

**REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012
FOR
FILMLIGHT LIMITED**

THURSDAY



LD3 "L10010EA" #249
27/12/2012
COMPANIES HOUSE

FILMLIGHT LIMITED (REGISTERED NUMBER 03917536)

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FOR THE YEAR ENDED 31 MARCH 2012**

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FILMLIGHT LIMITED
COMPANY INFORMATION
FOR THE YEAR ENDED 31 MARCH 2012

DIRECTORS

S Chapman
W Lempp
P Stothart
M Harris
C Williams

SECRETARY

M Harris

REGISTERED OFFICE:

14-15 Manette Street
London
W1D 4AP

REGISTERED NUMBER

03917536

AUDITORS

Wilkins Kennedy LLP
Statutory Auditor
Chartered Accountants
Bridge House
London Bridge
London
SE1 9QR

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2012**

The directors present their report with the financial statements of the company for the year ended 31 March 2012

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of the development, design, manufacture and supply of digital systems for the professional post-production of television and feature film projects

REVIEW OF BUSINESS

The launch of the updated Baselight product during the year has resulted in the sales of this product remaining strong, but the decline in the sales of Northlight and Truelight have resulted in the company having an overall decline of 15% in the company's core business, contributing to the 69% decrease in the company's profits

The directors were pleased to note that the company's continued efforts to broaden its customer base beyond the post production community have continued to bear fruit. A substantial portion of the research and development activities, accompanied by continued significant investment in Marketing and PR within the period, continue the encouragement of diversification

The outlook for the forthcoming year is cautious. Global financial instability and lack of credit may attenuate the company's growth prospects in high value capital equipment. New product initiatives aimed at lower and mid market pricing will substantially broaden the company's customer base and take advantage of the company's strong professional brand position. This will provide the room for further growth once the economic uncertainty is behind us.

DIVIDENDS

The directors declared and paid a interim dividend for the year of £1.85 per share. Total dividends paid for the year amounted to £1,000,000.

RESEARCH AND DEVELOPMENT

The company continued its focus in the year on research and development, with considerable technical staff effort applied to developing the next generation systems. Costs in the year amounted to £1,779,953 (2011: £1,773,485).

DIRECTORS

The directors shown below have held office during the whole of the period from 1 April 2011 to the date of this report

S Chapman
W Lempp
P Stothart
M Harris
C Williams

FINANCIAL INSTRUMENTS

The company's financial instruments at the balance sheet date comprised a bank overdraft, a bank loan, a HP loan, cash and liquid resources. In addition, the company has other financial instruments such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to provide working capital for the company's activities.

The main risks from the company's financial instruments are interest rate risk, liquidity risk and foreign currency risk. In common with businesses of similar size, these risks are managed by the Board, who set the policies and circumstances for the use of financial instruments and which are monitored and reviewed on an ongoing basis.

The company has no exposure to publicly quoted equity securities as it holds no such financial assets.

Interest rate risk

The company's loans comprise both fixed and floating rate liabilities. Any exposure to interest rate fluctuations is managed in order that the company's operations are financed through retained profits.

Foreign currency risk

Some of the company's trade debtors and creditors are denominated in US dollars and Euro. Whilst the Company makes sufficient sales and purchases in foreign currency to possibly justify use of hedging instruments, given the cost of using such instruments, transactions are presently settled at spot rate.

Liquidity risk

Liquidity risk is managed through forecasting the future cash flow requirements of the business and maintaining sufficient cash, overdraft and loan facilities are in place.

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2012**

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors 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 these financial statements, the directors are 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 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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are 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 each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, Wilkins Kennedy LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD


W Lempp - Director

Date 21 December 2012

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
FILMLIGHT LIMITED**

We have audited the financial statements of FilmLight Limited for the year ended 31 March 2012 on pages five to nineteen. 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 a Report of the Auditors 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 auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page three, 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 Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report of the Directors to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 March 2012 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 Report of the Directors 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.



