

Financial Statements Arri (GB) Limited

For the year ended 31 December 2014



Registered number: 1688620

Arri (GB) Limited

Company Information

Directors

DJF Everitt
F Kraus
M Cayzer
J Pohlman

Registered number

1688620

Registered office

2 Highbridge
Oxford Road
Uxbridge
UB8 1LX

Independent auditor

Grant Thornton UK LLP
Chartered Accountants & Statutory Auditor
1020 Eskdale Road
IQ Winnersh
Wokingham
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RG41 5TS

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Group Strategic Report

For the year ended 31 December 2014

Introduction

The objectives of this report are to provide shareholders and other users of these statements:

- with the appropriate level of background context for these financial statements
- with an analysis of the Group's past performance; and
- insight into the Group's main objectives and strategies, and the principal risks it faces and how they might affect future prospects.

The Group's Objectives

The Board continues to seek to deliver sustainable, responsible and profitable business growth in order to deliver:

- Innovative and class leading solutions to clients' requirements
- Excellent customer service
- Challenging and rewarding careers for the group's employees
- Growth in shareholder value

The Group's Strategy

The Group's strategy is to:

- Maintain proactive customer engagement by understanding customer needs and identifying opportunities for providing new technology solutions.
- Ensure that excellent, consistent technical knowledge and skills are available across the group.
- Continually develop and improve the business infrastructure so service excellence can be maintained.

Business review

During the year the Group generated:

Turnover: £15.9m (2013: £16.9m)

Operating profit: £106,000 (2013: £1.5m)

Market conditions continued to be challenging with the features market quiet in the first 6 months of 2014 for camera rental, and increased competition in the lighting sector. Further, during the year the company reviewed and changed the method by which it accounts for consumable stock within the lighting business and this led to a one off negative adjustment of £0.8m which is included above.

Financial risk management objectives and policies

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

Principal risks and uncertainties

Performance risk

The Board considers the principal risks and uncertainties facing the business to be those associated with the current general economic climate. In addition any deterioration in the quality and pricing of the product offering in the future could affect performance.

Price risk

The Group has little exposure to commodity price risk as a result of its operations. The Group has no exposure to

Group Strategic Report (continued)

For the year ended 31 December 2014

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 seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs. The cash position is reviewed regularly and cash flows are monitored monthly.

Financial key performance indicators

The Group monitors Revenue, Equipment Utilisation, Gross Profit Margin and Earnings before Tax.

Year ended 31 December	2014	2013	2012
Revenues	£15.9m	£16.9m	£19.2m
Gross Profit	£6.7m	£7.3m	£9.9m
Gross Profit %	41.8%	43.2%	51.6%
Profit before Tax	£0.1m	£1.3m	£4.1m

Recruitment and employee relations

Recruitment policies are designed to ensure equal opportunity of employment regardless of age, race or sex. Appropriate consideration is given to disabled applicants in offering employment.

Good relations are maintained with employees by regular meetings within their operational teams compatible with the team's particular circumstances. Senior management are kept informed through regular monthly or more frequent meetings as required.

Future outlook

The Directors anticipate that a stronger market in 2015, together with the launch of new technologies in the camera business will lead to an increase in revenue and profit throughout the year for that business.


In view of the challenging market conditions in the lighting sector the directors have conducted a review of the lighting operation. It is anticipated that a redirection of the business during 2015 will lead to a return to profitability.

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

DJF Everitt

Director

Date:



16 JUL 2015

Directors' Report

For the year ended 31 December 2014

The directors present their report and the financial statements for the year ended 31 December 2014.

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.

Results and dividends

The loss for the year, after taxation, amounted to £192,000 (2013 - profit £969,000).

No dividends were paid during the year (2013 - £3.33m). The directors have not recommended the payment of a dividend subsequent to the year end (2013 - £nil).

