## FINANCIAL

### **SUNDAY EXPRESS**

**EDITED BY GEOFF HO** 



### Disney's spending a force for good in UK

DISNEY spent £374 million on making its global hit Star Wars: The Rise Of Skywalker in the UK, 70 per cent higher than industry estimates, new accounts show.

The latest instalment of the saga made \$1.1 billion (£856.8 million) at the box office and will stream on Disney Plus from Monday.

Around 80 per cent of the production costs were spent in the UK. It is the fifth Star Wars movie to be made here since

Disney bought the franchise in 2012 for £2.5 billion.

The accounts show Disney's UK-based subsidiaries paid out more than £112 million on Star Wars productions in 2019 alone. Disney has spent more than £1.6 billion making new Star Wars movies, which were filmed at Pinewood Studios in Buckinghamshire.

The most expensive was The Force Awakens, which cost £439.4 million. Former chancellor George Osborne is named in its credits as he provided a tax break that allows studios to claim back 25 per cent of their UK production costs, provided that at least 10 per cent of the total is spent here.

At its second quarter results on Tuesday, Disney will update the market on how badly the pandemic has hurt it. It has had to shut its theme parks and stores around the world.

**CHRISTIAN SYLT** 

WINNING ALLIANCE: The Rise Of Skywalker was filmed at Pinewood Studios

# Firms face the biggest crash for a decade

COMPANIES are going to go bust at rates not seen since the credit crunch and the global recession a decade ago due to the coronavirus, according to accountancy giant EY.

The warning comes as research from EY shows stock market-listed companies issued a record 301 profit warnings during the first quarter.

That compares to 313 for the whole of last year and 287 for the entirety of 2018.

More than three quarters of the warnings issued in the first By **Geoff Ho** 

quarter blamed Covid-19 for a deterioration in trading.

The pandemic and lockdown have paralysed economic activity around the world and insolvency and corporate restructuring specialists say growing numbers of anxious firms are contacting them about their options.

Even though the Government is due to outline how it will restart the economy this week, EY said that the UK faces the biggest drop in GDP since the

First World War. The economy is expected to shrink by 6.8 per cent this year, if the lockdown is lifted by the end of the month with no further shocks

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EY anticipates a "significant increase" in bankruptcies when the lockdown lifts and companies try to rebuild their businesses. As with 2008 and 2009, where more businesses went under in 2009 after the credit crunch had hit, it expects there to be an even greater number of insolvencies in 2021 than there will be this year.

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Alan Hudson, EY UK head of restructuring, said: "We know from previous crises one of the biggest tests comes when companies need to reflate balance sheets, restock and depend on supply chains that have been similarly tested. Companies face a unique set of challenges to safeguard business continuity and the health of employees and customers."

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#### SMEs struggle to survive the lockdown

NEARLY a third of small businesses say they will struggle to survive between now and the end of June, according to research from Hitachi Capital Business Finance.

Additionally 31 per cent of small to medium sized enterprise (SME) owners are scaling back their businesses due to the coronavirus. The sectors where most owners fear collapse are hospitality and leisure, retail, and transport and distribution. Prior to the lockdown, 39 per cent of SMEs were predicting growth. That has fallen to 14 per cent.