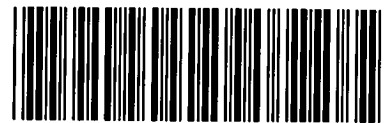


REGISTERED NUMBER: 03917536 (England and Wales)

**GROUP STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017
FOR
FILMLIGHT LIMITED**

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FOR THE YEAR ENDED 31 MARCH 2017

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FILMLIGHT LIMITED
COMPANY INFORMATION
FOR THE YEAR ENDED 31 MARCH 2017

DIRECTORS:

S Chapman
W Lempp
P Stothart
M Harris

SECRETARY:

M Harris

REGISTERED OFFICE:

14-15 Manette Street
London
W1D 4AP

REGISTERED NUMBER:

03917536 (England and Wales)

AUDITORS:

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

FILMLIGHT LIMITED
GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2017

The directors present their strategic report of the company and the group for the year ended 31 March 2017.

PRINCIPAL ACTIVITY

The principal activity of the group during the year was the development, design, manufacture and supply of digital systems for the professional post-production of television and feature film projects.

REVIEW OF BUSINESS

The group's turnover continued to improve from £9.035M in the previous year to £9.767M in the year to March 2017, a further increase of 8%. Profit also went up, from £789,000 to £858,000, or 13%. This steady growth hides considerable volatility in individual regions and markets. While there are still opportunities for growth in developing markets, the underlying trend of a mature post production sector struggling with overcapacity and low operating margins hasn't improved, and is likely to become more severe.

The group continues to position itself at the top end of the market, strengthening its aspirational brand and attracting the top talent to its products at the expense of its competitors. The positive effect of this strategy was particularly evident in the last financial year, where the announcement, demonstrations and beta-testing of the V5.0 release of Baselight was sufficient in keeping up interest with the product despite its release being delayed into the current year.

There is however a need to look beyond the current product strategy, and the company is exploring ways to exploit its expertise in colour appearance and colour perception through licensing within the context of High Dynamic Range technology.

The group has taken a number of steps to protect itself from the fallout of the UK leaving the EU. It has fixed its price list against the USD to limit foreign exchange losses on cost of goods and foreign expenses. It has kept the majority of its cash reserves in USD and EUR. And it has set up a fully owned subsidiary company within the EU - FilmLight GmbH - based in Munich to better serve our customers in central Europe and to provide more flexibility in Europe-wide recruiting and retaining EU staff.

Looking forward to 2017/18, we are cautious about FilmLight's prospects in a difficult global political landscape and against the continuing structural weakness of the post production market. We expect modest growth to continue while we build up our presence and market share in this highly specialised sector. We strongly believe this is possible through an emphasis on creativity as well as productivity, combined with the support and technical expertise that FilmLight is in a unique position to provide.

FILMLIGHT LIMITED
GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2017

PRINCIPAL RISKS AND UNCERTAINTIES

The group'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 group 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 group's activities.

The main risks from the group'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 group has no exposure to publicly quoted equity securities as it holds no such financial assets.

Interest rate risk

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

Liquidity and cash flow 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.

Foreign currency risk

Some of the group's trade debtors and creditors are denominated in US dollars and Euro. Whilst the group 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.

ON BEHALF OF THE BOARD:



W Lempp - Director

18 December 2017

FILMLIGHT LIMITED
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2017

The directors present their report with the financial statements of the company and the group for the year ended 31 March 2017.

DIVIDENDS

An interim dividend of £1.8376 per share was paid on 30 September 2016. The directors recommend that no final dividend be paid.

The total distribution of dividends for the year ended 31 March 2017 will be £994,835.

RESEARCH AND DEVELOPMENT

The group 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 £1,720,032 (2016: £1,529,426).

DIRECTORS

The directors shown below have held office during the whole of the period from 1 April 2016 to the date of this report.

S Chapman
W Lempp
P Stothart
M Harris

DISCLOSURE IN THE STRATEGIC REPORT

The group has chosen, in accordance with Section 414C of the Companies Act 2006, to set out the following information and would otherwise be required to be contained in the Report of the Director:

Review of the business

Financial risk management objectives; and

Indication of exposure to interest rate risk, liquidity and cash flow risk and foreign currency risk

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Group Strategic Report, 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 the group and of the profit or loss of the group 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 and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group 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 the group 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 group's auditors are unaware, and each 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 group's auditors are aware of that information.

