Acquired goodwill	Intellectual property rights	Total
	£	£	£	£	£
Cost					
At 1 July 2018	-	15,507,005	1,116,507	-	16,623,512
Additions - separately acquired	12,601,599	-	-	3,067,106	15,668,705
Disposals	-	(2,730,586)	(1,116,507)	-	(3,847,093)
At 30 June 2019	12,601,599	12,776,419	-	3,067,106	28,445,124
Amortisation and impairment					
At 1 July 2018	-	10,386,662	1,116,507	-	11,503,169
Amortisation charged for the year	4,479,719	747,945	-	60,989	5,288,653
Impairment losses	6,781,509	-	-	-	6,781,509
Disposals	-	(2,730,586)	(1,116,507)	-	(3,847,093)
At 30 June 2019	11,261,228	8,404,021	-	60,989	19,726,238
Carrying amount					
At 30 June 2019	1,340,371	4,372,398	-	3,006,117	8,718,886
At 30 June 2018	-	5,120,344	-	-	5,120,344

Notes to the financial statements (continued)
For the year ended 30 June 2019

12 Intangible fixed assets (continued)

Company	Participation rights	Acquired goodwill	Intellectual property rights	Total
	£	£	£	£
Cost				
At 1 July 2018	15,507,005	1,116,507	-	16,623,512
Additions - separately acquired	-	-	3,067,106	3,067,106
Disposals	(2,730,586)	(1,116,507)	-	(3,847,093)
At 30 June 2019	12,776,419	-	3,067,106	15,843,525
Amortisation and impairment				
At 1 July 2018	10,386,662	1,116,507	-	11,503,169
Amortisation charged for the year	747,945	-	60,989	808,934
Disposals	(2,730,586)	(1,116,507)	-	(3,847,093)
At 30 June 2019	8,404,021	-	60,989	8,465,010
Carrying amount				
At 30 June 2019	4,372,398	-	3,006,117	7,378,515
At 30 June 2018	5,120,343	-	-	5,120,343

Intangible assets detailed above include assets which are material in their own right as follows;

The participation rights of the group and the company totalling £4,372,398 relate to future income streams on released productions, this asset has a remaining amortisation period of 6 years.

Residual intellectual property rights and legacy value with a carrying value of £2,562,624, was acquired during the year as part of a business combination. This has been recognised separately from goodwill within intellectual property rights as it was separately identifiable on acquisition. This asset has a remaining amortisation period of 39 years.

More information on the impairment arising in the year is given in note 11.

Notes to the financial statements (continued)
For the year ended 30 June 2019

13 Tangible fixed assets

Group	Office Fixtures and equipment £	fittings £	Motor vehicles £	Total £
Cost				
At 1 July 2018	104,444	15,265	141,355	261,064
Additions	59,984	57,740	97,076	214,800
At 30 June 2019	164,428	73,005	238,431	475,864
Depreciation and impairment				
At 1 July 2018	26,914	2,361	111,692	140,967
Depreciation charged in the year	35,682	12,449	29,532	77,663
At 30 June 2019	62,596	14,810	141,224	218,630
Carrying amount				
At 30 June 2019	101,832	58,195	97,207	257,234
At 30 June 2018	77,530	12,904	29,663	120,097
Company				
	Office Fixtures and equipment £	fittings £	Motor vehicles £	Total £
Cost				
At 1 July 2018	104,444	15,265	141,355	261,064
Additions	59,984	57,740	97,076	214,800
At 30 June 2019	164,428	73,005	238,431	475,864
Depreciation and impairment				
At 1 July 2018	26,914	2,361	111,692	140,967
Depreciation charged in the year	35,682	12,449	29,532	77,663
At 30 June 2019	62,596	14,810	141,224	218,630
Carrying amount				
At 30 June 2019	101,832	58,195	97,207	257,234
At 30 June 2018	77,530	12,904	29,663	120,097

Marv Studios Limited

Notes to the financial statements (continued)