Charles Baynes (Senior Statutory Auditor)
for and on behalf of Wilkins Kennedy LLP
Statutory Auditor
Chartered Accountants
Bridge House
London Bridge
London
SE1 9QR

Date *20 December 2012*

FILMLIGHT LIMITED (REGISTERED NUMBER 03917536)

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2012**

	Notes	2012 £	2011 £
TURNOVER		11,747,333	13,849,868
Cost of sales		<u>4,938,336</u>	<u>5,690,666</u>
GROSS PROFIT		6,808,997	8,159,202
Distribution costs		54,338	93,571
Administrative expenses		<u>6,113,429</u>	<u>5,971,794</u>
		6,167,767	6,065,365
		641,230	2,093,837
Other operating income		<u>15,882</u>	<u>12,851</u>
OPERATING PROFIT	3	657,112	2,106,688
Interest receivable and similar income		<u>7,198</u>	<u>-</u>
		664,310	2,106,688
Interest payable and similar charges	4	<u>19,423</u>	<u>40,931</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		644,887	2,065,757
Tax on profit on ordinary activities	5	<u>(2,077)</u>	<u>(5,929)</u>
PROFIT FOR THE FINANCIAL YEAR		<u>646,964</u>	<u>2,071,686</u>

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current year or previous year

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profits for the current year or previous year

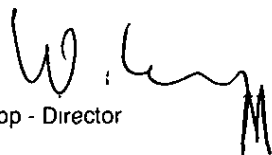
The notes form part of these financial statements

BALANCE SHEET
31 MARCH 2012

		2012	2011
	Notes	£	£
FIXED ASSETS			
Intangible assets	7	95,000	104,500
Tangible assets	8	281,669	323,597
Investments	9	-	-
		<u>376,669</u>	<u>428,097</u>
CURRENT ASSETS			
Stocks	10	2,969,446	2,334,068
Debtors	11	2,623,120	1,703,824
Cash at bank and in hand		<u>2,000,060</u>	<u>2,916,610</u>
		7,592,626	6,954,502
CREDITORS			
Amounts falling due within one year	12	<u>2,684,135</u>	<u>2,331,103</u>
NET CURRENT ASSETS		<u>4,908,491</u>	<u>4,623,399</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		5,285,160	5,051,496
CREDITORS			
Amounts falling due after more than one year	13	(623,026)	(32,810)
PROVISIONS FOR LIABILITIES	16	<u>(73,065)</u>	<u>(76,581)</u>
NET ASSETS		<u>4,589,069</u>	<u>4,942,105</u>
CAPITAL AND RESERVES			
Called up share capital	17	270,688	270,688
Share premium	18	136,617	136,617
Capital redemption reserve	18	27,695	27,695
Profit and loss account	18	<u>4,154,069</u>	<u>4,507,105</u>
SHAREHOLDERS' FUNDS	22	<u>4,589,069</u>	<u>4,942,105</u>

The financial statements were approved by the Board of Directors on 21 December 2012 and were signed on its behalf by

W Lempp - Director



**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2012**

	Notes	2012 £	2011 £
Net cash (outflow)/inflow from operating activities	1	(736,407)	3,274,981
Returns on investments and servicing of finance	2	(16,887)	(40,931)
Capital expenditure	2	(65,781)	(64,870)
Equity dividends paid		<u>(1,000,000)</u>	<u>(499,908)</u>
		(1,819,075)	2,669,272
Financing	2	<u>792,430</u>	<u>(689,523)</u>
(Decrease)/increase in cash in the period		<u>(1,026,645)</u>	<u>1,979,749</u>
Reconciliation of net cash flow to movement in net funds			
	3		
(Decrease)/increase in cash in the period		(1,026,645)	1,979,749
Cash (inflow)/outflow from (increase)/decrease in debt and lease financing		<u>(792,430)</u>	<u>795,149</u>
Change in net funds resulting from cash flows		<u>(1,819,075)</u>	<u>2,774,898</u>
Movement in net funds in the period		<u>(1,819,075)</u>	<u>2,774,898</u>
Net funds/(debt) at 1 April		<u>2,729,184</u>	<u>(45,714)</u>
Net funds at 31 March		<u>910,109</u>	<u>2,729,184</u>