Directors

The directors who served during the year were:

M Cayzer
DJF Everitt
M Prillmann (resigned 2 October 2014)
F Kraus
J Pohlman (appointed 7 October 2014)

Charitable contributions

Donations to UK charities during the year amounted to £2,010 (2013 - £2,010)

Directors' responsibilities statement

The directors are responsible for preparing the Group 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 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 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 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 group will continue in business.

Directors' Report

For the year ended 31 December 2014

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.

Disclosure of information to auditor

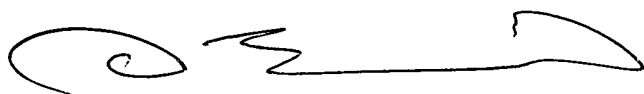
Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company and the group's auditor is unaware, and
- that 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 and the group's auditor is aware of that information.

Auditor

The auditor, Grant Thornton UK LLP, 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.



DJF Everitt
Director

Date:

16 JUL 2015

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 2014, which comprise the Consolidated Profit and Loss Account, the Consolidated Statement of Total Recognised Gains and Losses, the Consolidated and Company Balance Sheets, 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 auditor

As explained more fully in the Directors' responsibilities statement, 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 Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2014 and of the group's loss 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 Group strategic report and 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

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.

Grant Thornton UK LLP

Tracey James (Senior statutory auditor)
for and on behalf of
Grant Thornton UK LLP
Statutory Auditor
Chartered Accountants
Oxford

Date: *16 July 2015*

Consolidated Profit and Loss Account

For the year ended 31 December 2014

	Note	2014 £000	2013 £000
Turnover	1,2	15,908	16,906
Cost of sales		<u>(9,251)</u>	<u>(9,587)</u>
Gross profit		6,657	7,319
Distribution costs		(3,442)	(3,139)
Administrative expenses		(4,534)	(3,921)
Other operating income	3	<u>1,425</u>	<u>1,289</u>
Operating profit	4	106	1,548
Interest receivable and similar income		-	13
Interest payable and similar charges	7	(133)	(238)
Other finance income	8	<u>73</u>	<u>(21)</u>
Profit on ordinary activities before taxation		46	1,302
Tax on profit on ordinary activities	9	<u>(238)</u>	<u>(333)</u>
(Loss)/profit for the financial year	19	<u>(192)</u>	<u>969</u>

All amounts relate to continuing operations.

The notes on pages 13 to 31 form part of these financial statements.

Consolidated Statement of Total Recognised Gains and Losses

For the year ended 31 December 2014

	Note	2014 £000	2013 £000
(Loss)/profit for the financial year		(192)	969
Actuarial (loss)/gain related to pension scheme	21	(3,146)	529
Deferred tax attributable to actuarial loss/(gain)	21	629	(126)
Total recognised gains and losses relating to the year		(2,709)	1,372

The notes on pages 13 to 31 form part of these financial statements.

Consolidated Balance Sheet

As at 31 December 2014

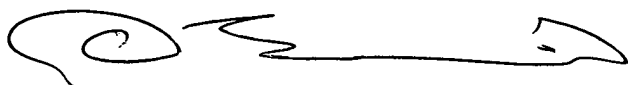
	Note	£000	2014 £000	£000	2013 £000
Fixed assets					
Tangible assets	10		22,810		23,895
Current assets					
Stocks	12	467		1,250	
Debtors	13	2,499		4,312	
Cash at bank		3,899		2,311	
		<u>6,865</u>		<u>7,873</u>	
Creditors: amounts falling due within one year	14	<u>(4,653)</u>		<u>(5,120)</u>	
Net current assets			<u>2,212</u>		<u>2,753</u>
Total assets less current liabilities			<u>25,022</u>		<u>26,648</u>
Creditors: amounts falling due after more than one year	15		<u>(3,861)</u>		<u>(4,685)</u>
Provisions for liabilities					
Deferred tax	16	(249)		(268)	
Other provisions	17	<u>(381)</u>		<u>(381)</u>	
			<u>(630)</u>		<u>(649)</u>
Net assets excluding pension scheme liability			<u>20,531</u>		<u>21,314</u>
Defined benefit pension scheme liability	21		<u>(5,130)</u>		<u>(3,204)</u>
Net assets including pension scheme liability			<u><u>15,401</u></u>		<u><u>18,110</u></u>

Consolidated Balance Sheet (continued)

As at 31 December 2014

	Note	£000	2014 £000	2013 £000
Capital and reserves				
Called up share capital	18		2,000	2,000
Other reserves	19		70	70
Profit and loss account	19		13,331	16,040
Shareholders' funds			15,401	18,110

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



DJF Everitt
Director

16 JUL 2015

Date:

The notes on pages 13 to 31 form part of these financial statements.

