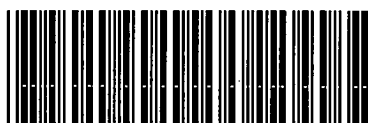


**ARROW FILM DISTRIBUTORS LIMITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE PERIOD ENDED 31 DECEMBER 2016**

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## **ARROW FILM DISTRIBUTORS LIMITED**

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### **COMPANY INFORMATION**

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#### **DIRECTORS**

Mr N N Agran  
Mrs A M Agran  
Mr A M Agran

#### **COMPANY SECRETARY**

Mrs A M Agran

#### **REGISTERED NUMBER**

02584648

#### **REGISTERED OFFICE**

8th Floor Becket House  
36 Old Jewry  
EC2R 8DD

#### **INDEPENDENT AUDITORS**

Elman Wall Limited  
Chartered Accountants & Statutory Auditor  
8th Floor  
Becket House  
36 Old Jewry  
London  
EC2R 8DD

#### **BANKERS**

National Westminster Bank Plc  
208 Piccadilly  
P O Box 2DG  
London  
W1A 2DG

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**ARROW FILM DISTRIBUTORS LIMITED**

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## **ARROW FILM DISTRIBUTORS LIMITED**

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### **STRATEGIC REPORT FOR THE PERIOD ENDED 31 DECEMBER 2016**

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#### **INTRODUCTION**

Arrow Films is an entertainment company, focussed on the licensing of popular media content for distribution through multiple platforms such as theatrical, home entertainment, digital and television. The company strives to provide the best possible quality product to its markets through its selective acquisition process but also through its own product enhancement to distribute to its main market in the UK and other territories in line with licensing.

The very nature of the business and the changing practices of the market place creates a speculative model, particularly in the theatrical segment which presents a real financial risk given the high cost of entry. Arrow Films has developed a detailed appraisal process and model in order to mitigate against this risk where possible.

#### **BUSINESS REVIEW**

The business trades mainly through it's core brands as follows:

- Arrow Video
- Arrow Academy
- Arrow Films
- Nordic Noir

Arrow Films invests in licensed content in order to distribute via the brands where the content itself may be classified into distinct areas:

**New Release:** product that is new to market and may be suited to a theatrical release. This could be both feature film or television series and may include overseas product in foreign language content that will require additional investment to bring to our home markets. This product will tend to fit within the Arrow Films or Nordic Noir brands for release.

**Catalogue:** product that is not new to market but might be newly available in the market. Arrow is a world leader in restoring, packaging and distributing cult and genre films through exclusive packaging, new value added content and world class customer engagement. This product will tend to fit within the Arrow Video and Arrow Academy brands for release.

#### **PRINCIPAL RISKS AND UNCERTAINTIES**

Arrow is exposed to the longevity in the cycle between acquisition and distribution especially on the lengthy produced catalogue product. This increases the working capital requirement.

A certain amount of credit risk exists in Arrow's key markets, particularly on the physical distribution of product to it's smaller customers. This risk is mitigated by having a large share of custom with larger blue chip retailers such as Amazon and an increasing share of business going through its own website.

The shift towards digital distribution in the market has long been identified by management and continues to be addressed by investing in staff with relevant expertise and systems in this area.

The theatrical sector has a high-risk factor given the high costs of entry and also relative volatility in the sector.

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**ARROW FILM DISTRIBUTORS LIMITED**

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**STRATEGIC REPORT (CONTINUED)  
FOR THE PERIOD ENDED 31 DECEMBER 2016**

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**FINANCIAL PERFORMANCE**

Although these financial statements show a decrease in turnover given the 9 month period against the previous 12 month period. On a like for like annualised basis, turnover showed a 6.83% increase. Gross and net operation margins remained consistent with previous years which management are satisfied with but believe there is room for improvement in future.

Management continued to review the business as a commitment to the process embarked upon in the prior year. There were some internal adjustments to structure without any material change to headcount. The review was primarily focussed on ensuring that the business was set up best to face its core markets.

Management are satisfied with company performance for the year and remain cautiously optimistic for the new financial year given the additional internal resource and a planned review of the business which will include its strategic objectives.

This report was approved by the board and signed on its behalf.

