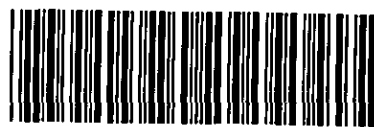


FILM LONDON LIMITED

**Financial statements
31 March 2007**

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FILM LONDON LIMITED

Financial statements for the year ended 31 March 2007

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FILM LONDON LIMITED

Directors, Officers and Advisers

Directors

J Akomfrah
C L Binns
W J Clarke (resigned 6 February 2007)
A M M Elliott
S Lieberman
N Marsh - Edwards
D I Martin
M Pilgrim
J J Thomas
L J G Savill

Secretary

D K C Kirchner

Chief Executive

A Wootton

Registered Office

Suite 6 10, The Tea Building
56 Shoreditch High Street
London E1 6JJ

Company Number

4699825

Auditor

Chantrey Vellacott DFK LLP
Chartered Accountants
Russell Square House
10 – 12 Russell Square
London WC1B 5LF

Solicitors

Reed Smith Richards Butler LLP
Beaufort House
15 St Botolph Street
London EC3A 7EE

Bankers

Barclays Bank plc
27 Soho Square
London W1A 4WA

FILM LONDON LIMITED

Directors' Report for the year ended 31 March 2007

The directors present their report and financial statements for the year ended 31 March 2007

Constitution

Film London is a company limited by guarantee, registered in England, (registered number 4699825) It was incorporated on 17 March 2003, and is governed by its Memorandum and Articles of Association

Activities

Film London is the capital's film and media agency. Film London sustains, promotes and develops London as a major international film-making and film cultural capital. This includes all the screen industries based in London – film, television, video, commercials and new interactive media. The agency champions and leads the development of the sector in an increasingly competitive international marketplace.

Film London is funded jointly by the UK Film Council and the London Development Agency. Film London also receives significant support from Arts Council England London, the European Regional Development Fund, the Mayor of London, Skillset and the Greater London Authority (GLA). In addition, the agency works closely with a number of partners including Visit London, London Unlimited and UK Trade & Investment.

Film London delivers a range of economic development services and cultural activities that not only have an impact on the capital itself but also have wider reaching benefits at national and international levels.

Our strategic work and operational delivery include amongst others a first class locations service, a range of funds to support production, audience development, skills and business development as well as an extensive range of showcasing and marketing initiatives in the UK and internationally.

Film London continues to promote the capital to film-makers around the world through the further development of the London Filming Partnership and a wide range of promotional activities in the international marketplace. Over 130 partners have now signed up to the London Filming Partnership. Also, this year Film London has piloted a Concierge Service providing a range of discounted services for film-makers working in the capital.

In 2006-07 Film London has been managing a range of funds and awards supporting audience development and production, as well as production talent and business development. Film London has been funding a diverse selection of festivals and educational initiatives including the London Film Festival and the London Children's Film Festival. Film London has supported the development of talent through a wide range of schemes including Film Passport, the Company Placement Scheme and Film London EAST.

2006-07 saw the first round of Film London's cutting edge micro budget feature film fund, Microwave. Other production awards this year included the PULSE Digital Shorts Scheme, the London Artists' Film & Video Awards (LAFVA) and Reel London (a documentary production scheme), which has been delivered in association with ITV and the Borough Challenge Fund.

Film London successfully hosted its third London UK Film Focus (LUFF) in June 2006 selling British films in the international market place. Film London announced this year the launch of a Production Finance Market, the first of which will be held in 2007.

In addition to the activities described above, Film London has worked closely with the Mayor's Office to promote the capital's film industry and culture in China and India.

FILM LONDON LIMITED**Directors' Report for the year ended 31 March 2007**

Financial results

The results for the year are shown on page 7

The deficit of £127,073 for the year has arisen due to budgeted expenditure of over £200,000 out of our ring-fenced reserves. These monies were spent on specific projects including Microwave awards and Film London's Artists' Moving Image Network (FLAMIN).

Movements in fixed assets are shown in note 6 to the financial statements

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the company and of the surplus or deficit for that period. In preparing those 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 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 proper accounting records which 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 1985. 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.