Company Balance Sheet

As at 31 December 2014


	Note	£000	2014 £000	£000	2013 £000
Fixed assets					
Tangible assets	10		12,201		12,444
Investments	11		3,393		3,397
			<u>15,594</u>		<u>15,841</u>
Current assets					
Debtors: amounts falling due after more than one year	13	1,602		2,453	
Debtors: amounts falling due within one year	13	1,489		2,117	
Cash at bank		3,001		2,012	
		<u>6,092</u>		<u>6,582</u>	
Creditors: amounts falling due within one year	14	(1,178)		(987)	
Net current assets			<u>4,914</u>		<u>5,595</u>
Total assets less current liabilities			<u>20,508</u>		<u>21,436</u>
Creditors: amounts falling due after more than one year	15		(3,861)		(4,361)
Provisions for liabilities					
Deferred tax	16	(249)		(279)	
Other provisions	17	(85)		(85)	
			<u>(334)</u>		<u>(364)</u>
Net assets excluding pension scheme liability			<u>16,313</u>		<u>16,711</u>
Defined benefit pension scheme liability	21		(5,130)		(3,204)
Net assets including pension scheme liability			<u><u>11,183</u></u>		<u><u>13,507</u></u>

Company Balance Sheet (continued)

As at 31 December 2014

	Note	£000	2014 £000	£000	2013 £000
Capital and reserves					
Called up share capital	18		2,000		2,000
Profit and loss account	19		9,183		11,507
Shareholders' funds			11,183		13,507

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



DJF Everitt
Director

Date: **16 JUL 2015**

The notes on pages 13 to 31 form part of these financial statements.

Notes to the Financial Statements

For the year ended 31 December 2014

1. Accounting Policies

1.1 Basis of accounting

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

1.2 Basis of consolidation

The financial statements consolidate the accounts of Arri (GB) Limited and all of its subsidiary undertakings ('subsidiaries').

The results of subsidiaries disposed of are included up to the effective date of disposal.

The company has taken advantage of the exemption contained within 408 of the Companies Act 2006 not to present its own Profit and loss account.

The profit for the year dealt with in the accounts of the company was £193,000 (2013 - £760,000).

1.3 Going concern

Having reviewed budgets, cashflow forecasts, pipeline of contracted work, and availability of working capital, the directors believe that the group is well placed to manage its business risks successfully, and have formed the judgment that the group has adequate resources to continue as a going concern for at least 12 months from the date of signing of these financial statements. On this basis, the directors consider that it is appropriate to continue to adopt the going concern basis in the preparation of the consolidated financial statements.

1.4 Cash flow

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1 'Cash Flow Statements'.

1.5 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

For the year ended 31 December 2014

1. Accounting Policies (continued)

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 of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	2% on a straight line basis
Short-term leasehold property	-	evenly over the term of lease or useful economic life
Plant & machinery	-	3 to 8 years straight line
Motor vehicles	-	5 years straight line
Fixtures & fittings	-	8 years straight line
Office equipment	-	5 years straight line
Computer equipment	-	3 years straight line
Freehold land	-	No depreciation is provided on freehold land

1.7 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks.

1.8 Investments

Investments in subsidiaries are valued at cost less provision for impairment.

1.9 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.

Notes to the Financial Statements

For the year ended 31 December 2014

1. Accounting Policies (continued)

1.10 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as 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 assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

1.11 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Profit and loss account.

1.12 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.

