

REGISTERED NUMBER: 07575881 (England and Wales)

Strategic Report, Report of the Directors and
Financial Statements for the Year Ended 31 March 2017
for
Prime Focus International Services UK Limited

**Contents of the Financial Statements
for the Year Ended 31 March 2017**

	Page
Company Information	1
Strategic Report	2
Report of the Directors	3
Report of the Independent Auditors	5
Profit and Loss Account	7
Statement of Comprehensive Income	8
Balance Sheet	9
Statement of Changes in Equity	10
Notes to the Financial Statements	11-17
Trading and Profit and Loss Account	18

Prime Focus International Services UK Limited

Company Information for the Year Ended 31 March 2017

DIRECTORS:

N A Fadia
V Rathee

REGISTERED OFFICE:

160 Great Portland Street
London
W1W 5QA

REGISTERED NUMBER:

07575881 (England and Wales)

AUDITORS:

PBG Associates Ltd
65 Delamere Road,
Hayes, Middx UB4 0NN

Strategic Report for the Year Ended 31 March 2017

The directors present their strategic report for the year ended 31 March 2017.

REVIEW OF THE BUSINESS

For the year ended 31 March 2017 the Company made a net profit of £ 2,767,550.

The Company is the London operating entity for Prime Focus World N.V. Group. The Prime Focus World N.V. Group consolidated the Visual Effects services with Double negative Limited, a London based Visual Effects Services Company by acquiring its 100% stake in July 2014. Post-acquisition Company has carried out planned restructuring activities to benefit from synergies of two businesses. During the year, Company has focused on Animation and Stereo conversion business for Hollywood features films, which has benefited in 100% revenue increase compared to previous year.

RISK REVIEW

The Company has established a risk management framework for ensuring that the major risks facing the Company are identified, evaluated and actively managed. Risks are reviewed continuously. It is not possible to mitigate fully all risks to which the Company is exposed but the ability to manage such risks is a key consideration of the Company.

FOREIGN EXCHANGE

The company sometimes enters into significant contracts that are denominated in US dollars. However, these contracts are serviced by costs denominated in UK Sterling. The Company is therefore exposed to US dollar/ UK Sterling exchange rate fluctuations. Management monitors foreign exchange markets to assess this exposure but currently does not undertake and hedging activity to mitigate this exposure. The foreign exchange impact in the current financial period was not material.

ABILITY TO ATTRACT AND RETAIN QUALIFIED PERSONNEL

Attracting, training, retaining and motivating technical and management personnel, including individuals with significant technical expertise, is a critical component of the future success of our business. The departure of any of our core members of our creative and technical teams could have a negative impact on our customer relations and operations, including our ability to provide and maintain the service levels our customers expect, which turn could have an adverse effect on our business.

CUSTOMER RELATIONSHIPS

According to Box Office Mojo, the six major Hollywood motion picture studios (Paramount, Warner Bros., Columbia, Walt Disney, Universal and Twentieth Century Fox) accounted for approximately 85% of US domestic box office revenue. These studios are key customers for the company and to the extent our relationship with any of these Companies, or their key executives, deteriorates our business could be adversely affected.

QUALITY AND REPUTATION

Our business depends on maintaining and strengthening our reputation for providing services that meet and exceed customer expectations in the markets we serve. If we fail to maintain the quality of our services or fail to promote our brand and reputation successfully our business could be adversely affected.

GOING CONCERN

The directors having reviewed the company's forecasts, and the support assured by the Parent Company, Prime Focus World N.V., are confident that the company has adequate financial resources to continue in operational existence for the foreseeable future. The directors have therefore continued to adopt the going concern basis in preparing these financial statements.

ON BEHALF OF THE BOARD:



.....
V Rathee - Director

Date: 31/7/2017.....

Report of the Directors for the Year Ended 31 March 2017

The directors present their report with the financial statements of the company for the year ended 31 March 2017.

PRINCIPAL ACTIVITY

The Principal activities of the Company are the provision of comprehensive creative and technical services to the film industry' primarily focusing on Animation and Stereo conversion.