**Mr A M Agran**  
Director



Date:

26 OCTOBER 2017

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## **ARROW FILM DISTRIBUTORS LIMITED**

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### **DIRECTORS' REPORT FOR THE PERIOD ENDED 31 DECEMBER 2016**

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The directors present their report and the financial statements for the period ended 31 December 2016.

#### **DIRECTORS' RESPONSIBILITIES STATEMENT**

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 the directors have elected to prepare the financial statements in accordance with 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'. 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 for the Company's financial statements and then apply them consistently;
- make judgments and accounting 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to 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.

#### **RESULTS AND DIVIDENDS**

The profit for the period, after taxation, amounted to £245,622 (2016 - £276,965).

During the year dividends of £180,000 (2016: £274,600) were paid.

#### **DIRECTORS**

The directors who served during the period were:

Mr N N Agran  
Mrs A M Agran  
Mr A M Agran

#### **FUTURE DEVELOPMENTS**

Future developments for the company are included within the Strategic report.

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**ARROW FILM DISTRIBUTORS LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE PERIOD ENDED 31 DECEMBER 2016**

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**DISCLOSURE OF INFORMATION TO AUDITORS**

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

**POST BALANCE SHEET EVENTS**

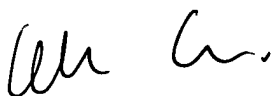
There have been no significant events affecting the Company since the year end.

**AUDITORS**

The auditors, Elman Wall Limited, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

**Mr A M Agran**  
Director



Date:

26 October 2017

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## **ARROW FILM DISTRIBUTORS LIMITED**

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### **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ARROW FILM DISTRIBUTORS LIMITED**

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We have audited the financial statements of Arrow Film Distributors Limited for the period ended 31 December 2016, set out on pages 7 to 28. The relevant financial reporting framework that has been applied in their preparation is applicable law and the 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 Directors' responsibilities statement 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. 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 Financial Reporting Council's Ethical Standards for Auditors.

#### **SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS**

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

#### **OPINION ON FINANCIAL STATEMENTS**

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2016 and of its profit for the period 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.



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## ARROW FILM DISTRIBUTORS LIMITED

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### INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ARROW FILM DISTRIBUTORS LIMITED (CONTINUED)

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#### OPINION ON OTHER MATTER 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 Directors' report for the financial period for which the financial statements are prepared is consistent with those financial statements and such reports have been prepared in accordance with applicable legal requirements.

In the light of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and the Directors' report.

#### MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

*Elman Wall Limited*

Yasin Khandwalla (Senior statutory auditor)

for and on behalf of  
**Elman Wall Limited**

Chartered Accountants & Statutory Auditor

8th Floor  
Becket House  
36 Old Jewry  
London  
EC2R 8DD

Date: 25/10/17

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**ARROW FILM DISTRIBUTORS LIMITED**

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**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED 31 DECEMBER 2016**

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	Note	Period ended 31 December 2016 £	Year ended 31 March 2016 £
Turnover	4	8,864,364	10,742,364
Cost of sales		(5,955,785)	(7,242,194)
<b>GROSS PROFIT</b>		<b>2,908,579</b>	<b>3,500,170</b>
Distribution costs		(1,440,031)	(1,717,090)
Administrative expenses		(1,274,428)	(1,470,943)
<b>OPERATING PROFIT</b>	5	<b>194,120</b>	<b>312,137</b>
Interest receivable and similar income	9	12,259	7,684
Interest payable and expenses	10	(1,804)	(31,962)
<b>PROFIT BEFORE TAX</b>		<b>204,575</b>	<b>287,859</b>
Tax on profit	11	41,047	(10,894)
<b>PROFIT FOR THE FINANCIAL PERIOD</b>		<b>245,622</b>	<b>276,965</b>

There were no recognised gains and losses for 2016 or 2016 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2016 (2016:£NIL).

The notes on pages 13 to 28 form part of these financial statements.