FILMLIGHT LIMITED
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2017

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

18 December 2017

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

We have audited the financial statements of Filmlight Limited for the year ended 31 March 2017 on pages seven to twenty eight. 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), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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 Auditors' 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 auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page four, 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 Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2017 and of the group's 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 matters prescribed by the Companies Act 2006

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

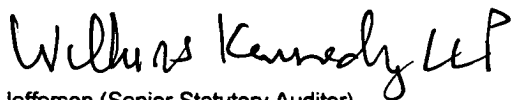
- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Directors.

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.



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

18 December 2017

FILMLIGHT LIMITED
CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2017

		2017		2016	
	Notes	£	£	£	£
TURNOVER	3		9,767,131		9,035,322
Cost of sales			2,918,958		2,627,643
GROSS PROFIT			6,848,173		6,407,679
Distribution costs		85,745		50,549	
Administrative expenses		6,341,096		5,846,633	
			6,426,841		5,897,182
			421,332		510,497
Other operating income			33,623		56,783
OPERATING PROFIT	5		454,955		567,280
Interest receivable and similar income			-		10,156
			454,955		577,436
Interest payable and similar expenses	6		1,383		-
PROFIT BEFORE TAXATION			453,572		577,436
Tax on profit	7		(371,748)		(211,237)
PROFIT FOR THE FINANCIAL YEAR			825,320		788,673
Profit attributable to: Owners of the parent			825,320		788,673

The notes form part of these financial statements

FILMLIGHT LIMITED

**CONSOLIDATED OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2017**

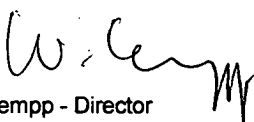
	Notes	2017 £	2016 £
PROFIT FOR THE YEAR		825,320	788,673
OTHER COMPREHENSIVE INCOME			
Exchange differences on retranslation		12,073	-
Income tax relating to other comprehensive income		-	-
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX		12,073	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>837,393</u>	<u>788,673</u>
Total comprehensive income attributable to: Owners of the parent		<u>837,393</u>	<u>788,673</u>

The notes form part of these financial statements

CONSOLIDATED BALANCE SHEET
31 MARCH 2017

	Notes	2017 £	2016 £
FIXED ASSETS			
Intangible assets	10	895,434	968,204
Tangible assets	11	517,800	376,278
Investments	12	160,005	-
		<u>1,573,239</u>	<u>1,344,482</u>
CURRENT ASSETS			
Stocks	13	2,590,637	2,777,344
Debtors	14	3,133,734	4,197,924
Cash at bank		1,325,944	607,733
		<u>7,050,315</u>	<u>7,583,001</u>
CREDITORS			
Amounts falling due within one year	15	2,786,613	2,933,100
NET CURRENT ASSETS		<u>4,263,702</u>	<u>4,649,901</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>5,836,941</u>	<u>5,994,383</u>
CAPITAL AND RESERVES			
Called up share capital	20	270,688	270,688
Share premium	21	136,617	136,617
Capital redemption reserve	21	27,695	27,695
Retained earnings	21	5,401,941	5,559,383
SHAREHOLDERS' FUNDS		<u>5,836,941</u>	<u>5,994,383</u>

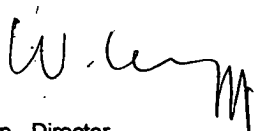
The financial statements were approved by the Board of Directors on 18 December 2017 and were signed on its behalf by:

W Lempp - Director 

COMPANY BALANCE SHEET
31 MARCH 2017

	Notes	2017	2016
		£	£
FIXED ASSETS			
Intangible assets	10	895,434	968,204
Tangible assets	11	517,023	372,465
Investments	12	181,745	1
		<u>1,594,202</u>	<u>1,340,670</u>
CURRENT ASSETS			
Stocks	13	2,590,637	2,777,344
Debtors	14	2,981,309	3,607,959
Cash at bank		1,062,988	522,871
		<u>6,634,934</u>	<u>6,908,174</u>
CREDITORS			
Amounts falling due within one year	15	2,535,818	2,352,686
NET CURRENT ASSETS		<u>4,099,116</u>	<u>4,555,488</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u><u>5,693,318</u></u>	<u><u>5,896,158</u></u>
CAPITAL AND RESERVES			
Called up share capital	20	270,688	270,688
Share premium	21	136,617	136,617
Capital redemption reserve	21	27,695	27,695
Retained earnings	21	5,258,318	5,461,158
SHAREHOLDERS' FUNDS		<u><u>5,693,318</u></u>	<u><u>5,896,158</u></u>
Company's profit for the financial year		<u><u>791,995</u></u>	<u><u>781,067</u></u>

