

**Report of the Director and  
Financial Statements for the Year Ended 31 December 2021  
for  
MUBI UK LIMITED**

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for the year ended 31 December 2021**

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**MUBI UK LIMITED**

**Company Information  
for the year ended 31 December 2021**

**DIRECTOR:** E Cakarel

**REGISTERED OFFICE:** 5 New Street Square  
London  
EC4A 3TW

**REGISTERED NUMBER:** 07385593 (England and Wales)

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

**Report of the Director  
for the year ended 31 December 2021**

The director presents his report with the financial statements of the company for the year ended 31 December 2021.

**PRINCIPAL ACTIVITIES**

The principal activities of the company in the year under review were those of the provision of an online film platform service and theatrical showings.

**RESEARCH AND DEVELOPMENT**

The company continues to invest in the development of software, database systems and graphic designing in relation to the online film platform service market to ensure it is equipped to deal with continuing developments in this sector. This research and development will ensure that the company is able to evolve with the requirements of its customers.

**DIRECTOR**

E Cakarel held office during the whole of the period from 1 January 2021 to the date of this report.

**GOING CONCERN**

The company has made a loss of £474,912 (2020: profit of £1,164,899) in the current financial year and has a negative balance sheet position showing net liabilities of £8,694,296 (2020: £8,219,384). Of the liabilities owed by the company as at 31 December 2021, £12,826,098 (2020: £9,281,384) is owed to its parent company MUBI, Inc. The liability owed to MUBI, Inc. is included as a long term liability as there is a credit agreement in place that states the parent company is committed to lend the monies until 30 April 2028.

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.

**Report of the Director  
for the year ended 31 December 2021**

**PRINCIPAL RISKS AND UNCERTAINTIES**

There are a number of risks and uncertainties that can impact the performance of the company, some of which are beyond the control of the company and its Board.

The principal risks and uncertainties facing the company are outlined below:

**Market conditions**

The principal risk affecting the company is the sales performance and the retention of market share to enable the company to continue to generate and grow revenue in future years. The market for entertainment video is intensely competitive and subject to rapid change. Through new and existing distribution channels including subscriptions, transactional and ad-supported models, the company has the potential to capture meaningful segments of the entertainment video market.

As MUBI expands its operations internationally it is managing and adjusting its business to address varied content offerings, consumer customs and practices, in particular those dealing with e-commerce and internet video, as well as differing legal and regulatory environments.

**Financial risk**

The director has reviewed the financial risk management objectives and policies of the company. The directors do not believe there to be significant risks in this area. The company does not enter into any hedging instruments as there are not believed to be any material exposure. The company does not enter into any financial instruments for speculative purposes. Appropriate trade terms are negotiated with suppliers and customers, Management review these terms, the relationships with suppliers and customers and manages any exposure on normal trade terms.

**Brexit**

Management continues to closely monitor developments in relation to Brexit and the potential consequential political and economic uncertainties to mitigate risks to the business.

**Covid 19**

The director has considered the risks arising from the current Covid 19 outbreak and although the governments lock down policies have impacted various industries, online platforms have shown increased subscriptions and therefore the director does not currently believe Covid 19 will adversely impact the business.

**STATEMENT OF DIRECTOR'S RESPONSIBILITIES**

The director is responsible for preparing the Report of the Director and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless he is 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 director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is 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 him to ensure that the financial statements comply with the Companies Act 2006. He is 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 AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the director is aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**Report of the Director  
for the year ended 31 December 2021**

**AUDITORS**

The auditors, Feist Hedgethorne Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

This report has been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

**ON BEHALF OF THE BOARD:**

E Cakarel - Director

26 September 2022

**MUBI UK LIMITED (REGISTERED NUMBER: 07385593)**

**Balance Sheet  
31 December 2021**

	Notes	2021 £	2020 £
<b>FIXED ASSETS</b>			
Tangible assets	4	96,703	72,961
<b>CURRENT ASSETS</b>			
Debtors	5	2,052,618	852,443
Cash at bank		<u>5,103,567</u>	<u>2,223,867</u>
		7,156,185	3,076,310
<b>CREDITORS</b>			
Amounts falling due within one year	6	<u>(3,121,086)</u>	<u>(2,043,503)</u>
<b>NET CURRENT ASSETS</b>		<u>4,035,099</u>	<u>1,032,807</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		4,131,802	1,105,768
<b>CREDITORS</b>			
Amounts falling due after more than one year	7	<u>(12,826,098)</u>	<u>(9,325,152)</u>
<b>NET LIABILITIES</b>		<u>(8,694,296)</u>	<u>(8,219,384)</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital		1,000	1,000
Retained earnings		<u>(8,695,296)</u>	<u>(8,220,384)</u>
<b>SHAREHOLDERS' FUNDS</b>		<u>(8,694,296)</u>	<u>(8,219,384)</u>

The financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies regime.