The notes form part of these financial statements

**NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2012**

1 RECONCILIATION OF OPERATING PROFIT TO NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES

	2012 £	2011 £
Operating profit	657,112	2,106,688
Depreciation charges	117,209	109,825
Increase in stocks	(635,378)	(187,117)
(Increase)/decrease in debtors	(868,053)	1,638,455
Decrease in creditors	<u>(7,297)</u>	<u>(392,870)</u>
Net cash (outflow)/inflow from operating activities	<u>(736,407)</u>	<u>3,274,981</u>

2 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2012 £	2011 £
Returns on investments and servicing of finance		
Interest received	2,536	-
Interest paid	(5,527)	(1,959)
Interest element of finance lease payments	<u>(13,896)</u>	<u>(38,972)</u>
Net cash outflow for returns on investments and servicing of finance	<u>(16,887)</u>	<u>(40,931)</u>
Capital expenditure		
Purchase of tangible fixed assets	<u>(65,781)</u>	<u>(64,870)</u>
Net cash outflow for capital expenditure	<u>(65,781)</u>	<u>(64,870)</u>
Financing		
New loans in year	1,000,000	-
Capital repayments in year	(207,570)	(412,578)
Purchase of own shares	<u>-</u>	<u>(276,945)</u>
Net cash inflow/(outflow) from financing	<u>792,430</u>	<u>(689,523)</u>

NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2012

3 ANALYSIS OF CHANGES IN NET FUNDS

	At 1/4/11 £	Cash flow £	At 31/3/12 £
Net cash			
Cash at bank and in hand	2,916,610	(916,550)	2,000,060
Bank overdraft	-	(110,095)	(110,095)
	<u>2,916,610</u>	<u>(1,026,645)</u>	<u>1,889,965</u>
Debt			
Finance leases	(187,426)	154,616	(32,810)
Debts falling due within one year	-	(324,020)	(324,020)
Debts falling due after one year	-	(623,026)	(623,026)
	<u>(187,426)</u>	<u>(792,430)</u>	<u>(979,856)</u>
Total	<u>2,729,184</u>	<u>(1,819,075)</u>	<u>910,109</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012**

1 ACCOUNTING POLICIES

Basis of preparing the financial statements

The use of the going concern basis of accounting is appropriate because there are no material uncertainties related to events or conditions that may cast significant doubt about the ability of the company to continue as a going concern

Accounting convention

The financial statements have been prepared under the historical cost convention

Turnover

Service contract income is recognised as invoiced

Hardware sales income equivalent to cost of sales is recognised when the ordered goods are substantially complete and ready for shipment. The margin is recognised after shipment and on acceptance

Governments grants are recognised in the profit and loss account so as to match them with the expenditure towards which they are intended to contribute

Grants received which relate to capitalised research and development costs are netted off against that expenditure

Grants received in relation to capital expenditure are deferred and recognised over the period of the useful economic life of the assets

Deferred income represents amounts invoiced for hardware not yet shipped or installed

Goodwill

Knowhow, being the amount paid in connection with the acquisition of a business in 2003, is being amortised evenly over its estimated useful life of twenty years

Amortisation

Amortisation is calculated so as to write off the cost of an asset, net anticipated disposal proceeds, over the useful economic life of that asset as follows

Knowhow - over 20 years

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter

Long leasehold	- Over 4 years
Plant and machinery	- Straight line over 5 years
Fixtures and fittings	- Over 4 years
Computer equipment	- Over 4 years

An amount equal to the excess of the annual depreciation charge on revalued assets over the notional historical cost depreciation charge on those assets is transferred annually from the revaluation reserve to the profit and loss reserve

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date

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

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2012

1 ACCOUNTING POLICIES - continued**Hire purchase and leasing commitments**

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to the profit and loss account 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 the profit and loss account in the period to which they relate.

Consolidation

In the opinion of the directors, the company and its subsidiary undertaking comprise a medium-sized group. All transactions and balances in relation to the sole subsidiary undertaking FilmLight Inc. are included within the accounts of the parent and any residual balances are not material for the purpose of giving a true and fair view as defined in Companies Act 2006 section 405 (2).

Employee share schemes

Share schemes are accounted for in line with UITF 17 Employee Share Schemes. The intrinsic value of the shares is charged to the profit and loss account over the vesting period.

