Artificial Eye Film Company Limited

REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2011



Company Number 01243421

Artificial Eye Film Company Limited
DIRECTORS AND OFFICERS

DIRECTORS

P Knatchbull
KC Marshall
RC Wingate

SECRETARY

LRJ Ferguson

REGISTERED OFFICE

2nd Floor
20-22 Stukeley Street
London
WC2B 5LR

COMPANY NUMBER

01243421

AUDITOR

Baker Tilly UK Audit LLP
Chartered Accountants
25 Farringdon Street
London
EC4A 4AB

Artificial Eye Film Company Limited
DIRECTORS' REPORT

The directors present their report together with the audited financial statements for the year ended 31 December 2011

RESULTS

The profit and loss account is set out on page 5 and shows the profit for the year

PRINCIPAL ACTIVITIES

The company's principal activity during the period continued to be the distribution of motion pictures and video marketing

DIRECTORS

The directors of the company during the year were

R Fitzsimons (resigned 31/10/2011)
P Knatchbull
KC Marshall
RC Wingate

STATEMENT AS TO DISCLOSURE OF INFORMATION TO THE AUDITOR

The directors who were in office on the date of approval of these financial statements have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor

AUDITOR

Baker Tilly UK Audit LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting

In preparing this directors' report advantage has been taken of the small companies' exemption

By order of the board

LRJ Ferguson

Secretary

13th August 2012

Artificial Eye Film Company Limited
DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Directors' 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)

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 period

In preparing those financial statements, the directors are required to

a select suitable accounting policies and then apply them consistently,

b make judgements and accounting estimates that are reasonable and prudent,

c 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 them 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 ARTIFICIAL EYE FILM COMPANY LIMITED

We have audited the financial statements on pages 5 to 11 The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

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

Respective responsibilities of directors and auditor
As more fully explained 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 Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors

Scope of the audit of the financial statements
A description of the scope of an audit of financial statements is provided on the APB's website at www frc org uk/apb/scope/private cfm

Opinion on financial statements
In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you 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 exemption in preparing the directors' report

Baker Tilly UK Audit LLP

DAVID BLACHER (Senior Statutory Auditor)
For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor
Chartered Accountants
25 Farringdon Street
London EC4A 4AB

15th August 2012

Artificial Eye Film Company Limited

PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2011

	Notes	2011 £	2010 £
TURNOVER	1	7,531,736	5,325,104
Cost of sales		(3,870,918)	(2,312,947)
GROSS PROFIT		3,660,818	3,012,158
Administrative expenses		(3,388,030)	(2,420,457)
OPERATING PROFIT	2	272,789	591,700
Other interest receivable and similar income		369	121
Interest payable and similar charges			-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		273,158	591,821
Taxation on profit on ordinary activities	3	(106,941)	(15,479)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION FOR THE FINANCIAL YEAR		166,217	576,342

Artificial Eye Film Company Limited

BALANCE SHEET

at 31 December 2011 Company number 01243421

	Notes	£	2011 £	£	2010 £
FIXED ASSETS					
Intangible assets	4		2,949,433		2,737,875
Tangible assets	5		136,717		125,149
			3,086,150		2,863,024
CURRENT ASSETS					
Stocks		127,016		120,400	
Debtors	6	2,598,816		2,481,097	
Cash at bank and in hand		35,840		113,463	
		2,761,672		2,714,960	
CREDITORS amounts falling due within one year	7	(3,569,790)		(3,466,169)	
NET CURRENT LIABILITIES			(808,118)		(751,209)
NET ASSETS			2,278,032		2,111,815
CAPITAL AND RESERVES					
Called up share capital	8		4		4
Profit and loss account	9		2,278,028		2,111,811
SHAREHOLDERS' FUNDS			2,278,032		2,111,815

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and the Financial Reporting Standard for Smaller Entities (effective April 2008)

The financial statements were approved by the board of directors and authorised for issue on 13th August 2012

P Knatchbull
Director

Artificial Eye Film Company Limited
ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention

The following principal accounting policies have been applied

Cash flow statement
The Financial Reporting Standard for Smaller Entities (effective April 2008) does not require the preparation of a cash flow statement Accordingly, the company has not prepared one

Film Library
The film library is a collection of films for which the company has acquired the rights of distribution The company earns revenues from the royalties earned through sales for periods ranging up to fifteen years On acquisition, the film library was valued using a discounted cash flow basis Subsequently, the film library has not been revalued and is being carried at amortised cost in accordance with the provisions of FRS 10 Amortisation is provided to write off the cost or valuation, less estimated residual values, of the film rights evenly over their expected useful lives It is calculated at the following rates

Film Rights - 5 years straight line

The amortisation of the intangible asset commences from the cinema release date of the film

Depreciation
Depreciation is provided to write off the cost, less estimated residual values, of all tangible fixed assets, except for investment properties and freehold land, evenly over their expected useful lives It is calculated at the following rates

Film prints - 50% reducing balance

Turnover
Turnover represents sales to external customers at invoiced amounts less value added tax or local taxes on sales, together with grants received

Stocks
Stocks are valued at the lower of cost and net realisable value Cost is based on the cost of purchase on a first in, first out basis Net realisable value is based on estimated selling price less additional costs to completion and disposal

Foreign currency
Foreign currency transactions are translated into sterling at the rates ruling when they occurred Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet date Any differences are taken to the profit and loss account