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 and authorised for issue on 26 September 2022 and were signed by:

E Cakarel - Director

The notes form part of these financial statements

**Notes to the Financial Statements  
for the year ended 31 December 2021**

**1. STATUTORY INFORMATION**

MUBI UK 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. 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. Theatrical release income and technology services revenue are recognised at the time the service has been provided. Ancillary revenue is recognised at the time the sales have been made.

**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 2021**

**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 2021**

**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 has made a loss of £474,912 (2020: profit of £1,164,899) in the current financial year and has a negative balance sheet position showing net liabilities of £8,694,296 (2020: £8,219,384). Of the liabilities owed by the company as at 31 December 2021, £12,826,098 (2020: £9,281,384) is owed to its parent company MUBI, Inc. The liability owed to MUBI, Inc. is included as a long term liability as there is a credit agreement in place that states the parent company is committed to lend the monies until 30 April 2028.

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 2021

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 83 (2020 - 53) .

4. TANGIBLE FIXED ASSETS

	Short leasehold £	Fixtures and fittings £	Computer equipment £	Totals £
<b>COST</b>				
At 1 January 2021	16,055	99,740	104,930	220,725
Additions	-	29,588	38,361	67,949
At 31 December 2021	<u>16,055</u>	<u>129,328</u>	<u>143,291</u>	<u>288,674</u>
<b>DEPRECIATION</b>				
At 1 January 2021	10,683	67,304	69,777	147,764
Charge for year	2,686	18,215	23,306	44,207
At 31 December 2021	<u>13,369</u>	<u>85,519</u>	<u>93,083</u>	<u>191,971</u>
<b>NET BOOK VALUE</b>				
At 31 December 2021	<u>2,686</u>	<u>43,809</u>	<u>50,208</u>	<u>96,703</u>
At 31 December 2020	<u>5,372</u>	<u>32,436</u>	<u>35,153</u>	<u>72,961</u>

5. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021 £	2020 £
Trade debtors	499,600	46,674
Other debtors	<u>1,553,018</u>	<u>805,769</u>
	<u>2,052,618</u>	<u>852,443</u>

Included in other debtors is corporation tax recoverable in relation to the research and development claim totalling £545,156 (2020: £134,856).

Notes to the Financial Statements - continued  
for the year ended 31 December 2021

6. **CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2021	2020
	£	£
Bank loans and overdrafts	-	6,312
Trade creditors	735,093	294,786
Taxation and social security	209,982	209,477
Other creditors	<u>2,176,011</u>	<u>1,532,928</u>
	<u><b>3,121,086</b></u>	<u><b>2,043,503</b></u>

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

	2021	2020
	£	£
Bank loans	-	43,688
Other creditors	<u>12,826,098</u>	<u>9,281,464</u>
	<u><b>12,826,098</b></u>	<u><b>9,325,152</b></u>

8. **LEASING AGREEMENTS**

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

	2021	2020
	£	£
Within one year	163,958	80,500
Between one and five years	<u>319,500</u>	<u>-</u>
	<u><b>483,458</b></u>	<u><b>80,500</b></u>

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

As the income statement has 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 audit report was unqualified. However we draw attention to the going concern paragraph in the Report of the Director which indicates that the company made a loss during the year ended 31 December 2021, and the company's net liabilities at that date exceeded its total assets by £8,694,296 (2020: £8,219,384). As stated in the going concern paragraph in the Report of the Director, these events or conditions indicate that a material uncertainty exists which may cast doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

The senior statutory auditor was C J Morey.  
The auditor was Feist Hedgethorne Limited.

10. **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 2021**

**11. ULTIMATE CONTROLLING PARTY**

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

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.

**12. 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.