RESULTS AND DIVIDENDS

The results for the year are set out on page 7. The operating income during the year was £ 19,543,181(2016-£ 8,468,332). The net profit for the year was £ 2,767,550. (2016-£ 3,631,866)

DIRECTORS

The following directors have held office since 1 April 2016

N A Fadia

V Rathee

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 director to prepare financial statements for each financial year. Under that law the director 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 profit or loss of the company for that period. In preparing these financial statements, the director is 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 company will continue in business.

The director is 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 him to ensure that the financial statements comply with the Companies Act 2006. He is 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.

STATEMENT OF DISCLOSURE TO AUDITORS

So far as directors are aware there is no relevant audit information of which the Company'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 Company's auditors are aware of the information.

Prime Focus International Services UK Limited (Registered number: 07575881)

Report of the Directors for the Year Ended 31 March 2017-continued

AUDITORS

The auditors PBG Associates Ltd, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

A handwritten signature in blue ink, appearing to read 'V Rathee', written over a horizontal dotted line.

V Rathee - Director

Date: 31/7/2017

Report of the Independent Auditors to the Members of Prime Focus International Services UK Limited

We have audited the financial statements of Prime Focus International Services UK Limited for the year ended 31 March 2017 which comprises of the primary statement such as the Profit and Loss Account, the Balance Sheet, the Statement of Comprehensive Income, statement of Changes in Equity and 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), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors 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 Statement of 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 Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of the financial statements is provide 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 company's affairs as at 31 March 2017 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.

Emphasis of matter

In forming our opinion on the financial statements we draw your attention to note 1.2 to the financial statements which details matters that indicate the existence of a material uncertainty which may cast doubt on company's ability to continue as going concern. Our opinion is not qualified in respect of this matter.

Opinion on other matter prescribed by the Companies Act 2006

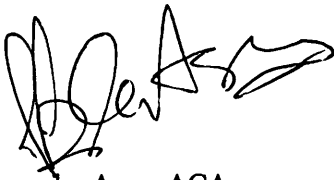
In our opinion the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

Report of the Independent Auditors to the Members of
Prime Focus International Services UK 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.



Devender Arora ACA
Senior Statutory Auditor
For and on behalf of PBG Associates Ltd
Chartered Accountants & Statutory Auditors
65 Delamere Road,
Hayes, Middx UB4 0NN

Date: 31 July 2017

Prime Focus International Services UK Limited (Registered number: 07575881)

Profit and Loss Account for the Year Ended 31 March 2017

	Notes	31.3.17 £	31.3.16 £
TURNOVER	2	16,608,974	8,441,715
Cost of sales		<u>(12,002,332)</u>	<u>(9,459,190)</u>
GROSS PROFIT/(LOSS)		4,606,642	(1,017,475)
Administrative expenses		(4,699,870)	(2,004,325)
Other operating income		<u>2,934,207</u>	<u>26,617</u>
OPERATING PROFIT/(LOSS)	4	2,840,979	(2,995,183)
Interest payable and similar charges	5	<u>(415,509)</u>	<u>(636,683)</u>
PROFIT/(LOSS) BEFORE TAXATION		2,425,470	(3,631,866)
Tax on profit/(loss)	6	<u>342,080</u>	<u>-</u>
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		<u>2,767,550</u>	<u>(3,631,866)</u>

All amounts relate to continuing operation.

Prime Focus International Services UK Limited (Registered number: 07575881)

Statement of Comprehensive Income for the Year Ended 31 March 2017

	Notes	31.3.17 £	31.3.16 £
PROFIT/(LOSS) FOR THE YEAR		2,767,550	(3,631,866)
OTHER COMPREHENSIVE INCOME		<u> -</u>	<u> -</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>2,767,550</u>	<u>(3,631,866)</u>