**ARROW FILM DISTRIBUTORS LIMITED**  
**REGISTERED NUMBER: 02584648**

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2016**

	Note	31 December 2016 £	31 March 2016 £
<b>FIXED ASSETS</b>			
Intangible assets		11,120	-
Tangible assets	14	90,860	22,831
		<u>101,980</u>	<u>22,831</u>
<b>CURRENT ASSETS</b>			
Stocks	15	679,739	885,534
Debtors: amounts falling due after more than one year	16	143,633	47,602
Debtors: amounts falling due within one year	16	4,831,627	3,686,763
Cash at bank and in hand	17	1,378,459	2,203,514
		<u>7,033,458</u>	<u>6,823,413</u>
Creditors: amounts falling due within one year	18	(3,168,560)	(2,934,094)
<b>NET CURRENT ASSETS</b>		<u>3,864,898</u>	<u>3,889,319</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>3,966,878</u>	<u>3,912,150</u>
<b>PROVISIONS FOR LIABILITIES</b>			
Deferred tax	20	-	(10,894)
		<u>-</u>	<u>(10,894)</u>
<b>NET ASSETS</b>		<u><u>3,966,878</u></u>	<u><u>3,901,256</u></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	21	100	100
Profit and loss account	22	3,966,778	3,901,156
		<u>3,966,878</u>	<u>3,901,256</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on



**Mr A M Agran**  
Director

26 October 2017

The notes on pages 13 to 28 form part of these financial statements.

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**ARROW FILM DISTRIBUTORS LIMITED**

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**STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 31 DECEMBER 2016**

---

	Called up share capital £	Profit and loss account £	Total equity £
At 1 April 2016	100	3,901,156	3,901,256
<b>COMPREHENSIVE INCOME FOR THE PERIOD</b>			
Profit for the period	-	245,622	245,622
<b>OTHER COMPREHENSIVE INCOME FOR THE PERIOD</b>	-	-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	-	245,622	245,622
Dividends: Equity capital	-	(180,000)	(180,000)
<b>TOTAL TRANSACTIONS WITH OWNERS</b>	-	(180,000)	(180,000)
<b>AT 31 DECEMBER 2016</b>	100	3,966,778	3,966,878

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**ARROW FILM DISTRIBUTORS LIMITED**

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**STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 31 MARCH 2016**

---

	Called up share capital £	Profit and loss account £	Total equity £
At 1 April 2015	100	3,898,791	3,898,891
<b>COMPREHENSIVE INCOME FOR THE YEAR</b>			
Profit for the year	-	276,965	276,965
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR</b>	-	-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	-	276,965	276,965
Dividends: Equity capital	-	(274,600)	(274,600)
<b>TOTAL TRANSACTIONS WITH OWNERS</b>	-	(274,600)	(274,600)
<b>AT 31 MARCH 2016</b>	100	3,901,156	3,901,256

The notes on pages 13 to 28 form part of these financial statements.

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**ARROW FILM DISTRIBUTORS LIMITED**

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**STATEMENT OF CASH FLOWS  
FOR THE PERIOD ENDED 31 DECEMBER 2016**

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	31 December 2016 £	31 March 2016 £
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit for the financial year	245,622	276,965
<b>ADJUSTMENTS FOR:</b>		
Amortisation of intangible assets	2,780	-
Depreciation of tangible assets	9,250	5,707
Interest paid	1,804	31,962
Interest received	(12,259)	(7,684)
Taxation charge	(13,830)	10,894
Decrease/(increase) in stocks	205,796	(251,407)
(Increase)/decrease in debtors	(1,238,864)	475,425
Increase in creditors	348,663	131,269
Corporation tax (paid)	(113,289)	(135,295)
<b>NET CASH GENERATED FROM OPERATING ACTIVITIES</b>	<b>(564,327)</b>	<b>537,836</b>

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**ARROW FILM DISTRIBUTORS LIMITED**

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**STATEMENT OF CASH FLOWS (CONTINUED)**  
**FOR THE PERIOD ENDED 31 DECEMBER 2016**

