

FINANCIAL

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EDITED BY GEOFF HO



Disney banks on its blockbuster Marvels

ENTERTAINMENT giant Disney spent close to £1 billion filming its blockbuster superhero movies Avengers: Infinity War and Endgame in the UK and US, new accounts show, write *Christian Sylt* and *Caroline Reid*.

Both smashed the previous record for being the most expensive movie ever made and, according to the financial statements, the "final cost of the films was in excess of the budget". Spending was 64 per

cent higher than industry estimates but both movies still made a profit, as they took a combined total of \$4.85 billion (£3.76 billion) at the box office. The movies accounted for more than 18 per cent of Disney's £11.5 billion operating income last year.

The two Avengers movies were released a year apart, with Infinity War premiering in 2018, followed by Endgame in April last year.

The cast for both movies

includes such stars as Gwyneth Paltrow, Scarlett Johansson, Chris Hemsworth and Robert Downey Jr.

All of the top five most expensive movies of all time were made by Disney in the UK, which includes some of the new Star Wars films and one entry from the Pirates Of The Caribbean series.

More than £2 billion has been spent by Disney on making Marvel superhero movies over the past decade.

PURE BOX OFFICE: The A-list cast of 2018's Avengers: Infinity War

UK's economy 'won't recover until late 2024'

By Geoff Ho

BRITAIN'S economy will shrink by 11 per cent this year due to the coronavirus, according to downgraded forecasts being issued by the EY ITEM Club think-tank tomorrow.

The ITEM Club, which uses the Treasury's models to make its growth assessments, will cut its outlook for UK gross domestic product (GDP) for a third time due to the disruption caused by the outbreak.

It will say that GDP will not return to pre-pandemic levels until late 2024, 18 months later

than it previously thought. The downbeat assessment of the UK's prospects comes as global trade credit insurer Euler Hermes warns 31,000 UK-based businesses could fail next year due to the coronavirus recession and disruption caused by a no-deal Brexit, an event it believes is becoming increasingly likely.

The ITEM Club is expected to pour cold water on hopes of a rapid or "V-shaped" recovery, due to the collapse in economic

activity caused by the pandemic. Even though the lockdown restrictions have been eased, enabling many parts of the economy to restart, May saw poor growth and, as a result, the recovery will take longer than initially expected.

It predicts the unemployment rate, currently at 3.9 per cent, will more than double.

At the start of the year, the ITEM Club thought the UK would grow by 1.2 per cent. It cut its 2020 forecast to -6.8 per cent in April and -8 in June.

Euler Hermes predicts that business failures will rise eight per cent this year to 23,700 cases and then 33 per cent in 2021 to 31,500.

Maxime Lemerle, director of sector research, said: "As economies emerge from lockdowns a wave of insolvencies will follow, between the end of 2020 and the first half of 2021, due to uneven trading conditions, differing reopening strategies and emergency policy measures."

Smaller firms are hit by cash flow woe

SMALL business' cash flow problems have been exacerbated by the coronavirus, with the average amount they are owed in late payments up by 25 per cent, according to Intuit Quickbooks.

The accounting software group said that small to medium-sized enterprises (SMEs) were chasing £50 billion in late payments before the outbreak. The virus has now thrown the economy into reverse.

Intuit UK country manager Chris Evans said that data from its small business clients indicates they have seen a 20-25 per cent increase in overdue payments and added the pandemic had magnified SMEs' existing problems of cash flow and late payments.

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