For the year ended 30 June 2019

14 Fixed asset investments

	Notes	Group 2019 £	2018 £	Company 2019 £	2018 £
Investments in subsidiaries	15	-	-	1,556,411	5,479
Movements in fixed asset investments					
Company					Shares in subsidiary undertakings £
Cost or valuation					
At 1 July 2018					5,479
Additions					8,554,373
Disposals					(104)
At 30 June 2019					8,559,748
Impairment					
At 1 July 2018					-
Impairment losses					7,003,337
At 30 June 2019					7,003,337
Carrying amount					
At 30 June 2019					1,556,411
At 30 June 2018					5,479

The following subsidiaries included within disposals were dissolved during the year;

Kick Ass 2 Productions

Marv Eddie Limited

Marv Eagle Productions Limited

Marv Rocket Productions

Marv Rocket Holdings.

The following subsidiaries have period ends that are not coterminous with the 30 June 2019 year end of the group;

Marv Tailor Holdings Limited Period ended 31 May 2019

Marv Tailor Productions Limited Period ended 31 May 2019

Marv Tailor Productions NZ Period ended 31 March 2019

Marv Studios Limited

Notes to the financial statements (continued) For the year ended 30 June 2019

15 Subsidiaries

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

Name of undertaking	Registered office key	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Cloudy Productions Limited	1	Dormant company	Ordinary shares	100	
Firefly Corporation	3	Film production services	Ordinary shares	100	
Marv Beauty Limited	1	Licensing & Merchandising	Ordinary shares		100
Marv Bespoke Holdings Limited	1	Holding company	Ordinary shares	100	
Marv Bespoke Productions Limited	1	Film production services	Ordinary shares		100
Marv Distribution Limited	1	Film production services	Ordinary shares	100	
Marv Films Development Limited	1	Film production services	Ordinary shares	100	
Marv L&M Limited	1	Licensing & Merchandising	Ordinary shares	100	
Marv Merchandise Limited	1	Licensing & Merchandising	Ordinary shares	100	
Marv Outfit Holdings Limited	1	Holding company	Ordinary shares	100	
Marv Outfit Productions Limited	1	Film production services	Ordinary shares		100
Marv Tailor Holdings Limited	2	Holding company	Ordinary shares	100	
Marv Tailor Productions (NZ) Limited	4	Film production services	Ordinary shares		100
Marv Tailor Productions Limited	2	Film production services	Ordinary shares		100
Marv Uniform Holdings Limited	1	Holding company	Ordinary shares	100	
Marv Uniform Productions Limited	1	Film production services	Ordinary shares		100
Ska Films (Layercake) Limited	2	Film production services	Ordinary shares	100	

Notes to the financial statements (continued)
For the year ended 30 June 2019

15 Subsidiaries (continued)

Registered Office addresses:

- 1 11 Portland Mews, London, United Kingdom, W1F 8JL
- 2 71 Queen Victoria Street, London, United Kingdom, EC4V 4BE
- 3 Suite 1001, 8 West 38th Street, New York, USA 10018
- 4 VCFO Group Limited, 96 St Georges Bay Road, Parnell, Auckland, New Zealand, 1052

16 Financial instruments

	Group 2019 £	2018 £	Company 2019 £	2018 £
Carrying amount of financial assets				
Debt instruments measured at amortised cost	8,592,618	5,218,185	n/a	n/a
Carrying amount of financial liabilities				
Measured at fair value through profit or loss				
- Other financial liabilities	99,912	-	-	-
Measured at amortised cost	104,870,106	2,924,769	n/a	n/a

The group enters into forward foreign exchange currency contracts to mitigate exchange rate risk. At 30 June 2019 all outstanding contracts mature within 12 months of the year end. The company is committed to sell \$7,729,200 in order to receive fixed Sterling amounts of £6,000,000. The forward currency contracts are measured at fair value, which is determined using valuation techniques that utilise observable inputs.

As permitted by the reduced disclosure framework within FRS 102, the company has taken advantage of the exemption from disclosing the carrying amount of certain classes of financial instruments, denoted by 'n/a' above.

