

Company Registration No. 05587621 (England and Wales)

MARV STUDIOS LIMITED
ANNUAL REPORT AND GROUP FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

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MARV STUDIOS LIMITED

COMPANY INFORMATION

Directors Claudia De Vere Drummond
Matthew De Vere Drummond

Company number 05587621

Registered office 11 Portland Mews
London
United Kingdom
W1F 8JL

Auditor Saffery Champness LLP
71 Queen Victoria Street
London
EC4V 4BE

MARV STUDIOS LIMITED

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MARV STUDIOS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 JUNE 2021

The directors present the strategic report for the year ended 30 June 2021.

Fair review of the business

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

The group made a loss for the year of £2,298,060 (2020 - £19,132,823 profit).

The group's net assets as at the balance sheet date are £79,206,209 (2020 - £81,504,269)

The company made a profit for the year of £859,930 (2020 - £11,784,624)

The company's net assets as at the balance sheet date are £73,932,847 (2020: £73,072,917).

Principal risks and uncertainties

The group is involved in several film and TV 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 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.

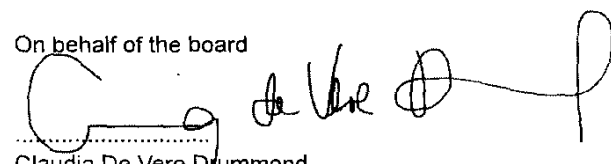
Key performance indicators

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

Date: Thursday 23rd June 2022

MARV STUDIOS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2021

The directors present their annual report and financial statements for the year ended 30 June 2021.

Principal activities

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

Results and dividends

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

No ordinary dividends were paid. The directors do not recommend payment of a further dividend.

Directors

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

Claudia De Vere Drummond
Matthew De Vere Drummond

Future developments

The group continues to expand its film catalogue with a number of productions to start in the forthcoming year, whilst there are a number of productions in post. This includes the film currently titled Argylle, which was shot towards the end of 2021 and is now in post production and the film currently titled Tetris: The Movie, which is also in post production. Additionally, the group will continue to grow its merchandising business as well as the continued exploitation of music rights, particularly through its joint venture with Warner Music Group.

Auditor

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

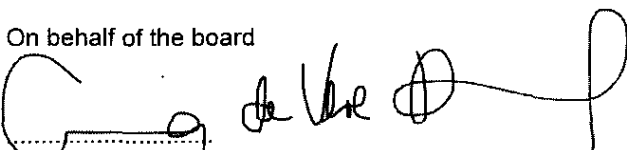
Strategic Report

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

Thursday 23rd June 2022
Date:

MARV STUDIOS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 30 JUNE 2021

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.

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 2021 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 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 2021 and of the group's loss 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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. The directors are responsible for the other information contained within the annual report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

MARV STUDIOS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF MARV STUDIOS LIMITED

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 2, 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 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Identifying and assessing risks related to irregularities:

We assessed the susceptibility of the company's financial statements to material misstatement and how fraud might occur, including through discussions with the directors, discussions within our audit team planning meeting, updating our record of internal controls and ensuring these controls operated as intended. We evaluated possible incentives and opportunities for fraudulent manipulation of the financial statements. We identified laws and regulations that are of significance in the context of the company by discussions with directors and updating our understanding of the sector in which the company operates.

Laws and regulations of direct significance in the context of the company include The Companies Act 2006, and UK Tax legislation, specifically legislation relating to creative industry tax credits.

MARV STUDIOS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF MARV STUDIOS LIMITED

Audit response to risks identified:

We considered the extent of compliance with these laws and regulations as part of our audit procedures on the related financial statement items including a review of financial statement disclosures. We reviewed the parent company's records of breaches of laws and regulations, minutes of meetings and correspondence with relevant authorities to identify potential material misstatements arising. We discussed the parent company's policies and procedures for compliance with laws and regulations with members of management responsible for compliance. We have reviewed management's assessment of how the group complies with the relevant laws and regulations governing access to the creative industry tax credits.

During the planning meeting with the audit team, the engagement partner drew attention to the key areas which might involve non-compliance with laws and regulations or fraud. We enquired of management whether they were aware of any instances of non-compliance with laws and regulations or knowledge of any actual, suspected or alleged fraud. We addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and identifying any significant transactions that were unusual or outside the normal course of business. We assessed whether judgements made in making accounting estimates gave rise to a possible indication of management bias. At the completion stage of the audit, the engagement partner's review included ensuring that the team had approached their work with appropriate professional scepticism and thus the capacity to identify non-compliance with laws and regulations and fraud.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://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

