

ACADEMY FILMS LIMITED

Directors' Report And Financial Statements

For the year ended 30 June 2012

Company Registration No 05860629 (England And Wales)



ACADEMY FILMS LIMITED

COMPANY INFORMATION

Directors	J Glazer E J Gower
Secretary	E J Gower
Company number	05860629
Registered office	141 Wardour Street London W1F 0UT
Auditors	Kingston Smith LLP 141 Wardour Street London W1F 0UT
Business address	16 West Central Street London WC1A 1JJ
Bankers	HSBC 196 Oxford Street London W1D 1NT

ACADEMY FILMS LIMITED

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ACADEMY FILMS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2012

The directors present their report and financial statements for the year ended 30 June 2012

Principal activities and review of the business

The principal activity of the company is that of the production of television commercials

The company results are in line with expectations with turnover increasing from £10.9m to £11.2m and a profit for the year of £260k

The main risk facing the company is the continued financial uncertainty which has led to the continued cautious approach to clients' advertising spends

The directors are satisfied with the financial position at the year end. The company remains robust and competitive in the market it operates and the directors expect this will continue to be so in the future

Results and dividends

The results for the year are set out on page 5

Directors

The following directors have held office since 1 July 2011

J Glazer
E J Gower

Charitable donations	2012	2011
	£	£

During the year the company made the following payments

Charitable donations	2,450	1,920
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The charitable donations were made to a variety of charities

Auditors

The auditors, Kingston Smith LLP, are deemed to be reappointed under section 487(2) of the Companies Act 2006

ACADEMY FILMS LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2012

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

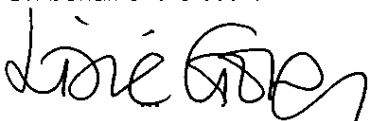
- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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.

Statement of disclosure to auditors

So far as the 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 that information.

On behalf of the board



E J Gower

Director

29.11.12

ACADEMY FILMS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ACADEMY FILMS LIMITED

We have audited the financial statements of Academy Films Limited for the year ended 30 June 2012 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement 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 for no purpose other than to draw to the attention of the company's members those matters which we are required to include in an auditors' report addressed to them. To the fullest extent permitted by law, we do not accept or assume responsibility to any party 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, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 June 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 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.

ACADEMY FILMS LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED) TO THE MEMBERS OF ACADEMY FILMS 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, 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

Kingston Smith LLP.

**Richard Heap (Senior Statutory Auditor)
for and on behalf of Kingston Smith LLP**

29.11.12

**Chartered Accountants
Statutory Auditor**

141 Wardour Street
London
W1F 0UT

ACADEMY FILMS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 2012

	Notes	2012 £	2011 £
Turnover	2	11,188,378	10,806,666
Cost of sales		(8,744,489)	(8,357,065)
Gross profit		2,443,889	2,449,601
Administrative expenses		(2,068,712)	(2,013,108)
Operating profit	3	375,177	436,493
Other interest receivable and similar income	4	3,578	2,447
Amounts written off investments	5	(99)	-
Profit on ordinary activities before taxation		378,656	438,940
Tax on profit on ordinary activities	6	(118,652)	(101,428)
Profit for the year	14	260,004	337,512

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

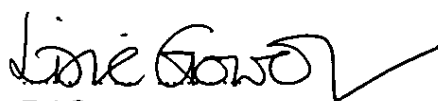
There are no recognised gains and losses other than those passing through the profit and loss account

ACADEMY FILMS LIMITED

BALANCE SHEET AS AT 30 JUNE 2012

	Notes	2012		2011	
		£	£	£	£
Fixed assets					
Tangible assets	8		26,802		20,674
Investments	9		1		100
			<u>26,803</u>		<u>20,774</u>
Current assets					
Stocks	10	30,891		2,811	
Debtors	11	859,658		2,179,452	
Cash at bank and in hand		2,167,945		1,359,844	
		<u>3,058,494</u>		<u>3,542,107</u>	
Creditors' amounts falling due within one year	12	<u>(2,794,731)</u>		<u>(3,257,319)</u>	
Net current assets			<u>263,763</u>		<u>284,788</u>
Total assets less current liabilities			<u>290,566</u>		<u>305,562</u>
Capital and reserves					
Called up share capital	13		400		400
Profit and loss account	14		290,166		305,162
Shareholders' funds	15		<u>290,566</u>		<u>305,562</u>

