

The FrameStore Limited

Annual report

for the year ended 31 March 2018

Registered Number 01972029



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Annual report
for the year ended 31 March 2018

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Directors and advisers

Directors

M J McGee
T J Webber
W D Sargent
M Sullivan

Secretary and registered office

M Sullivan
28 Chancery Lane
London
WC2A 1LB

Independent auditor

KPMG LLP
15 Canada Square,
London
E14 5GL

Banker

NatWest Bank plc
No 2 Waterhouse Square
138-142 Holborn
London
EC1N 2TN

Solicitor

Ashurst Morris Crisp
Broadwalk House
5 Appold Street
London
EC2A 2HA

Strategic report for the year ended 31 March 2018

The directors present their strategic report of The FrameStore Limited ("the Company") for the year ended 31 March 2018.

Principal activities

The Company provides creative services and applied technologies to the film, television, advertising and business communities.

Review of the business and future outlook

The results for the Company show an operating loss of £4,467,000 (2017: profit £2,513,000) and turnover of £84,835,000 (2017: £73,224,000). The Company has net assets of £7,954,000 (2017: £11,276,000) at the reporting date.

The Company continues to work with major film studios, advertising agencies and large brands on some of their major projects. The Company has started the new financial year well and is trading in line with its budget.

Financial risk management

The Company's operations expose it to a variety of financial risks that include the effects of credit risk, interest and exchange rate risk. The Company is reliant on its board of directors to actively manage its risk exposure.

Given the size of the Company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the group's finance department.

Credit risk

The Company has implemented policies that require appropriate credit checks on potential customers before sales are made. Where debt finance is utilised, this is subject to pre-approval by the board of directors and such approval is limited to respected financial institutions.

Interest and exchange rate cash flow risk

The Company has interest bearing assets and foreign currency assets. Interest bearing assets include only cash balances, all of which earn interest at the best available rate. The Company has a policy of hedging certain foreign currency assets to manage its exposure in exchange rate fluctuations and to provide certainty of future cash flows. The directors will revisit the appropriateness of this policy should the Company's operations change in size or nature.

Principal risks and uncertainties

The Company's performance is impacted by the general economic climate in the UK and USA. This risk is managed by ensuring that the group operates across a range of markets with a broad client base. On 23 June 2017, the UK electorate voted to discontinue its membership of the EU. While the terms in which the UK will exit the EU is still unknown, the directors believe that any associated risk is low given the current group operations and locations.

Key performance indicators ("KPIs")

It is considered that turnover and EBITDA (operating loss adding back depreciation and amortisation) are the key performance indicators of the business. One-off non-recurring costs have been incurred for the relocation of offices. These costs have straddled two financial years with £6,838,000 in 2018 (2017: £3,225,000):

KPI	2018 £000	2017 £000	Growth	Comments
Turnover	84,835	73,224	16%	The increase in turnover has come from continued growth in the film and an expansion into television and ride projects.
EBITDA before one off items	5,907	9,330	-37%	Overall margins are lower than the prior year reflecting the projects worked on during the year.
EBITDA before one off items margin %	7%	13%		
EBITDA	(931)	6,105	-115%	Margins have been reduced as a result of costs incurred in the moving into new offices.
EBITDA margin %	-1%	8%		

On behalf of the board

W D Sargent, Director

Date: 04 OCT 18

Directors' report for the year ended 31 March 2018

The directors present their report and the audited financial statements for the year ended 31 March 2018.

Results and dividends

The loss is £3,322,000 (2017: profit £2,060,000). No ordinary share dividends were paid or proposed (2017: £nil). During the year the Company received a dividend from The Third Floor London Limited of £500,000 (2017: £nil).

Directors

The directors of the Company who were in office during the year and up to the date of signing the financial statements were:

M J McGee
T J Webber
W D Sargent
M Sullivan

Qualifying third party indemnity provisions

As permitted by the Articles of Association, the directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its directors.

Employees

The Company provides an annual appraisal process for all employees where performance and career development are discussed. There are a wide range of training opportunities available to staff at all levels.

Company-wide staff presentations are held at least once a year.

It is the Company's policy that disabled persons or persons who become disabled whilst in the employment of the Company should be considered for employment, training, career development and promotion on the basis of their abilities and aptitudes in common with all employees.

Political Donations

No political donations were made during the year (2017: £nil).