Date: 28 June 2022

Chartered Accountants
Statutory Auditor

71 Queen Victoria Street
London
EC4V 4BE

MARV STUDIOS LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2021

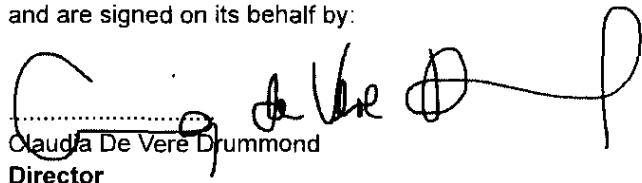
		2021	2020
	Notes	£	as restated £
Turnover	3	6,345,978	126,600,046
Cost of sales		(3,623,528)	(116,086,931)
Gross profit		2,722,450	10,513,115
Administrative expenses		(5,281,723)	(4,553,793)
(Loss)/gain on foreign exchange		(5,044,909)	1,879,843
Other operating income		956,328	66,279
Operating (loss)/profit	4	(6,647,854)	7,905,444
Interest receivable and similar income	7	113,668	484,955
Other interest payable and similar expenses	8	(896,841)	(955,937)
(Loss)/profit before taxation		(7,431,027)	7,434,462
Tax on (loss)/profit	9	5,132,967	11,698,361
(Loss)/profit for the financial year		(2,298,060)	19,132,823
(Loss)/profit for the financial year is attributable to:			
- Owner of the parent company		(2,765,410)	19,132,823
- Non-controlling interests		467,350	-
		(2,298,060)	19,132,823
Total comprehensive income for the year is attributable to:			
- Owner of the parent company		(2,765,410)	19,132,823
- Non-controlling interests		467,350	-
		(2,298,060)	19,132,823

MARV STUDIOS LIMITED

GROUP STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

		2021		2020 as restated	
	Notes	£	£	£	£
Fixed assets					
Intangible assets	10	5,934,432		7,774,036	
Tangible assets	11	5,960,768		6,082,920	
Investments	12	1,585,066		1,162,537	
			13,480,266		15,019,493
Current assets					
Work in progress	15	30,441,677		916,446	
Debtors	16	21,468,730		30,608,298	
Cash at bank and in hand		58,933,808		50,115,380	
			110,844,215		81,640,124
Creditors: amounts falling due within one year	17	(34,629,714)		(5,554,796)	
Net current assets			76,214,501		76,085,328
Total assets less current liabilities			89,694,767		91,104,821
Creditors: amounts falling due after more than one year	18	(10,488,558)		(9,600,552)	
Net assets			79,206,209		81,504,269
Capital and reserves					
Called up share capital	21	13,892,932		13,892,932	
Profit and loss reserves		64,845,927		67,611,337	
Equity attributable to owner of the parent company			78,738,859		81,504,269
Non-controlling interests			467,350		-
			79,206,209		81,504,269

The financial statements were approved by the board of directors and authorised for issue on 23rd June 2022 and are signed on its behalf by:


Claudia De Vere Drummond
Director

MARV STUDIOS LIMITED

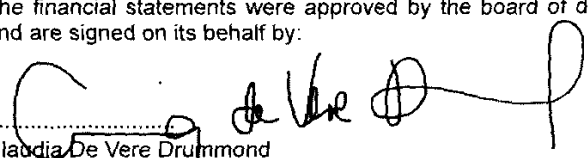
COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2021

		2021		2020 as restated	
	Notes	£	£	£	£
Fixed assets					
Intangible assets	10	5,495,487		6,403,690	
Tangible assets	11	281,881		285,871	
Investments	12	6,819,399		6,794,849	
		12,596,767		13,484,410	
Current assets					
Work in progress	15	81,190		73,462	
Debtors	16	19,962,945		31,125,906	
Cash at bank and in hand		54,988,019		46,694,932	
		75,032,154		77,894,300	
Creditors: amounts falling due within one year	17	(3,207,516)		(8,705,241)	
Net current assets		71,824,638		69,189,059	
Total assets less current liabilities		84,421,405		82,673,469	
Creditors: amounts falling due after more than one year	18	(10,488,558)		(9,600,552)	
Net assets		73,932,847		73,072,917	
Capital and reserves					
Called up share capital	21	13,892,932		13,892,932	
Profit and loss reserves		60,039,915		59,179,985	
Total equity		73,932,847		73,072,917	

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £859,930 (2020 - £11,784,624 profit).

