

**Company Registration No. 10068015 (England and Wales)**

**Assembled Productions III UK Limited**

**Annual report and financial statements  
for the period ended 30 June 2017**

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**Assembled Productions III UK Limited**

**Company Information**

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|                             |   |
|-----------------------------|---|
| <b>Directors</b>            | Nigel Cook<br>David Galluzzi<br>Marsha Reed                             |
| <b>Secretary</b>            | Marsha Reed   |
| <b>Company number</b>       | 10068015  |
| <b>Registered office</b>    | 3 Queen Caroline Street<br>Hammersmith<br>London<br>W6 9PE              |
| <b>Independent auditors</b> | Saffery Champness LLP<br>71 Queen Victoria Street<br>London<br>EC4V 4BE |

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**Assembled Productions III UK Limited**

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**Assembled Productions III UK Limited**

**Strategic report**

**For the period ended 30 June 2017**

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The directors present the strategic report for the period ended 30 June 2017.

**Fair review of the business**

During the period the company was involved in the production of a film. The company incurred a profit after tax of £16,012 during the period and at the period end had net assets of £16,013.

The directors consider the company's key performance indicator to be whether the motion picture is produced in line with the agreed budget. At the period end, the estimated final cost of the film was in line with its budgeted cost, and the film continued to be funded by the financiers.

The directors consider the company's key non-financial performance indicator to be whether the company creates and delivers the feature films it has contracted to produce for general release in national and international cinema.

The directors have reviewed the risks and resultant uncertainties facing the company and consider the principal risks to be legislative changes and the state of the national economy.

The company makes little use of financial instruments other than an operational bank account and so its exposure to price risk, credit risk, liquidity risk and cash flow risk is not material for the assessment of the assets, liabilities, financial position and profit or loss of the company.

On behalf of the board



.....  
David Galluzzi

Director

12/12/2017  
.....

**Assembled Productions III UK Limited**

**Directors' report**

**For the period ended 30 June 2017**

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The directors present their annual report and financial statements for the period ended 30 June 2017.

The company was incorporated on 17 March 2016 and began trading thereafter.

**Principal activities**

The principal activity of the company during the year is that of motion picture and video production.

**Directors**

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

Nigel Cook  
David Galluzzi  
Marsha Reed

**Results and dividends**

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

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

**Auditors**

Saffery Champness LLP were appointed as auditors to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

**Assembled Productions III UK Limited**

**Directors' report (continued)**

**For the period ended 30 June 2017**

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**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 company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

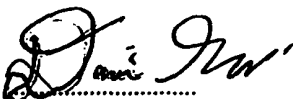
- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Statement of disclosure to auditors**

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 company's auditors are 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 company's auditors are aware of that information.

On behalf of the board



David Galluzzi

Director

Date: 12/12/2017

## **Assembled Productions III UK Limited**

### **Independent auditors' report**

**To the members of Assembled Productions III UK Limited**

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We have audited the financial statements of Assembled Productions III UK Limited for the period ended 30 June 2017 set out on pages 6 to 16. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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

#### **Respective responsibilities of directors and auditors**

As explained more fully in the Directors' Responsibilities Statement set out on pages 2 - 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2017 and of its profit for the period 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.

#### **Opinion 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 period 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.

**Assembled Productions III UK Limited**

**Independent auditors' report (continued)**

**To the members of Assembled Productions III UK Limited**

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**Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the 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 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.



**John Graydon (Senior Statutory Auditor)**  
**for and on behalf of Saffery Champness LLP**

13/12/17.

**Chartered Accountants**  
**Statutory Auditors**

**71 Queen Victoria Street**  
**London**  
**EC4V 4BE**

**Assembled Productions III UK Limited**

**Statement of comprehensive income  
For the period ended 30 June 2017**

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|                                 | Notes | Period<br>ended<br>30 June<br>2017<br>£ |
|---------------------------------|-------|---|
| Turnover                        | 3     | 237,110,385                             |
| Cost of sales                   |       | (247,515,120)                           |
| Gross loss                      |       | (10,404,735)                            |
| Administrative expenses         |       | 174,324                                 |
| Loss before taxation            |       | (10,230,411)                            |
| Tax on loss                     | 6     | 10,246,423                              |
| Profit for the financial period |       | 16,012                                  |

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The Profit And Loss Account has been prepared on the basis that all operations are continuing operations.

