

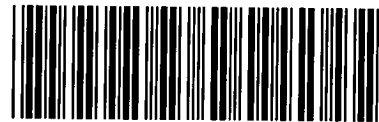
Ink Factory (FWMF) Limited

Annual Report and Financial Statements

For the period ended 31 December 2018

Company Registration No. 10865443

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Ink Factory (FWMF) Limited

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Ink Factory (FWMF) Limited

Officers and Professional advisers

Directors	Simon Cornwell Robin Black Ian Spence
Company Secretary	Yogita Puri
Registered office	49 Neal Street London WC2H 9PZ
Principal Banker	Coutts & Co. Limited 440 Strand London WC2R 0QS
Auditor	Deloitte LLP Statutory Auditor Abbots House Abbey Street Reading RG1 3BD

Ink Factory (FWMF) Limited

Directors' report

The Directors' present their annual report and the audited financial statements for the period ended 31 December 2018.

The Directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption in accordance with s415A of the Companies Act 2006, accordingly no strategic report is presented.

Incorporation

The Company was incorporated as a private company, limited by shares in London, United Kingdom on 13 July 2017. These financial statements have been prepared from this date until 31 December 2018.

Principal activities

The principal activity of the Company is investment in the production and distribution of a film. The Company is a wholly owned subsidiary of The Ink Factory Limited, a private company incorporated in the United Kingdom.

Results and dividends

The Company had revenue of \$3,170,000 for the period ended 31 December 2018.

The Company alongside Film 4, WWE Studios and 127 Wall Productions invested in the film entitled *Fighting with my Family* which is a biographical sports comedy-drama film from writer/director Stephen Merchant and stars a diverse ensemble cast including Florence Pugh and Dwayne Johnson.

MGM acquired the worldwide rights for the film, and it was delivered to MGM in April 2018.

Fighting with my Family was theatrically released in the United States and in the United Kingdom in February 2019.

The Directors proposed no dividend for the period.

Directors

The Directors who held office throughout the period and to the date of the report except as noted were as follows:

SAV Cornwell	(Appointed on 13 July 2017)
RK Black	(Appointed on 13 July 2017)
IM Spence	(Appointed on 24 January 2018)

Company Secretary

The Company Secretary who held office throughout the period and to the date of the report except as noted is as follows:

Y Puri	(Appointed on 13 July 2017)
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Going concern

The accounts have been prepared on a going concern basis, see note 1.

Ink Factory (FWMF) Limited

Directors' report (continued)

Brexit

The Directors have considered the nature and extent of risks and uncertainties arising from Brexit. There is no deemed impact of Brexit on the future performance and position of the Company.

Disclosure of information to auditor

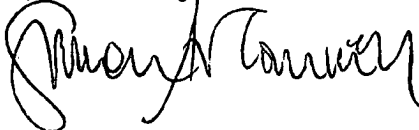
Each of the persons who is a director at the date of approval of this report confirms that:

- So far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- The Director 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 auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditor.

Approved and signed on behalf of the Board of Directors.



Simon Cornwell
Director

11 April 2019

Ink Factory (FWMF) Limited

Directors' responsibilities statement

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), including FRS 101 "Reduced Disclosure Framework". 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 year. In preparing these financial statements the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- 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 him 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.

Independent auditor's report to the members of Ink Factory (FWMF) Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Ink Factory (FWMF) Limited (the 'Company') which comprise:

- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity;
- the statement of accounting policies; and
- the related notes 1 to 8.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs(UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the Directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Independent auditor's report to the members of Ink Factory (FWMF) Limited (continued)

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the 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 Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

Independent auditor's report to the members of Ink Factory (FWMF) Limited (continued)

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 any material misstatements in the directors' report.

Matters on which we are required to report by exception

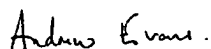
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

We have nothing to report in respect of these matters.

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.



Andrew Evans FCA (Senior statutory auditor)

for and on behalf of Deloitte LLP
Statutory Auditor
Reading, United Kingdom

11 April 2019

Ink Factory (FWMF) Limited

Statement of Comprehensive Income For the period ended 31 December 2018

	Note	Period ended 31 December 2018 \$'000
Revenue	2	3,170
Cost of sales		<u>(3,170)</u>
Gross profit		-
Other income		<u>14</u>
Operating profit and profit before taxation	3	14
Taxation	4	<u>-</u>
Profit after taxation		14
Total comprehensive income for the period		<u>14</u>

All results in the current financial period derive from continuing operations.

