

Company Registration No 04738788 (England and Wales)

BMS FINANCE LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2013

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BMS FINANCE LIMITED

COMPANY INFORMATION

Directors	E P Stradling M K Badale S R Stradling
Company number	04738788
Registered office	5th Floor Hammersmith Broadway London United Kingdom W6 9DL
Registered auditors	Citroen Wells Devonshire House 1 Devonshire Street London W1W 5DR
Bankers	The Royal Bank of Scotland 28 Cavendish Square London W1G 0DB

BMS FINANCE LIMITED

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BMS FINANCE LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2013

The directors present their report and consolidated financial statements for the year ended 31 March 2013

Principal activities and review of the business

The principal activities of the group continued to be film finance and the provision of investment management and advisory services

The performance of the group was satisfactory with a return to profitability

Results and dividends

The consolidated profit and loss account for the year is set out on page 5

Directors

The following directors have held office since 1 April 2012

E P Stradling

M K Badale

M J Ling (Resigned 30 May 2013)

D J S Burnett (Resigned 13 May 2013)

D J Procter (Resigned 13 May 2013)

S R Stradling

M Mathias (Appointed 25 June 2012 and resigned 13 August 2012)

Auditors

The auditors, Citroen Wells, are deemed to be reappointed under section 487(2) of the Companies Act 2006

Statement of directors' responsibilities

The directors are responsible for preparing 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- 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 group 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 the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

BMS FINANCE LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2013

Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the group's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the group's auditors are aware of that information.

On behalf of the board



E P Stradling

Director

26 June 2013

BMS FINANCE LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF BMS FINANCE LIMITED

We have audited the group and parent company financial statements (the "financial statements") of BMS Finance Limited for the year ended 31 March 2013 set out on pages 5 to 21. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 set out on page 1, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's 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 group's and the parent 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 Annual Report to identify material inconsistencies with the audited financial statements. 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 group's and parent company's affairs as at 31 March 2013 and of the group's profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

BMS FINANCE LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE MEMBERS OF BMS FINANCE LIMITED

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company 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



Mark Bailey FCA CTA (Senior Statutory Auditor)
for and on behalf of Citroen Wells

27/6/13

Chartered Accountants
Statutory Auditor

Devonshire House
1 Devonshire Street
London
W1W 5DR

BMS FINANCE LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2013

	Notes	2013 £	2012 £
Turnover	2	690,871	836,678
Administrative expenses		(659,866)	(850,543)
Operating profit/(loss)	4	31,005	(13,865)
Exceptional Item	3	-	(500,000)
Profit/(loss) on ordinary activities before interest		31,005	(513,865)
Other interest receivable and similar income		928	14,888
Interest payable and similar charges	5	(5,850)	(5,850)
Profit/(loss) on ordinary activities before taxation		26,083	(504,827)
Tax on profit/(loss) on ordinary activities	6	-	1,465
Profit/(loss) on ordinary activities after taxation		26,083	(503,362)

The profit and loss account has been prepared on the basis that all operations are continuing operations

There are no recognised gains and losses other than those passing through the profit and loss account

BMS FINANCE LIMITED

BALANCE SHEETS

AS AT 31 MARCH 2013

	Notes	Group 2013 £	2012 £	Company 2013 £	2012 £
Fixed assets					
Intangible assets	8	4,833	-	-	-
Tangible assets	9	1,160	12,875	1,160	12,875
Investments	10	-	-	582,492	360,593
		<u>5,993</u>	<u>12,875</u>	<u>583,652</u>	<u>373,468</u>
Current assets					
Debtors	11	1,734,414	1,747,071	1,699,968	1,736,902
Cash at bank and in hand		<u>251,474</u>	<u>186,730</u>	<u>19,968</u>	<u>20,069</u>
		1,985,888	1,933,801	1,719,936	1,756,971
Creditors: amounts falling due within one year	12	<u>(290,848)</u>	<u>(105,926)</u>	<u>(602,115)</u>	<u>(289,689)</u>
Net current assets		<u>1,695,040</u>	<u>1,827,875</u>	<u>1,117,821</u>	<u>1,467,282</u>
Total assets less current liabilities		<u>1,701,033</u>	<u>1,840,750</u>	<u>1,701,473</u>	<u>1,840,750</u>
Creditors: amounts falling due after more than one year	13	<u>-</u>	<u>(90,000)</u>	<u>-</u>	<u>(90,000)</u>
		<u>1,701,033</u>	<u>1,750,750</u>	<u>1,701,473</u>	<u>1,750,750</u>
Capital and reserves					
Called up share capital	14	5	5	5	5
Share premium account	15	558,800	542,100	558,800	542,100
Profit and loss account	15	<u>1,142,228</u>	<u>1,208,645</u>	<u>1,142,668</u>	<u>1,208,645</u>
Shareholders' funds	16	<u>1,701,033</u>	<u>1,750,750</u>	<u>1,701,473</u>	<u>1,750,750</u>