**Assembled Productions III UK Limited**

**Balance sheet  
As at 30 June 2017**

|   | Notes | £                    | 2017<br>£            |
|---|-------|----------------------|----------------------|
| <b>Current assets</b>                                 |       |                      |                      |
| Debtors   | 7     | 102,644,535          |                      |
| Cash at bank and in hand                              |       | 6,837,755            |                      |
|   |       | <u>109,482,290</u>   |                      |
| <b>Creditors: amounts falling due within one year</b> | 8     | <u>(109,466,277)</u> |                      |
| <b>Net current assets</b>                             |       |                      | <u><u>16,013</u></u> |
| <b>Capital and reserves</b>                           |       |                      |                      |
| Called up share capital                               | 9     |                      | 1                    |
| Profit and loss reserves                              |       |                      | <u>16,012</u>        |
| <b>Total equity</b>                                   |       |                      | <u><u>16,013</u></u> |

The financial statements were approved by the board of directors and authorised for issue on 12/12/2017 and are signed on its behalf by:



David Galluzzi  
Director

**Company Registration No. 10068015**

**Assembled Productions III UK Limited**

**Statement of changes in equity  
For the period ended 30 June 2017**

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|  |              | <b>Share<br/>capital</b> | <b>Profit and<br/>loss<br/>reserves</b> | <b>Total</b>  |
|--|--------------|--------------------------|---|---------------|
|  | <b>Notes</b> | <b>£</b>                 | <b>£</b>                                | <b>£</b>      |
| <b>Period ended 30 June 2017:</b>                    |              |                          |   |               |
| Profit and total comprehensive income for the period |              | -                        | 16,012                                  | 16,012        |
| Issue of share capital                               | 9            | 1                        | -                                       | 1             |
|  |              | <u>1</u>                 | <u>-</u>                                | <u>1</u>      |
| <b>Balance at 30 June 2017</b>                       |              | <u>1</u>                 | <u>16,012</u>                           | <u>16,013</u> |

**Assembled Productions III UK Limited**

**Notes to the financial statements  
For the period ended 30 June 2017**

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**1 Accounting policies**

**Company information**

Assembled Productions III UK Limited is a private company limited by shares incorporated in England and Wales. The registered office is 3 Queen Caroline Street, Hammersmith, London, W6 9PE.

**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. The principal accounting policies adopted are set out below.

This 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:

- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel and transactions entered into between two or more members of the group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

The financial statements of the company are consolidated in the financial statements of The Walt Disney Company. These consolidated financial statements are available from its registered office, 500 Buena Vista Street, Burbank, California 91521, USA.

**1.2 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.

**1.3 Reporting period**

The financial statements are prepared for the period 17 March 2016 to 30 June 2017, 15 months period. The period was extended so that the year end corresponds to the completion of the production stage. This is a standard procedure within the industry.

**1 Accounting policies (continued)**

**1.4 Turnover**

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

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

**1.5 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.

**1.6 Financial instruments**

The company 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 company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with 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.

**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.

**1.7 Equity Instruments**

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

**1.8 Derivatives**

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

**1.9 Taxation**

The tax credit represents the sum of the tax currently recoverable and deferred tax.

***Current tax***

The tax currently recoverable is based on 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 Accounting policies (continued)**

***Deferred tax***

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

**1.10 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.

**1.11 Foreign exchange**

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

**Assembled Productions III UK Limited**

**Notes to the financial statements (continued)**

**For the period ended 30 June 2017**

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**2 Critical accounting judgements and key sources of estimation uncertainty**

In the application of the company'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.

