Grant Thornton

Financial statements
Arri (GB) Limited

For the Year Ended 31 December 2012

Company No. 1688620

Officers and professional advisers

Company registration number	1688620
Directors	TJ Moran DJF Everitt F Kraus M Prillmann
Registered office	2 Highbridge Oxford Road Middlesex UB8 1LX
Auditor	Grant Thornton UK LLP Chartered Accountants Statutory Auditor 1020 Eskdale Road IQ Winnersh Wokingham Berkshire RG41 5TS

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Report of the directors

The directors present their report and financial statements of the Company and the Group for the year ended 31 December 2012

Principal activities, business review and future developments

The principal activities of the Company and its subsidiary undertakings included in the consolidation are the rental of camera, lighting and digital equipment to the film, television, theatre and event industries

The strategy of the Arri Group is to increase profitability in all areas of its business through increased market share in its core business, whilst seeking opportunities to explore and expand into new local and international markets

The Group aims to continue operating in the most efficient and cost effective way

The turnover of the group was lower in 2012 by £0 4m (2 1%) at £19 2m (2011 £19 6m),this was mainly due to Media Film Services having a quiet period during the duration of the Olympic Games Turnover in Arri Lighting Rental increased during the year

The Group monitors Equipment Utilisation, Gross Profit Margin and Earnings Before Tax

The overall utilisation rate continued to grow leading to another improvement in gross margins to 51 6% (2011 48 5%) The increase margin together with good cost management has lead to an increase in EBT to £4 1m (2011 £3 0m)

In January 2013 the Group declared a dividend to shareholders of €4 0m

The Directors regularly review the group structure, following one such review it was decided to place Arri Media Services Ltd into liquidation, which commenced in January 2013

The Group operates a defined benefit pension scheme which had been closed to new members in 2009 The directors noted that following the annual valuation under FRS17, the balance sheet had been adversely affected with a loss of £0 8 million being incurred in the year This loss was due to the reduction in bond rates used in the assumptions which had the effect of reducing the deficit to £5 5 million from £6 1 million (2011)

Financial Risk Management

The Group manages its foreign exchange risk by billing and requiring payment in sterling to minimise the impact of foreign exchange fluctuations Similarly the Group monitors its exposure to fluctuations in interest rates for the servicing of the loans secured against the premises currently the Group is taking advantage of the low LIBOR rates

In the neither current or prior year, the Group has not used derivative financial instruments to manage interest rate costs, and as such, no hedge accounting is applied Given the size of the Group, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board

The Group's finance department implements the policies set by the Board of Directors The department has guidelines agreed by the directors to manage interest rate risk, credit risk and circumstances where it would be appropriate to use financial instruments to manage these

Principal risks

Price Risk

The Group has little exposure to commodity price risk as a result of its operations The Group has no exposure to equity securities price risk as it holds no listed or other equity investment, other than subsidiary undertakings

Credit Risk

The Group has implemented policies that require appropriate credit checks on potential customers before new accounts are accepted The amount of exposure to any individual client is subject to a limit, which is reassessed annually by management

Liquidity Risk

The Group actively maintains a treasury system, in communication with its German Parent Company, which is designed to ensure the Group has sufficient available funds for operations and planned expansions

Results and dividends

The consolidated profit and loss account is set out on page 6 and shows the result for the year

The directors do not recommend the payment of a dividend (2011 Nil)

Directors and directors' interests

The directors who served the company during the year were as follows

F Kraus
M Prillmann
TJ Moran
DJF Everitt

Charitable contributions

Donations to UK charities amounted to £2,083 (2011 £12,219)

Directors' Responsibilities Statement

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 laws) 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 and profit or loss of the Company and Group for that period

In preparing these financial statements, the directors are required to

- select suitable accounting policies 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, and
- 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 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

In so far as each of the directors is aware

- there is no relevant audit information of which the Company's auditors are unaware, and
- the directors 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

Auditor
Grant Thornton UK LLP, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 unless the Group receives notice under section 488(1) of the Companies Act 2006

ON BEHALF OF THE BOARD

DJF Everitt
Director 23rd May 2013

Grant Thornton

Independent auditor's report to the members of Arri (GB) Limited

We have audited the financial statements of Arri (GB) Limited for the year ended 31 December 2012 which comprise the Consolidated Profit and Loss Account, the Consolidated and Company Balance Sheets, the Consolidated Statement of Total Recognised Gains and Losses and the related notes 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 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