Current taxation
The charge for taxation is based on the profit for the year and takes into account taxation deferred

Current tax is measured at amounts expected to be paid using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that the recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences

Deferred tax balances are not discounted

Leased assets
Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright The amount capitalised is the present value of the minimum lease payments payable over the term of the lease The corresponding leasing commitments are shown as amounts payable to the lessor Depreciation on the relevant assets is charged to the profit and loss account over the shorter of estimated useful economic life and the period of the lease

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to the profit and loss account over the period of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding The capital part reduces the amounts payable to the lessor

All other leases are treated as operating leases Their annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease

Grants
Grants received are recognised within turnover Where receipt of a grant is dependent on the satisfaction of specific criteria, only when such conditions have been met is income recognised in the profit and loss account

Going concern
The financial statements have been prepared on a going concern basis The directors have reviewed cash flow forecasts for the next twelve months and are satisfied that the company will continue its operations for the foreseeable future The company has adequate liquid resources to meet liabilities as they fall due

1 TURNOVER

Turnover arises solely within the United Kingdom

2 OPERATING PROFIT

	2011	2010
	£	£
This is arrived at after charging		
Depreciation of tangible fixed assets	136,718	106,760
Amortisation of intangible fixed assets	1,400,937	1,000,836
Grants received	803,129	403,196

Fees payable to Baker Tilly UK Audit LLP, the company's auditor, for services other than the statutory audit of the company are not disclosed in these financial statements since the consolidated financial statements of Trentnet Limited are required to disclose non-audit fees on a consolidated basis

The audit fee for this company has been borne by Curzon Artificial Eye Limited in 2011 and 2010, and will not be recharged to this company

The directors did not draw any remuneration from the company during the year (2010 £Nil)

3 TAXATION ON PROFIT ON ORDINARY ACTIVITIES

	2011	2010
	£	£
Current tax		
UK corporation tax	108,349	89,150
Deferred tax		
Timing differences	(1,408)	(73,671)
Taxation on profit on ordinary activities	106,941	15,479

The company has recognised a deferred tax asset in 2011 and in 2010 in relation to capital allowances available in future years

4 INTANGIBLE FIXED ASSETS

	Film Rights
	£
Cost	
At 1 January 2011	6,857,306
Additions	1,612,496
At 31 December 2011	8,469,802
Amortisation	
At 1 January 2011	4,119,431
Provided for the year	1,400,937
At 31 December 2011	5,520,368
Net book value	
At 31 December 2011	2,949,433
At 31 December 2010	2,737,875

5 TANGIBLE FIXED ASSETS

	Film prints £
Cost	
At 1 January 2011	1,316,294
Additions	148,286
At 31 December 2011	1,464,579
Depreciation	
At 1 January 2011	1,191,145
Provided for the year	136,718
At 31 December 2011	1,327,863
Net book value	
At 31 December 2011	136,717
At 31 December 2010	125,149

6 DEBTORS

	2011 £	2010 £
Trade debtors	533,295	374,294
Amounts owed by group undertakings	65,870	992,321
Deferred tax asset	75,079	73,671
Other debtors	1,924,572	1,040,811
	2,598,816	2,481,097

7 CREDITORS amounts falling due within one year

	2011 £	2010 £
Trade creditors	1,199,489	974,010
Amounts owed to group undertakings	777,355	1,658,383
Corporation tax	86,305	89,151
Taxation and social security	189,556	141,926
Other creditors	1,317,085	602,699
	3,569,790	3,466,169

8 SHARE CAPITAL

	2011 £	2010 £
Allotted, called up and fully paid		
4 ordinary shares of £1 each	4	4

9 RESERVES

	Profit and loss account £
At 1 January 2011	2,111,811
Profit for the year	166,217
At 31 December 2011	2,278,028

10 CONTINGENT LIABILITIES

The group has guaranteed bank borrowings within Curzon Artificial Eye Limited through a debenture over the group's assets At the year end the liabilities covered by this guarantee totalled £509,148 (2010 £773,748)

11 COMMITMENTS UNDER OPERATING LEASES

The company had annual commitments under non-cancellable operating leases as set out below

	2011 £	2010 £
Operating leases which expire		
In two to five years	60,000	60,000

12 CAPITAL COMMITMENTS

	2011 £	2010 £
Film library expenditure contracted for but not provided in the financial statements	811,459	805,939

13 RELATED PARTY DISCLOSURES

The company has taken advantage of the exemption conferred by the Financial Reporting Standard for Smaller Entities not to disclose transactions with members of the group headed by Trentnet Limited on the grounds that 100% of the voting rights in the company are controlled within that group and the company is included within the consolidated financial statements

In the year Artificial Eye Film Company Ltd received loans from Curzon Film Rights Ltd, a related party by virtue of being a 40% subsidiary of Curzon Artificial Eye Limited which owns 100% of the share capital of Artificial Eye Film Company Ltd, amounting to £667,870 (2010 £229,370)

14 ULTIMATE PARENT COMPANY AND PARENT UNDERTAKING OF LARGER GROUP

The largest group in which the results of the company are consolidated is that headed by ACT Entertainment Group Limited, incorporated in England The smallest group in which they are consolidated is that headed by Trentnet Limited, incorporated in England The consolidated accounts are available to the public and may be obtained from Companies House

At 31 December 2011, the ultimate parent company was Cleobury Limited, incorporated in Jersey