The financial statements were approved by the board of directors and authorised for issue on 23rd June 2022 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 2021

	Share capital £	Profit and loss reserves £	Total controlling interest £	Non- controlling interest £	Total £
<i>As restated for the period ended 30 June 2020:</i>					
Balance at 1 July 2019	13,892,932	48,478,514	62,371,446	-	62,371,446
Year ended 30 June 2020:					
Profit and total comprehensive income for the year	-	19,132,823	19,132,823	-	19,132,823
Balance at 30 June 2020	13,892,932	67,611,337	81,504,269	-	81,504,269
Year ended 30 June 2021:					
Loss and total comprehensive income for the year	-	(2,765,410)	(2,765,410)	467,350	(2,298,060)
Balance at 30 June 2021	13,892,932	64,845,927	78,738,859	467,350	79,206,209

MARV STUDIOS LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2021

	Share capital £	Profit and loss reserves £	Total £
As restated for the period ended 30 June 2020:			
Balance at 1 July 2019	13,892,932	47,395,362	61,288,294
Year ended 30 June 2020:			
Profit and total comprehensive income for the year	-	11,784,623	11,784,623
Balance at 30 June 2020	13,892,932	59,179,985	73,072,917
Year ended 30 June 2021:			
Profit and total comprehensive income for the year	-	859,930	859,930
Balance at 30 June 2021	13,892,932	60,039,915	73,932,847

MARV STUDIOS LIMITED

GROUP STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021

	Notes	2021 £	£	2020 £	£
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	26	(26,138,924)		86,243,610	
Interest paid		(149,576)		(87,981)	
Income taxes refunded		11,358,836		13,142,880	
Net cash (outflow)/inflow from operating activities		(14,929,664)		99,298,509	
Investing activities					
Purchase of intangible assets		(262,315)		(174,880)	
Purchase of tangible fixed assets		(118,095)		(6,057,024)	
Receipts from associates		206,806		(1,700,000)	
Other investments and loans made		(176,726)		-	
Interest received		113,668		484,955	
Net cash used in investing activities		(236,662)		(7,446,949)	
Financing activities					
Proceeds/(Repayment) of bank loans		23,984,754		(89,574,754)	
Net cash generated from/(used in) financing activities		23,984,754		(89,574,754)	
Net increase in cash and cash equivalents		8,818,428		2,276,806	
Cash and cash equivalents at beginning of year		50,115,380		47,838,574	
Cash and cash equivalents at end of year		58,933,808		50,115,380	

MARV STUDIOS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

1 Accounting policies

Company information

Marv Studios Limited ("the company") is a private limited company domiciled and 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 and associates as detailed in note 13 and note 14.

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 freehold properties and to include investment properties and 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 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' : 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.

1.2 Basis of consolidation

The consolidated group financial statements consist of the financial statements of the parent company Marv Studios Limited together with all entities controlled by the parent company (its subsidiaries) and the group's share of its interests in joint ventures and associates.

All financial statements are made up to 30 June 2021, except in the case of the subsidiary FB Productions Limited, which reported for the period to 31 March 2021 in addition to 30 June 2021. Both reporting periods are included within the consolidated financial statements and the net impact is the same as if FB Productions Limited had reported for a single period. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

MARV STUDIOS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2021

1 Accounting policies

(Continued)

Subsidiaries are consolidated in the group's financial statements from the date that control commences until the date that control ceases.

Entities in which the group holds an interest and which are jointly controlled by the group and one or more other venturers under a contractual arrangement are treated as joint ventures. Entities other than subsidiary undertakings or joint ventures, in which the group has a participating interest and over whose operating and financial policies the group exercises a significant influence, are treated as associates.

Investments in joint ventures and associates are carried in the group statement of financial position at cost plus post-acquisition changes in the group's share of the net assets of the entity, less any impairment in value. The carrying values of investments in joint ventures and associates include acquired goodwill.

If the group's share of losses in a joint venture or associate equals or exceeds its investment in the joint venture or associate, the group does not recognise further losses unless it has incurred obligations to do so or has made payments on behalf of the joint venture or associate.

Unrealised gains arising from transactions with joint ventures and associates are eliminated to the extent of the group's interest in the entity.

1.3 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the group 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 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.

In respect of film production, turnover represents the value of consideration received or receivable in respect of film distribution rights transferred in the period. Turnover from the sale of film distribution rights is recognised when the film is delivered to the distributor.

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.

1.5 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.

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:

Amortisation 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:

Merchandising, brands & trademarks	straight line over 10 years
Participation rights	straight line over 5 years
Residual intellectual property rights & legacy value	straight line over 40 years
Other intellectual property rights	straight line over 3 years

MARV STUDIOS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

1 Accounting policies

(Continued)

1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold land and buildings	2% straight line
Office equipment	33% straight line
Fixture 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.

Properties whose fair value can be measured reliably are held under the revaluation model and are carried at a revalued amount, being their fair value at the date of valuation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The fair value of the land and buildings is usually considered to be their market value.

Revaluation gains and losses are recognised in other comprehensive income and accumulated in equity, except to the extent that a revaluation gain reverses a revaluation loss previously recognised in profit or loss or a revaluation loss exceeds the accumulated revaluation gains recognised in equity; such gains and loss are recognised in profit or loss.