Statement of disclosure of information to auditors

Each director of the Company, in office at the time of approval of this report, acknowledges that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- he/she has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Going concern

The financial statements have been prepared on a going concern basis which the directors believe to be appropriate as the group has prepared forecasts based on current trading which indicate that the group has sufficient funds to meet its liabilities as they fall due for at least 12 months from the signing of these financial statements. The Company made a loss in the financial year of £3,322,000 however significant one off expenditure was made in the year so the Company is expected to be profitable going forward. The Company can also be supported by a fellow subsidiary of Guidedraw Limited, Studios Framestore Inc, if required and has net assets of £7,954,000 and so the directors believe that the going concern basis is appropriate.

Independent auditor

In accordance with Section 489 of the Companies Act 2006, a resolution for the re-appointment of KPMG LLP as auditor of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



W D Sargent, Director

Date: 4 OCT 18

Statement of directors' responsibilities in respect of the directors' report and the financial statements

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice) FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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 estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Independent Auditor's Report to the Members of The Framestore Limited**Opinion**

We have audited the financial statements of The Framestore Limited ("the company") for the year ended 31 March 2018 which comprise the profit and loss account and other comprehensive income, balance sheet and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Strategic report and Directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial period is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 3, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Paul Barron (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
Canary Wharf
E14 5GL

Date:

04 / 10 / 18

**Profit and loss account and Other Comprehensive Income
for the year ended 31 March 2018**

	Note	Year ended 31 March	
		2018 £000	2017 £000
Turnover	2	84,835	73,224
Cost of Sales		(67,461)	(55,418)
Gross profit		17,374	17,806
Administrative expenses		(21,841)	(15,323)
Other operating income	3	-	30
Operating (loss)/profit	4	(4,467)	2,513
Interest receivable and similar income	7	342	25
Interest payable and similar charges	8	(318)	(308)
Dividends receivable		500	-
(Loss)/profit before taxation		(3,943)	2,230
Tax on (loss)/profit	9	621	(170)
(Loss)/profit for the financial year		(3,322)	2,060
Other comprehensive income		-	-
Total comprehensive income for the year		(3,322)	2,060

All results derive from continuing operations.

The notes on pages 10 to 18 form an integral part of these financial statements.

Balance sheet**at 31 March 2018****Registered Number 01972029**

	Note	2018 £000	2017 £000
Fixed assets			
Tangible assets	10	17,077	5,418
Investments	11	-	-
		17,077	5,418
Current assets			
Stocks	12	-	7
Debtors - amounts falling due within one year	13	22,501	21,541
- amounts falling due after more than one year	13	745	727
Total Debtors		23,246	22,268
Cash at bank and in hand		-	5,784
		23,246	28,059
Creditors: amounts falling due within one year	14	(28,026)	(17,213)
Net current assets		(4,780)	10,846
Total assets less current liabilities		12,297	16,264
Creditors: amounts falling due after more than one year	15	(2,284)	(1,704)
Provisions for liabilities	16	(2,059)	(3,284)
Net assets		7,954	11,276
Capital and reserves			
Called up share capital	17	86	86
Share premium account		55	55
Capital redemption reserve		30	30
Profit and loss account		7,783	11,105
Total shareholders' funds		7,954	11,276

The notes on pages 10 to 18 form part of these financial statements. The financial statements were approved by the board of directors on _____ and were signed on its behalf by: **04 OCT 18**



W D Sargent
Director

Statement of Changes in Equity
for the year ended 31 March 2018

	Share Capital	Share premium account	Capital redemption reserve	Profit and loss account	Total Shareholder's funds
	£000	£000	£000	£000	£000
At 1 April 2016	86	55	30	9,045	9,216
Profit for the financial year	-	-	-	2,060	2,060
At 31 March 2017	86	55	30	11,105	11,276

	Share Capital	Share premium account	Capital redemption reserve	Profit and loss account	Total Shareholder's funds
	£000	£000	£000	£000	£000
At 1 April 2017	86	55	30	11,105	11,276
Loss for the financial year	-	-	-	(3,322)	(3,322)
At 31 March 2018	86	55	30	7,783	7,954

The notes on pages 10 to 18 form an integral part of these financial statements.

Notes to the financial statements for the year ended 31 March 2018**1 Accounting policies****Basis of accounting**

These financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and with Financial Reporting Standard 102 the Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102"). The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

In these financial statements, the Company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Cash Flow Statement and related notes and
- Key Management Personnel compensation.

Group financial statements

The financial statements contain information about The FrameStore Limited as an individual Company. The Company is exempt under section 400 of the Companies Act 2006 from the requirements to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, Guidedraw Limited, a Company registered in England and Wales.