Approved by the Board and authorised for issue on 26th June 2013



E P Stradling
Director

Company Registration No 04738788

BMS FINANCE LIMITED

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2013

	£	2013 £	£	2012 £
Net cash inflow from operating activities		118,644		68,646
Returns on investments and servicing of finance				
Interest received	928		14,888	
Interest paid	(5,850)		(5,850)	
Net cash (outflow)/inflow for returns on investments and servicing of finance		(4,922)		9,038
Taxation		-		27,351
Capital expenditure and financial investment				
Payments to acquire tangible assets	-		(5,057)	
Receipts on acquisition of investments	25,923		-	
Receipts from sales of tangible assets	899		-	
Net cash inflow/(outflow) for capital expenditure		26,822		(5,057)
Net cash inflow before management of liquid resources and financing		140,544		99,978
Financing				
Issue of ordinary share capital	16,700		-	
Purchase of own shares	(92,500)		-	
Net cash outflow from financing		(75,800)		-
Increase in cash in the year		64,744		99,978

BMS FINANCE LIMITED

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2013

1	Reconciliation of operating profit/(loss) to net cash inflow from operating activities		2013	2012
			£	£
	profit/(loss) operating activities		31,005	(513,865)
	Depreciation of tangible assets		9,096	15,810
	Amortisation of intangible assets		440	-
	Loss on disposal of tangible assets		1,720	-
	Decrease in debtors		61,461	574,930
	Increase/(decrease) in creditors within one year		14,922	(8,229)
	Net cash inflow from operating activities		118,644	68,646

2	Analysis of net funds	1 April 2012	Cash flow	Other non- cash changes	31 March 2013
		£	£	£	£
	Net cash				
	Cash at bank and in hand	186,730	64,744	-	251,474
		186,730	64,744	-	251,474
	Debts falling due after one year	(90,000)	-	90,000	-
	Net funds	96,730	64,744	90,000	251,474

3	Reconciliation of net cash flow to movement in net funds	2013	2012
		£	£
	Increase in cash in the year	64,744	99,978
	Non-cash movement	90,000	-
	Movement in net funds in the year	154,744	99,978
	Opening net funds/(debt)	96,730	(3,248)
	Closing net funds	251,474	96,730

BMS FINANCE LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013

1 Accounting policies

1.1 Accounting convention

The financial statements have been prepared on the going concern basis, in accordance with applicable UK Accounting Standards under the historical cost convention, and in accordance with the Companies Act 2006

The directors have prepared financial forecasts which show continued cash flows. Based on these forecasts, directors are satisfied that the company will meet its liabilities and continue in operational existence for the foreseeable future. They therefore continue to adopt the going concern basis of accounting in preparing these financial statements.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently.

1.3 Basis of consolidation

The consolidated profit and loss account and balance sheet include the financial statements of the company and its subsidiary undertakings made up to 31 March 2013. The results of subsidiaries sold or acquired are included in the profit and loss account up to, or from the date control passes. Intra-group sales and profits are eliminated fully on consolidation.

1.4 Turnover

Turnover represents amounts receivable for arrangement of debt finance and asset management services, provided net of VAT, which are accrued over the period for which the service is provided. The group is entitled to earn a performance fee where the performance of the clients' assets exceeds defined benchmarks by an agreed level of outperformance. Performance fees are recognised when the fee is payable.

1.5 Goodwill

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life of 5 years.

1.6 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Improvements to Leasehold	over the term of the lease
Computer equipment	2 to 3 years straight line basis
Fixtures, fittings & equipment	2 to 5 years straight line basis

1.7 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.8 Investments

Fixed asset investments comprise fixed asset investments and long-term loans to subsidiaries, stated at cost less provision for diminution in value.