1.7 Fixed asset investments

Equity investments that are not publicly traded are recognised at cost less impairment until a reliable measure of fair value becomes available

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

MARV STUDIOS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2021

1 Accounting policies

(Continued)

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The group considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Investments in associates are initially recognised at the transaction price (including transaction costs) and are subsequently adjusted to reflect the group's share of the profit or loss, other comprehensive income and equity of the associate using the equity method. Any difference between the cost of acquisition and the share of the fair value of the net identifiable assets of the associate on acquisition is recognised as goodwill. Any unamortised balance of goodwill is included in the carrying value of the investment in associates.

Losses in excess of the carrying amount of an investment in an associate are recorded as a provision only when the company has incurred legal or constructive obligations or has made payments on behalf of the associate.

In the parent company financial statements, investments in associates are accounted for at cost less impairment.

1.8 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.

1.9 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.

At each reporting date, an assessment is made of production costs, including interest incurred 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.

1.10 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

MARV STUDIOS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2021

1 Accounting policies

(Continued)

1.11 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 and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

MARV STUDIOS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2021

1 Accounting policies

(Continued)

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 into and are subsequently re-measured at their fair value. The fair value of a derivative is equivalent to the financial impact that would have been realised by closing out the position at year end. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

1.12 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.

1.13 Taxation

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

Current tax

The tax currently recoverable is based on relievable losses for the year.

The tax currently recoverable includes relievable losses arising in the period as the result of film tax relief legislation. Relievable losses 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.

1.14 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.

1.15 Retirement benefits

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

1.16 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.

MARV STUDIOS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2021

1 Accounting policies

(Continued)

1.17 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 in the period are included in profit or loss.

2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

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. The actual results may therefore differ from these estimates.

The freehold property is recognised at revalued cost less depreciation. Actual results may differ from the estimated value.

Tax credit recoverable is recognised at the expected value of the cash receivable.

3 Turnover and other revenue

	2021 £	2020 £
Turnover analysed by class of business		
Film production	5,475,639	125,821,909
Exploitation of trademarks, IP rights and licensing agreements	732,301	778,137
Music licensing	138,038	-
	<u>6,345,978</u>	<u>126,600,046</u>
	2021 £	2020 £
Other significant revenue		
Interest income	<u>113,668</u>	<u>484,955</u>

MARV STUDIOS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

3 Turnover and other revenue	(Continued)	
	2021 £	2020 £
Turnover analysed by geographical market		
USA	5,380,539	125,845,174
Europe	965,439	754,872
	<u>6,345,978</u>	<u>126,600,046</u>
4 Operating (loss)/profit	2021 £	2020 £
Operating (loss)/profit for the year is stated after charging/(crediting):		
Exchange losses/(gains)	5,044,909	(1,879,843)
Depreciation of owned tangible fixed assets	240,247	231,338
Amortisation of intangible assets	1,332,911	1,119,730
Impairment of intangible assets	769,008	-
Operating lease charges	270,000	320,778
5 Auditor's remuneration	2021 £	2020 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	52,500	58,500
Additional audit fee for 2019 financial statements	-	54,500
Audit of the financial statements of the company's subsidiaries	119,400	96,250
	<u>171,900</u>	<u>209,250</u>
For other services		
Taxation compliance services	45,600	31,000
Other taxation services	-	11,000
All other non-audit services	27,464	11,911
	<u>73,064</u>	<u>53,911</u>

MARV STUDIOS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

6 Employees

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

	Group 2021 Number	2020 Number	Company 2021 Number	2020 Number
Operational Staff	19	21	19	21
Production Staff	64	26	-	-
Total	83	47	19	21

Their aggregate remuneration comprised:

	Group 2021 £	2020 £	Company 2021 £	2020 £
Wages and salaries	3,961,546	1,980,150	1,449,212	1,110,976
Social security costs	436,646	291,284	180,539	187,410
Pension costs	24,900	22,432	15,085	15,414
	4,423,092	2,293,866	1,644,836	1,313,800

Directors' remuneration for qualifying services during the year was £495 (2020: £495).