The financial statements were approved by the Board of Directors on 18 December 2017 and were signed on its behalf by:



W Lempp - Director

FILMLIGHT LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2017**

	Called up share capital £	Retained earnings £	Share premium £	Capital redemption reserve £	Total equity £
Balance at 1 April 2015	270,688	5,370,701	136,617	27,695	5,805,701
Changes in equity					
Dividends	-	(599,991)	-	-	(599,991)
Total comprehensive income	-	788,673	-	-	788,673
Balance at 31 March 2016	<u>270,688</u>	<u>5,559,383</u>	<u>136,617</u>	<u>27,695</u>	<u>5,994,383</u>
Changes in equity					
Dividends	-	(994,835)	-	-	(994,835)
Total comprehensive income	-	837,393	-	-	837,393
Balance at 31 March 2017	<u><u>270,688</u></u>	<u><u>5,401,941</u></u>	<u><u>136,617</u></u>	<u><u>27,695</u></u>	<u><u>5,836,941</u></u>

The notes form part of these financial statements

FILMLIGHT LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2017**

	Called up share capital £	Retained earnings £	Share premium £	Capital redemption reserve £	Total equity £
Balance at 1 April 2015	270,688	5,280,082	136,617	27,695	5,715,082
Changes in equity					
Dividends	-	(599,991)	-	-	(599,991)
Total comprehensive income	-	781,067	-	-	781,067
Balance at 31 March 2016	<u>270,688</u>	<u>5,461,158</u>	<u>136,617</u>	<u>27,695</u>	<u>5,896,158</u>
Changes in equity					
Dividends	-	(994,835)	-	-	(994,835)
Total comprehensive income	-	791,995	-	-	791,995
Balance at 31 March 2017	<u><u>270,688</u></u>	<u><u>5,258,318</u></u>	<u><u>136,617</u></u>	<u><u>27,695</u></u>	<u><u>5,693,318</u></u>

The notes form part of these financial statements

FILMLIGHT LIMITED
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2017

	Notes	2017 £	2016 £
Cash flows from operating activities			
Cash generated from operations	1	856,490	712,410
Interest paid		(1,383)	-
Tax paid		3,961	-
Tax refunded		616,240	304,828
Net cash from operating activities		1,475,308	1,017,238
Cash flows from investing activities			
Purchase of tangible fixed assets		(55,556)	(30,504)
Interest received		-	10,156
Net cash from investing activities		(55,556)	(20,348)
Cash flows from financing activities			
Loan repayments in year		-	(29,160)
Amount introduced by directors		27,619	-
Amount withdrawn by directors		(27,619)	-
Equity dividends paid		(994,835)	(599,991)
Net cash from financing activities		(994,835)	(629,151)
Increase in cash and cash equivalents		424,917	367,739
Cash and cash equivalents at beginning of year	2	486,647	118,908
Effect of foreign exchange rate changes		12,073	-
Cash and cash equivalents at end of year	2	923,637	486,647

The notes form part of these financial statements

FILMLIGHT LIMITED

**NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2017**

1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2017	2016
	£	£
Profit before taxation	453,572	577,436
Depreciation charges	292,167	292,074
Finance costs	1,383	-
Finance income	-	(10,156)
	747,122	859,354
Increase in stocks	(118,657)	(283,408)
Decrease in trade and other debtors	655,733	73,314
(Decrease)/increase in trade and other creditors	(427,708)	63,150
Cash generated from operations	856,490	712,410

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 March 2017

	31/3/17	1/4/16
	£	£
Cash and cash equivalents	1,325,944	607,733
Bank overdrafts	(402,307)	(121,086)
	923,637	486,647

Year ended 31 March 2016

	31/3/16	1/4/15
	£	£
Cash and cash equivalents	607,733	326,501
Bank overdrafts	(121,086)	(207,593)
	486,647	118,908

The notes form part of these financial statements

FILMLIGHT LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1. GENERAL INFORMATION

Filmlight Limited is a limited liability company registered in England and Wales. The registered and trading office is 14-15 Manette Street, London, W1D 4AP.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The financial statements are presented in sterling (£) which is also the functional currency for the group.