The directors can confirm that

- there is no relevant audit information of which the company's auditors are unaware, and
- they have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information

The maintenance and integrity of the company's website is the responsibility of the directors. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Auditor

Chantrey Vellacott DFK LLP has indicated its willingness to continue in office, subject to re-appointment at the Annual General Meeting.

On behalf of the Board of Directors



S LIEBERSON

Director

27 June 2007

FILM LONDON LIMITED

Independent Auditor's Report to the members of Film London Limited

We have audited the financial statements of Film London Limited for the year ended 31 March 2007 which comprise the Income and Expenditure Account, the Balance Sheet, and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985.

We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition, we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation in the financial statements.

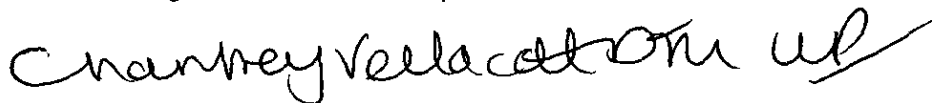
FILM LONDON LIMITED

Independent Auditor's Report to the members of Film London Limited

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2007 and of its deficit for the year then ended, and
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements



CHANTREY VELLACOTT DFK LLP

Chartered Accountants
Registered Auditor

LONDON

27 June 2007

Chantrey Vellacott DFK LLP

FILM LONDON LIMITED

Income and expenditure account for the year ended 31 March 2007

	Notes	2007 £	2006 £
Income	2(a)	3,933,848	4,029,797
Expenditure – project activity and grants		(3,204,362)	(2,984,974)
		<u>729,486</u>	<u>1,044,823</u>
Administrative expenses		(904,590)	(1,002,526)
Other operating income		<u>10,432</u>	<u>9,693</u>
Operating (deficit)/surplus	3	(164,672)	51,990
Interest receivable	4	<u>51,775</u>	<u>28,270</u>
(Deficit)/surplus on ordinary activities before taxation		(112,897)	80,260
Taxation	5	<u>(14,176)</u>	<u>-</u>
(Deficit)/surplus on ordinary activities after taxation and retained for the year		<u>(127,073)</u>	<u>80,260</u>

All amounts relate to continuing activities

The company has no recognised gains and losses other than those included in the results above and therefore no separate statement of total recognised gains and losses has been presented. There is no difference between the results shown above and their historical cost equivalents.

The notes on pages 9 to 13 form part of these financial statements

FILM LONDON LIMITED

Balance Sheet at 31 March 2007

	Notes	2007 £	2006 £
Fixed assets			
Tangible fixed assets	6	9,737	14,678
Current assets			
Debtors	7	317,541	255,736
Cash at bank and in hand		1,841,097	1,776,673
		2,158,638	2,032,409
Creditors amounts falling due within one year	8	(1,503,715)	(1,255,354)
Net current assets		654,923	777,055
Total assets less current liabilities		664,660	791,733
Reserves			
Income and expenditure account brought forward		791,733	711,473
(Deficit)/surplus for year		(127,073)	80,260
Income and expenditure account carried forward	13	664,660	791,733

Approved by the Board of Directors and authorised for issue on 27 June 2007 and signed on their behalf by


S. LIEBERSON

Director

The notes on pages 9 to 13 form part of these financial statements

FILM LONDON LIMITED

Notes to the financial statements For the year ended 31 March 2007

1 Accounting policies

a) **Basis of accounting**

The financial statements have been prepared in accordance with the Companies Act 1985, applicable accounting standards and under the historical cost accounting rules

b) **Tangible fixed assets**

Depreciation is provided to write off the cost of fixed assets over their estimated useful economic lives as follows

Office equipment	- 3 years
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c) **Income and expenditure**

Sponsorship and grant income, derived from the public and private sectors, is credited to the Income and Expenditure Account in the period to which it relates, or in the period in which the funder gives the company unconditional entitlement to the funding

Grants are charged to the Income and Expenditure Account as they are committed by the Board
Project expenditure is recognised on an accruals basis and includes a proportion of staff costs