As explained more fully in the Directors' Responsibilities Statement set out on pages 2 and 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 Auditing Practices Board's (APB's) Ethical Standards for Auditors

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www frc org uk/apb/scope/private cfm

Opinion on the financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's and Group's affairs as at 31 December 2012 and of its 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 the 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

Independent auditor's report to the members of Arri (GB) Limited (continued)

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

Perry Burton
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
READING

Date 4 June 2013

Consolidated Profit and Loss Account

	Note	2012 £ 000	2011 £ 000
Turnover	1	**19,189**	19,604
Cost of sales		**(9,285)**	(10,093)
Gross profit		**9,904**	9,511
Distribution costs		**(3,731)**	(3,642)
Administrative expenses		**(3,403)**	(3,546)
Other operating income	5	**1,707**	1,130
Operating profit	4	**4,477**	3,453
Interest receivable and similar income	6	**21**	1
Interest payable and similar charges	7	**(406)**	(417)
Profit on ordinary activities before taxation		**4,092**	3,037
Tax on profit on ordinary activities	8	**(1,563)**	(897)
Profit for the financial year	18	**2,529**	2,140

All of the activities of the Group are classed as continuing

Consolidated balance sheet

	Note	2012 £ 000	2011 £ 000
Fixed assets			
Tangible assets	9	**25,331**	25,780
		25,331	25,780
Current assets			
Stocks	11	**1,286**	1,232
Debtors	12	**3,858**	3,513
Cash at bank and in hand		**5,783**	5,430
		10,927	10,175
Creditors. amounts falling due within one year	14	**(6,408)**	(6,857)
Net current assets		**4,519**	3,318
Total assets less current liabilities		**29,850**	29,098
Creditors· amounts falling due after more than one year	15	**(5,206)**	(6,583)
Provisions for liabilities and charges	16	**(347)**	(339)
Net assets excluding pension liabilities		**24,297**	22,176
Pension liabilities	20	**(4,226)**	(4,372)
Net assets including pension liabilities		**20,071**	17,804
Capital and reserves			
Called-up share capital	17	**2,000**	2,000
Capital reserve	18	**70**	70
Profit and loss account	18	**18,001**	15,734
Shareholders' funds-equity		**20,071**	17,804

These financial statements were approved by the board of directors and authorised for issue on 23rd May 2013 and were signed on its behalf by

DJF Everitt
Director

Company Registration Number 1688620

Company balance sheet

	Note	2012 £ 000	2011 £ 000
Fixed assets			
Tangible assets	9	12,566	12,654
Investments	10	3,406	3,406
		15,972	16,060
Current assets			
Debtors	12	4,452	5,367
Cash at bank and in hand		5,580	5,347
		10,032	10,714
Creditors. amounts falling due within one year	14	(882)	(1,167)
Net current assets		9,150	9,547
Total assets less current liabilities		25,122	25,607
Creditors: amounts falling due after more than one year	15	(4,861)	(5,361)
Provisions for liabilities and charges	16	(358)	(383)
Net assets excluding pension liabilities		19,903	19,863
Pension liabilities	20	(4,226)	(4,372)
Net assets including pension liabilities		15,677	15,491
Capital and reserves			
Called-up equity share capital	17	2,000	2,000
Profit and loss account	18	13,677	13,491
Shareholders' funds		15,677	15,491

These financial statements were approved by the board of directors and authorised for issue on 23rd May 2013 and were signed on its behalf by

DJF Everitt
Director

Company Registration Number 1688620

Consolidated statement of total recognised gains and losses

	2012 £ 000	2011 £ 000
Group profit for the financial year	**2,529**	2,140
Actuarial (loss)/gain recognised on the defined benefit pension scheme	**(340)**	(3,395)
Movement on deferred tax relating to actuarial (loss)/gain on pensions	**78**	951
Total recognised (losses)/gains for the year	**2,267**	(304)

Consolidated reconciliation of movements in shareholders' funds

	2012 £ 000	2011 £ 000
Profit for the financial year	**2,529**	2,140
Other recognised gains and losses relating to the year	**(262)**	(2,444)
Net addition/(deficit) to shareholders' funds	**2,267**	(304)
Opening shareholders' funds	**17,804**	18,354
Closing shareholders' funds	**20,071**	17,804