2 STAFF COSTS

	2012	2011
	£	£
Wages and salaries	4,014,105	3,967,783
Social security costs	375,694	422,668
Other pension costs	<u>96,732</u>	<u>61,133</u>
	<u>4,486,531</u>	<u>4,451,584</u>

The average monthly number of employees during the year was as follows

	2012	2011
Development staff	24	23
Production staff	8	8
Support staff	12	13
Finance staff	2	3
Sales staff	8	9
Admin staff	4	7
Management staff	<u>4</u>	<u>5</u>
	<u>62</u>	<u>68</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2012

3 OPERATING PROFIT

The operating profit is stated after charging

	2012	2011
	£	£
Hire of plant and machinery	3,102	2,611
Other operating leases	277,873	239,755
Depreciation - owned assets	100,577	90,816
Depreciation - assets on finance leases	7,132	9,509
Knowhow amortisation	9,500	9,500
Audit fee	18,063	15,749
Foreign exchange differences	<u>1,466</u>	<u>65,984</u>
Directors' remuneration	505,699	441,060
Directors' pension contributions to money purchase schemes	<u>36,000</u>	<u>61,133</u>

The number of directors to whom retirement benefits were accruing was as follows

Money purchase schemes	<u>4</u>	<u>4</u>
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Information regarding the highest paid director is as follows

	2012	2011
	£	£
Emoluments etc	<u>133,088</u>	<u>132,767</u>

4 INTEREST PAYABLE AND SIMILAR CHARGES

	2012	2011
	£	£
Bank loan interest	5,527	1,959
Hire purchase	<u>13,896</u>	<u>38,972</u>
	<u>19,423</u>	<u>40,931</u>

5 TAXATION

Analysis of the tax credit

The tax credit on the profit on ordinary activities for the year was as follows

	2012	2011
	£	£
Current tax		
UK corporation tax	1,439	-
Deferred tax	<u>(3,516)</u>	<u>(5,929)</u>
Tax on profit on ordinary activities	<u>(2,077)</u>	<u>(5,929)</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2012

5 TAXATION - continued

Factors affecting the tax credit

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below

	2012 £	2011 £
Profit on ordinary activities before tax	<u>644,887</u>	<u>2,065,757</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (2011 - 28%)	128,977	578,412
Effects of Disallowed expenses	4,224	11,905
adjustment		
Losses (utilised)/carried forward prior year	-	(96,873)
Additional allowances for R&D credits	(134,440)	(496,043)
Accelerated capital allowances	<u>2,678</u>	<u>2,599</u>
Current tax charge	<u>1,439</u>	-

6 DIVIDENDS

	2012 £	2011 £
Ordinary shares shares of £0.50 each Interim	<u>1,000,000</u>	<u>499,908</u>

7 INTANGIBLE FIXED ASSETS

	Knowhow £	Research and development costs £	Totals £
COST			
At 1 April 2011 and 31 March 2012	<u>190,000</u>	<u>65,026</u>	<u>255,026</u>
AMORTISATION			
At 1 April 2011	85,500	65,026	150,526
Amortisation for year	<u>9,500</u>	-	<u>9,500</u>
At 31 March 2012	<u>95,000</u>	<u>65,026</u>	<u>160,026</u>
NET BOOK VALUE			
At 31 March 2012	<u>95,000</u>	-	<u>95,000</u>
At 31 March 2011	<u>104,500</u>	-	<u>104,500</u>

The £190,000 relates to technical knowhow acquired with the employees of Filmlight and is being amortised over twenty years

The £65,026 relates to the precursor stage of development in Baselight and Truelight products. The asset is now fully written down