BMS FINANCE LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2013

1 Accounting policies (continued)

1.9 Deferred taxation

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

1.10 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

2 Turnover

The total turnover of the group for the year has been derived from its principal activity wholly undertaken in the United Kingdom and the Channel Islands.

3 Exceptional item

During the prior year the parent company made an impairment provision of £500,000 against a loan as there was uncertainty as to the full recoverability of the capital. No further provision has been made in the current year.

4 Operating profit/(loss)	2013	2012
	£	£
Operating profit/(loss) is stated after charging		
Amortisation of intangible assets	440	-
Depreciation of tangible assets	9,096	15,810
Loss on disposal of tangible assets	1,720	-
Operating lease rentals	44,189	74,905
Fees payable to the group's auditor for the audit of the group's annual accounts (company £10,800, 2012 £9,000)	15,850	12,500

5 Interest payable and similar charges	2013	2012
	£	£
Other interest	5,850	5,850

BMS FINANCE LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2013

6	Taxation	2013 £	2012 £
	Deferred tax		
	Origination and reversal of timing differences	-	(1,465)
		<u>-</u>	<u>(1,465)</u>
	Factors affecting the tax charge for the year		
	Profit/(loss) on ordinary activities before taxation	26,083	(504,827)
		<u>26,083</u>	<u>(504,827)</u>
	Profit/(loss) on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 20.00% (2012 - 20.00%)	5,217	(100,965)
		<u>5,217</u>	<u>(100,965)</u>
	Effects of		
	Non deductible expenses	1,311	(5,102)
	Depreciation add back	1,819	3,163
	Capital allowances	-	(1,091)
	Losses carried forward	(8,347)	103,995
		<u>(5,217)</u>	<u>100,965</u>
	Current tax charge for the year	-	-
		<u>-</u>	<u>-</u>

The Group and company has corporate tax losses of approximately £540,000 that may be available to be off-set against future trading profits. No deferred tax asset has been recognised on these losses as the criteria of FRS19 has not been satisfied.

7 Profit/(loss) for the financial year

As permitted by section 408 Companies Act 2006, the holding company's profit and loss account has not been included in these financial statements. The profit/(loss) for the financial year is made up as follows:

	2013 £	2012 £
Holding company's profit/(loss) for the financial year	26,523	(503,362)
	<u>26,523</u>	<u>(503,362)</u>

BMS FINANCE LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2013

8 Intangible fixed assets Group

	Goodwill £
Cost	
Additions	5,273
At 31 March 2013	5,273
Amortisation	
At 1 April 2012	-
Charge for the year	440
At 31 March 2013	440
Net book value	
At 31 March 2013	4,833
At 31 March 2012	-

On 12 November 2012 the parent company acquired a 100% interest in BMS Film Finance LLP, for a total consideration of £170,000. The fair value of the assets at the time of the acquisition was £164,727, giving rise to goodwill of £5,273.

BMS FINANCE LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2013

9 Tangible fixed assets

Group and company

	Improvements to Leasehold	Plant and machinery	Fixtures, fittings & equipment	Total
	£	£	£	£
Cost				
At 1 April 2012	29,876	47,924	11,301	89,101
Disposals	(29,876)	(42,082)	(8,589)	(80,547)
At 31 March 2013	-	5,842	2,712	8,554
Depreciation				
At 1 April 2012	24,067	43,694	8,465	76,226
On disposals	(29,876)	(40,492)	(7,560)	(77,928)
Charge for the year	5,809	1,982	1,305	9,096
At 31 March 2013	-	5,184	2,210	7,394
Net book value				
At 31 March 2013	-	658	502	1,160
At 31 March 2012	5,809	4,230	2,836	12,875

BMS FINANCE LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2013

10 Fixed asset investments

Company	Investment in subsidiary undertakings	Loans to subsidiary undertakings	Total
	£	£	£
Cost			
At 1 April 2012	-	360,593	360,593
Additions	170,000	51,899	221,899
Transfer	50,000	(50,000)	-
	<u>220,000</u>	<u>362,492</u>	<u>582,492</u>
At 31 March 2013	220,000	362,492	582,492
Net book value			
At 31 March 2013	<u>220,000</u>	<u>362,492</u>	<u>582,492</u>
At 31 March 2012	<u>-</u>	<u>360,593</u>	<u>360,593</u>