Principal accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention in accordance with applicable UK accounting standards The principal accounting policies for the Company are set out below The accounting policies remain unchanged from previous years and the directors consider them to be the most appropriate

The financial statements have been prepared in accordance with applicable accounting standards, and under the historical cost accounting rules In accordance with section 408 of the Companies Act of 2006 a separate profit and loss account for Arri (GB) Limited is not presented The profit after tax dealt with in the holding Company is £448,000 (2011 £353,000)

As the Group is a wholly owned subsidiary of Arri AG, the Group has taken advantage of the exemption contained in Financial Reporting Standard No 8 'Related party disclosures' and has therefore not disclosed transactions or balances with entities which form part of the Arri AG Group The consolidated financial statements of Arri AG, within which this Company is included, can be obtained from Turnkenstasse 89, Munchen, Germany D-80799

Cashflow Statement

The Group, being a subsidiary undertaking where 90% or more of the voting right are controlled within the Group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement under FRS 1

Fixed assets and depreciation

Depreciation is provided to write off the cost or valuation less the estimated residual value of tangible fixed assets over their estimated useful economic lives as follows

Short leasehold improvements	-	evenly over term of lease or useful economic life
Freehold buildings	-	2% on straight line basis
Plant and machinery	-	3 to 8 years straight line
Motor vehicles	-	5 years straight line
Furniture and equipment	-	8 years straight line
Office equipment	-	5 years straight line
Computer equipment	-	50% straight line

No depreciation is provided on freehold land

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account

Leased assets

Where assets are financed by leasing agreements that give right approximating to ownership (finance leases), the assets are treated as if they had been purchased outright The amount capitalised is the present value of the minimum lease payments payable during the lease term The corresponding leasing commitments are shown as amount payable to the lessor Depreciation on the relevant assets is charged to the profit and loss account

Lease payments are analysed between capital and interest components The interest element of the payment is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital payments outstanding The capital part reduces the amounts payable to the lessor

All other leases are treated as operating leases Their annual rentals are charged to the profit and loss account on a straight line basis over the term of the lease

Post retirement benefits

The Group operates a pension scheme providing benefits based on final pensionable pay The assets of the scheme are held separately from those of the Group Pension scheme assets are measured using market values Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability The pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full The movement in the scheme surplus/deficit is split between operating charges, finance items and in the statement of total recognised gains and losses, actuarial gains and losses

The Group also operates a defined contribution pension scheme The assets of the scheme are held separately from those of the Group in an independently administered fund The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period

Stocks

Stocks are stated at the lower of cost and net realisable value

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at the date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exception

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing difference reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

Turnover

Turnover represents the invoiced amount of camera and lighting equipment sold and rental of camera and lighting equipment to customers, net of value added tax and trade discounts Turnover on sale of camera and lighting equipment is recognised in the profit and loss account on dispatch of goods Rental income is recognised in the profit and loss account on a straight-line basis over the term of the rental period

Notes to the financial statements

1 Turnover

	2012	2011
	£ 000	£ 000
By activity		
Sale of photographic, lighting and accessories	**16**	112
Leasing and rental of equipment	**19,173**	19,492
	19,189	19,604
By geographical location		
UK	**15,363**	15,138
Europe	**2,883**	2,626
Rest of the World	**943**	1,840
	19,189	19,604

2 Particulars of employees

The average number of persons employed by the Company and its subsidiaries (including directors) during the year, analysed by category, was as follows

	Number of employees	
	2012	2011
Office and management	**25**	23
Sales	**30**	7
Service	**49**	50
Electricians and warehouse	**14**	33
	118	113

The aggregate payroll costs of these persons were as follows

	2012	2011
	£ 000	£ 000
Wages and salaries	**3,732**	3,896
Social security costs	**382**	369
Other pension costs	**187**	147
	4,301	4,412

3 Directors

	2012 £ 000	2011 £ 000
Fees and emoluments for management services	**363**	394
Payments to defined benefit pension scheme	**40**	51
	403	445
Emoluments of the highest paid director		
Emoluments	**164**	154
Accrued pension entitlement	**20**	30

There was 1 (2011 1) director in the Company's defined benefit scheme during the year