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2012

8 TANGIBLE FIXED ASSETS

	Long leasehold £	Plant and machinery £	Fixtures and fittings £
COST			
At 1 April 2011	26,400	344,515	36,339
Additions	-	378	9,576
At 31 March 2012	<u>26,400</u>	<u>344,893</u>	<u>45,915</u>
DEPRECIATION			
At 1 April 2011	26,400	147,043	4,327
Charge for year	-	48,284	9,561
At 31 March 2012	<u>26,400</u>	<u>195,327</u>	<u>13,888</u>
NET BOOK VALUE			
At 31 March 2012	<u>-</u>	<u>149,566</u>	<u>32,027</u>
At 31 March 2011	<u>-</u>	<u>197,472</u>	<u>32,012</u>
	Motor vehicles £	Computer equipment £	Totals £
COST			
At 1 April 2011	9,736	261,321	678,311
Additions	-	55,827	65,781
At 31 March 2012	<u>9,736</u>	<u>317,148</u>	<u>744,092</u>
DEPRECIATION			
At 1 April 2011	9,736	167,208	354,714
Charge for year	-	49,864	107,709
At 31 March 2012	<u>9,736</u>	<u>217,072</u>	<u>462,423</u>
NET BOOK VALUE			
At 31 March 2012	<u>-</u>	<u>100,076</u>	<u>281,669</u>
At 31 March 2011	<u>-</u>	<u>94,113</u>	<u>323,597</u>

Tangible fixed assets include £65,000 of assets which were acquired at no cost but have been valued at £65,000 as an estimate of their value to the business

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2012

8 TANGIBLE FIXED ASSETS - continued

Fixed assets, included in the above, which are held under finance leases are as follows

	Plant and machinery £
COST	
At 1 April 2011 and 31 March 2012	<u>67,843</u>
DEPRECIATION	
At 1 April 2011	39,317
Charge for year	<u>7,132</u>
At 31 March 2012	<u>46,449</u>
NET BOOK VALUE	
At 31 March 2012	<u>21,394</u>
At 31 March 2011	<u>28,526</u>

9 FIXED ASSET INVESTMENTS

The company's investments at the balance sheet date in the share capital of companies include the following

FilmLight Incorporated

Country of incorporation USA

Nature of business Development and supply of film equipment

	% holding
Class of shares	
Ordinary	100.00

FilmLight Inc was set up as a legal entity in order for Filmlight Limited to trade in the US. The company effectively is a sales branch and all of its balances have been included in the accounts of Filmlight Limited.

10 STOCKS

	2012 £	2011 £
Stocks	2,738,402	2,138,348
Finished goods	<u>231,044</u>	<u>195,720</u>
	<u>2,969,446</u>	<u>2,334,068</u>

11 DEBTORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	2012 £	2011 £
Trade debtors	1,969,667	1,379,738
Other debtors	237,784	59,904
Directors' loan accounts	99,000	-
Tax	46,581	-
VAT	82,573	18,827
Prepayments and accrued income	<u>187,515</u>	<u>245,355</u>
	<u>2,623,120</u>	<u>1,703,824</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2012

12 CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	2012	2011
	£	£
Bank loans and overdrafts (see note 14)	434,115	-
Finance leases (see note 15)	32,810	154,616
Trade creditors	597,295	683,696
Amounts owed to group undertakings	291,061	-
Tax	48,020	-
Social security and other taxes	106,290	102,633
Other creditors	82,626	136,758
Accruals and deferred income	<u>1,091,918</u>	<u>1,253,400</u>
	<u>2,684,135</u>	<u>2,331,103</u>

13 CREDITORS AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2012	2011
	£	£
Bank loans (see note 14)	623,026	-
Finance leases (see note 15)	-	32,810
	<u>623,026</u>	<u>32,810</u>

14 LOANS

An analysis of the maturity of loans is given below

	2012	2011
	£	£
Amounts falling due within one year or on demand		
Bank overdrafts	110,095	-
Bank loans	<u>324,020</u>	-
	<u>434,115</u>	-
Amounts falling due between one and two years		
Bank loans - 1-2 years	<u>335,077</u>	-
Amounts falling due between two and five years		
Bank loans - 2-5 years	<u>287,949</u>	-

The bank loan and overdraft, is secured by debenture comprising fixed and floating charges over all the assets and undertaking of Filmlight Limited, including all present and future freehold and leasehold property, book and other debts, chattels, goodwill and uncalled capital, both present and future