The notes form part of these financial statements

Balance Sheet As at 31 March 2017

	Notes	31.3.17		31.3.16	
		£	£	£	£
FIXED ASSETS					
Intangible assets	7		-		154,573
Tangible assets	8		<u>5,081,897</u>		<u>3,532,284</u>
			5,081,897		3,686,857
CURRENT ASSETS					
Debtors: amounts falling due within one year	9	19,776,954		13,949,538	
Cash and cash equivalents		<u>354,390</u>		<u>217,922</u>	
		20,131,344		14,167,460	
CREDITORS					
Amounts falling due within one year	10	<u>(21,094,775)</u>		<u>(16,905,043)</u>	
NET CURRENT LIABILITIES					
			<u>(963,431)</u>		<u>(2,737,583)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES					
			4,118,466		949,274
CREDITORS					
Amounts falling due after more than one year	11		<u>(3,749,187)</u>		<u>(3,347,545)</u>
NET ASSETS/(LIABILITIES)					
			<u>369,279</u>		<u>(2,398,271)</u>
CAPITAL AND RESERVES					
Called up share capital	12		1		1
Share application money pending allotment	12		18,307,667		18,307,667
Retained earnings	13		<u>(17,938,389)</u>		<u>(20,705,939)</u>
SHAREHOLDERS' FUNDS					
			<u>369,279</u>		<u>(2,398,271)</u>

The financial statements were approved and authorised for issue by the Board of Directors and were signed on its behalf on 31/7/2017

.....
V Rathee - Director

Statement of Changes in Equity for the Year Ended 31 March 2017

	Called up share capital £	Retained earnings £	Share application money pending allotment £	Total equity £
Balance at 1 April 2015	1	(17,074,073)	-	(17,074,072)
Changes in equity				
Share application money pending allotment	-	-	18,307,667	18,307,667
Loss for the year	-	(3,631,866)	-	(3,631,866)
Balance at 31 March 2016	<u>1</u>	<u>(20,705,939)</u>	<u>18,307,667</u>	<u>(2,398,271)</u>
Changes in equity				
Profit for the year	-	2,767,550	-	2,767,549
Balance at 31 March 2017	<u>1</u>	<u>(17,938,389)</u>	<u>18,307,667</u>	<u>369,279</u>

Notes to the Financial Statements
for the Year Ended 31 March 2017

1. ACCOUNTING POLICIES

1.1 Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards including Financial Reporting Standards 102 the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006. The financial statements have been prepared on a going concern basis under the historical cost convention. The financial statements are presented in sterling which is the functional currency of the company.

The Significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

1.2 Going Concern

At the balance sheet date the company had net assets of £ 369,279 and net current liabilities of £ 963,431. The Board of Directors has received assurance from the holding company Prime Focus World N.V. that it will continue to support the company for the foreseeable future. Accordingly the Board of Directors considers that it is appropriate that the company's financial statements are prepared on a going concern basis. Hence, these financial statements are prepared assuming the company will remain a going concern.

As per the audited accounts for the year ended 31 March 2017, the Prime Focus World N.V. group, (of which Prime Focus International Services Limited is a member), made a pre-tax profit from operations of approximately \$ 14.7 mn and at the balance sheet date had an accumulated profit of approximately \$ 0.2 mn. The revenue as per the audited group accounts for the period ended 31 March 2017 has improved and the directors of the group are confident that this will continue during 2018. The Group continues to manage its cash position through a combination of effective working capital management, corporate loans and support from its ultimate holding company, Prime Focus Limited.

The company and the Group is subject to risks and challenges similar to other entities in the same stage of development of its product and services. These risk include, but are not limited to, dependence on key individuals, successful development, marketing and branding of new products and services, the ability to obtain adequate financing to support growth, and competition from larger companies with greater financial, technical, management and marketing resources.

In the next twelve months the Group will continue to face significant risks associated with the successful execution of its strategy. These risks include, but are not limited to changes in the marketplace and retention of key personnel. However, the Board of Directors considers that it is appropriate that the company's financial statements are prepared on a going concern basis.

1.3 Cash flow statement

The company, being a subsidiary undertaking of 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 102.