Going concern

After reviewing the group's forecasts and projections and taking into account the economic conditions and possible changes in trading performance, the directors have a reasonable expectation that Filmlight Limited has adequate resources to continue in operational existence for the foreseeable future. Filmlight Limited therefore continues to adopt the going concern basis in preparing its financial statements.

Basis of consolidation

The consolidated financial statements include the results of Filmlight Limited and its subsidiary undertaking drawn up to 31 March. The results of these undertakings during the period are included in the profit and loss account.

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.

Related party exemption

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

Transactions between group entities which have been eliminated on consolidation are not disclosed within the financial statements.

Significant judgements and estimates

The preparation of financial statements requires management to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on a continuing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The key judgements and sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are described below.

Impairment of intangible assets and goodwill
Useful economic life of tangible and intangible assets
Fair value measurement
Utilisation of tax losses

FILMLIGHT LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2017**

2. ACCOUNTING POLICIES - continued

Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

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.

Long term contracts

Turnover and profit on long term contracts is ascertained in a manner appropriate to the stage of completion of the contract and credit taken for profit when the outcome can be assessed with reasonable certainty. All foreseeable losses are provided in full.

Amounts recoverable on contracts are valued at cost with an appropriate addition or provision for estimated profits or losses and after the deduction of amounts received and recoverable.

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.

Consolidation goodwill arising on the consolidation of subsidiary and joint venture undertakings, representing any excess of the fair value of the identifiable assets and liabilities acquired, is capitalised. An impairment review regarding this asset is completed on an annual basis and any impairment in value is charged to the profit and loss account.

Research and development

Development expenditure is recognised as an intangible asset when all of the following criteria are met:

- * It is technically feasible to complete the intangible asset so that it will be available for use or sale; management intends to complete the intangible asset and use or sell it; there is an ability to use or sell the intangible asset;
- * it can be demonstrated how the intangible asset will generate probable future economic benefits; adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and
- * the expenditure attributable to the intangible asset during its development can be reliably measured.

Amortisation is charged to write off the cost of the intangible assets less their residual values over their estimated useful lives on a straight line basis. The intangible assets are written off over the following useful economic lives:

Development costs - 3 years

If there are indicators of a significant movement in the useful life or residual value of the asset, amortisation is revised prospectively to reflect this.

FILMLIGHT LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2017**

2. ACCOUNTING POLICIES - continued

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Long leasehold	- Over 4 years
Plant and machinery	- Over 4 years
Fixtures and fittings	- Over 4 years
Motor vehicles	- 33% on cost
Computer equipment	- Over 4 years

At each reporting date, property, plant and equipment are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of impairment is recognised immediately in profit or loss.

Stocks

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

Investments

Investments in unlisted companies are recognised at cost.

Trade and other receivables

Trade and other receivables are measured at transaction price less any impairment unless the arrangement constitutes a financing transaction in which case the transaction is measured at the present value of the future receipts discounted at the prevailing market rate of interest. Loans are initially measured at fair value and are subsequently measured at amortised cost using the effective interest method less any impairment.

Trade and other payables

Trade and other payables are measured at their transaction price unless the arrangement constitutes a financing transaction in which case the transaction is measured at present value of future payments discounted at prevailing market rate of interest. Other financial liabilities are initially measured at fair value net of their transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and in hand and short term deposits with an original maturity date of three months or less. For the purpose of the consolidated cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

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.

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

The group operates a defined contribution pension scheme. Contributions payable to the group's pension scheme are charged to profit or loss in the period to which they relate.

Employee benefits

Short term employee benefits, including holiday entitlement and contributions to defined contribution plans are recognised as an expense in the period in which they are incurred.

FILMLIGHT LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2017**

2. ACCOUNTING POLICIES - continued

Taxation

Current tax is recognised for the amount of income tax payable in respect of the taxable profit for the current or past reporting periods using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against future taxable profits or against the reversal of deferred tax liabilities.

In a business combination, a deferred tax liability or asset is recognised for the additional tax that will be paid or avoided in respect of that difference. The amount that is attributable to goodwill is adjusted by the amount of the deferred tax recognised.