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies

Company	Country of registration or incorporation	Shares held	
		Class	%
Subsidiary undertakings			
BMS Finance Asset Management LLP	England	Ordinary	100
BMS Film Finance LLP	England	Ordinary	100

The principal activity of these undertakings for the last relevant financial year was as follows

	Principal activity
BMS Finance Asset Management LLP	Investment management and advisory services
BMS Film Finance LLP	Provision of film finance

BMS FINANCE LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2013

11 Debtors

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
Trade debtors	-	22,089	-	22,089
Other debtors	1,727,915	1,686,730	1,697,384	1,685,030
Prepayments and accrued income	6,499	38,252	2,584	29,783
	<u>1,734,414</u>	<u>1,747,071</u>	<u>1,699,968</u>	<u>1,736,902</u>

Amounts falling due after more than one year and included in the debtors above are

	2013	2012	2013	2012
	£	£	£	£
Other debtors	<u>1,648,545</u>	<u>1,648,545</u>	<u>1,648,545</u>	<u>1,648,545</u>

Included in other debtors in 2012 was a rent deposit of £26,382, which was subject to a charge in favour of the landlord. This rent deposit was fully repaid in the year.

12 Creditors amounts falling due within one year

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
Trade creditors	5,104	45,433	5,104	43,336
Amounts owed to related parties	-	-	319,029	191,360
Taxes and social security costs	2,201	17,408	1,539	17,408
Other creditors	267,443	-	267,443	-
Accruals and deferred income	16,100	43,085	9,000	37,585
	<u>290,848</u>	<u>105,926</u>	<u>602,115</u>	<u>289,689</u>

BMS FINANCE LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2013

13 Creditors : amounts falling due after more than one year

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
Other loans	-	90,000	-	90,000
Analysis of loans				
Wholly repayable within five years	-	90,000	-	90,000
	-	90,000	-	90,000

The interest bearing loan of £90,000 is secured by way of a fixed and floating charge over the assets of the company. The loan is due for repayment by 31 December 2013 and at the year end the balance is therefore included in creditors falling due within one year.

14 Share capital

	2013	2012
	£	£
Allotted, called up and fully paid		
5,259 Ordinary shares of £0.001 each	5	5

During the year, the company repurchased and cancelled 275 £0.001 Ordinary shares for a total consideration of £92,500.

The company also allotted 167 £0.001 Ordinary shares for £16,700, as fully paid, following the exercise of an EMI option (see note 19).

Share Warrants

On 1st February 2008 the company issued 110 warrants with an expiry date of 31 January 2028. Of these warrants, 85 were issued to directors of the company as follows,

M K Badale 25
S R Stradling 25
D J S Burnett 25
D J Procter 10

On 21st April 2009 the company issued a further 220 warrants with an expiry date of 21 January 2029. The directors have considered the accounting requirements of "FRS 20 Share-based payments" having regard to the exercise price and their estimate of the intrinsic value of the warrants. The directors have concluded that, as at 31 March 2013, the company had no material liability in respect of these warrants. Accordingly, no provision has been included in these financial statements.

BMS FINANCE LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2013

15 Statement of movements on reserves Group

	Share premium account £	Profit and loss account £
Balance at 1 April 2012	542,100	1,208,645
Profit for the year	-	26,083
Purchase of own shares	-	(92,500)
Premium on shares issued during the year	16,700	-
Balance at 31 March 2013	<u>558,800</u>	<u>1,142,228</u>

Company

	Share premium account £	Profit and loss account £
Balance at 1 April 2012	542,100	1,208,645
Profit for the year	-	26,523
Purchase of own shares	-	(92,500)
Premium on shares issued during the year	16,700	-
Balance at 31 March 2013	<u>558,800</u>	<u>1,142,668</u>