The total remuneration paid to key management personnel in the year was £234,231 (2020: £Nil)

7 Interest receivable and similar income

	2021 £	2020 £
Interest income		
Interest on bank deposits	5,190	395,900
Other interest income	108,478	89,055
Total income	113,668	484,955

MARV STUDIOS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2021

8 Interest payable and similar expenses

	2021	2020
	£	£
Interest on bank loans	140,740	2,469,992
Interest relating to preference shares	888,005	867,955
Other interest	8,836	87,982
	<u>1,037,581</u>	<u>3,425,929</u>
Disclosed on the income statement as follows:		
Cost of sales	140,740	2,469,992
Interest payable and similar expenses	<u>896,841</u>	<u>955,937</u>

9 Taxation

	2021	2020
	£	£
Current tax		
UK corporation tax on profits for the current period	(5,132,967)	(11,698,002)
Adjustments in respect of prior periods	-	(359)
	<u>(5,132,967)</u>	<u>(11,698,361)</u>

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:

	2021	2020
	£	£
(Loss)/profit before taxation	<u>(7,431,027)</u>	<u>7,434,462</u>
Expected tax (credit)/charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	(1,411,895)	1,412,548
Tax effect of expenses that are not deductible in determining taxable profit	322,662	237,778
Tax effect of utilisation of tax losses not previously recognised	1,244,184	(1,184,078)
Changes in unrecognised tax	-	16,490
Tax effect of expenses that are not deductible in determining taxable profit	(3,995,139)	(8,552,795)
Difference between the rate of corporation tax and the rate of relief under the film tax credit	(1,154,666)	(2,692,462)
Work in progress released	-	(1,053,478)
Other differences	<u>(138,113)</u>	<u>117,636</u>
Taxation credit	<u>(5,132,967)</u>	<u>(11,698,361)</u>

MARV STUDIOS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

10 Intangible fixed assets

Group	Merchandising, brands & trademarks £	Participation rights £	Intellectual property rights £	Total £
Cost				
At 1 July 2020	12,601,599	12,951,299	3,067,106	28,620,004
Additions	157,076	-	105,239	262,315
At 30 June 2021	12,758,675	12,951,299	3,172,345	28,882,319
Amortisation and impairment				
At 1 July 2020	11,406,133	9,151,966	287,869	20,845,968
Amortisation charged for the year	301,981	765,433	265,497	1,332,911
Impairment losses	769,008	-	-	769,008
At 30 June 2021	12,477,122	9,917,399	553,366	22,947,887
Carrying amount				
At 30 June 2021	281,553	3,033,900	2,618,979	5,934,432
At 30 June 2020	1,195,466	3,799,333	2,779,237	7,774,036
Company		Participation rights £	Intellectual property rights £	Total £
Cost				
At 1 July 2020		12,776,419	3,067,106	15,843,525
Additions		-	105,239	105,239
At 30 June 2021		12,776,419	3,172,345	15,948,764
Amortisation and impairment				
At 1 July 2020		9,151,966	287,869	9,439,835
Amortisation charged for the year		747,945	265,497	1,013,442
At 30 June 2021		9,899,911	553,366	10,453,277
Carrying amount				
At 30 June 2021		2,876,508	2,618,979	5,495,487
At 30 June 2020		3,624,453	2,779,237	6,403,690

Amortisation costs are included within Administrative expenses within the Group statement of comprehensive income.

MARV STUDIOS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2021

11 Tangible fixed assets

Group	Freehold land and buildings £	Office equipment £	Fixture and fittings £	Motor vehicles £	Total £
Cost					
At 1 July 2020	5,963,029	188,995	142,433	238,431	6,532,888
Additions	-	82,123	35,972	-	118,095
Disposals	-	(26,991)	-	-	(26,991)
At 30 June 2021	5,963,029	244,127	178,405	238,431	6,623,992
Depreciation and impairment					
At 1 July 2020	119,261	103,704	53,290	173,713	449,968
Depreciation charged in the year	129,144	36,910	49,924	24,269	240,247
Eliminated in respect of disposals	-	(26,991)	-	-	(26,991)
At 30 June 2021	248,405	113,623	103,214	197,982	663,224
Carrying amount					
At 30 June 2021	5,714,624	130,504	75,191	40,449	5,960,768
At 30 June 2020	5,843,768	85,291	89,143	64,718	6,082,920
Company	Leasehold improvements £	Office equipment £	Fixture and fittings £	Motor vehicles £	Total £
Cost					
At 1 July 2020	54,912	188,995	142,433	238,431	624,771
Additions	-	82,123	35,972	-	118,095
Disposals	-	(26,991)	-	-	(26,991)
At 30 June 2021	54,912	244,127	178,405	238,431	715,875
Depreciation and impairment					
At 1 July 2020	8,193	103,704	53,290	173,713	338,900
Depreciation charged in the year	10,982	36,910	49,924	24,269	122,085
Eliminated in respect of disposals	-	(26,991)	-	-	(26,991)
At 30 June 2021	19,175	113,623	103,214	197,982	433,994
Carrying amount					
At 30 June 2021	35,737	130,504	75,191	40,449	281,881
At 30 June 2020	46,719	85,291	89,143	64,718	285,871