4 Operating profit

	2012 £ 000	2011 £ 000
Operating profit has been arrived at after charging/(crediting)		
Depreciation - on owned assets	**3,334**	2,944
- on assets held under bank loans	**1,322**	1,903
Lease rentals - other	**649**	1,441
Profit on disposal of fixed assets	**767**	(491)
Foreign exchange (gain)	**(22)**	(23)

Auditors' remuneration

	2012 £000	2011 £000
Audit of these financial statements	**53**	93
Amounts receivable by auditors in respect of		
- Audit of financial statements of subsidiaries	**33**	53

5 Other operating income

	2012 £000	2011 £000
Exchange gain	22	23
Group recharges	1,367	1,107
Insurance proceeds received	318	-
	1,707	1,130

6 Interest receivable and similar income

	2012 £ 000	2011 £ 000
Bank interest	21	1
	21	1

7 Interest payable and similar charges

	2012 £ 000	2011 £ 000
Net return on pensions (note 20)	76	(22)
Bank loans and overdrafts	330	439
	406	417

8 Taxation on ordinary activities

	2012 £ 000	2011 £ 000
UK corporation tax		
Current tax on income for the year	**934**	777
Adjustments in respect of prior periods	**110**	27
Total current tax	**1,044**	804
Deferred tax		
Movement in opening balance due to change in rate of tax		
– excluding pension costs	**(24)**	(26)
– arising on pension costs	**304**	98
Origination/reversal of timing differences in the year		
– excluding pension costs	**(1)**	(67)
– arising on pension costs	**240**	88
Tax on profit on ordinary activities	**1,563**	897

Factors affecting the tax charge for the current period

The current tax charge for the period is different (2011 different) to the standard rate of corporation tax in the UK of 24 49% (2011 28%) The differences are explained below

	2012 £ 000	2011 £ 000
Profit on ordinary activities before tax	**4,092**	3,037
Profit on ordinary activities at the standard rate of corporation tax in the JK of 24 49% (2011 28%)	**1,002**	850
Effects of		
Expenses not deductible for tax purposes	**58**	69
Capital allowances for year in excess of depreciation	**67**	114
Other timing differences	**(193)**	(255)
Adjustments to tax charge in respect of previous periods	**110**	26
Total current tax charge	**1,044**	804

9 Tangible fixed assets

Group

	Freehold Land and Buildings £ 000	Short Leasehold Premises and Improvements £ 000	Motor Vehicles £ 000	Plant and Equipment £ 000	Fixtures, Fittings, Computer and Office Equipment £ 000	Total £ 000
Cost or valuation						
At 1 January 2012	14,200	447	606	61,168	2,596	79,017
Additions	-	15	20	3,979	186	4,200
Disposals	-	-	(37)	(1,019)	-	(1,056)
At 31 December 2012	**14,200**	**462**	**589**	**64,128**	**2,782**	**82,161**
Depreciation						
At 1 January 2012	1,657	277	604	48,410	2,289	53,237
Depreciation charge for the year	187	22	5	4,376	66	4,656
Eliminated on disposals	-	-	(37)	(1,026)	-	(1,063)
At 31 December 2012	**1,844**	**299**	**572**	**51,760**	**2,355**	**56,830**
Net book value						
At 31 December 2012	**12,356**	**163**	**17**	**12,368**	**427**	**25,331**
At 31 December 2011	12,543	170	2	12,758	307	25,780

Included within the net book value of plant and machinery of £12,368,000 is £2,744,930 (2011 - £4,784,000) relating to assets over which a charge is held as security for bank debt The depreciation charged to the financial statements in the year in respect of such assets amounted to £1,322,000 (2011 - £1,903,000)

Tangible fixed assets (continued)

Company	Freehold Land and Buildings £ 000	Short Leasehold Premises and Improvements £ 000	Plant and Equipment £ 000	Fixtures, Fittings, Computer and Office Equipment £ 000	Total £ 000
Cost or valuation					
At 1 January 2012	14,201	172	451	1,067	15,891
Additions	-	-	-	127	127
At 31 December 2012	**14,201**	**172**	**451**	**1,194**	**16,018**
Depreciation					
At 1 January 2012	1,653	172	430	982	3,237
Depreciation charge for the year	186	-	5	24	215
At 31 December 2012	**1,839**	**172**	**435**	**1,006**	**3,452**
Net book value					
At 31 December 2012	**12,362**	**-**	**16**	**188**	**12,566**
At 31 December 2011	12,548	-	21	85	12,654