Deferred tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

3. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the group.

An analysis of turnover by geographical market is given below:

	2017 £	2016 £
United Kingdom	1,913,223	1,613,458
Europe	1,462,280	1,868,517
United States of America	3,295,203	2,495,833
Rest of the world	3,096,425	3,057,514
	<u>9,767,131</u>	<u>9,035,322</u>

4. EMPLOYEES AND DIRECTORS

	2017 £	2016 £
Wages and salaries	4,065,039	3,579,914
Social security costs	319,233	283,361
Other pension costs	107,370	107,940
	<u>4,491,642</u>	<u>3,971,215</u>

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

	2017	2016
Development staff	24	20
Production staff	7	7
Support staff	10	10
Finance staff	3	3
Sales staff	12	5
Admin staff	3	3
Management staff	3	4
	<u>62</u>	<u>52</u>

The average number of employees by undertakings that were proportionately consolidated during the year was 6.

	2017 £	2016 £
Directors' remuneration	266,071	299,272
Directors' pension contributions to money purchase schemes	<u>52,582</u>	<u>55,980</u>

FILMLIGHT LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2017**

4. EMPLOYEES AND DIRECTORS - continued

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

Money purchase schemes	<u>3</u>	<u>3</u>
------------------------	----------	----------

Information regarding the highest paid director is as follows:

	2017	2016
	£	£
Emoluments etc	132,747	133,721
Pension contributions to money purchase schemes	<u>27,982</u>	<u>31,380</u>

5. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	2017	2016
	£	£
Other operating leases	461,854	424,608
Depreciation - owned assets	228,858	156,098
Knowhow amortisation	9,500	9,500
Research and development costs amortisation	63,270	126,476
Audit fee	20,725	20,100
Taxation compliance services	9,000	-
Foreign exchange differences	<u>(296,273)</u>	<u>(8,016)</u>

6. INTEREST PAYABLE AND SIMILAR EXPENSES

	2017	2016
	£	£
Bank loan interest	<u>1,383</u>	<u>-</u>

7. TAXATION

Analysis of the tax credit

The tax credit on the profit for the year was as follows:

	2017	2016
	£	£
Current tax:		
UK corporation tax	(315,630)	(360,325)
Prior year underprovision	(11,331)	(32,826)
Foreign tax	7,370	6,924
Total current tax	<u>(319,591)</u>	<u>(386,227)</u>
Deferred tax	<u>(52,157)</u>	<u>174,990</u>
Tax on profit	<u>(371,748)</u>	<u>(211,237)</u>

FILMLIGHT LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2017**

7. TAXATION - continued

Reconciliation of total tax credit included in profit and loss

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

	2017 £	2016 £
Profit before tax	<u>453,572</u>	<u>577,436</u>
Profit multiplied by the standard rate of corporation tax in the UK of 20% (2016 - 20%)	90,714	115,487
Effects of:		
Expenses not deductible for tax purposes	3,179	226
Adjustments to tax charge in respect of previous periods	(11,331)	(32,826)
Enhanced relief on R&D expenditure	(461,680)	(301,048)
Foreign taxes	7,370	6,924
Total tax credit	<u>(371,748)</u>	<u>(211,237)</u>

Tax effects relating to effects of other comprehensive income

	Gross £	2017 Tax £	Net £
Exchange differences on retranslation	<u>12,073</u>	<u>-</u>	<u>12,073</u>

8. INDIVIDUAL INCOME STATEMENT

As permitted by Section 408 of the Companies Act 2006, the Income Statement of the parent company is not presented as part of these financial statements.

9. DIVIDENDS

	2017 £	2016 £
Ordinary shares shares of £0.50 each		
Interim	<u>994,835</u>	<u>599,991</u>

FILMLIGHT LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2017**

10. INTANGIBLE FIXED ASSETS

Group

	Knowhow £	Research and development costs £	Totals £
COST			
At 1 April 2016 and 31 March 2017	<u>190,000</u>	<u>1,292,427</u>	<u>1,482,427</u>
AMORTISATION			
At 1 April 2016	<u>133,000</u>	<u>381,223</u>	<u>514,223</u>
Amortisation for year	<u>9,500</u>	<u>63,270</u>	<u>72,770</u>
At 31 March 2017	<u>142,500</u>	<u>444,493</u>	<u>586,993</u>
NET BOOK VALUE			
At 31 March 2017	<u>47,500</u>	<u>847,934</u>	<u>895,434</u>
At 31 March 2016	<u>57,000</u>	<u>911,204</u>	<u>968,204</u>