MARV STUDIOS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2021

12 Fixed asset investments

	Notes	Group 2021 £	2020 £	Company 2021 £	2020 £
Investments in subsidiaries	13	-	-	287,487	1,304,849
Loans to subsidiaries	13	-	-	6,440,040	5,490,000
Loans to associates	14	1,493,194	1,162,537	-	-
Unlisted investments		91,872	-	91,872	-
		<u>1,585,066</u>	<u>1,162,537</u>	<u>6,819,399</u>	<u>6,794,849</u>

Movements in fixed asset investments Group

	Loans to group undertakings and participating interests £	Other investments £	Total £
Cost or valuation			
At 1 July 2020	1,162,537	-	1,162,537
Additions	-	91,872	91,872
Valuation changes	330,657	-	330,657
At 30 June 2021	<u>1,493,194</u>	<u>91,872</u>	<u>1,585,066</u>
Carrying amount			
At 30 June 2021	<u>1,493,194</u>	<u>91,872</u>	<u>1,585,066</u>
At 30 June 2020	<u>1,162,537</u>	<u>-</u>	<u>1,162,537</u>

MARV STUDIOS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2021

12 Fixed asset investments

(Continued)

Movements in fixed asset investments				
Company	Shares in group undertakings	Loans to group undertakings	Other investments	Total
	£	£	£	£
Cost or valuation				
At 1 July 2020	8,559,798	5,490,000	-	14,049,798
Additions	-	950,040	91,872	1,041,912
At 30 June 2021	8,559,798	6,440,040	91,872	15,091,710
Impairment				
At 1 July 2020	7,254,949	-	-	7,254,949
Impairment losses	1,017,362	-	-	1,017,362
At 30 June 2021	8,272,311	-	-	8,272,311
Carrying amount				
At 30 June 2021	287,487	6,440,040	91,872	6,819,399
At 30 June 2020	1,304,849	5,490,000	-	6,794,849

In the prior year the group recognised an impairment in its interest in SN Movie Holdings Limited on the basis that the picture in which SN Movie Holdings had commissioned was not yet licensed and interest was limited due to COVID-19. In the current year, the picture has been licensed for a value over and above what was anticipated and therefore, the impairment has been reversed.

The parent company purchased 51 Red Balloons Limited (now Marv Merchandise Limited) in 2019. The valuation was based upon the exploitation of the rights held by 51 Red Balloons in order to establish a retail business. The parent company started to invest in the project in 2020 but it was decided in the current year, on the back of COVID-19 to no longer invest in this and therefore, a further impairment was recognised.

MARV STUDIOS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

13 Subsidiaries

Details of the company's subsidiaries at 30 June 2021 are as follows:

Name of undertaking	Address	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Cloudy Productions Limited	1	Dormant company	Ordinary shares	100.00	-
Firefly Corporation	2	Film production services	Ordinary shares	100.00	-
Kick Ass Productions Limited	1	Film production services	Ordinary shares	-	100.00
Marv Beauty Limited	1	Dormant company	Ordinary shares	-	100.00
Marv Bespoke Holdings Limited	1	Holding company	Ordinary shares	100.00	-
Marv Bespoke Productions Limited	1	Film production services	Ordinary shares	-	100.00
Marv Distribution Limited	1	Holding company	Ordinary shares	100.00	-
Marv D1 Productions Limited	1	TV production services	Ordinary shares	100.00	-
Marv Merchandise Limited	1	Licensing & merchandise	Ordinary shares	100.00	-
Marv Music Limited	1	Music publishing	Ordinary shares	100.00	-
Marv Music Recording Limited	1	Music recording	Ordinary shares	100.00	-
Marv Outfit Holdings Limited	1	Holding company	Ordinary shares	100.00	-
Marv Outfit Productions Limited	1	Film production services	Ordinary shares	-	100.00
Marv Poets Holdings Limited	1	Dormant company	Ordinary shares	100.00	-
Marv Poets Productions Limited	1	Dormant company	Ordinary shares	-	100.00
Marv Studios Property Holdings Limited	1	Property holding company	Ordinary shares	100.00	-
Marv Tailor Holdings Limited	1	Holding company	Ordinary shares	100.00	-
Marv Tailor Productions Limited	1	Film production services	Ordinary shares	-	100.00
Marv Tailor Productions NZ (Ltd)	3	Film production services	Ordinary shares	-	100.00
Marv Uniform Holdings Limited	1	Holding company	Ordinary shares	100.00	-
Marv Uniform Productions Limited	1	Film production services	Ordinary shares	-	100.00
Marv Quinn Holdings Limited	1	Holding company	Ordinary shares	100.00	-
Marv Quinn Productions Limited	1	TV production services	Ordinary shares	-	100.00
FB Commissioning Limited	1	Holding company	Ordinary shares	50.00	-
FB Productions Limited	1	TV production services	Ordinary shares	50.00	-
FB Productions Canada Inc.	4	TV production services	Ordinary shares	-	50.00
Cloudy Film Limited	1	TV production services	Ordinary shares	-	100.00