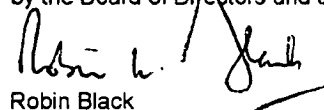
Ink Factory (FWMF) Limited

Balance Sheet At 31 December 2018

	Note	As at 31 December 2018 \$'000
ASSETS		
Current assets		
Work in progress		192
Cash at bank and in hand		9
Total assets		201
EQUITY AND LIABILITIES		
Current liabilities		
Trade and other payables	5	187
Total liabilities		187
Equity		
Share capital	6	-
Accumulated profits	7	14
Total equity		14
Total equity and liabilities		201

The accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements for Ink Factory (FWMF) Limited, registered number 10865443 were approved by the Board of Directors and authorised for issue on 11 April 2019 and signed on its behalf by:


Robin Black
Director

Ink Factory (FWMF) Limited

Statement of Changes in Equity Period ended 31 December 2018

	Share capital \$'000	Accumulated profits \$'000	Total \$'000
Balance at date of incorporation	-	-	-
Issue of share capital	-	-	-
Comprehensive income:			
Profit for the period	-	14	14
Total comprehensive income for the period	-	14	14
Balance at 31 December 2018	-	14	14

Ink Factory (FWMF) Limited

Notes to the financial statements Period ended 31 December 2018

1. Accounting policies

The Company is incorporated in the United Kingdom under the Companies Act 2006. The address of registered office is given on page 1. The nature of the Company's operations and its principal activities are set out in the Directors' report on page 2.

1.1 Statement of compliance

These financial statements have been prepared on a going concern basis in accordance with Financial Reporting Standards 100 issued by the Financial Reporting Council, and applicable legal and regulatory requirements of the Companies Act 2006.

1.2 Basis of accounting

The Company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. The financial statements have therefore been prepared in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to share-based payment, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash-flow statement, standards not yet effective, impairment of assets and related party transactions. Where required, equivalent disclosures have been given in the consolidated accounts of The Ink Factory Limited, which are publicly available and can be obtained as noted in note 8.

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for the assets. The principal accounting policies adopted are set out below.

1.3 Going concern

The financial statements have been prepared on a going concern basis, which assumes that the Company will continue in operational existence for the foreseeable future, based on the cash position.

The project has fully delivered so no further production costs will be incurred. Non-contingent contractual sales of \$1.6m are anticipated to flow in to the collection account which will cover any potential obligations. As sales to MGM exceeded production costs, all equity financiers have fully recouped their investment. The film is in a net profit position with potential future royalties.

The Directors therefore consider it appropriate to continue to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that may be necessary in the event that adequate funding was not made available.

1.4 Capital risk management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern and provide returns for shareholders and provide benefits for other stakeholders of its controlling entity, The Ink Factory Limited (see note 8). The objectives are subject to maintaining sufficient financial flexibility. Management of the Company's capital is performed by its Directors.

Ink Factory (FWMF) Limited

Notes to the financial statements (continued) **Period ended 31 December 2018**

1. Accounting policies (continued)

1.5 Foreign currencies

The currency of the primary economic environment in which the Company operates ('the functional currency') is the US Dollar (\$).

Transactions in foreign currency are recorded at the rates prevailing at the date of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the balance sheet date, or at rates specified in forward contracts where these are in place. These translation differences are recognised in profit and loss.

1.6 Revenue recognition

The Company derives its revenues from the production of feature films. The following summarises the Company's main revenue recognition policies.

- Revenue is recognised where there is reasonable contractual certainty that the revenue is receivable and will be received.
- Revenue from the sale of own or co-produced film productions is recognised when the production is available for delivery and there is reasonable contractual certainty that the revenue is receivable and will be received.

1.7 Work in progress

The Company capitalises all costs relating to the production of feature films as work in progress until the production has completed and accepted by the customer. The work in progress is carried at the lower of cost or net realisable value.

1.8 Production advances

The Company capitalises all cash received in relation to the production of feature films as production advances until the production has completed and accepted by the customer, at which point it is recognised as part of revenue.

1.9 Current and deferred tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the consolidated statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(a) Current tax

The tax currently payable is based on taxable profit for the period. Taxable profit differs from net profit reported in the consolidated statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the accounting date.