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	31 December 2016 £	31 March 2016 £
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of intangible fixed assets	(13,900)	-
Purchase of tangible fixed assets	(77,279)	(8,028)
Interest received	12,259	7,684
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<b>(78,920)</b>	<b>(344)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of other loans	-	(169,251)
Dividends paid	(180,000)	(274,600)
Interest paid	(1,804)	(31,962)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(181,804)</b>	<b>(475,813)</b>
<b>(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(825,051)</b>	<b>61,679</b>
Cash and cash equivalents at beginning of period	2,203,510	2,141,835
<b>CASH AND CASH EQUIVALENTS AT THE END OF PERIOD</b>	<b>1,378,459</b>	<b>2,203,514</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF PERIOD COMPRISE:</b>		
Cash at bank and in hand	1,378,459	2,203,514
	<b>1,378,459</b>	<b>2,203,514</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2016**

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**1. GENERAL INFORMATION**

Arrow Film Distributors Limited is a private company limited by shares incorporated in England. The address of the registered office is given in the company information page of these financial statements. The nature of the company's operations and principal activities recorded in the Strategic Report and page 1 of the directors report.

**2. ACCOUNTING POLICIES**

**2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

**2.2 Revenue**

Turnover comprises revenue recognised by the company in respect of the sale of films and media related services and goods, exclusive of Value Added Tax and trade discounts.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes

**2.3 Intangible assets**

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Website Development	-	5	years
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**2.4 Tangible fixed assets**

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2016**

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**2. ACCOUNTING POLICIES (CONTINUED)**

**2.4 Tangible fixed assets (continued)**

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, on a reducing balance basis.

Depreciation is provided on the following basis:

Plant and machinery	-	20% reducing balance method
Fixtures and fittings	-	20% reducing balance method

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of comprehensive income.

**2.5 Stocks**

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

Stock represents all costs directly incurred in the product development of physical stock of DVDs.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

**2.6 Debtors**

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Minimum guarantees include a royalty payment, which are written off to the profit and loss account once the title is released, they are treated as prepayments until the title release.

**2.7 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2016**

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**2. ACCOUNTING POLICIES (CONTINUED)**

**2.8 Financial instruments**

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

**2.9 Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Royalties are recognised on an accruals basis in accordance with the substance of the relevant agreement.

**2.10 Foreign currency translation**

**Functional and presentation currency**

The Company's functional and presentational currency is GBP.

**Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

**2.11 Finance costs**

Finance costs are charged to the Statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

**2.12 Dividends**

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2016**

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**2. ACCOUNTING POLICIES (CONTINUED)**

**2.13 Pensions**

**Defined contribution pension plan**

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

**2.14 Interest income**

Interest income is recognised in the Statement of comprehensive income using the effective interest method.

**2.15 Provisions for liabilities**

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of comprehensive income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2016**

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**2. ACCOUNTING POLICIES (CONTINUED)**

**2.16 Current and deferred taxation**

The tax expense for the period comprises current and deferred tax. Tax is recognised in the Statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**3. JUDGMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION  
UNCERTAINTY**

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are recognised to be relevant. Actual results may differ from these estimates.

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

The directors are of the view that there are no estimates or assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities

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**ARROW FILM DISTRIBUTORS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2016**

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**4. TURNOVER**

An analysis of turnover by class of business is as follows:

	2016 £	2016 £
Sales	8,864,364	10,742,364
	<u>8,864,364</u>	<u>10,742,364</u>
	2016 £	2016 £
United Kingdom	8,864,364	10,742,364
	<u>8,864,364</u>	<u>10,742,364</u>

All turnover arose within the United Kingdom.

**5. OPERATING PROFIT**

The operating profit is stated after charging:

	2016 £	2016 £
Depreciation of tangible fixed assets	9,250	5,708
Amortisation of intangible assets	2,780	-
Exchange differences	(27,763)	(24,835)
Defined contribution pension cost	9,129	10,200
	<u>9,129</u>	<u>10,200</u>

**6. AUDITORS' REMUNERATION**

	2016 £	2016 £
Fees payable to the Company's auditor for the audit of the Company's annual accounts	13,000	10,000
	<u>13,000</u>	<u>10,000</u>

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**ARROW FILM DISTRIBUTORS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
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**7. EMPLOYEES**

Staff costs, including directors' remuneration, were as follows:

	2016 £	2016 £
Wages and salaries	865,431	1,021,530
Cost of defined contribution scheme	9,129	10,200
	<u>874,560</u>	<u>1,031,730</u>

The average monthly number of employees, including the directors, during the period was as follows:

	2016 No.	2016 No.
Finance	5	5
Management	5	5
Sales and Marketing	3	3
Production and Acquisitions	7	8
	<u>20</u>	<u>21</u>

**8. DIRECTORS' REMUNERATION**

	2016 £	2016 £
Directors' emoluments	15,964	10,485
	<u>15,964</u>	<u>10,485</u>

**9. INTEREST RECEIVABLE**

	2016 £	2016 £
Other interest receivable	12,259	7,684
	<u>12,259</u>	<u>7,684</u>

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**10. INTEREST PAYABLE AND SIMILAR CHARGES**

	2016 £	2016 £
Other loan interest payable	-	31,962
Other interest payable	1,804	-
	<u>1,804</u>	<u>31,962</u>

**11. TAXATION**

	2016 £	2016 £
<b>CORPORATION TAX</b>		
Current tax on profits for the year	(13,394)	-
Adjustments in respect of previous periods	(35,611)	-
	<u>(49,005)</u>	<u>-</u>
<b>TOTAL CURRENT TAX</b>	<u>(49,005)</u>	<u>-</u>
<b>DEFERRED TAX</b>		
Origination and reversal of timing differences	7,958	10,894
<b>TOTAL DEFERRED TAX</b>	<u>7,958</u>	<u>10,894</u>
<b>TAXATION ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES</b>	<u>(41,047)</u>	<u>10,894</u>

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FOR THE PERIOD ENDED 31 DECEMBER 2016**

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**11. TAXATION (CONTINUED)****FACTORS AFFECTING TAX CHARGE FOR THE PERIOD/YEAR**

The tax assessed for the period/year is the same as (2016 - the same as) the standard rate of corporation tax in the UK of 20% (2016 - 20%) as set out below:

	2016 £	2016 £
Profit on ordinary activities before tax	198,316	287,859
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2016 - 20%)	39,663	57,572
<b>EFFECTS OF:</b>		
Fixed asset differences	355	-
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	5,502	1,806
Other permanent differences	(1,710)	5,312
Adjustment in research and development tax credit leading to an increase (decrease) in the tax charge	(54,327)	(75,584)
Surrender of tax losses for R&D tax credit refund	5,081	-
Adjustments to tax charge in respect of previous periods	(35,611)	(24,940)
Other tax charge (relief)	-	46,728
<b>TOTAL TAX CHARGE FOR THE PERIOD/YEAR</b>	<b>(41,047)</b>	<b>10,894</b>

**FACTORS THAT MAY AFFECT FUTURE TAX CHARGES**

There were no factors that may affect future tax charges.

**12. DIVIDENDS**

	31 December 2016 £	31 March 2016 £
Dividends	180,000	274,600
	<u>180,000</u>	<u>274,600</u>



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**13. INTANGIBLE ASSETS**

	Website development £
<b>COST</b>	
Additions	13,900
At 31 December 2016	<u>13,900</u>
<b>AMORTISATION</b>	
Charge for the year	2,780
At 31 December 2016	<u>2,780</u>
<b>NET BOOK VALUE</b>	
At 31 December 2016	<u><u>11,120</u></u>
At 31 March 2016	<u><u>-</u></u>

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**ARROW FILM DISTRIBUTORS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2016**

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**14. TANGIBLE FIXED ASSETS**

	Plant and machinery £	Fixtures and fittings £	Total £
<b>COST OR VALUATION</b>			
At 1 April 2016	51,716	8,484	60,200
Additions	50,626	26,653	77,279
At 31 December 2016	102,342	35,137	137,479
<b>DEPRECIATION</b>			
At 1 April 2016	29,383	7,986	37,369
Charge for the period on owned assets	7,399	1,851	9,250
At 31 December 2016	36,782	9,837	46,619
<b>NET BOOK VALUE</b>			
At 31 December 2016	65,560	25,300	90,860
At 31 March 2016	22,333	498	22,831

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**ARROW FILM DISTRIBUTORS LIMITED**

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**15. STOCKS**

	31 December 2016 £	31 March 2016 £
Finished goods and product development	679,739	885,534
	<u>679,739</u>	<u>885,534</u>

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**ARROW FILM DISTRIBUTORS LIMITED**