**3 Turnover and other revenue**

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

|   |                                    |
|---|------------------------------------|
|   | <b>2017</b>                        |
|   | <b>£</b>                           |
| <b>Turnover analysed by class of business</b> |                                    |
| Sale of rights                                | 237,110,385                        |
|   | <u><u>                    </u></u> |

|   |                                    |
|---|------------------------------------|
|   | <b>2017</b>                        |
|   | <b>£</b>                           |
| <b>Turnover analysed by geographical market</b> |                                    |
| United States of America                        | 237,110,385                        |
|   | <u><u>                    </u></u> |

**4 Operating loss**

|  |                                    |
|--|------------------------------------|
|  | <b>2017</b>                        |
|  | <b>£</b>                           |
| Operating loss for the period is stated after charging/(crediting):                        |                                    |
| Exchange gains   | (214,324)                          |
| Fees payable to the company's auditors for the audit of the company's financial statements | 36,500                             |
| Fees payable to the company's auditors for the non-audit services                          | 3,500                              |
|  | <u><u>                    </u></u> |

**Assembled Productions III UK Limited**

**Notes to the financial statements (continued)**  
**For the period ended 30 June 2017**

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**5 Employees**

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

|         | <b>2017<br/>Number</b> |
|---------|------------------------|
| Dailies | 23                     |
| Crew    | 25                     |
|         | <hr/> 48 <hr/>         |

Their aggregate remuneration comprised:

|                       | <b>2017<br/>£</b>     |
|-----------------------|-----------------------|
| Wages and salaries    | 2,014,435             |
| Social security costs | 233,650               |
|                       | <hr/> 2,248,085 <hr/> |

**6 Taxation**

|  | <b>2017<br/>£</b> |
|--|-------------------|
| Current tax  |                   |
| UK corporation tax on profits for the current period | (10,246,423)      |
|  | <hr/> <hr/>       |

**Assembled Productions III UK Limited**

**Notes to the financial statements (continued)**  
**For the period ended 30 June 2017**

**6 Taxation (continued)**

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

|   | 2017<br>£    |
|---|--------------|
| Loss before taxation  | (10,230,411) |
| Expected tax credit based on the standard rate of corporation tax in the UK of 19.81%           | (2,026,644)  |
| Enhanced losses arising from the film tax credit  | (7,604,277)  |
| Difference between the rate of corporation tax and the rate of relief under the film tax credit | (2,127,157)  |
| Current period losses   | 1,511,655    |
| Taxation credit for the period  | (10,246,423) |

**7 Debtors**

|                                      | 2017<br>£   |
|--------------------------------------|-------------|
| Amounts falling due within one year: |             |
| Trade debtors                        | 2           |
| Corporation tax recoverable          | 10,246,423  |
| Amounts due from group undertakings  | 85,300,580  |
| Other debtors                        | 1,320,183   |
| Prepayments and accrued income       | 5,777,347   |
|                                      | 102,644,535 |

**8 Creditors: amounts falling due within one year**

|                                   | 2017<br>£   |
|-----------------------------------|-------------|
| Amounts due to group undertakings | 108,465,195 |
| Other creditors                   | 803,501     |
| Accruals and deferred income      | 197,581     |
|                                   | 109,466,277 |

**Assembled Productions III UK Limited**

**Notes to the financial statements (continued)**

**For the period ended 30 June 2017**

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**9 Share capital**

|                        | <b>2017</b> |
|------------------------|-------------|
|                        | <b>£</b>    |
| Ordinary share capital |             |
| Issued and fully paid  |             |
| 1 Ordinary of £1 each  | <b>1</b>    |
|                        | <hr/>       |
|                        | <b>1</b>    |
|                        | <hr/>       |

**10 Charges**

A fixed and floating charge exists over the company's rights, all physical properties of every kind and nature of or relating to the films and all musical scores, lyrics, sound recordings, scripts and other works produced in connection with the films "Avengers: Infinity War Part 1&2" as well as all physical elements of the films and all other assets of the company. The charge is held by MVL Productions LLC.

**11 Related party transactions**

The company has taken advantage of the exemption under paragraph 33.1a of FRS 102 from disclosing transactions entered into between two or more members of a group, where any subsidiary undertaking which is a party to the transaction is wholly owned by a member of that group.

**12 Controlling party**

The company's immediate parent undertaking is MVL Productions, LLC, a company incorporated in the United States of America.

The directors consider the ultimate parent company to be The Walt Disney Company, a company incorporated in the United States of America.

The largest group for which the accounts are prepared and of which the company is a member is The Walt Disney Company. Copies of group accounts of The Walt Disney Company can be obtained from 500 Buena Vista Street, Burbank, California 91521, USA.

The directors are unable to identify the ultimate controlling party of The Walt Disney Company, if any.