Administrative expenses are accounted for on an accruals basis, and include a proportion of staff costs

All income and expenditure is stated net of Value Added Tax

d) **Cash flow statement**

The financial statements do not include a cash flow statement because the company, as a small reporting entity, is exempt from the requirement to prepare such a statement under Financial Reporting Standard No 1 'Cash Flow Statements'

e) **Pension scheme**

The company operates a Group Personal Pension Scheme with Standard Life. Eligible employees contribute 3% (or more) and the company contributes 3%. Contributions are recognised when due

f) **Leases**

Operating lease charges are recognised in the Income and Expenditure Account when due. The company does not hold any assets under finance leases

FILM LONDON LIMITED

Notes to the financial statements For the year ended 31 March 2007

2	Income	2007 £	2006 £
(a)	Sponsorship and grant income		
	UK Film Council (note 2(b))	1,055,000	1,255,000
	UK Film Council - prior year grants	-	172,050
	London Development Agency	1,850,000	1,660,000
	London Development Agency additional funding (note 2(d))	30,000	-
	Arts Council England (note 2(c))	336,976	348,800
	Arts Council England, National	2,904	-
	UK Film Council - Pulse! Digital Shorts Scheme	40,000	39,000
	UK Film Council - Pulse Plus	3,962	10,000
	UK Film Council - London UK Film Focus	75,000	72,945
	European Regional Development Fund - EAST	296,696	294,287
	NRF - EAST	20,563	44,205
	Skillset EQUAL AVE	23,306	-
	Skillset Microwave Training	1,852	-
	Skillset - Film Skills Fund - Location Managers	15,095	-
	First Light - Media Box Funding	3,604	-
	ERA	-	5,665
	London Plus	-	8,000
	Film Passport Fees	5,715	4,500
	Location Managers Training Fees	1,915	-
	SW Screen - Wide Screen Movies	-	9,850
	Business Partnership Scheme	43,760	42,408
	UK Trade and Investment - London UK Film Focus	15,000	10,000
	Visit London	72,500	6,087
	GLA	40,000	15,000
	London Film Focus - Other	-	32,000
		<u>3,933,848</u>	<u>4,029,797</u>

All income is derived exclusively from activities carried out within the United Kingdom

(b) UK Film Council

Grants from the UK Film Council (UKFC) to Film London Limited, both grant in aid and lottery, for the period from 1 April 2006 to 31 March 2007 are shown below

	Grant In aid £	Lottery £	2007 Total £
Grants prepaid at 1 April 2006 for 2006/2007	-	88,046	88,046
Grants received in the year 2006/2007	700,000	288,877	988,877
Grants (prepaid) from UKFC at 31 March 2007 for 2007/2008	-	(21,923)	(21,923)
Allocation for 2006/2007	<u>700,000</u>	<u>355,000</u>	<u>1,055,000</u>

In addition, £19,327 (2006 £8,252) of bank interest was receivable in the year on Lottery funds as shown in note 4

FILM LONDON LIMITED

Notes to the financial statements For the year ended 31 March 2007

2 Income

(c) Arts Council England

The Arts Council England provided funding which included £160,000 towards the London Artists' Film and Video Awards (LAFVA) during the year to 31 March 2007. The Film London Board committed awards totalling £160,000 on 28 March 2007.

(d) London Development Agency

During the year an additional £30,000 grant was received from the London Development Agency for work in emerging markets. A further contribution of £60,000 (2006: £175,000) was also received towards the costs of improving the company's new premises. This grant has been deducted from the associated expenditure in the Income and Expenditure Account.

3	Operating (deficit)/surplus	2007 £	2006 £
	Operating (deficit)/surplus is stated after charging		
	Depreciation	17,119	19,943
	Auditor's remuneration - audit	8,900	8,650
	- other	3,300	3,300
	Operating lease rentals - land and buildings	105,350	39,506

4	Interest receivable	2007 £	2006 £
	Bank interest receivable - Lottery funds	19,327	8,252
	Bank interest receivable - other funds	32,448	20,018
	Total interest receivable	51,775	28,270

5 Taxation

The company's main activities are not conducted with a view to profit and do not constitute a taxable activity. The company is recognised as a not-for-profit organisation by the HM Revenue & Customs. The tax charge of £14,176 comprises UK corporation tax at 19% on bank interest for the current period (£9,837) and an adjustment in respect of prior periods (£4,339).