Going concern

The financial statements have been prepared on a going concern basis which the directors believe to be appropriate as the group has prepared forecasts based on current trading which indicate that the group has sufficient funds to meet its liabilities as they fall due for at least 12 months from the signing of these financial statements. The Company made a loss in the financial year of £3,322,000 however significant one off expenditure was made in the year so the Company is expected to be profitable going forward. The Company can also be supported by a fellow subsidiary of Guidedraw Limited, Studios Framestore Inc, if required and has net assets of £7,954,000 and so the directors believe that the going concern basis is appropriate.

Tangible fixed assets

Fixed assets are stated at historical cost less accumulated depreciation and any provision for permanent diminution in value.

Depreciation is provided on all tangible fixed assets at rates calculated to write each asset down to its estimated residual value over its expected useful life on a straight line business, as follows:

Short leasehold, land and buildings	-	period of lease
Plant and machinery	-	3 to 4 years
Fixtures and fittings	-	3 years
Motor vehicles	-	4 years

Turnover and long term contracts

Turnover, which excludes value added tax, represents the value of goods and services provided during the year, net of settlement discounts.

Turnover on long term contracts is determined as that proportion of the total expected income to which the cost of sales incurred to date bears to the total expected cost of sales if the final outcome can be assessed with reasonable certainty. Full provision is made for losses on all contracts in the year in which they are first foreseen.

Where turnover exceeds amounts invoiced, the excess is classified as accrued income and included in prepayments and accrued income within debtors. Where amounts invoiced exceed turnover, the excess is classified as deferred income and included in accruals and deferred income within creditors.

Leases

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as obligations to the lessor.

Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element which reduces the outstanding obligation for future instalments. The interest element of the rental obligations is charged to the profit and loss account and represents a constant proportion of the balance of capital repayments outstanding.

Operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Notes to the financial statements for the year ended 31 March 2018 (cont'd)**1 Accounting policies (cont'd)****Stocks**

Stocks are stated at the lower of cost and net realisable value. Provision is made for obsolete and slow moving items.

Fixed asset investments

Investments are stated at cost less provisions for any permanent diminution in value.

Current taxation

Current tax is the expected tax payable or receivable on the taxable profit or loss for the year using tax rates enacted at the balance sheet date and any adjustment to tax payable in respect of previous years.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date and that result in an obligation to pay more tax in the future or right to pay less tax in the future. An asset is not recognised to the extent that the transfer of economic benefits in future is uncertain.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Foreign currencies

Assets and liabilities denominated in foreign currencies are translated into Sterling at 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 transaction date. Exchange differences are taken into account in arriving at operating profit. In order to hedge its exposure to certain foreign currency risks, the Company enters into forward contracts.

Pensions

The amount charged to the profit and loss account represents the contributions payable to defined contribution pension schemes and individual personal pension schemes for certain individuals. The assets of the schemes are held separately from those of the Company.

Basic financial instruments**Trade debtors and trade creditors**

Trade debtors and trade creditors are recognised initially at the transaction price less any impairment in the cast of trade debtors.

Other financial instruments

Derivative financial instruments are recognised at fair value with any gains or losses being reported in the profit or loss account.

Provisions

Provisions are recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are measured at the best estimate of the expenditure required to settle the obligation at the balance sheet date.

Research and development costs

Research and development costs are written off directly to the profit and loss account as incurred.

Notes to the financial statements for the year ended 31 March 2018 (cont'd)

2 Turnover

Turnover originates in the United Kingdom and relates to the principal activity and one class of business of the Company. A geographical analysis of turnover by destination is provided below:

	Year ended 31 March	
	2018	2017
	£000	£000
United Kingdom	62,993	55,110
Rest of Europe	886	438
North America	13,278	14,553
Rest of World	7,678	3,123
	84,835	73,224

3 Other operating income

In the prior year the Company had other operating income of £30,000 from the sub-letting of office space. No such income was received in the current year.

4 Operating (loss)/profit

	Year ended 31 March	
	2018	2017
	£000	£000
Operating (loss)/profit is stated after charging:		
Research and development costs	2,700	2,700
Depreciation	3,536	3,537
(Decrease)/increase in dilapidation provision	(482)	1,775
(Decrease)/increase in provision for lease surrender	(1,450)	1,450
Operating lease expense	6,669	2,988
Auditor's remuneration		
	2018	2017
	£000	£000
Audit of these financial statements	30	30

5 Remuneration of directors

	Year ended 31 March	
	2018	2017
	£000	£000
Directors' emoluments	1,379	1,412
The emoluments of the highest paid director are as follows:		
Director's emoluments	698	466

The highest paid director received contributions of £nil (2017: £nil) into a defined contribution pension scheme, and Company pension contributions of £19,000 (2017: £7,000) were made to a money purchase scheme on his/her behalf.