1.4 Related party exemption

The company is wholly owned subsidiary of Prime Focus Limited, the consolidated accounts of which are publicly available. Accordingly, the company has taken advantage of the exemption in Section 33 of FRS 102 from disclosing transactions with Prime Focus Limited and its wholly owned subsidiaries.

1.5 Turnover

The turnover shown in the profit and loss account represents amount receivable for services provided during the period, exclusive of Value Added Tax. Revenue is recognised on work carried out on film projects during the year.

Where a contract is not completed at the period end, the amount of revenue recognized in the period is based on a percentage of completion of the project. The percentage of completion of the project is based on the number of man days required to complete the project as this provides the most accurate estimation of the percentage of completion at the period end. Where losses in respect long term contracts are expected and can be reliably measured they are provided for within the profit and loss account.

Notes to the Financial Statements - continued
for the Year Ended 31 March 2017

1. ACCOUNTING POLICIES - continued

1.6 Goodwill

Goodwill is carried at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis over 5 years.

1.7 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:

Leasehold improvements	Straight line over the life of lease
Fixtures, fittings & equipment	Straight line over 3 to 7 years

In case of early termination of lease, the balance carrying value of the asset is charged as depreciation in the year of termination.

1.8 Impairment

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/ external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use.

1.9 Deferred tax

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

Deferred tax assets are recognized only to the extent that the directors consider it 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 have not been discounted.

1.10 Foreign currencies

Transactions denominated in foreign currencies are recorded at the rates of exchange ruling at the dates of the transactions, or at the average rate for the period if the rates do not fluctuate significantly. Monetary assets and liabilities are translated at the period and exchange rate or, where appropriate, at rates of exchange fixed under the terms of the relevant transaction. The resulting exchange rate differences are charged to the profit and loss account.

1.11 Leasing

Assets obtained under hire purchase contracts and finance leases are capitalized as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charges allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

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

1.12 Pensions

The Company operates a defined contribution pension scheme. Contributions are recognized in the profit and loss account in the period in which they become payable in accordance with the rules of the scheme.

1.13 Provisions

A provision is recognized when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2017**

2. TURNOVER

An analysis of turnover by class of business is given below:

	2016 £	2016 £
Turnover	16,608,974	8,441,715
Other Income	<u>2,934,207</u>	<u>26,617</u>
	<u>19,543,181</u>	<u>8,468,332</u>

Turnover by geographical market is given below:

UK	<u>19,543,181</u>	<u>8,468,332</u>
	<u>19,543,181</u>	<u>8,468,332</u>

3. STAFF COST

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

	2017 Number	2016 Number
Production	16	38
Administrative	29	9
Management	-	<u>3</u>
	<u>45</u>	<u>50</u>

	2017 £	2016 £
Wages and salaries	2,318,404	2,772,626
Social security costs	<u>283,983</u>	<u>337,905</u>
	<u>2,602,387</u>	<u>3,110,531</u>

	2017 £	2016 £
Directors' remuneration	<u>-</u>	<u>187,175</u>

4. OPERATING PROFIT/(LOSS)

Operating profit (2016 - operating loss) is stated after charging/ (crediting):

	2017 £	2016 £
Amortisation on intangible assets	154,573	309,144
Depreciation of tangible assets	1,446,083	1,428,809
Loss/ (Gain) on disposal of scrap	(627,331)	(276,315)
Auditors remuneration	15,000	15,000
Operating lease rentals:		
Plant and machinery	-	-
Foreign exchange Loss/ (Gain)	<u>1,356,725</u>	<u>(1,399,145)</u>

Notes to the Financial Statements - continued
for the Year Ended 31 March 2017

5. INTEREST AND SIMILAR INCOME/ CHARGES

	2017	2016
	£	£
Interest receivable on:		
Interest income	-	-
Interest payable on:		
Bank loans/ finance lease	349,102	154,046
Others	<u>66,407</u>	<u>482,637</u>
	<u>415,509</u>	<u>636,683</u>

6. TAXATION

Analysis of the tax charges

	2017	2016
	£	£
The tax charge on the profit/ loss for the year was as follows:		
Current tax	-	-
UK corporation tax before double taxation relief	=	=
Double taxation relief		
UK corporation tax after double taxation relief	=	=
Total Current Tax	=	=
Deferred Tax		
Origination and reversal of timing differences	<u>342,080</u>	=
Effect of changes of tax rate on opening liability (Note 6B)	<u>342,080</u>	=

A) Factors affecting tax charge: The tax assessed for the year is lower than the standard rate of tax corporation tax in the UK.