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FOR THE PERIOD ENDED 31 DECEMBER 2016**

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**16. DEBTORS**

	31 December 2016 £	31 March 2016 £
<b>DUE AFTER MORE THAN ONE YEAR</b>		
Other debtors	143,633	47,602
	<u>143,633</u>	<u>47,602</u>
	31 December 2016 £	31 March 2016 £
<b>DUE WITHIN ONE YEAR</b>		
Trade debtors	2,450,852	1,990,173
Other debtors	791,168	363,816
Prepayments and accrued income	1,521,599	1,221,199
Tax recoverable	65,072	111,575
Deferred taxation	2,936	-
	<u>4,831,627</u>	<u>3,686,763</u>

**17. CASH AND CASH EQUIVALENTS**

	31 December 2016 £	31 March 2016 £
Cash at bank and in hand	1,378,459	2,203,514
	<u>1,378,459</u>	<u>2,203,514</u>

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**ARROW FILM DISTRIBUTORS LIMITED**

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**18. CREDITORS: Amounts falling due within one year**

	31 December 2016 £	31 March 2016 £
Trade creditors	2,047,379	1,403,032
Corporation tax	-	114,197
Other taxation and social security	110,353	116,284
Other creditors	52,844	26,968
Accruals and deferred income	957,984	1,273,613
	<u>3,168,560</u>	<u>2,934,094</u>

**19. FINANCIAL INSTRUMENTS**

	31 December 2016 £	31 March 2016 £
<b>FINANCIAL ASSETS</b>		
Financial assets measured at fair value through profit or loss	1,378,459	2,203,514
Financial assets that are debt instruments measured at amortised cost	3,385,649	2,401,591
	<u>4,764,108</u>	<u>4,605,105</u>
<b>FINANCIAL LIABILITIES</b>		
Financial liabilities measured at amortised cost	(3,054,621)	(2,701,207)
	<u>(3,054,621)</u>	<u>(2,701,207)</u>

Financial assets measured at fair value through profit or loss comprise of cash at bank.

Financial assets measured at amortised cost comprise of trade debtors and other debtors.

Financial liabilities measured at amortised cost comprise of trade creditors, other creditors and accruals.

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**ARROW FILM DISTRIBUTORS LIMITED**

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**20. DEFERRED TAXATION**

	2016 £	2016 £
At beginning of year	(10,894)	-
Charged to profit or loss	13,830	(10,894)
<b>AT END OF YEAR</b>	<b>2,936</b>	<b>(10,894)</b>

The deferred taxation balance is made up as follows:

	31 December 2016 £	31 March 2016 £
Accelerated capital allowances	(11,217)	4,110
Tax losses carried forward	14,153	(15,004)
	<b>2,936</b>	<b>(10,894)</b>

**21. SHARE CAPITAL**

	31 December 2016 £	31 March 2016 £
<b>Shares classified as equity</b>		
<b>Allotted, called up and fully paid</b>		
20 "A" Ordinary shares of £1 each	20	20
40 "B" Ordinary shares of £1 each	40	40
40 "C" Ordinary shares of £1 each	40	40
	<b>100</b>	<b>100</b>

**22. RESERVES****Profit and loss account**

Profit & loss includes all current and prior periods retained profit.

**NOTES TO THE FINANCIAL STATEMENTS  
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**23. PENSION COMMITMENTS**

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £9,129 (2016: £10,200). Contributions totalling £3,586 (2016: £nil) were payable to the fund at the balance sheet date.

**24. RELATED PARTY TRANSACTIONS**

During the year the company had an outstanding loan account with the director, Mr A M Agran. Advances totalling £648,256 (2016: £135,225) were made, and repayments totalling £185,053 (2016: £310,969) were made. Interest at a rate of 3% totalling £12,259 (2016: £7,684) was charged to the loan account. At the year end, Mr A M Agran owed the company £788,703 (2016: £313,241). This loan account is unsecured and is payable on demand.

During the year dividends amounting to £180,000 (2016: £274,600) were paid to the shareholders.

There were no amounts written off in the year in respect to related party transactions.

**25. CONTROLLING PARTY**

There is no controlling party at the year end.