Company

	Knowhow £	Research and development costs £	Totals £
COST			
At 1 April 2016 and 31 March 2017	<u>190,000</u>	<u>1,292,427</u>	<u>1,482,427</u>
AMORTISATION			
At 1 April 2016	<u>133,000</u>	<u>381,223</u>	<u>514,223</u>
Amortisation for year	<u>9,500</u>	<u>63,270</u>	<u>72,770</u>
At 31 March 2017	<u>142,500</u>	<u>444,493</u>	<u>586,993</u>
NET BOOK VALUE			
At 31 March 2017	<u>47,500</u>	<u>847,934</u>	<u>895,434</u>
At 31 March 2016	<u>57,000</u>	<u>911,204</u>	<u>968,204</u>

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

Within research and development is an amount of £65,026 which relates to the precursor stage of development in Baselight and Truelight products. The asset is now fully written down and shown as a disposal.

A balance in research and development of £1,227,401 relates to the products FLIP, FLUX and CNC. FLIP commenced selling in 2013 and is being amortised at 33% straight line. FLUX and CNC were still being developed as at 31 March 2017.

FILMLIGHT LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2017

11. TANGIBLE FIXED ASSETS

Group

	Long leasehold £	Plant and machinery £	Fixtures and fittings £
COST			
At 1 April 2016	26,400	725,137	88,401
Additions	-	315,269	11,305
At 31 March 2017	26,400	1,040,406	99,706
DEPRECIATION			
At 1 April 2016	26,400	434,199	61,189
Charge for year	-	179,793	20,048
Eliminated on disposal	-	-	-
At 31 March 2017	26,400	613,992	81,237
NET BOOK VALUE			
At 31 March 2017	-	426,414	18,469
At 31 March 2016	-	290,938	27,212
	Motor vehicles £	Computer equipment £	Totals £
COST			
At 1 April 2016	9,736	444,686	1,294,360
Additions	-	46,842	373,416
Disposals	-	(3,309)	(3,309)
At 31 March 2017	9,736	488,219	1,664,467
DEPRECIATION			
At 1 April 2016	9,736	386,558	918,082
Charge for year	-	29,017	228,858
Eliminated on disposal	-	(273)	(273)
At 31 March 2017	9,736	415,302	1,146,667
NET BOOK VALUE			
At 31 March 2017	-	72,917	517,800
At 31 March 2016	-	58,128	376,278

FILMLIGHT LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2017**

11. TANGIBLE FIXED ASSETS - continued

Company

	Long leasehold £	Plant and machinery £	Fixtures and fittings £
COST			
At 1 April 2016	26,400	722,617	87,343
Additions	-	315,269	1,361
At 31 March 2017	26,400	1,037,886	88,704
DEPRECIATION			
At 1 April 2016	26,400	431,679	60,131
Charge for year	-	179,793	10,104
At 31 March 2017	26,400	611,472	70,235
NET BOOK VALUE			
At 31 March 2017	-	426,414	18,469
At 31 March 2016	-	290,938	27,212

	Motor vehicles £	Computer equipment £	Totals £
COST			
At 1 April 2016	9,736	435,980	1,282,076
Additions	-	46,842	363,472
At 31 March 2017	9,736	482,822	1,645,548
DEPRECIATION			
At 1 April 2016	9,736	381,665	909,611
Charge for year	-	29,017	218,914
At 31 March 2017	9,736	410,682	1,128,525
NET BOOK VALUE			
At 31 March 2017	-	72,140	517,023
At 31 March 2016	-	54,315	372,465

12. FIXED ASSET INVESTMENTS

Group

	Unlisted investments £
COST	
Additions	160,005
At 31 March 2017	160,005
NET BOOK VALUE	
At 31 March 2017	160,005

FILMLIGHT LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2017**

12. FIXED ASSET INVESTMENTS - continued

Company

	Shares in group undertakings £	Unlisted investments £	Totals £
COST			
At 1 April 2016	1	-	1
Additions	21,739	160,005	181,744
At 31 March 2017	21,740	160,005	181,745
NET BOOK VALUE			
At 31 March 2017	21,740	160,005	181,745
At 31 March 2016	1	-	1

The group or the company's investments at the Balance Sheet date in the share capital of companies include the following:

Subsidiaries

Filmlight Inc

Registered office: 1107 N El Centro Avenue, Los Angeles, CA, 90038 USA
Nature of business: Development and supply of film equipment

Class of shares:	%		
Ordinary	holding 100.00		
		2017	2016
		£	£
Aggregate capital and reserves		110,299	98,226
Profit for the year		25,321	21,519

Filmlight Inc was set up as a legal entity in order for Filmlight Limited to trade in the US.