The difference is explained below:

	2017	2016
	£	£
Profit/(Loss) before tax	2,425,470	(3,631,866)
UK corporation tax based on the loss for the year at 20%	<u>-</u>	<u>(726,373)</u>
Effects of:		
Non- deductible expenses	1,600,656	285,762
Capital allowance in excess of depreciation	(948,380)	(286,226)
Unrelieved tax losses	-	726,837
Trading losses brought forward	(3,077,746)	
Current tax charge	<u>-</u>	<u>-</u>

Notes to the Financial Statements - continued
for the Year Ended 31 March 2017

6. **TAXATION- continued**

B) Deferred tax

Deferred tax included in the balance sheet is as follows:

	2017 £	2016 £
Included in Creditors:		
Social security and other taxes	<u>-</u>	<u>342,080</u>
		<u>342,080</u>
Deferred Tax		
Other timing differences	<u>-</u>	<u>342,080</u>
		<u>342,080</u>

The amount of unused tax losses is £15,702,664 (2016 - £18,780,410) and the amount of unused tax credits is £ Nil (2016 £ Nil). There is no expiry date on timing differences, unused tax losses or unused tax credits.

The expected net reversal of deferred tax assets and liabilities in 2017 is £ 342,080. The same is emanating from timing difference related to goodwill. Since Goodwill is fully amortised in the books, the Deferred related to the same has been reversed.

7. **INTANGIBLE FIXED ASSETS**

	Goodwill £
COST	
At 1 April 2016 and 31 March 2017	<u>2,323,839</u>
AMORTISATION	
At 1 April 2016	2,169,266
Amortisation for year	<u>154,573</u>
At 31 March 2017	<u>2,323,839</u>
NET BOOK VALUE	
At 31 March 2017	<u>-</u>
At 31 March 2016	<u>154,573</u>

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2017**

8. TANGIBLE FIXED ASSETS*

	Leasehold Improvements £	Fixtures and fittings £	Computer equipment £	Totals £
COST				
At 1 April 2016	2,115,933	51,477	7,555,962	9,723,372
Additions	-	-	128,777	128,777
At 31 March 2017	2,115,933	51,477	7,684,739	9,852,149
DEPRECIATION				
At 1 April 2016	2,098,554	42,464	4,050,070	6,191,088
Charge for year	17,379	1,996	1,426,708	1,446,083
Eliminated on disposal	-	-	(2,866,919)	(2,866,919)
At 31 March 2017	2,115,933	44,460	2,609,859	4,770,252
NET BOOK VALUE				
At 31 March 2017	-	7,017	5,074,880	5,081,897
At 31 March 2016	17,379	9,013	3,505,892	3,532,284

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2017 £	2016 £
Computer and Equipment	58,05,189	3,505,892
Leasehold improvements	17,379	17,379

*All assets are charged as security against loan obtained from financial institution by Prime Focus World NV, Holding Company, during the year.

9. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.3.17 £	31.3.16 £
Trade debtors	2,325,521	723,752
Amounts owed by group undertakings	9,912,333	6,864,740
Other debtors	834,525	1,525,621
Prepayments and accrued income	6,704,575	4,835,425
	<u>19,776,954</u>	<u>13,949,538</u>

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.3.17 £	31.3.16 £
Net obligations under finance lease	2,236,998	1,023,569
Trade creditors	1,060,654	783,915
Amounts owed to group undertakings	12,776,500	10,277,179
Social security and other taxes	2,077,972	697,049
Other creditors	-	3,003,618
Accruals and deferred income	2,942,651	1,119,713
	<u>21,094,775</u>	<u>16,905,043</u>