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2012

15 OBLIGATIONS UNDER LEASING AGREEMENTS

	Finance leases	
	2012 £	2011 £
Gross obligations repayable		
Within one year	33,367	160,816
Between one and five years	-	33,367
	<u>33,367</u>	<u>194,183</u>
Finance charges repayable		
Within one year	557	6,200
Between one and five years	-	557
	<u>557</u>	<u>6,757</u>
Net obligations repayable		
Within one year	32,810	154,616
Between one and five years	-	32,810
	<u>32,810</u>	<u>187,426</u>

Finance leases and HP contracts are secured on the assets to which they relate

The following operating lease payments are committed to be paid within one year

	Land and buildings		Other operating leases	
	2012 £	2011 £	2012 £	2011 £
Expiring				
Within one year	18,165	5,438	-	1,785
Between one and five years	<u>20,000</u>	<u>32,320</u>	-	-
	<u>38,165</u>	<u>37,758</u>	-	<u>1,785</u>

16 PROVISIONS FOR LIABILITIES

	2012 £	2011 £
Deferred tax	<u>73,065</u>	<u>76,581</u>
		Deferred tax
		£
Balance at 1 April 2011		76,581
Movement in deferred tax		<u>(3,516)</u>
Balance at 31 March 2012		<u>73,065</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2012

17 CALLED UP SHARE CAPITAL

Allotted, issued and fully paid Number	Class	Nominal value £0 50	2012 £ <u>270,688</u>	2011 £ <u>270,688</u>
541,377	Ordinary shares			

On 29 June 2011, the share capital in Filmlight Limited, was acquired by Filmlight Holdings Limited and all the share options held in Filmlight Limited were transferred to Filmlight Holdings Limited

18 RESERVES

	Profit and loss account £	Share premium £	Capital redemption reserve £	Totals £
At 1 April 2011	4,507,105	136,617	27,695	4,671,417
Profit for the year	646,964			646,964
Dividends	<u>(1,000,000)</u>			<u>(1,000,000)</u>
At 31 March 2012	<u>4,154,069</u>	<u>136,617</u>	<u>27,695</u>	<u>4,318,381</u>

19 ULTIMATE PARENT COMPANY

The ultimate parent company of Filmlight Limited is Filmlight Holdings Limited, a company incorporated in England and Wales

Filmlight Holdings Limited was incorporated on 27 April 2012

20 TRANSACTIONS WITH DIRECTORS

The following loans to directors subsisted during the years ended 31 March 2012 and 31 March 2011

	2012 £	2011 £
M Harris		
Balance outstanding at start of year	-	-
Amounts advanced	20,000	-
Amounts repaid	(2,000)	-
Balance outstanding at end of year	<u>18,000</u>	-
P Stothart		
Balance outstanding at start of year	-	-
Amounts advanced	70,000	-
Amounts repaid	(7,000)	-
Balance outstanding at end of year	<u>63,000</u>	-
C Williams		
Balance outstanding at start of year	-	-
Amounts advanced	20,000	-
Amounts repaid	(2,000)	-
Balance outstanding at end of year	<u>18,000</u>	-

During the year the company made loans to the directors in respect of the share options exercised in its parent company, Filmlight Holdings Limited

The loans attract interest at 4% per annum, of which £2,035 was outstanding at the year end

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2012

21 RELATED PARTY DISCLOSURES

During the year dividends were paid to shareholder directors and their immediate family amounting to £1,000,000 (2011 £486,084)

At the year end the company owed its parent, Filmlight Holdings Limited, £291,061 (2011 £Nil)

22 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2012 £	2011 £
Profit for the financial year	646,964	2,071,686
Dividends	(1,000,000)	(499,908)
	(353,036)	1,571,778
Purchase of own shares	<u>-</u>	<u>(276,945)</u>
Net (reduction)/addition to shareholders' funds	(353,036)	1,294,833
Opening shareholders' funds	<u>4,942,105</u>	<u>3,647,272</u>
Closing shareholders' funds	<u>4,589,069</u>	<u>4,942,105</u>

23 PENSION COSTS

The company also operates a defined contribution pension scheme for current directors. This scheme does not require an actuarial valuation under FRS17. The assets of the scheme are held separately from those of the company. The pension charge for the period to this scheme was £36,000 (2011 £61,133). There were no outstanding contributions payable to this scheme at the balance sheet date.