Notes to the financial statements for the year ended 31 March 2018 (cont'd)

6 Staff numbers and costs

The average monthly number of persons employed by the Company (including directors) during the year was as follows:

	2018	2017
	Number	Number
Production staff	849	727
Administration staff	138	113
	987	840

The aggregate payroll costs of these persons were as follows:

	Year ended 31 March	
	2018	2017
	£000	£000
Wages and salaries	50,378	42,302
Social security costs	5,880	4,838
Other pension costs	745	643
	57,003	47,783

7 Interest receivable and similar income

	Year ended 31 March	
	2018	2017
	£000	£000
Bank interest	9	25
Movement in fair value of derivatives	333	-
	342	25

8 Interest payable and similar charges

	Year ended 31 March	
	2018	2017
	£000	£000
On overdrafts	3	-
On finance leases	286	190
Other charges	29	10
Movement in fair value of derivatives	-	108
	318	308

Notes to the financial statements for the year ended 31 March 2018 (cont'd)

9 Tax on (loss) / profit

	2018	2017
	£000	£000
Current Tax		
Current tax on income for the period	-	634
Adjustments in respect of prior years	(363)	(230)
Research and Development tax credit	(240)	(297)
Total Current Tax	(603)	107
Deferred Tax:		
Origination & reversal of timing differences	588	49
Change in tax rate	2	31
Prior year adjustment	(608)	(17)
Total Deferred Tax (note 13)	(18)	63
Total Tax (Credit) / Charge	(621)	170
Reconciliation of effective tax rate		
	2018	2017
	£000	£000
(Loss) / profit for the year	(3,322)	2,060
Total tax (credit) / expense	(621)	170
(Loss) / profit excluding taxation	(3,943)	2,230
Tax at the UK corporation tax rate of 19% (2017: 20%)	(749)	446
Effects of:		
Expenses not deductible for tax purposes	668	339
Research and development enhanced tax relief	(184)	(238)
Tax losses arising / (utilised) in the year	709	(161)
Prior year adjustment	(971)	(247)
Non taxable income	(95)	-
Difference in tax rates	1	31
Tax on profit on ordinary activities	(621)	170

A reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly. The deferred tax asset at 31 March 2018 has been calculated based on these rates (note 13).

Notes to the financial statements for the year ended 31 March 2018 (cont'd)

10 Tangible fixed assets

	Short leasehold land and buildings	Plant and machinery	Fixtures and fittings	Motor vehicles	Total
	£000	£000	£000	£000	£000
Cost:					
At 1 April 2017	10,531	39,657	2,164	17	52,369
Additions	10,082	4,637	1,106	-	15,825
Disposals	(8,677)	(655)	(2)	-	(9,334)
At 31 March 2018	11,936	43,639	3,268	17	58,860
Accumulated depreciation:					
At 1 April 2017	9,628	35,384	1,922	17	46,951
Charge for the year	329	3,049	158	-	3,536
Disposals	(8,125)	(579)	-	-	(8,704)
At 31 March 2018	1,832	37,854	2,080	17	41,783
Net book amount:					
At 31 March 2018	10,104	5,785	1,188	-	17,077
At 31 March 2017	903	4,273	242	-	5,418

Included in the net book amount of plant and machinery is £4,709,000 (2017: £3,974,000) in respect of assets held under finance leases. Depreciation for the year on these assets was £2,654,000 (2017: £2,378,000). During the year the company made a loss on disposal of fixed assets of £556,000 (2017: profit £50,000).

11 Fixed asset investments

	Shares in Subsidiary and associate undertakings
	£
Cost	
At 1 April 2017 and 31 March 2018	103
Provisions	
At 1 April 2017 and 31 March 2018	103
Net book amount	
At 1 April 2017 and 31 March 2018	-

The directors believe that the carrying value of the investment in The Third Floor London Limited is supported by its underlying net assets.

Notes to the financial statements for the year ended 31 March 2018 (cont'd)

11 Fixed asset investments (cont'd)

	Country of Incorporation	Description of shares held	Principal business activities	Proportion of nominal value of issued shares held by the Company (2018 and 2017)
				%
The Third Floor London Limited	Great Britain	Ordinary shares	Digital pre-production	50

The Third Floor London Limited's registered address is 19-23 Wells Street, London, W1T 3PQ. There have been no changes to the shareholdings for the above undertakings in the year ended 31 March 2018.