BMS FINANCE LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2013

16 Reconciliation of movements in shareholders' funds	2013	2012
Group	£	£
Profit/(Loss) for the financial year	26,083	(503,362)
Proceeds from issue of shares	16,700	-
Purchase of own shares	(92,500)	-
Net depletion in shareholders' funds	(49,717)	(503,362)
Opening shareholders' funds	1,750,750	2,254,112
Closing shareholders' funds	1,701,033	1,750,750
	2013	2012
Company	£	£
Profit/(Loss) for the financial year	26,523	(503,362)
Proceeds from issue of shares	16,700	-
Purchase of own shares	(92,500)	-
Net depletion in shareholders' funds	(49,277)	(503,362)
Opening shareholders' funds	1,750,750	2,254,112
Closing shareholders' funds	1,701,473	1,750,750

17 Financial commitments

At 31 March 2013 the group and company had annual commitments under non-cancellable operating leases as follows

	Land and buildings	
	2013	2012
	£	£
Expiry date		
Within one year	-	30,821

18 Directors' remuneration	2013	2012
	£	£
Remuneration for qualifying services	120,712	197,302

BMS FINANCE LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2013

19 Employees

Number of employees

The average monthly number of employees (including directors) during the year was

	2013 Number	2012 Number
Administration and management	7	10

Employment costs

	2013 £	2012 £
Wages and salaries	308,887	384,568
Social security costs	33,254	48,175
	342,141	432,743

The company had issued options over 167 £0.001 Ordinary shares to M J Ling, a director of the company, under an EMI Scheme. These options were exercised during the year, at an exercise price of £100 per share.

20 Control

The ultimate controlling party is Ewan Stradling by virtue of his shareholding.

BMS FINANCE LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2013

21 Related party relationships and transactions

Group and company

The group and company had the following related party transactions in the year and related balances at the year end,

(i) D J S Burnett, a director of the company, has loaned the company £90,000 (2012 £90,000) The loan is secured by a fixed and floating charge over the assets of the company and bears interest at 6.5% per annum Interest of £5,850 (2012 £5,850) was charged during the year

(ii) E P Stradling and M J Ling, directors of the company, are also directors of BMS Finance AB Limited During the year the company charged BMS Finance AB Limited £48,979 (2012 £83,724) for administration fees

During the year the company acquired from BMS Finance AB Limited a 100% interest in BMS Film Finance LLP, for a total consideration of £170,000 This balance was outstanding as at 31 March 2013

(iii) During the year E P Stradling was also a director of BMS Specialist Debt Fund and Noble Venture Finance General Partner Limited During the year the group charged BMS Specialist Debt Fund and Noble Venture Finance General Partner Limited £62,180 (2012 £118,757) and £297,917 (2012 £429,167) respectively

(iv) At the year end, Tranquil Insurance Company Limited owed the company £2,148,545 (2012 £2,148,545) Tranquil Insurance Company Limited is owned by a discretionary trust, of which EP Stradling is within the class of beneficiaries

During 2012, the company charged Tranquil Insurance Company Limited interest of £14,712 By mutual agreement interest ceased to accrue on this loan effective from 1 May 2011 At the year end, an impairment provision of £500,000 has been made against the loan reflecting uncertainty as to the full recoverability of the capital

(v) During the year the company advanced an interest bearing loan to M J Ling, a director, for £48,200 This loan was fully repaid in April 2013

BMS FINANCE LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2013

22 Business combinations

On 12 November 2012 the company acquired a 100% holding in BMS Film Finance LLP for a consideration of £170,000. This transaction has been accounted for using the acquisition method of accounting.

	31 March 2013 £ Fair value	31 March 2013 £ Carrying amount
Net assets acquired		
Debtors	161,010	161,010
Cash at bank and in hand	25,923	25,923
Creditors falling due within one year	(22,206)	(22,206)
	<hr/>	<hr/>
Fair value of identifiable net assets acquired	164,727	164,727
	<hr/>	<hr/>
Less: Minority interests	-	
	<hr/>	
Share of fair value of identifiable net assets acquired	164,727	
	<hr/>	
Goodwill arising on acquisition		
Consideration payable	170,000	
Less: fair value of identifiable net assets acquired	(164,727)	
	<hr/>	
	5,273	
	<hr/>	

On acquisition, the consideration paid exceeded the group's interest in the fair value of identifiable net assets acquired by £5,273.

Net cash inflow on acquisition of subsidiary

Cash and cash equivalent balances acquired	25,923
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25,923

Effect of acquired entity on cash flow for the year

Net cash inflow from operating activities	146,544
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146,544