Registered office addresses (all UK unless otherwise indicated):

- 11 Portland Mews, London, United Kingdom, W1F 8JL
- Suite 1001, 8 West 38th Street, New York, USA 10018
- VCFO Group Limited, 96 St Georges Bay Road, Parnell, Auckland, New Zealand, 1052
- 1214 av. Preston Québec, G1S 4L2, Canada

The group holds 50% voting rights in a number of entities. In each case, the group has considered whether it holds rights in respect of that entity that convey substantive control and has assessed the entity as a subsidiary or an associate accordingly. In respect of FB Commissioning Limited, FB Productions Limited and FB Productions Canada Inc. the group determined that these entities should be deemed as subsidiaries.

MARV STUDIOS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2021

14 Associates

Details of associates at 30 June 2021 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
SN Movie Holdings Ltd	1	Holding company	Ordinary shares	50	-
SN Movie Productions Ltd	1	Film production services	Ordinary shares	-	50

1. The registered office of both of the associates is 11 Portland Mews, London, United Kingdom, W1F 8JL.

15 Work in progress

	Group 2021 £	2020 £	Company 2021 £	2020 £
Work in progress	30,441,677	916,446	81,190	73,462

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

16 Debtors

	Group 2021 £	2020 £	Company 2021 £	2020 £
Amounts falling due within one year:				
Trade debtors	1,098,601	1,172,194	4,545	7,200
Corporation tax recoverable	6,757,556	12,107,117	1,659,185	789,112
Amounts owed by group undertakings	-	-	12,731,516	27,723,014
Other debtors	8,391,793	4,829,356	5,317,663	2,471,790
Prepayments and accrued income	5,220,780	12,499,631	250,036	134,790
	<u>21,468,730</u>	<u>30,608,298</u>	<u>19,962,945</u>	<u>31,125,906</u>

17 Creditors: amounts falling due within one year

		Group 2021 £	2020 £	Company 2021 £	2020 £
	Notes				
Bank loans	19	23,984,754	-	-	-
Trade creditors		3,245,690	3,156,761	115,478	3,022,749
Amounts owed to group undertakings		-	-	-	101,877
Corporation tax payable		876,308	-	876,308	684,656
Other taxation and social security		107,923	6,336	100,865	4,280,094
Other creditors		1,955,369	1,084,028	1,627,640	375,214
Accruals and deferred income		4,459,670	1,307,671	487,225	240,651
		<u>34,629,714</u>	<u>5,554,796</u>	<u>3,207,516</u>	<u>8,705,241</u>

MARV STUDIOS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

18 Creditors: amounts falling due after more than one year

	Notes	Group 2021 £	2020 £	Company 2021 £	2020 £
Redeemable preference shares	19	8,503,510	8,503,510	8,503,510	8,503,510
Preference dividends payable		1,985,048	1,097,042	1,985,048	1,097,042
		<u>10,488,558</u>	<u>9,600,552</u>	<u>10,488,558</u>	<u>9,600,552</u>

19 Loans and overdrafts

		Group 2021 £	2020 £	Company 2021 £	2020 £
Bank loans	23,984,754	-	-	-	-
Redeemable preference shares	8,503,510	8,503,510	8,503,510	8,503,510	8,503,510
Preference dividends payable	1,985,048	1,097,042	1,985,048	1,097,042	
		<u>34,473,312</u>	<u>9,600,552</u>	<u>10,488,558</u>	<u>9,600,552</u>
Payable within one year	23,984,754	-	-	-	-
Payable after one year	10,488,558	9,600,552	10,488,558	9,600,552	

The bank loans are secured by fixed charges over the assets of the company, see note 23.

20 Retirement benefit schemes

	2021 £	2020 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>24,900</u>	<u>22,432</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 year end there were outstanding pension contributions of £Nil (2020: £Nil).

21 Share capital

	2021 £	2020 £
Ordinary share capital		
Issued and fully paid		
13,892,932 of Ordinary shares of £1 each	<u>13,892,932</u>	<u>13,892,932</u>

The company has one class of ordinary shares which carry no right to fixed income. Additionally, the company has in issue 8,503,510 redeemable preference shares of £1 each, classified as liabilities. 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.

MARV STUDIOS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2021

22 Charges

Twentieth Century Fox, a division of Twentieth Century Fox Film Corporation, held fixed and floating charges at the balance sheet date 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. This charge was satisfied on 22 January 2021.

