

Abbreviated Financial Statements Assembly Studios Limited

For the year ended 31 October 2011

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Company No 06870521

Assembly Studios Limited

Abbreviated Financial statements for the year ended 31 October 2011

Company information

Company registration number: 06870521 - incorporated in England

Registered office: Unit 21 Jacks Place
6 Corbet Place
London
EC1 6NN

Directors: David Moed – Non-executive Chairman
Richard Conner - Managing Director
Matthew Fairman - Sales Director
Ross Cunningham - Creative Director
Robert Murphy - Finance Director

Bankers: RBS NatWest Bank Plc
London St Mary Axe
54 Lime Street
London
EC3M 7NQ

Accountants: Allwood Associates
17 Napier Avenue
London
SW6 3PS

Website: www.assemblystudios.co.uk

Report of the directors

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Report of the directors

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

Principal activities and review of the business

The principal activity of the company was that of a multi-disciplinary creative design agency, providing branding, visualisation, animation and web site design

Directors

The directors who served during the year and their beneficial interests in the shares of the company as at 1 November 2010 and 31 October 2011 were as follows:

	1 November 2010
	Shares
D Moed	106,900
R J Conner	334,000
M Fairman	334,000
R Cunningham	334,000
R A L Murphy	106,900

Directors' responsibilities for the financial statements

The directors are responsible for preparing 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 Company financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and the parent company financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The financial statements are required by law to 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 estimates that are reasonable and prudent
- state whether applicable UK accounting standards or International Financial Reporting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company and the Company will continue in business

The directors are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the company and 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.

Payment policy

The Company and its subsidiaries agree terms and conditions for their transactions with suppliers. The average number of days for the Company to settle suppliers' invoices in the year was 58 days. There were no charitable donations made by the Company during the period. The directors do not propose the payment of a dividend.



BY ORDER OF THE BOARD

R J Conner

Director

25 September 2011

Principal accounting policies

Basis of preparation

These financial statements of Assembly Studios Ltd are for the year ended 31 October 2011. The statements have been prepared in accordance with the accounting policies set out below which are based on International Financial Reporting Standards (IFRS) in issue as adopted by the European Union (EU) and are effective at 31 October 2011.

These financial statements have been prepared under the historical cost convention.

Critical accounting estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the Company's accounting policies.

Many of the amounts included in the financial statements involve the use of judgement and/or estimation. These judgements and estimates are based on management's best knowledge of the relevant facts and circumstances, having regard to prior experience, but actual results may differ from the amounts included in the financial statements. Information about such judgements and estimates is contained in the accounting policies and/or the notes to the financial statements and the key areas are summarised below:

Judgements in applying accounting policies

- the directors must judge whether all of the conditions required for revenues to be recognised in the income statement of the financial year, in particular in relation to the value of work in progress and deferred revenue, as set out in the revenue accounting policy below, have been met,
- the directors have made a judgement that despite the losses in both the current and prior year it is appropriate to adopt the going concern basis in the preparation of the financial statements. This is based on the future prospects of the business which have been detailed within the Chairman's Statement and note 1 to the financial statements.

Standards and interpretations in issue not yet effective

The following standards and Interpretations have been issued, but are not yet effective and have not been early adopted by the Company:

- IFRS 9 Financial Instruments (effective 1 January 2013)
- IAS 24 (Revised 2010) Related Party Disclosures (effective 1 January 2010)
- Improvements to IFRS issued May 2010 (various effective dates, some effective 1 July 2010, though not yet EU-adopted, others effective 1 January 2010)
- Disclosures – Transfers of Financial Assets – Amendments to IFRS 7 (effective 1 July 2010)
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments (effective 1 July 2010)
- Prepayments of a Minimum Funding Requirement - Amendments to IFRIC 14 (effective 1 January 2010)

Going concern

The Company has incurred losses in the year under review. Notwithstanding this, the directors consider that it is appropriate to adopt the going concern basis in the preparation of these financial statements on the basis of the future forecasts and prospects of the business.