12 Stocks

	2018 £000	2017 £000
Raw materials	-	7

13 Debtors

	2018 £000	2017 £000
Amounts falling due within one year:		
Trade debtors	10,912	7,457
Corporation tax	474	-
Amounts owed by group undertakings	8,427	10,384
Other debtors	184	42
Prepayments and accrued income	2,504	3,658
	22,501	21,541

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

	2018 £000	2017 £000
Amounts falling due after more than one year:		
Deferred tax asset (see below)	745	727
Total Debtors	23,246	22,268

The deferred tax asset comprises the following amounts:

	2018 £000	2017 £000
Depreciation in excess of capital allowances	431	596
Other short-term timing differences	287	131
Losses carried forwards	27	-
	745	727

Notes to the financial statements for the year ended 31 March 2018 (cont'd)

13 Debtors (cont'd)

Deferred tax asset	£000
As at 1 April 2017	727
Deferred taxation current year	(588)
Prior year adjustment	608
Difference in tax rate	(2)
As at 31 March 2018	745

There was no unprovided deferred tax.

14 Creditors: Amounts falling due within one year

	2018 £000	2017 £000
Bank overdraft	1,877	-
Obligations under finance leases	2,483	1,998
Trade creditors	4,519	1,252
Amounts owed to group undertakings	1,960	862
Corporation tax	-	314
Other taxation and social security	2,224	2,201
Other creditors	4,300	62
Derivative liability	-	108
Accruals and deferred income	10,663	10,416
	28,026	17,213

Amounts due to the group undertakings are unsecured, interest free and repayable on demand.

15 Creditors: Amounts falling due after more than one year

	2018 £000	2017 £000
Obligations under finance leases	2,284	1,704
	2,284	1,704

16 Provisions for liabilities

	Leasehold dilapidation £000	Onerous lease £000	Total £000
At 1 April 2017	3,284	-	3,284
Increase in provision	-	707	707
Utilised in the year	(1,932)	-	(1,932)
At 31 March 2018	1,352	707	2,059

The Company holds dilapidation provisions on properties occupied which will be utilised on the expiry of the relevant leases. The Company has provided for an onerous property lease that expires in May 2020.

Notes to the financial statements for the year ended 31 March 2018 (cont'd)

17 Called up share capital

	2018 £000	2017 £000
Authorised		
2,500,000 (2017: 2,500,000) ordinary shares of 10p each	250	250
Allotted and fully paid		
856,767 (2017: 856,767) ordinary shares of 10p each	86	86

18 Financial commitments**(i) Capital commitments**

The Company had no capital commitments at the end of the financial year for which no provision has been made amounting to (2017: £nil).

(ii) Operating leases

Operating lease rentals in respect of land and buildings and other assets are payable as follows:

	2018		2017	
	Land and Buildings £000	Other £000	Land and buildings £000	Other £000
Operating leases which expire:				
Less than one year	4,918	16	5,016	16
Between one and five years	17,148	-	21,394	-
More than five years	37,004	-	45,067	-
	59,070	16	71,477	16

On 24th June 2017 the company entered into a new 15 year lease in respect of land and buildings.

19 Pension scheme

The group contributes to a defined contribution pension scheme and to certain individuals' personal pension plans. During the year the Company made contributions to the schemes of £745,000 (2017: £643,000). There were no contributions unpaid at the end of the year (2017: £nil).

20 Related party transactions

The Company owns 50% of the share capital of The Third Floor London Limited. During the year the Company received services from The Third Floor London Ltd to the value of £649,000 (2017: £94,000). The Company also provided services to the value of £7,241,000 (2017: £4,996,000). As at the 31 March 2018 the amount due from The Third Floor London Ltd was £502,000 (2017: due to £308,000).

As the Company is a wholly owned subsidiary of Guidedraw Limited, the Company has taken advantage of the exemption contained in FRS102 and has therefore not disclosed transactions or balances with entities which form part of the group. The consolidated statements of Guidedraw Limited, within which the Company is included, can be obtained from the address given in note 21. There were no other related party transactions in the year.

21 Ultimate parent company

The largest group in which the results of the Company are consolidated is that headed by Ithink International Cultural Investment co. Limited, 901 Wilson House, 19-27 Wyndham Street, Central, Hong Kong. The smallest group in which they are consolidated is that headed by Guidedraw Limited, 28 Chancery Lane, London, WC2A 1LB. No other group financial statements include the results of the Company. The consolidated financial statements of Ithink International Cultural Investment co. Limited are not available to the public, and may be obtained from 901 Wilson House, 19-27 Wyndham Street, Central, Hong Kong with their consent. The consolidated financial statements of Guidedraw Limited are available to the public.