Notes to the financial statements (continued)
For the year ended 30 June 2019

17 Debtors

	Group 2019	2018	Company 2019	2018
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	1,485,742	2,431,876	544,368	19,287
Corporation tax recoverable	13,551,636	3,277,265	-	1,128,355
Amounts owed by group undertakings	-	-	22,648,038	1,956,077
Other debtors	7,111,834	3,880,287	383,018	3,307,245
Prepayments and accrued income	495,519	2,061,983	372,169	952,092
	<u>22,644,731</u>	<u>11,651,411</u>	<u>23,947,593</u>	<u>7,363,056</u>

18 Stocks

	Group 2019	2018	Company 2019	2018
	£	£	£	£
Work in progress	<u>88,278,718</u>	<u>1,269,598</u>	<u>-</u>	<u>-</u>

Work in progress represents cost up to the balance sheet date on productions not yet delivered.

19 Creditors: amounts falling due within one year

		Group 2019	2018	Company 2019	2018
	Notes	£	£	£	£
Bank loans and overdrafts	21	89,574,754	-	-	-
Trade creditors		1,294,858	1,424,571	715,384	1,385,802
Amounts owed to group undertakings		-	-	204,737	1,514,048
Corporation tax payable		-	-	3,818,095	-
Other taxation and social security		396,679	2,192,548	396,679	2,186,958
Derivative financial instruments		99,912	-	-	-
Other creditors		121,635	275,973	39,723	237,641
Accruals and deferred income		5,146,262	1,224,225	2,285,435	327,492
		<u>96,634,100</u>	<u>5,117,317</u>	<u>7,460,053</u>	<u>5,651,941</u>

Notes to the financial statements (continued)
For the year ended 30 June 2019

20 Creditors: amounts falling due after more than one year

		Group 2019 £	2018 £	Company 2019 £	2018 £
	Notes				
Redeemable preference shares	21	8,503,510	-	8,503,510	-
Preference dividends payable		229,087	-	229,087	-
		<u>8,732,597</u>	<u>-</u>	<u>8,732,597</u>	<u>-</u>

21 Loans and overdrafts

		Group 2019 £	2018 £	Company 2019 £	2018 £
Bank loans		89,574,754	-	-	-
Redeemable preference shares		8,503,510	-	8,503,510	-
Preference dividends payable		229,087	-	229,087	-
		<u>98,307,351</u>	<u>-</u>	<u>8,732,597</u>	<u>-</u>
Payable within one year		89,574,754	-	-	-
Payable after one year		<u>8,732,597</u>	<u>-</u>	<u>8,732,597</u>	<u>-</u>

The long-term loans are secured by fixed charges over the assets of the company, see note 24

22 Retirement benefit schemes

	2019 £	2018 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>14,943</u>	<u>108,497</u>

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund. At the period end there were outstanding pension contributions of £Nil (2018: £1,609)

Notes to the financial statements (continued)
For the year ended 30 June 2019

23 Share capital

Group	2019	2018
	£	£
Ordinary share capital		
Issued and fully paid		
13,892,932 (2018: 13,892,932) Ordinary shares of £1 each	13,892,932	13,892,932
	<u> </u>	<u> </u>
Company		
Ordinary share capital	2019	2018
	£	£
Issued and fully paid		
13,892,932 (2018: 13,892,928) Ordinary shares of £1 each	13,892,932	13,892,928
	<u> </u>	<u> </u>

The company has one class of ordinary shares which carry no right to fixed income.

During the year the company issued 4 ordinary shares with nominal value of £1 each in a share for share exchange. Additionally, the company has in issue 8,503,510 redeemable preference shares of £1 each, classified as liabilities.

Preference shares can be redeemed at the instigation of the company or at the instigation of a holder at any point after issue. These shares do not carry voting rights. Each preference share is entitled to annual fixed dividend which is accrued under creditors amounts falling due after more than one year.

The comparative share capital figures differ by £4 between group and company due to the application of merger accounting on consolidation.

24 Charges

Loans held by Marv Studios Limited with MUFG Union Bank N.A. are secured by fixed charges over the assets of the company.

Twentieth Century Fox, a division of Twentieth Century Fox Film Corporation hold fixed and floating charges over the right, title and interest in the motion picture commissioned by Marv Tailor Holdings Limited in respect of all amounts due or to become due from Marv Tailor Holdings Limited in connection with the production of the series.