6	Tangible fixed assets	Office equipment £
	Cost	
	At 1 April 2006	59,822
	Additions	12,178
	At 31 March 2007	72,000
	Depreciation	
	At 1 April 2006	45,144
	Charge for the year	17,119
	At 31 March 2007	62,263
	Net book value	
	At 31 March 2007	9,737
	At 31 March 2006	14,678

FILM LONDON LIMITED**Notes to the financial statements
For the year ended 31 March 2007**

7.	Debtors	2007 £	2006 £
	Other debtors	151,924	124,319
	Prepayments and accrued income	113,316	46,075
	VAT recoverable	52,301	85,342
		<u>317,541</u>	<u>255,736</u>

8.	Creditors, amounts falling due within one year	2007 £	2006 £
	Grants committed but unpaid	437,779	246,917
	Corporation tax	9,837	-
	Other taxation and social security	54,065	53,090
	Other creditors	533,600	634,318
	Accruals	116,408	108,788
	Deferred income	352,026	212,241
		<u>1,503,715</u>	<u>1,255,354</u>

9 Employees

The average number of persons employed by the company during the year was 43 (2006 40)

	2007 £	2006 £
Staff costs		
Wages and salaries	1,271,256	1,205,278
Social security costs	137,519	130,100
Pension contributions	43,287	40,103
	<u>1,452,062</u>	<u>1,375,481</u>

10 Directors' interests

The directors received remuneration of £nil in the year (2006, £nil). One director received £9,890 (2006 one director - £6,851) in respect of fees and expenses incurred in relation to his position as director of the company. One director is also a partner in a firm from which Film London purchased services of £12,102 (2006 £ nil) in the normal course of business.

11 Members' liability

The company does not have share capital and is limited by guarantee. In the event of the company being wound up, the maximum amount to which each member is liable to contribute is £1.

There were 9 members at 31 March 2007 (2006 10 members)

FILM LONDON LIMITED

Notes to the financial statements For the year ended 31 March 2007

12 Operating lease commitments

The company's annual commitments under operating leases are as follows

	2007 Land and buildings £	2006 Land and buildings £
Lease expiry 2-5 years	<u>105,350</u>	<u>105,350</u>

13 Income and expenditure account

(a) The company's reserves at 31 March 2007 comprise

	2007 Income and Expenditure Account £
UK Film Council - Lottery (note 13(b))	297,732
Arts Council England - FLAMIN Project	30,187
Other Specific Projects	<u>100,918</u>
	428,837
Unrestricted funds	<u>235,823</u>
	<u>664,660</u>

(b) UK Film Council - Lottery

The Lottery funds of £297,732 include bank interest received over 3 years totalling £28,417

FILM LONDON LIMITED

Administrative Expenses For the year ended 31 March 2007

	2007 £	2006 £
Expenses		
Wages and salaries, including payroll taxes	297,241	368,152
Pension costs	43,287	40,103
Recruitment and staff training	17,067	16,258
Net cost of relocation to Tea Building (see note 2 (d))	9,594	108,080
Rent, rates and service charge	148,474	90,666
Premises expenses	43,903	36,585
Repairs and renewals	13,753	3,411
Travel and subsistence	36,164	36,859
Printing, postage and stationery	27,492	25,866
Telephone and fax	19,081	17,530
Subscriptions	13,285	12,248
Sundry expenses	16,360	16,873
Legal and professional	63,260	14,405
Accountancy and audit	35,140	37,750
Marketing	-	58,212
Computer costs and website development	42,905	28,185
Cannes Film Festival	-	29,143
Irrecoverable VAT	59,974	48,411
Bank charges	1,409	1,097
Depreciation	17,119	19,943
Bad debts	(918)	(7,251)
	<u>904,590</u>	<u>1,002,526</u>

Chantrey Vellacott DFK LLP

This page does not form part of the statutory financial statements