Notes to the Financial Statements - continued
for the Year Ended 31 March 2017

11. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2017 £	2016 £
Net obligation under finance lease	3,749,187	3,347,545
Repayable within one year	2,236,998	1,023,569
Repayable between one and five years	<u>3,749,187</u>	<u>3,347,545</u>
	5,986,185	4,371,114
Included in liabilities falling due within one year	<u>2,236,998</u>	<u>1,023,569</u>
	<u>3,749,187</u>	<u>3,347,545</u>

12. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	31.3.17 £	31.3.16 £
1	Ordinary share capital	£1	<u>1</u>	<u>1</u>
Share application money pending allotment to the holding company			<u>18,307,667</u>	<u>18,307,667</u>

13. RESERVES

	Retained earnings £
At 1 April 2016	(20,705,939)
Profit for the year	
At 31 March 2017	<u>(17,938,389)</u>

14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

	2017 £	2016 £
Opening shareholder's funds	(2,398,271)	(17,074,072)
Profit/(loss) for the financial year		(3,631,866)
Share application money pending allotment (Refer note 13 above)	<u>-</u>	<u>18,307,667</u>
Closing shareholder's funds	<u>369,279</u>	<u>(2,398,271)</u>

15. CONTINGENT LIABILITIES

On 21 October 2015 a warrant to enter and search the company's premises was executed by HMRC Officers. Documentation was seized relating to the period from 1 October 2009 to 21 October 2015. The company has had no further correspondence from HMRC to explain the reason for the warrant, up to the date of approval of these financial statements. There is no further information available to determine whether this related to an investigation into the company or a third party, or whether this may give rise to a liability.

16. ULTIMATE PARENT COMPANY

The company is a subsidiary of Prime Focus Limited, a company incorporated in India, listed on Bombay Stock Exchange and National Stock Exchange of India.

17. CONTROL

The company's immediate parent undertaking is Prime Focus World N.V., a company incorporated in the Netherlands.

The smallest and largest group in which the results of the company are consolidated is that headed by its ultimate parent undertaking, Prime Focus Limited, a company incorporated in India.

The consolidated financial statements of Prime Focus Limited are available to the public and may be obtained from its principal place of business at Prime Focus House, Linking Road, Khar (West), Mumbai- 400052, India.

Prime Focus International Services UK Limited (Registered number: 07575881)

Trading and Profit and Loss Account for the Year Ended 31 March 2017

	31.3.17		31.3.16	
	£	£	£	£
Sales		16,608,974		8,441,715
Cost of sales				
Production Wages	2,602,386		2,585,686	
Other direct costs	<u>9,399,946</u>		<u>6,873,504</u>	
		<u>12,002,332</u>		<u>9,459,190</u>
GROSS PROFIT/(LOSS)		4,606,642		(1,017,475)
Other income				
Other Income		<u>2,934,207</u>		<u>26,617</u>
		7,540,849		(990,858)
Expenditure				
Rent	845,650		428,753	
Directors' remuneration	-		187,175	
Wages	-		337,670	
Telephone	40,966		55,133	
Travelling	378,495		71,168	
Bank charges	19,890		16,368	
Sundry expenses	445,868		393,671	
Management charge	431,982		170,028	
Subscriptions	22,118		8,275	
Legal fees	111,307		121,260	
Audit and Accountancy	37,125		152,331	
Donations	14,000		-	
Foreign exchange losses	1,356,725		(1,399,145)	
Amortisation of intangible fixed assets	154,573		309,144	
Depreciation of tangible fixed assets	1,446,083		1,428,809	
Bad debts	22,419		-	
Loss/ (Gain) on disposal of scrap	(627,331)		(276,315)	
		<u>(4,699,870)</u>		<u>(2,004,325)</u>
		2,840,979		(2,995,183)
Finance costs				
Interest payable and similar charges		<u>(415,509)</u>		<u>(636,683)</u>
NET PROFIT/(LOSS)		<u>2,425,470</u>		<u>(3,631,866)</u>

This page does not form part of the statutory financial statements