Notes to the Financial Statements

For the year ended 31 December 2014

1. Accounting Policies (continued)

1.13 Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

Notes to the Financial Statements

For the year ended 31 December 2014

2. Turnover

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

	2014 £000	2013 £000
Leasing and rental of equipment	15,908	16,906

A geographical analysis of turnover is as follows:

	2014 £000	2013 £000
United Kingdom	12,004	12,700
Rest of European Union	3,034	2,941
Rest of the world	870	1,265
	15,908	16,906

3. Other operating income

	2014 £000	2013 £000
Management recharges	1,425	1,124
Net gain on disposal of investments	-	15
Amounts recovered from cheque fraud	-	150
	1,425	1,289

4. Operating profit

The operating profit is stated after charging/(crediting):

	2014 £000	2013 £000
Depreciation of tangible fixed assets:		
- owned by the group	4,551	4,150
- held under bank loans	27	649
Auditor's remuneration	55	53
Operating lease rentals:		
- plant and machinery	638	649
Difference on foreign exchange	-	(13)
Profit on disposal of fixed assets	(408)	(590)

Notes to the Financial Statements

For the year ended 31 December 2014

5. Staff costs

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

	2014 £000	2013 £000
Wages and salaries	4,136	4,031
Social security costs	365	355
Other pension costs (Note 21)	68	79
	<u>4,569</u>	<u>4,465</u>

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

	2014 No.	2013 No.
Office and management	27	27
Sales	27	31
Service	51	49
Electricians and warehouse	14	13
	<u>119</u>	<u>120</u>

6. Directors' remuneration

	2014 £000	2013 £000
Remuneration	<u>380</u>	<u>367</u>
Amounts receivable under long-term incentive schemes	<u>36</u>	<u>35</u>

During the year retirement benefits were accruing to 1 director (2013 - 1) in respect of defined benefit pension schemes.

The highest paid director received remuneration of £208,000 (2013 - £170,000).

7. Interest payable

	2014 £000	2013 £000
On bank loans and overdrafts	<u>133</u>	<u>238</u>

Notes to the Financial Statements

For the year ended 31 December 2014

8. Other finance income

	2014 £000	2013 £000
Expected return on pension scheme assets	910	756
Interest on pension scheme liabilities	(837)	(777)
	<u>73</u>	<u>(21)</u>

9. Taxation

	2014 £000	2013 £000
Analysis of tax (credit)/charge in the year		
Current tax (see note below)		
UK corporation tax charge on profit for the year	-	205
Adjustments in respect of prior periods	(45)	(62)
Total current tax	<u>(45)</u>	<u>143</u>
Deferred tax		
Origination and reversal of timing differences	(19)	6
Deferred tax in respect of defined benefit pension scheme deficit	302	184
Total deferred tax (see note 16)	<u>283</u>	<u>190</u>
Tax on profit on ordinary activities	<u>238</u>	<u>333</u>

Notes to the Financial Statements

For the year ended 31 December 2014

9. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2013 - lower than) the standard rate of corporation tax in the UK of 21.49% (2013 - 23.25%). The differences are explained below:

	2014 £000	2013 £000
Profit on ordinary activities before tax	46	1,302
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 21.49% (2013 - 23.25%)	10	303
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	45	(17)
Capital allowances for year in excess of depreciation	94	112
Adjustments to tax charge in respect of prior periods	(45)	(62)
Other timing differences leading to an increase (decrease) in taxation	(149)	(193)
Current tax (credit)/charge for the year (see note above)	(45)	143

Factors that may affect future tax charges

The Group has unrecognised deferred tax assets of £1.1 million that remain unrecognised as the timing over which the assets will unwind is uncertain.