Filmlight Inc is reported in USD, the balances above have been translated at a rate of 1.3 (2016: \$1.5:£1)

Filmlight GmbH

Registered office: Klenzestrasse 99, 80469 Munich, Germany
Nature of business: Development and supply of film equipment

Class of shares:	%	
Ordinary	holding 100.00	
		2017
		£
Aggregate capital and reserves		21,739

Filmlight GmbH was set up on 30 March 2017, as a legal entity in order for Filmlight Limited to trade in Germany, the subsidiary has not traded during the year.

Filmlight GmbH is reported in Euro, the balances above have been translated at a rate of €1.15 = £1.

Unlisted investment

On 21 November 2016, the company acquired shares in NCAM Technologies Limited, a company under common control, by capitalising £160,005 of existing loan notes into share capital, at a subscription price of £15 per share.

FILMLIGHT LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2017**

13. STOCKS

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Stocks	2,467,958	2,676,056	2,467,958	2,676,056
Finished goods	122,679	101,288	122,679	101,288
	<u>2,590,637</u>	<u>2,777,344</u>	<u>2,590,637</u>	<u>2,777,344</u>

14. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Trade debtors	1,852,477	2,534,632	1,420,631	1,557,057
Amounts owed by group undertakings	-	-	314,714	422,072
Amounts owed by participating interests	131,126	-	124,663	-
Other debtors	92,344	426,623	79,111	392,161
Directors' loan accounts	28,579	63,619	28,579	63,619
Tax	315,630	616,240	315,630	616,240
VAT	29,705	59,264	34,054	59,264
Deferred tax asset	276,889	224,732	276,889	224,732
Prepayments and accrued income	406,984	272,814	387,038	272,814
	<u>3,133,734</u>	<u>4,197,924</u>	<u>2,981,309</u>	<u>3,607,959</u>

Deferred tax asset

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Deferred tax	<u>276,889</u>	<u>224,732</u>	<u>276,889</u>	<u>224,732</u>

An impairment loss of £41,088 (2016: £41,088) was recognised against trade debtors.

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Bank loans and overdrafts (see note 16)	402,307	121,086	402,307	121,086
Trade creditors	506,437	489,717	506,437	489,717
Amounts owed to group undertakings	332,407	332,407	332,407	332,407
Social security and other taxes	89,275	81,818	89,275	81,818
Other creditors	60,917	285,741	60,917	259,804
Accruals and deferred income	1,395,270	1,622,331	1,144,475	1,067,854
	<u>2,786,613</u>	<u>2,933,100</u>	<u>2,535,818</u>	<u>2,352,686</u>

FILMLIGHT LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2017**

16. LOANS

An analysis of the maturity of loans is given below:

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Amounts falling due within one year or on demand:				
Bank overdrafts	<u>402,307</u>	<u>121,086</u>	<u>402,307</u>	<u>121,086</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.

17. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

Group	Non-cancellable operating leases	
	2017	2016
	£	£
Within one year	336,651	336,651
Between one and five years	1,137,940	1,137,940
In more than five years	93,880	378,365
	<u>1,568,471</u>	<u>1,852,956</u>

18. FINANCIAL ASSETS AND LIABILITIES

Group	2017	2016
	£	£
Financial assets that are debt instruments measured at amortised cost	<u>2,511,510</u>	<u>3,297,688</u>
Financial liabilities measured at amortised cost	<u>(2,697,338)</u>	<u>(2,851,282)</u>
Company		
Financial assets that are debt instruments measured at amortised cost	<u>2,354,736</u>	<u>2,707,723</u>
Financial liabilities measured at amortised cost	<u>(2,446,543)</u>	<u>(2,270,868)</u>

