

REGISTERED NUMBER: 07385593 (England and Wales)

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

FOR

MUBI UK LIMITED

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for the year ended 31 December 2018

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MUBI UK LIMITED

COMPANY INFORMATION
for the year ended 31 December 2018

DIRECTOR: E Cakarel

REGISTERED OFFICE: 5 New Street Square
London
EC4A 3TW

BUSINESS ADDRESS: 1 Newburgh Street
London
W1F 7RB

REGISTERED NUMBER: 07385593 (England and Wales)

SENIOR STATUTORY AUDITOR: P J Hedgethorne

AUDITORS: Feist Hedgethorne Limited
Statutory Auditors
Chartered Accountants
Preston Park House
South Road
Brighton
East Sussex
BN1 6SB

MUBI UK LIMITED (REGISTERED NUMBER: 07385593)

BALANCE SHEET
31 December 2018

	Notes	2018 £	2017 as restated £
FIXED ASSETS			
Tangible assets	4	50,326	20,756
CURRENT ASSETS			
Debtors	5	775,613	349,525
Cash at bank		<u>714,682</u>	<u>231,599</u>
		1,490,295	581,124
CREDITORS			
Amounts falling due within one year	6	<u>(519,890)</u>	<u>(387,933)</u>
NET CURRENT ASSETS		<u>970,405</u>	<u>193,191</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		1,020,731	213,947
CREDITORS			
Amounts falling due after more than one year	7	<u>(10,142,803)</u>	<u>(8,143,839)</u>
NET LIABILITIES		<u>(9,122,072)</u>	<u>(7,929,892)</u>
CAPITAL AND RESERVES			
Called up share capital	9	1,000	1,000
Retained earnings		<u>(9,123,072)</u>	<u>(7,930,892)</u>
SHAREHOLDERS' FUNDS		<u>(9,122,072)</u>	<u>(7,929,892)</u>

The financial statements have been prepared and delivered in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

In accordance with Section 444 of the Companies Act 2006, the Income Statement has not been delivered.

The financial statements were approved by the director on 10 April 2019 and were signed by:

E Cakarel - Director

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2018**

1. STATUTORY INFORMATION

Mubi Limited is a private company, limited by shares, registered in England and Wales. The company's registered number, registered office address and business address can be found on the Company Information page.

The presentation and the functional currency of the financial statements is the Pound Sterling (£). Monetary amounts in these financial statements are rounded to the nearest pound.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

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 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

Significant judgements and estimates

Preparation of the financial statements requires management to make significant judgements and estimates and these 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The items in the financial statements where these judgements and estimates have been made include, but are not limited to, the useful economic life of tangible fixed assets, the depreciation of these assets and the recoverability of debtors.

Revenue recognition

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue from subscriptions is immediately recognised and deferred in relation to the period of subscription, management fee income is recognised at the end of the year in which the services have been provided and theatrical release income is recognised after the service has been provided.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes costs directly attributable to making the asset capable of operating as intended by management.

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Short leasehold	- 20% on cost
Fixtures and fittings	- 20% on cost
Computer equipment	- 33% on cost

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 December 2018

2. ACCOUNTING POLICIES - continued

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 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.

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 company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors 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.

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.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Research and development

Expenditure on research and development is written off in the year in which it is incurred.

A research and development tax credit is recognised when it is probable that a tax credit in relation to research and development carried out will be received.

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 December 2018**

2. ACCOUNTING POLICIES - continued

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Leasing commitments

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

Going concern

The company continues to be loss making, showing a loss of £1,192,180 (2017: £1,548,410) in the current financial year and has a negative balance sheet position showing net liabilities of £9,122,072 (2017: £7,929,892). Of the liabilities owed by the company as at 31 December 2018, £10,142,803 (2017: £8,143,839) is owed to its parent company MUBI, INC.

The company has received a letter of support from MUBI, INC. and a commitment by MUBI, INC. to lend \$20,000,000 to the company was agreed on 30 April 2018. Therefore the director believes that the company has adequate financial resources to continue in operational existence for the foreseeable future.

The director is confident that the company will obtain a stronger financial position in the future as the MUBI brand grows stronger and the number of subscribers in the UK increase. The director also believes that the company is well placed to successfully manage its business risk.

In light of the above, the director has continued to prepare the financial statements on the going concern basis.

Impairment

At each reporting period end date, the company 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.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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.

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 December 2018

2. ACCOUNTING POLICIES - continued

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.

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.

3. EMPLOYEES AND DIRECTORS

The average number of employees during the year was 27 (2017 - 21) .

4. TANGIBLE FIXED ASSETS

	Short leasehold £	Fixtures and fittings £	Computer equipment £	Totals £
COST				
At 1 January 2018	2,625	39,463	41,285	83,373
Additions	13,430	20,584	23,571	57,585
Disposals	-	-	(1,247)	(1,247)
At 31 December 2018	16,055	60,047	63,609	139,711
DEPRECIATION				
At 1 January 2018	1,663	26,750	34,204	62,617
Charge for year	3,211	10,597	14,207	28,015
Eliminated on disposal	-	-	(1,247)	(1,247)
At 31 December 2018	4,874	37,347	47,164	89,385
NET BOOK VALUE				
At 31 December 2018	11,181	22,700	16,445	50,326
At 31 December 2017	962	12,713	7,081	20,756

5. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £	2017 as restated £
Trade debtors	167,208	7,996
Other debtors	608,405	341,529
	<u>775,613</u>	<u>349,525</u>

Included in other debtors is corporation tax recoverable in relation to the research and development claim totalling £330,411 (2017: £273,611).

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 December 2018

6. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018	2017 as restated
	£	£
Trade creditors	112,954	98,386
Taxation and social security	71,842	41,881
Other creditors	335,094	247,666
	<u>519,890</u>	<u>387,933</u>

7. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2018	2017 as restated
	£	£
Other creditors	<u>10,142,803</u>	<u>8,143,839</u>

8. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2018	2017 as restated
	£	£
Within one year	109,500	56,500
Between one and five years	164,250	141,250
	<u>273,750</u>	<u>197,750</u>

9. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:		Nominal value:	2018	2017 as restated
Number:	Class:		£	£
1,000	Ordinary	£1	<u>1,000</u>	<u>1,000</u>

10. DISCLOSURE UNDER SECTION 444(5B) OF THE COMPANIES ACT 2006

As the Directors' report and income statement have been omitted from the filing copy of the financial statements, the following information in relation to the audit report on the statutory financial statements is provided in accordance with section 444(5B) of the Companies Act 2006.

The financial statements of the company for the period ended 31 December 2016 were not audited because the company was exempt from audit. Therefore the corresponding figures are unaudited.

The audit report was unqualified.

The senior statutory auditor was Peter Hedgethorpe.

The auditor was Feist Hedgethorpe Limited.

11. RELATED PARTY DISCLOSURES

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the Mubi group.

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 December 2018**

12. ULTIMATE CONTROLLING PARTY

The company's ultimate parent undertaking and controlling party is MUBI, INC. (F/K/A BAZAAR, INC.), a company incorporated in the United States of America.

The largest and smallest group in which the results of the company are consolidated is that headed by MUBI, INC. The consolidated financial statements of this group may be obtained from MUBI, INC., 215 Park Avenue South FL12, Suite #12, New York, NY 10003.

13. EQUITY RESERVE

Share capital - This represents the nominal value of shares that have been issued.

Retained earnings - Includes all current and prior period retained profits and losses.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.