Notes to the Financial Statements

For the year ended 31 December 2014

10. Tangible fixed assets

Group	Freehold property £000	Short-term leasehold property £000	Plant & machinery £000	Motor vehicles £000	Fixtures & fittings £000	Total £000
Cost						
At 1 January 2014	14,200	494	63,830	582	2,936	82,042
Additions	-	186	3,754	-	77	4,017
Disposals	-	-	(1,426)	(18)	-	(1,444)
At 31 December 2014	14,200	680	66,158	564	3,013	84,615
Depreciation						
At 1 January 2014	2,023	322	52,794	527	2,481	58,147
Charge for the year	161	28	4,241	15	133	4,578
On disposals	-	-	(902)	(18)	-	(920)
At 31 December 2014	2,184	350	56,133	524	2,614	61,805
Net book value						
At 31 December 2014	12,016	330	10,025	40	399	22,810
At 31 December 2013	12,177	172	11,036	55	455	23,895

Company	Freehold property £000	Short-term leasehold property £000	Plant & machinery £000	Motor vehicles £000	Fixtures & fittings £000	Total £000
Cost						
At 1 January 2014	14,201	172	455	32	1,307	16,167
Additions	-	-	-	-	13	13
At 31 December 2014	14,201	172	455	32	1,320	16,180
Depreciation						
At 1 January 2014	2,018	172	439	3	1,091	3,723
Charge for the year	161	-	4	6	85	256
At 31 December 2014	2,179	172	443	9	1,176	3,979
Net book value						
At 31 December 2014	12,022	-	12	23	144	12,201
At 31 December 2013	12,183	-	16	29	216	12,444

Notes to the Financial Statements

For the year ended 31 December 2014

11. Fixed asset investments

Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Class of shares	Holding
Media Film Service Limited	Ordinary shares	100%
Arri Lighting Rental Limited	Ordinary shares	100%
Arri (NI) Limited	Ordinary shares	100%
Arri Ireland Limited	Ordinary shares	100%

Name	Business	Country
Media Film Service Limited	Hire of equipment	England
Arri Lighting Rental Limited	Hire of equipment	England
Arri (NI) Limited	Hire of equipment	Northern Ireland
Arri Ireland Limited	Hire of equipment	Ireland

Company	Investments in subsidiary companies £000
Cost or valuation	
At 1 January 2014	3,397
Amounts written off	(4)
At 31 December 2014	3,393
Net book value	
At 31 December 2014	3,393
At 31 December 2013	3,397

During the period the Arri (I.O.M) Limited was dissolved and as such the investment in that company has been written off to the profit and loss account.

12. Stocks

	Group		Company	
	2014	2013	2014	2013
	£000	£000	£000	£000
Consumable stocks	467	1,250	-	-

Notes to the Financial Statements

For the year ended 31 December 2014

13. Debtors

	<u>Group</u>		<u>Company</u>	
	2014	2013	2014	2013
	£000	£000	£000	£000
Due after more than one year				
Amounts owed by group undertakings	-	-	1,602	2,453
	<u>Group</u>		<u>Company</u>	
	2014	2013	2014	2013
	£000	£000	£000	£000
Due within one year				
Trade debtors	1,108	2,603	-	-
Amounts owed by group undertakings	315	304	851	1,072
Other debtors, prepayments and accrued income	146	68	65	51
Prepayments and accrued income	594	607	264	264
Tax recoverable	336	730	309	730
	2,499	4,312	1,489	2,117

14. Creditors:**Amounts falling due within one year**

	<u>Group</u>		<u>Company</u>	
	2014	2013	2014	2013
	£000	£000	£000	£000
Bank loans and overdrafts, including loans in respect of asset financing	500	840	500	503
Trade creditors	1,641	1,650	246	287
Amounts owed to group undertakings	1,436	254	89	13
Corporation tax	-	582	-	-
Other taxation and social security	237	517	-	-
Other creditors	8	10	-	-
Accruals and deferred income	831	1,267	343	184
	4,653	5,120	1,178	987

Notes to the Financial Statements

For the year ended 31 December 2014

15. Creditors:**Amounts falling due after more than one year**

	<u>Group</u>		<u>Company</u>	
	2014	2013	2014	2013
	£000	£000	£000	£000
Bank loans and overdraft, including loans in respect of asset financing	3,861	4,361	3,861	4,361
Amounts owed to group undertakings	-	324	-	-
	<u>3,861</u>	<u>4,685</u>	<u>3,861</u>	<u>4,361</u>

The bank loans are secured on the Group's land and buildings and plant and machinery and are repayable installments by 2014. Interest is charged at 0.75% over the Bank and England base rate.