19. DEFERRED TAX

Group	
	£
Balance at 1 April 2016	(224,732)
Excess capital allowances	3,367
Under provision in prior year	(89,234)
Change in tax rate	<u>33,710</u>
Balance at 31 March 2017	<u>(276,889)</u>

FILMLIGHT LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2017**

19. DEFERRED TAX - continued

Company

	£
Balance at 1 April 2016	(224,732)
Excess capital allowances	3,366
Under provided in prior year	(89,233)
Change in tax rate	33,710
	<u> </u>
Balance at 31 March 2017	<u>(276,889)</u>

The recognition of the deferred tax asset on the trading losses of £1,969,410 (2016: £1,444,509) is based on the likelihood that future available profits available for offset will be greater than the effect of any deferred tax liabilities on timing differences of £340,653 (2016: £320,850).

20. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2017 £	2016 £
541,377	Ordinary shares	£0.50	<u>270,688</u>	<u>270,688</u>

21. RESERVES

Group

	Retained earnings £	Share premium £	Capital redemption reserve £	Totals £
At 1 April 2016	5,559,383	136,617	27,695	5,723,695
Profit for the year	825,320	-	-	825,320
Dividends	(994,835)	-	-	(994,835)
Currency translation differences	12,073	-	-	12,073
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 March 2017	<u>5,401,941</u>	<u>136,617</u>	<u>27,695</u>	<u>5,566,253</u>

Company

	Retained earnings £	Share premium £	Capital redemption reserve £	Totals £
At 1 April 2016	5,461,158	136,617	27,695	5,625,470
Profit for the year	791,995	-	-	791,995
Dividends	(994,835)	-	-	(994,835)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 March 2017	<u>5,258,318</u>	<u>136,617</u>	<u>27,695</u>	<u>5,422,630</u>

Retained earnings - this includes all of the current and prior period retained profits and losses

Share premium account - this represents the premium received upon issue of share capital. The transaction costs incurred with the issuing of shares is deducted from this account

FILMLIGHT LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2017**

22. ULTIMATE PARENT COMPANY

Filmlight Holdings Limited is regarded by the directors as being the company's ultimate parent company.

Filmlight Limited registered office is 14-15 Manette Street, London, W1D 4AP

23. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES

The following advances and credits to directors subsisted during the years ended 31 March 2017 and 31 March 2016:

	2017 £	2016 £
M Harris		
Balance outstanding at start of year	14,137	17,471
Amounts advanced	-	666
Amounts repaid	(4,000)	(4,000)
Amounts written off	(2,137)	-
Amounts waived	-	-
Balance outstanding at end of year	<u>8,000</u>	<u>14,137</u>
 P Stothart		
Balance outstanding at start of year	49,481	61,150
Amounts advanced	-	2,331
Amounts repaid	(14,000)	(14,000)
Amounts written off	(7,481)	-
Amounts waived	-	-
Balance outstanding at end of year	<u>28,000</u>	<u>49,481</u>

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

The loans are repayable on demand, and are interest free.

24. RELATED PARTY DISCLOSURES

Amounts owed to parent undertaking Filmlight Holdings Limited is £332,407 (2016: £332,407)

Amounts owed by participating interests include £100,000 (2016: £182,394) owed by Soho Post Finance Limited (a company with common directors and shareholders),

Furthermore, amounts owed by participating interests also include a loan balance of £90,689 (2016: £244,231) owed from NCAM Technologies Limited (a company with common directors) and a trade receivable balance of £40,437, for which the group has a bad debt provision of £40,437 (2016: £23,258) against the balance.

Filmlight Limited has paid consultancy fees totalling £15,000 (2016: £15,000) during the year to Mike Harris, a director of the company.

All the directors who have authority and responsibility for planning directing and controlling activities of the Group are considered to be key management personnel. Total remuneration of £300,916 (2016: £299,272) was paid during the year.

25. ULTIMATE CONTROLLING PARTY

The directors believe the group is ultimately controlled equally between S Chapman and W Lempp.

26. PENSION COSTS

The company also operates a defined contribution pension scheme for current directors and employees. This scheme does not require an actuarial valuation under FRS102. The assets of the scheme are held separately from those of the company. The pension charge for the period to this scheme was £107,370 (2016: £107,940). There were no outstanding contributions payable to this scheme at the balance sheet date.