10 Investments

Company	Shares in subsidiary undertakings	Loans to subsidiary undertakings	Total
	£ 000	£ 000	£ 000
Cost			
At 1 January and 31 December 2012	2,475	931	3,406

Subsidiary undertakings

The following were subsidiary undertakings at the end of the financial year All trading companies, together with Cinequip Lighting Company Limited and Arri Rental Limited (dormant subsidiaries), have been included in the consolidated financial statements

	Country of incorporation	Holding	Proportion held	Nature of Business
Arri Rental Limited	England	Ordinary shares	100%	Dormant
Arri Media Services Limited	England	Ordinary shares	100%	Dormant
Arri Lighting Rental Limited	England	Ordinary shares	100%	Hire of equipment
Media Film Service Limited	England	Ordinary shares	100%	Hire of equipment
Cinequip Lighting Company Limited	England	Ordinary shares	100%	Dormant
Arri Ireland Limited	Ireland	Ordinary shares	100%	Hire of Equipment
Arri (I O M) Limited	Isle of Man	Ordinary shares	100%	Hire of Equipment
Arri (NI) Limited	Northern Ireland	Ordinary shares	100%	Hire of Equipment

The accounting periods of the subsidiary companies are coterminous with the accounting period of Arri (GB) Limited

11 Stocks

	Group 2012 £ 000	Group 2011 £ 000	Company 2012 £ 000	Company 2011 £ 000
Finished goods and goods for resale	1,286	1,232	-	-

There is no material difference between replacement cost of stock and the amount stated above

12 Debtors: amounts falling due within one year

	Group 2012 £ 000	Group 2011 £ 000	Company 2012 £ 000	Company 2011 £ 000
Trade debtors	2,052	2,497	28	200
Amounts due from group undertakings	249	152	1,078	520
Social security and other taxes recoverable	100	76	100	76
Corporation tax recoverable	627	254	627	254
Other debtors, prepayments and accrued income	830	534	274	204
	3,858	3,513	2,107	1,254

13 Debtors: amounts falling due after one year

	Group 2012 £ 000	Group 2011 £ 000	Company 2012 £ 000	Company 2011 £ 000
Amounts due from group undertakings	-	-	2,345	4,113

14 Creditors: amounts falling due within one year

	Group 2012 £ 000	Group 2011 £ 000	Company 2012 £ 000	Company 2011 £ 000
Bank loans and overdrafts, including loans in respect of asset financing	1,940	3,341	500	507
Trade creditors	1,153	1,062	135	115
Amounts due to group undertakings	143	360	24	297
Other taxes and social security	588	612	-	-
Corporation tax	1,254	338	-	-
Other creditors	8	11	-	-
Accruals	1,322	1,133	219	248
	6,408	6,857	878	1,167

Bank overdrafts are secured by cross guarantees and a debenture given by the parent Company and Group undertakings

15 Creditors: amounts falling due after more than one year

	Group 2012 £ 000	Group 2011 £ 000	Company 2012 £ 000	Company 2011 £ 000
Bank loans and overdrafts, including loans in respect of asset financing	**4,904**	6,583	**4,861**	5,361
Amount due from group undertakings	**302**	-	-	-
	5,206	6,583	**4,861**	5,361

The bank loans are secured on the Group's land and buildings and plant and machinery, and are repayable, in instalments, by 2014 Interest is charged at 0 75% over the Bank of England base rate

The maturity of the obligations are as follows

	Bank loans in respect of asset financing		**Bank loans and overdrafts**	
Group	**2012 £ 000**	2011 £ 000	**2012 £ 000**	2011 £ 000
Within one year	**43**	2,099	**1,261**	1,242
Between one and two years	**1,179**	1,179	**500**	500
More than two years but less than five years	-	43	**1,500**	2,000
More than five years	-	-	**2,361**	2,861
	1,222	3,321	**5,622**	6,603

	Bank loans in respect of asset financing		**Bank loans and overdrafts**	
Company	**2012 £ 000**	2011 £ 000	**2012 £ 000**	2011 £ 000
Within one year	-	-	**500**	500
Between one and two years	-	-	**500**	500
More than two years but less than five years	-	-	**1,500**	1,500
More than five years	-	-	**2,361**	2,861
	-	-	**4,861**	5,361