MUFG Union Bank N.A., A.I Film Production LLC and Film Finances Inc hold a fixed charge, a floating charge and negative pledge over all right, title and interest in the programme owned by FB Productions Limited in respect of amounts owed to them. The same entities hold fixed and floating charges over right, title and interest in the motion picture commissioned by FB Commissioning Limited. Both sets of charges in FB Productions Limited and FB Commissioning Limited relate to the same production.

23 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 2021 £	2020 £	Company 2021 £	2020 £
Within one year	270,000	270,000	270,000	270,000
Between two and five years	545,103	815,103	545,103	815,103
	<u>815,103</u>	<u>1,085,103</u>	<u>815,103</u>	<u>1,085,103</u>

24 Events after the reporting date

Effective on 18 December 2021, the company issued shares to the directors as part of a share-for-share transfer under which it acquired shares in SKA Films Limited, SKA Films Diamonds Limited and SKA Films Catalogue Limited. The total value of the shares received was estimated at £5,708,028.

25 Related party transactions

As at the balance sheet date the company was owed £5,097,185 by a director (2020: £2,428,040). Interest of £108,478 (2020: £43,122) was paid to the company. The balance is repayable on demand and attracts interest at HMRC's official rate of interest, currently 2.00% (2020: 2.25%).

Income tax totalling £495 (2020: £495) was paid on behalf of a director.

26 Controlling party

The ultimate controlling parties are considered to be Matthew De Vere Drummond and Claudia De Vere Drummond by virtue of their shareholding in Marv Studios Limited.

MARV STUDIOS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

26 Cash (absorbed by)/generated from group operations

	2021 £	2020 £
(Loss)/profit for the year after tax	(2,298,060)	19,132,823
Adjustments for:		
Taxation credited	(5,132,967)	(11,698,361)
Interest on preference shares	888,005	867,955
Other interest payable	149,576	87,982
Investment income	(320,474)	(484,955)
Fair value loss on foreign exchange contracts	1,143,099	-
Amortisation and impairment of intangible assets	2,101,919	1,119,730
Depreciation and impairment of tangible fixed assets	240,247	231,338
Impairment of investment properties	(330,657)	537,463
Movements in working capital:		
(Increase)/decrease in Work in progress	(29,525,231)	88,103,667
Decrease/(increase) in debtors	3,966,734	(9,408,086)
Increase/(decrease) in creditors	2,978,885	(1,504,551)
Cash (absorbed by)/generated from operations	(26,138,924)	86,985,005

27 Contingent Asset

During the year the company acquired options over shares in an unconnected business that are exercisable subject to future conditions. The total estimated value of these options as at the reporting date was £319,737.

28 Analysis of changes in net funds - group

	1 July 2020 £	Cash flows £	Market value movements £	30 June 2021 £
Cash at bank and in hand	50,115,380	8,818,428	-	58,933,808
Borrowings	(9,600,552)	(23,984,755)	(888,005)	(34,473,312)
	<u>40,514,828</u>	<u>(15,166,327)</u>	<u>(888,005)</u>	<u>24,460,496</u>

29 Prior period adjustment

The prior period adjustment relates to costs that should have been recognised as Work in Progress, to be recognised in the future. As a result, a prior year adjustment has been raised to correct the recognition of this balance in the financial statements.

MARV STUDIOS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2021

29 Prior period adjustment

(Continued)

Changes to the statement of financial position - group

	As previously reported £	Adjustment £	As restated at 30 Jun 2020 £
Current assets			
Work in progress	175,051	741,395	916,446
Capital and reserves			
Profit and loss reserves	66,869,942	741,395	67,611,337

Changes to the income statement - group

	As previously reported £	Adjustment £	As restated £
Period ended 30 June 2020			
Cost of sales	(116,828,326)	741,395	(116,086,931)

Reconciliation of changes in equity - group

	1 July 2019 £	30 June 2020 £
Adjustments to prior year		
Adjustment	-	741,395
Equity as previously reported	-	80,762,874
Equity as adjusted	-	81,504,269
Analysis of the effect upon equity		
Profit and loss reserves	-	741,395

Reconciliation of changes in profit for the previous financial period

	2020 £
Adjustments to prior year	
Adjustment	741,395
Profit as previously reported	18,391,428
Profit as adjusted	19,132,823

Reconciliation of changes in equity - company

The prior period adjustments do not give rise to any effect upon equity.

MARV STUDIOS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2021

29	Prior period adjustment	(Continued)
	Reconciliation of changes in profit for the previous financial period	
		2020
		£
	Adjustments to prior year	
	Total adjustments	-
	Profit as previously reported	11,784,623
		<hr/>
	Profit as adjusted	11,784,623
		<hr/>