Principal accounting policies

Property, plant and equipment

Property, plant and equipment is stated at cost, net of depreciation and any provision for impairment

Disposals

The gain or loss arising on the disposal of an asset is determined as the difference between the disposal proceeds and the carrying amount of the asset and is recognised in the statement of comprehensive income.

Depreciation

Depreciation is calculated to write down the cost less estimated residual value of all property, plant and equipment by equal annual instalments where it reflects the basis of consumption of the asset over their estimated useful economic lives. The rates/periods generally applicable are

Fixtures, fittings and equipment	20-25% straight line
Computer hardware	33 1/3 % straight line
Improvements to leasehold	Over the term of the lease

Material residual value estimates are updated to current value as required, but at least annually

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of ordinarily interchangeable items are assigned using the first in, first out cost formula. Work in progress is stated to reflect the proportion of project work completed to specification which has not yet been invoiced to the customer at the year end

Taxation

Current tax is the tax currently payable based on taxable profit for the year

Deferred income taxes are calculated using the liability method on temporary differences. Deferred tax is generally provided on the difference between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with shares in subsidiaries is not provided if reversal of these temporary differences can be controlled by the Company and it is probable that reversal will not occur in the foreseeable future. In addition, tax losses available to be carried forward as well as other income tax credits to the Company are assessed for recognition as deferred tax assets.

Deferred tax liabilities are provided in full, with no discounting. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. Current and deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the balance sheet date.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the income statement, except where they relate to items that are charged or credited directly to equity in which case the related deferred tax is also charged or credited directly to equity.

Principal accounting policies

Leases

Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases. Operating lease costs are charged to the income statement on a straight line basis over the lease term.

Financial assets

All financial assets are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets are recognised at fair value plus transaction costs.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Trade receivables and cash and cash equivalents are classified as loans and receivables. Loans and receivables are measured subsequent to initial recognition at amortised cost using the effective interest method, less provision for impairment. Any change in their value through impairment or reversal of impairment is recognised in the income statement.

Provision against trade receivables is made when there is objective evidence that the Company will not be able to collect all amounts due to it in accordance with the original terms of those receivables. The amount of the write-down is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows.

A financial asset is de-recognised only where the contractual rights to the cash flows from the asset expire or the financial asset is transferred and that transfer qualifies for de-recognition. A financial asset is transferred if the contractual rights to receive the cash flows of the asset have been transferred or the Company retains the contractual rights to receive the cash flows of the asset but assumes a contractual obligation to pay the cash flows to one or more recipients. A financial asset that is transferred qualifies for de-recognition if the Company transfers substantially all the risks and rewards of ownership of the asset, or if the Company neither retains nor transfers substantially all the risks and rewards of ownership but does transfer control of that asset.

Financial liabilities

Financial liabilities are obligations to pay cash or other financial assets and are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities categorised as at fair value through profit or loss are recorded initially at fair value and all transaction costs are recognised immediately in the income statement. All other financial liabilities are recorded initially at fair value, net of direct issue costs.

Financial liabilities categorised as at fair value through profit or loss are re-measured at each reporting date at fair value, with changes in fair value being recognised in the income statement. All other financial liabilities are recorded at amortised cost using the effective interest method, with interest-related charges recognised as an expense in finance cost in the income statement. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are charged to the income statement on an accruals basis using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

A financial liability is de-recognised only when the obligation is extinguished, that is, when the obligation is discharged or cancelled or expires.

Principal accounting policies

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value

Equity

Equity comprises the following

"Share capital" represents the nominal value of equity ordinary shares

"Share premium" represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue

"Preference shares" represents the nominal value of preferred shares

"Profit and loss reserve" represents retained profits or losses.