The obligations under the bank loans are secured on the related assets

16 Provisions for liabilities and charges

Group	Deferred taxation £ 000	Onerous lease provisions £ 000	Total £ 000
At beginning of year	253	85	338
Released to profit and loss account in the year	9	-	9
At end of year	**262**	**85**	**347**

The elements of deferred taxation are as follows

	2012 £ 000	2011 £ 000
Difference between accumulated depreciation and capital allowances	**273**	297

Company	Deferred taxation £ 000	Onerous lease Provision £ 000	Total £ 000
At beginning of year	297	85	382
Released to profit and loss for the year	(24)	-	(24)
At end of year	**273**	**85**	**358**

The onerous lease provision for the Company and the Group consists of amounts provided in respect of vacant leasehold property Provision has been made for lease payments due up to the point at which the property is expected to be let on a full market rent

The elements of deferred taxation are as follows

	2012 £ 000	2011 £ 000
Difference between accumulated depreciation and capital allowances	**273**	297

17 Called up share capital

	2012 £ 000	2011 £ 000
Authorised		
Equity 5,000,000 Ordinary shares of £1 each	**5,000**	5,000
Allotted, called up and fully paid		
Equity 2,000,000 Ordinary shares of £1 each	**2,000**	2,000

18 Reserves

Group	Capital reserves £ 000	Profit and loss account £ 000	Total £ 000
At beginning of year	70	15,734	15,804
Retained profit for the year	-	2,529	2,529
Actuarial loss on defined benefit pension scheme (net of deferred tax)	-	(262)	(262)
At end of year	**70**	**18,001**	**18,071**

Company	Profit and loss account £ 000
At beginning of year	13,491
Retained profit for the year	448
Actuarial loss on defined benefit scheme (net of deferred tax)	(262)
At end of year	**13,677**

19 Commitments

Annual commitments under non-cancellable operating leases are as follows

	Group			
	2012		2011	
	Land and buildings	**Other**	Land and buildings	Other
	£ 000	**£ 000**	£ 000	£ 000
Operating leases which expire				
Within one year	32	**14**	28	59
In the second to fifth years inclusive	-	**570**	-	560
After more than 5 years	-	**28**	-	-
	32	**612**	28	619

20 Pension scheme

The Group operates both a defined benefit scheme and a defined contribution scheme A defined contribution scheme is operated on behalf of certain employees The assets are held separately from those of the Group in an independently administered fund The pension charge represents contributions paid by the Group to the fund and amounted to £1,000,000 (2011 £566,000) No contributions were payable to the fund at the year end

The major scheme is a defined benefit scheme which provides benefits based upon final pensionable pay and was established under an irrevocable Deed of Trust by Arri (GB) Limited for its employees and those of subsidiary undertakings The scheme is managed by a corporate trustee accountable to the pension scheme members

The pension cost relating to this scheme is assessed every three years in accordance with the advice of a qualified actuary using the projected unit method The most recent actuarial valuation, at 1 January 2009, indicated that, on the basis of service to date and current salaries, the scheme's assets were sufficient to only meet 50% of its liabilities Since the valuation date, the Group has agreed to make annual payments over eight years starting at £540,000 for the first year and increasing by £35,000 for each of six years thereafter and then the remaining £750,000 in the eighth year to fund the shortfall All Scheme expenses will be met by the Group directly The scheme was closed to future accruals on 10 December 2009

The valuation was updated by Barnett Waddingham LLP as at 31 December 2012

The major assumptions used by the actuary in this valuation were

	2012	2011	2010
Rate of increase in salaries	**n/a**	n/a	n/a
Rate of increase in pensions in payment and deferred pensions	**3.1%**	3 25%	3 4%
Discount rate applied to scheme liabilities	**4.5%**	4 8%	5 5%
Inflation assumption	**3.1%**	3 25%	3 4%

The assumptions used by the actuary are the best estimates chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice

Under the adopted mortality tables, the future life expectancy at age 65 is as follows

	2012	2011
Life expectancy at age 65		
Male currently aged 65	**22.4**	22 6
Women currently aged 65	**24.7**	25 0

Pension scheme (continued)

The fair value of the scheme's assets, which are not intended to be realised in the short term and may be subject to significant change before they are realised, and the present value of the scheme's liabilities, which are derived from cash flow projections over long periods and thus inherently uncertain, were