Matthew De Vere Drummond, Marv Outfit Holdings Limited and Marv Bespoke Holdings Limited, hold fixed and floating charges over substantially all property and undertakings of Marv Tailor Holdings Limited in respect of all amounts due or to become due from Marv Tailor Holdings Limited in connection with the production of the series.

MUFG Union Bank N.A. holds fixed and floating charges over the right, title and interest in the motion picture commissioned by Marv Tailor Holdings Limited in respect of all amounts due or to become due from Marv Tailor Holdings Limited in connection with the production of the series.

Notes to the financial statements (continued)
For the year ended 30 June 2019

25 Reserves

	Group 2019 £	2018 £	Company 2019 £	2018 £
At the beginning of the year	36,938,995	32,615,546	26,113,609	17,753,446
Profit for the year	11,539,519	4,462,092	21,281,753	8,360,163
Dividends	-	(138,643)	-	-
At the end of the year	<u>48,478,514</u>	<u>36,938,995</u>	<u>47,395,362</u>	<u>26,113,609</u>

26 Operating lease commitments**Lessee**

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group 2019 £	2018 £	Company 2019 £	2018 £
Within one year	320,253	357,292	320,253	178,646
Between two and five years	1,080,000	30,626	1,080,000	15,313
	<u>1,400,253</u>	<u>387,918</u>	<u>1,400,253</u>	<u>193,959</u>

27 Group reconstruction

Under a share for share transfer arrangement the company acquired the entire share capital of the following companies: Marv Outfit Holdings Limited, Marv Outfit Productions Limited and SKA Films (Layer Cake) Limited. This constituted a common control combination of the companies. This was as a result of all the shareholders of the relevant companies being issued shares in the same proportion maintaining the continuity of the ultimate controlling parties. As such the merger accounting method has been applied in consolidating these entities into the group financial statements. The directors believe that this approach presents fairly the financial performance, financial position and cash flows of this company and the group.

28 Events after the reporting date

On 2 July 2019 Marv L&M Limited was dissolved and ceased to be a subsidiary of the parent company.

On 11 July 2019 a new subsidiary, Marv Studios Property Holdings Limited, was incorporated.

On 5 September 2019 two new subsidiaries, Marv Poets Productions & Marv Poets Holdings, were incorporated.

On 19 September 2019 a new subsidiary, Marv Music Limited was incorporated.

On 5 November 2019 Ska Layercake Limited submitted a notice for voluntary strike off.

29 Controlling party

The company's ultimate controlling parties are Matthew De Vere Drummond and Claudia De Vere Drummond.

30 Related party transactions

Director loan balance

As at the balance sheet date the company owed a director £39,273 (2018: the company was owed £Nil by the director).

As at the balance sheet date the company owed a director £Nil (2018: the company was owed £2,007,464 by the director).

On 5 July 2018 a Marv Outfit Holdings Limited lent £4,000,000 to a director interest free. This loan was fully repaid on 22 October 2019.

Related parties balances

The below company, jointly owned and controlled by the directors, entered into the following transactions with the group during the year:

Kick Ass Productions Limited

	£
Balance due to Kick Ass Productions Limited as at 1 July 2018	5,002
Settlement of balance due to the company via transfer of a debtor	(5,002)
Balance due to Kick Ass Productions Limited as at 30 June 2019	-

Notes to the financial statements (continued)
For the year ended 30 June 2019

31 Cash generated from group operations

	2019 £	2018 £
Profit for the year after tax	11,539,519	4,462,092
Adjustments for:		
Taxation credited	(13,245,869)	(3,278,129)
Finance costs	80	199
Investment income	(318,414)	(1,486)
Amortisation and impairment of intangible assets	12,070,162	5,210,212
Depreciation and impairment of tangible fixed assets	77,663	38,711
Movements in working capital:		
(Increase) in stocks	(87,009,119)	(1,269,598)
(Increase)/decrease in debtors	(984,997)	8,487,417
Increase/(decrease) in creditors	1,802,397	(102,645)
Increase/(decrease) in derivatives	99,912	-
Increase/(decrease) in preference share dividends payable	229,088	-
Cash (absorbed by)/generated from operations	(75,739,578)	13,546,773