Included within the above are amounts falling due as follows:

	<u>Group</u>		<u>Company</u>	
	2014	2013	2014	2013
	£000	£000	£000	£000
Between one and two years				
Bank loans	<u>501</u>	<u>500</u>	<u>500</u>	<u>500</u>
Between two and five years				
Bank loans	<u>1,500</u>	<u>1,500</u>	<u>1,500</u>	<u>1,500</u>
Over five years				
Bank loans	<u>1,861</u>	<u>2,361</u>	<u>1,861</u>	<u>2,361</u>

Creditors include amounts not wholly repayable within 5 years as follows:

	<u>Group</u>		<u>Company</u>	
	2014	2013	2014	2013
	£000	£000	£000	£000
Repayable by instalments	<u>1,861</u>	<u>2,361</u>	<u>1,861</u>	<u>2,361</u>

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

Notes to the Financial Statements

For the year ended 31 December 2014

16. Deferred taxation

	Group		Company	
	2014	2013	2014	2013
	£000	£000	£000	£000
At beginning of year	268	262	279	273
Charge for/(released during) the year	(19)	6	(30)	6
At end of year	249	268	249	279

The provision for deferred taxation is made up as follows:

	Group		Company	
	2014	2013	2014	2013
	£000	£000	£000	£000
Accelerated capital allowances	249	268	249	279

17. Provisions

	Onerous lease provision £000	Legal provisions £000	Total £000
Group			
At 1 January 2014 and 31 December 2014	85	296	381

Onerous lease provision

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

Legal provisions

As is the nature of the industry, at 31 December 2014 there were a number of legal cases outstanding against the company. The directors have reviewed each case on an individual basis, taking into account management's assessment of the exposure and legal opinion, and have concluded that the provision in place at 31 December 2014 is suitable.

Notes to the Financial Statements

For the year ended 31 December 2014

Company	Onerous lease provision £000	Total £000
At 1 January 2014 and 31 December 2014	85	85

18. Share capital

	2014 £000	2013 £000
Authorised		
5,000,000 Ordinary shares of £1 each	5,000	5,000
Allotted, called up and fully paid		
2,000,000 Ordinary shares of £1 each	2,000	2,000

19. Reserves

Group	Other reserves £000	Profit and loss account £000
At 1 January 2014	70	16,040
Loss for the financial year	-	(192)
Actuarial loss on defined benefit pension scheme (net of deferred tax)	-	(2,517)
At 31 December 2014	70	13,331
Company		Profit and loss account £000
At 1 January 2014		11,507
Profit for the financial year		193
Actuarial loss on defined benefit pension scheme (net of deferred tax)		(2,517)
At 31 December 2014		9,183

The closing balance on the Profit and loss account includes a £5,121,000 (2013 - £3,204,000) debit, stated after deferred taxation of £1,292,000 (2013 - £956,000), in respect of pension scheme liabilities of the Group and Company pension scheme.

Notes to the Financial Statements

For the year ended 31 December 2014

20. Dividends

	2014 £000	2013 £000
Dividends paid on equity capital	-	3,333

21. Pension commitments

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 £820,000 (2013 - £820,000). 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 2012, 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 actuarial valuation was updated by Barnett Waddingham LLP as at 31 December 2014.

The amounts recognised in the Balance sheet are as follows:

	2014 £000	2013 £000
Present value of funded obligations	(22,702)	(18,309)
Fair value of scheme assets	16,289	14,149
Deficit in scheme	(6,413)	(4,160)
Related deferred tax asset	1,283	956
Net liability	(5,130)	(3,204)

The movement, in the year, within the related deferred tax asset relates to a credit of £629,000 recognised within the statement of total recognised gains and losses offset by a deferred tax charge of £302,000 recognised within the profit and loss account representing timing differences on payments made under the scheme and the impact of a change in the rate the asset is anticipated to unwind at.