	Value at 2012 £ 000	Value at 2011 £ 000	Value at 2010 £ 000
Equities	**8,229**	7,603	8,099
Bonds	**1,670**	1,584	1,313
Gilts	**1,073**	1,162	876
Other - Annuities	**596**	66	547
- Cash	**358**	145	109
Total market value of assets	**11,926**	10,560	10,944
Present value of scheme liabilities	**(17,414)**	(16,632)	(14,209)
Deficit in the scheme	**(5,488)**	(6,072)	(3,265)
Related deferred tax asset	**1,262**	1,700	914
Net pension liability	**(4,226)**	(4,372)	(2,351)

	Long term rate of return 2012 %	Long term rate of return 2011 %	Long term rate of return 2010 %
Equities	**7.25%**	7 5%	8 0%
Bonds	**4.5%**	4 8%	5 0%
Other - Annuities	**5.7%**	5 7%	5 7%
- Cash	**3.0%**	3 0%	5 5%

Pension scheme (continued)

Reconciliation of present value of scheme liabilities

	2012 £ 000	2011 £ 000
At 1 January 2012	**16,632**	14,209
Current service cost	**-**	-
Contributions by scheme participants	**-**	-
Interest cost	**780**	766
Benefits paid	**(775)**	(1,050)
Actuarial gain on liabilities	**777**	2,707
Change due to settlement or curtailments	**-**	-
At 31 December 2012	**17,414**	16,632

Reconciliation of fair value of scheme assets

	2012 £ 000	2011 £ 000
At 1 January 2012	**10,560**	10,944
Expected return on scheme assets	**704**	788
Company contributions	**1,000**	566
Contributions by scheme participants	**-**	-
Benefits paid	**(775)**	(1,050)
Actuarial gain/(loss) on assets	**437**	(688)
At 31 December 2012	**11,926**	10,560

The actual return on scheme assets (net of expenses) in the year was £1,141,000

The assets do not include any investment in shares of the Group

The expected return on assets is a weighted average of the assumed long term returns for the various asset classes Equity and property returns are developed based on the selection of an appropriate risk premium above the risk free rate which is measured in accordance with the yield on government bonds Bond returns are selected by reference to the yields on government and corporate debt as appropriate to the Scheme's holdings of these instruments

Pension scheme (continued)

The amounts recognised in the profit and loss account are as follows

	2012 £ 000	2011 £ 000
Current service cost		-
Interest cost	-	766
Expected return on assets	780	(788)
Losses on settlement or curtailments	(704)	-
Total charge/(credit)	76	(22)

Amounts for current period and previous periods

	2012 £ 000	2011 £ 000	2010
Present value of defined benefit obligation	(17,414)	(16,632)	(14,209)
Scheme assets	11,926	10,566	10,944
(Deficit)	(5,488)	(6,072)	(3,265)
Experience gains and (losses) on scheme liabilities	(265)	(12)	342
Changes in assumptions used to value scheme liabilities	(512)	(2,695)	(717)
Experience adjustments on scheme assets	437	(688)	606

21 Related party disclosures

The Company is controlled by Arri AG, the immediate parent Company The ultimate controlling party is Arri AG There have been no transactions with Arri AG, or with any other related parties, with the exception of normal trading transactions Trading transactions with companies that are within the Arri (GB) Limited Group have been reversed out in the consolidated accounts

22 Ultimate parent company

Arri AG, incorporated in Germany, is the immediate parent Company In the opinion of the directors, the ultimate controlling party is Stahl Beteiligungs Gmbh, incorporated in Germany, due to its majority shareholdings in Arri AG.

The largest and smallest Group in which the results of the Company are consolidated is that headed by Arri AG, incorporated in Germany The accounts may be obtained from the address on page 13

23 Contingent liabilities

The Group has a cross guarantee arrangement in respect of bank borrowings of Group companies with its principal bankers and at the balance sheet date, there was a maximum liability to which the Group is exposed of £nil (2011 £nil)

As is the nature of the industry at 31 December 2012 there were a number of legal cases outstanding against the Company The directors have reviewed each case on an individual basis, taking into account managements' assessment of the exposure and legal opinion and have concluded that each claim is defendable and as such no provisions or disclosures are required in the financial statements

24 Post balance sheet events

Subsequent to the year-end Arri Media Services Limited, a subsidiary Company was liquidated, creating a gain on liquidation of £320,000

On 16th January 2013 the Company paid a dividend to Arri AG of €4,000,000