Foreign currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Any exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were initially recorded are recognised in the income statement in the period in which they arise

Share-based payment

For equity-settled share options, the services received from employees are measured by reference to the fair value of the share options. The fair value is calculated at grant date and recognised in the statement of comprehensive income, together with a corresponding credit to "other reserves", on a straight-line basis over the vesting period, based on the best available estimate of the number of options that are expected eventually to vest. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognised in the current period. No adjustment is made to any expense recognised in prior periods if share options ultimately exercised are different to that estimated on vesting. Vesting conditions, other than market conditions, are not taken into account when estimating the fair value.

IFRS 2 has been applied, in accordance with IFRS 1, to equity-settled share options granted on or after 7 November 2002 and not vested at 1 April 2006.

Upon exercise of share options the proceeds received net of attributable transaction costs are credited to share capital, and where appropriate share premium. The fair value of share options have been assessed and the charge arising is not significant to the accounts and therefore no charge has been included.

Statement of financial position

	Note	2011 £	2010 £
Assets			
Non-Current Assets			
Property, plant and equipment		-	23,552
Furniture and fittings		-	2,327
Other intangible assets		-	-
			<u>30,000</u>
Current Assets			
Inventory including work in progress		14,529	33,271
Trade and other receivables		119,247	100,884
Cash and cash equivalents		7,332	25,014
		<u>141,108</u>	<u>171,439</u>
Total Assets		<u>141,108</u>	<u>185,048</u>
Liabilities			
Non-Current Liabilities			
Trade and other payables		-	-
Related parties		-	(41,028)
		<u>-</u>	<u>(41,028)</u>
Current Liabilities			
Trade and other payables		(133,105)	(156,194)
Borrowings		-	-
		<u>(133,105)</u>	<u>(156,194)</u>
Total Liabilities		<u>(133,105)</u>	<u>(197,222)</u>
Net Liabilities		<u>8,003</u>	<u>(12,174)</u>
Equity			
Share capital		1,002	1,002
Share premium		49,786	49,786
Preference shares		39,061	-
Profit and loss account		(82,060)	(63,176)
Total Equity		<u>8,003</u>	<u>(12,174)</u>

For the year ending 31 October 2011 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies. The members have not required the company to obtain an audit in accordance with section 476 of the Companies Act 2006. The directors acknowledge their responsibility for complying with the requirements of the Act with respect to accounting records and for the preparation of accounts. These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies regime. The financial statements were approved by the Board of Directors on 25 September 2011.



R J Conner
Director

The accompanying accounting policies and notes form an integral part of these financial statements

Notes to the company financial statements

1 Going concern

The directors have considered that it is appropriate to adopt the going concern basis in the preparation of the financial statements. In reaching this conclusion the directors have considered the cash flow forecasts, current trading, sales forecasts and pipeline prospects

Company Voluntary Arrangement (CVA)

As further detailed in the Director's Report statement Assembly Studios Ltd entered into a Company Voluntary Arrangement (CVA) with their creditors on 30 September 2011. Payments under the CVA are required to be made for sixty months. The liabilities as at 31 October 2011 remaining under the CVA are disclosed in note 5. The directors have produced sales forecasts based solely on current commissioned projects and issued proposals which show that the Company will have sufficient funds during the period covered by the forecast. The financial statements do not include any adjustments that would result if the group was unable to continue as a going concern.

2 Property, plant and equipment

2011	Equipment IT & camera £	Fixtures, fittings and equipment £	Total £
Cost			
At 1 November 2010	33,261	3,490	36,751
Disposals	(33,261)	(3,490)	(36,751)
At 31 October 2011	-	-	-
Depreciation			
At 1 April 2010	14,398	1,067	15,465
Charge for the year	(14,398)	(1,067)	(15,465)
At 31 October 2011	-	-	-
Net book amount at 1 November 2010	23,552	2,327	25,879
Net book amount at 31 October 2011	-	-	-

3 Inventory

	2012 £	2011 £
Stocks	-	-
Work in progress	14,509	33,271
	<u>14,509</u>	<u>33,271</u>

4 Trade and other receivables

	2012 £	2011 £
Trade receivables	76,093	83,149
Other receivables	19,090	1,002
Prepayments and accrued income	24,064	16,733
	<u>119,247</u>	<u>100,884</u>

Notes to the company financial statements

Included in trade receivables are amounts totalling £1,522 (2010 £2,473) which are provided for

The carrying amount of trade receivables is considered a reasonable approximation of fair value. All of the Company's trade and other receivables have been reviewed for indicators of impairment.