Ink Factory (FWMF) Limited

Notes to the financial statements (continued) Period ended 31 December 2018

1. Accounting policies (continued)

1.9 Current and deferred tax (continued)

(b) Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial information and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is charged or credited in the consolidated statement of comprehensive income except when it relates to items credited or charged directly in equity, in which case the deferred tax is also dealt with in equity.

Deferred tax is calculated at the tax rates and laws that are expected to apply to the period when the asset is realised, or the liability is settled based upon tax rates that have been enacted or substantively enacted by the accounting date.

The carrying amount of deferred tax assets is reviewed at each accounting 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.

1.10 Financial Instruments

Financial assets and financial liabilities are recognised on the Company's balance sheet when the Company becomes party to the contractual provisions of the instrument. Financial assets are de-recognised when the contractual rights to the cash flows from the financial asset expire or when the contractual rights to those assets are transferred. Financial liabilities are de-recognised when the obligation specified in the contract is discharged, cancelled or expired.

(a) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less provision for impairment. Appropriate provisions for estimated irrecoverable amounts are recognised in the consolidated statement of comprehensive income when there is objective evidence that the assets are impaired. Interest income is recognised by applying the effective interest rate, except for short-term trade and other receivables when the recognition of interest would be immaterial.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Company will be unable to collect all of the amounts due. For trade and other receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within property expenses in the consolidated statement of comprehensive income. On confirmation that the trade and other receivables will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Ink Factory (FWMF) Limited

Notes to the financial statements (continued) **Period ended 31 December 2018**

1. Accounting policies (continued)

1.10 Financial Instruments (continued)

(b) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash at agents, demand deposits, and other short-term highly liquid investments that have maturities of three months or less from inception, are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

(c) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(d) Trade and other payables

Trade payables are initially measured at their fair value and are subsequently measured at their amortised cost using the effective interest method; this method allocates interest expense over the relevant period by applying the 'effective interest rate' to the carrying amount of the liability.

(e) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statement of comprehensive income over the period of the borrowings using the effective interest method.

1.11 Critical accounting judgements and key sources of estimation uncertainty

In the process of applying accounting policies, management has made the following estimate and judgement that have the most significant effect on the amounts recognised in the financial statements.

Estimate:

- the setting and implementing of the policy on revenue recognition (see note 1.6).

Judgement:

- no significant judgements recognised

2. Revenue

	Period ended 31 December 2018 \$'000
Production related	<u>3,170</u>

Ink Factory (FWMF) Limited

Notes to the financial statements (continued) **Period ended 31 December 2018**

3. Operating profit for the period

Profit for the period has been arrived at after crediting

	Period ended 31 December 2018 \$'000
Foreign exchange gain on transactions	<u>15</u>

The Company had no employees during the period.

The Directors did not receive any remuneration for their services.

Financial statement audit fees for the period were borne by another group company and amounted to \$4,000.

4. Taxation

	Period ended 31 December 2018 \$'000
Current tax charge	-
Deferred tax charge	<u>-</u>
Total tax charge on profit on ordinary activities	<u>-</u>

The current tax charge for the period can be reconciled to the profit in the income statement as follows:

	Period ended 31 December 2018 \$'000
Profit before tax on continuing operations	<u>14</u>
Tax charge at the income tax rate of 19%	3
Utilisation of tax losses in subsidiary undertakings not previously recognised	<u>(3)</u>
Total tax charge for the period	<u>-</u>

Ink Factory (FWMF) Limited

Notes to the financial statements (continued) Period ended 31 December 2018

5. Trade and other payables

	As at 31 December 2018 \$'000
Accruals	187
	<u>187</u>

6. Share capital

	As at 31 December 2018 \$'000
Issued, authorised and fully paid:	-
Ordinary shares 100 at £1 per share	<u>-</u>

The Company's share capital is \$128 (£100) as at 31 December 2018.

7. Accumulated profits

	As at 31 December 2018 \$'000
Balance at date of incorporation	-
Profit for the period	14
Balance at 31 December 2018	<u>14</u>

8. Parent undertaking and controlling party

The immediate parent company and controlling entity is The Ink Factory Limited, a company incorporated in the United Kingdom.

The ultimate parent company and controlling entity, and the parent of the smallest and largest group that prepares consolidated financial statements and includes the company, is The Ink Factory Limited, a company incorporated at 49 Neal Street, London, United Kingdom. Copies of the group financial statements are available from The Ink Factory Limited at the registered office of the Company.