Notes to the Financial Statements

For the year ended 31 December 2014

21. Pension commitments (continued)

The amounts recognised in profit or loss are as follows:

	2014 £000	2013 £000
Interest on obligation	(837)	(777)
Expected return on scheme assets	910	756
Total	73	(21)

Movements in the present value of the defined benefit obligation were as follows:

	2014 £000	2013 £000
Opening defined benefit obligation	18,309	17,414
Interest cost	837	777
Actuarial losses	3,793	396
Benefits paid	(237)	(278)
Closing defined benefit obligation	22,702	18,309

The actual return on scheme assets (net of expenses) in the year was £1,557,000 (2013 - £1,681,000).

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.

Changes in the fair value of scheme assets were as follows:

	2014 £000	2013 £000
Opening fair value of scheme assets	14,149	11,926
Expected return on assets	910	756
Actuarial gains	647	925
Contributions by employer	820	820
Benefits paid	(237)	(278)
	16,289	14,149

Notes to the Financial Statements

For the year ended 31 December 2014

21. Pension commitments (continued)

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	2014	2013
European equities	62.00 %	63.00 %
Diversified growth funds	9.00 %	9.00 %
Corporate bonds	14.00 %	14.00 %
Gilts	11.00 %	9.00 %
Annuities held in respect of pensioners	3.00 %	5.00 %
Cash	1.00 %	1.00 %

Principal actuarial assumptions at the Balance sheet date (expressed as weighted averages):

	2014	2013
Discount rate at 31 December	3.70 %	4.60 %
Inflation assumption	3.30 %	3.70 %
RPI max 5% pension increases	3.30 %	3.70 %
RPI max 2.5% pension increases	2.40 %	2.45 %
Revaluation in deferment (post 1 November 2006 pension)	3.30 %	3.70 %

The expected long-term rate of return on the scheme assets has been assumed to be in line with the discount rate of 3.70% in 2014. In 2013 the expected long-term rate of return was calculated based upon a weighted average of the major asset categories expected returns and was 6.30%.

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:

	2014	2013
Retiring today		
Males	22.5	22.4
Females	24.3	24.7

The post retirement mortality assumption used is in accordance with the standard S1PXA CMI_2011 mortality tables, on a year of birth basis, and shows a minimum rate of annual improvidence of 1.25% (2013 - 1.25%).

Notes to the Financial Statements

For the year ended 31 December 2014

21. Pension commitments (continued)

Defined benefit pension schemes:

	2014 £000	2013 £000	2012 £000	2011 £000	2010 £000
Defined benefit obligation	(22,702)	(18,309)	(17,414)	(16,632)	(14,209)
Scheme assets	16,289	14,149	11,926	10,560	10,944
Deficit	(6,413)	(4,160)	(5,488)	(6,072)	(3,265)
Experience adjustments on scheme liabilities	(3,793)	(396)	(777)	(12)	342
Experience adjustments on scheme assets	647	925	437	(688)	606

22. Operating lease commitments

At 31 December 2014 the group had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
Group	2014 £000	2013 £000	2014 £000	2013 £000
Expiry date:				
Within 1 year	782	32	609	39
Between 2 and 5 years	-	-	1,128	563

At 31 December 2014 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
Company	2014 £000	2013 £000	2014 £000	2013 £000
Expiry date:				
Within 1 year	-	-	17	15
Between 2 and 5 years	-	-	68	-

Notes to the Financial Statements

For the year ended 31 December 2014

23. Related party transactions

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: Türkenstrasse 89, München, Germany D-80799.

24. Ultimate parent undertaking and controlling party

Arri AG, incorporated in Germany, is the immediate parent company and in the opinion of the directors, the ultimate controlling party.

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 2 Highbridge, Oxford Road, Uxbridge, Middlesex, UB8 1LX.