The age of financial assets past due but not impaired is as follows:

	2012 £	2011 £
Not more than three months	76,093	83,149
More than three months but not more than six months	-	-
More than six months but not more than one year	-	1,002
More than one year	1,002	-
	<u>77,095</u>	<u>84,151</u>

5 Trade and other payables

Current	2012 £	2011 £
Trade payables	46,364	53,050
Taxes and social security costs	7,222	69,920
Accruals and deferred income	20,706	21,426
Affiliate company in UAE	17,485	11,798
CVA Liabilities	30,000	24,000
	<u>133,105</u>	<u>156,194</u>
Non current		
Directors' deferred fees and loans	-	41,028
Other creditors	-	-
	<u>-</u>	<u>41,028</u>

All trade and other payables are short term. The carrying values are considered to be a reasonable approximation of fair value. For details on the CVA liabilities see note 4.

6 Borrowings

	2012 £	2011 £
Current		
Directors deferred fees	-	-
Directors loan	-	-
	<u>-</u>	<u>-</u>
Non current		
Directors deferred fees	-	-26,028
Directors loan	-	15,000
	<u>-</u>	<u>41,028</u>

Notes to the company financial statements

The directors loans can be analysed as falling due:

Within one year	-	-
After one and within two years	-	41,028
After two and within five years	-	-
	<u>-</u>	<u>41,028</u>

In 2010 the loans were repayable on demand and carry interest at a rate of interest at 3.5% over the base rate of RBS. There was no bank overdraft nor short term financing in place during the period.

Capital management policies and procedures

The Company's management objectives are to ensure the Company's ability to continue as a going concern, and to provide an adequate return to shareholders by pricing services commensurately with the levels of risk.

7 Share capital

On 1 November 2010 the share capital was re-organised with each £1 issued Shares being subdivided into one new ordinary share of 0.10p. The authorised share capital of the Company is shown below:

	2012 £	2011 £
Authorised		
1,216,000 ordinary shares of 0.10p each	1,216	1,216

	Ordinary Shares of 0.10p	Premium net of costs £	Preference Shares £	Total £
Allotted, called up and fully paid				
In issue on 1 November 2010	1,216	49,786		51,002
September 2010	-	-	39,061	39,061
	<u>1,216</u>	<u>49,786</u>	<u>39,061</u>	<u>90,063</u>
October 2011	1,216	49,786	39,061	90,063
In issue on 31 October 2011	<u>1,216</u>	<u>49,786</u>	<u>39,061</u>	<u>90,063</u>

8 Analysis of change in cash and cash equivalents

	At 1 November 2010 £	Cash flow £	At 31 October 2011 £
Net cash:			
Cash at bank and in hand	25,014	(17,682)	7,332
Bank overdrafts	-	-	-
	<u>25,014</u>	<u>-</u>	<u>7,332</u>

Notes to the company financial statements

9 Financial commitments

At 31 October 2011 the Company had total commitments under non-cancellable operating leases as follows

	Land and buildings 2011 £	Land and buildings 2010 £
Expiry date 24 January 2014		
Within one to five years	-	79,138

10 Related party transactions

Transactions between the company and related parties amount to £17,485 with an affiliated company Assembly Studios FZ LLC based in Abu Dhabi which was incorporated there on 31 August 2010 and £10,353 with an affiliated company Assembly Studios International Ltd which was incorporated on 4 May 2011

11 Contingent liabilities

At the balance sheet date, the Company had no known contingent liabilities or commitments other than those shown in the financial statements

12 Ultimate controlling party

There was no single controlling party throughout the current period