Approved by the Board and authorised for issue on 29.11.12



E J Gower
Director

Company Registration No. 05860629

ACADEMY FILMS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2012

	£	2012 £	£	2011 £
Net cash inflow from operating activities		1,200,357		1,253,328
Returns on investments and servicing of finance				
Interest received	3,578		2,447	
Net cash inflow for returns on investments and servicing of finance		3,578		2,447
Taxation		(101,428)		(116,008)
Capital expenditure				
Payments to acquire tangible assets	(19,406)		(20,729)	
Receipts from sales of tangible assets	-		1,200	
Net cash outflow for capital expenditure		(19,406)		(19,529)
Equity dividends paid		(275,000)		(330,000)
Net cash inflow before management of liquid resources and financing		808,101		790,238
Increase in cash in the year		808,101		790,238

ACADEMY FILMS LIMITED

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2012

1 Reconciliation of operating profit to net cash inflow from operating activities	2012	2011
	£	£
Operating profit	375,177	436,493
Depreciation of tangible assets	13,278	12,761
Profit on disposal of tangible assets	-	(1,200)
(Increase)/decrease in stocks	(28,080)	5,282
Decrease/(increase) in debtors	1,319,794	(816,001)
(Decrease)/Increase in creditors within one year	(479,812)	1,615,993
Net cash inflow from operating activities	1,200,357	1,253,328

2 Analysis of net funds	1 July 2011	Cash flow	Other non-	30 June 2012
	£	£	cash changes	£
Net cash				
Cash at bank and in hand	1,359,844	808,101	-	2,167,945
Bank deposits	-	-	-	-
Net funds	1,359,844	808,101	-	2,167,945

3 Reconciliation of net cash flow to movement in net funds	2012	2011
	£	£
Increase in cash in the year	808,101	790,238
Movement in net funds in the year	808,101	790,238
Opening net funds	1,359,844	569,606
Closing net funds	2,167,945	1,359,844

ACADEMY FILMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention

1.2 Compliance with accounting standards

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

1.3 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts

1.4 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

Plant and machinery	33 33% straight line
Fixtures, fittings & equipment	20% straight line

1.5 Leasing

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

1.6 Investments

Fixed asset investments are stated at cost less provision for diminution in value

1.7 Work in progress

Work in progress is valued at the lower of cost and net realisable value

1.8 Revenue recognition

Revenue is recognised in respect of the production of commercials from the point at which the company has obtained the right to consideration in return for performance. This is considered to be when all necessary approvals during the process of pre-production have been obtained from the commissioning agency and normally equates to the date at which shooting of the commercial commences. No profit element is recognised until the company is able to estimate the profit on the commercial reliably.

1.9 Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

1.10 Foreign currency translation

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

1.11 Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company and its subsidiary undertaking comprise a small-sized group. The company has therefore taken advantage of the exemptions provided by section 398 of the Companies Act 2006 not to prepare group accounts.

ACADEMY FILMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2012

2 Turnover

Geographical market

	Turnover	
	2012	2011
	£	£
UK	8,674,372	9,596,319
USA	530,599	353,378
Europe	1,983,407	856,969
	<u>11,188,378</u>	<u>10,806,666</u>

3 Operating profit

	2012	2011
	£	£
Operating profit is stated after charging		
Depreciation of tangible assets	13,278	12,761
Loss on foreign exchange transactions	42,898	1,321
Operating lease rentals	135,000	135,000
Auditors' remuneration (including expenses and benefits in kind)	13,500	13,500
and after crediting		
Profit on disposal of tangible assets	-	(1,200)
	<u>-</u>	<u>(1,200)</u>

4 Investment income

	2012	2011
	£	£
Bank interest	3,578	2,447
	<u>3,578</u>	<u>2,447</u>

5 Amounts written off investments

	2012	2011
	£	£
Amounts written off fixed asset investments		
- permanent diminution in value	99	-
	<u>99</u>	<u>-</u>

ACADEMY FILMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2012

6	Taxation	2012 £	2011 £
	Domestic current year tax		
	U K corporation tax	118,652	101,428
	Total current tax	<u>118,652</u>	<u>101,428</u>
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	<u>378,656</u>	<u>438,940</u>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 25.50% (2011 - 27.50%)	<u>96,557</u>	<u>120,709</u>
	Effects of		
	Non deductible expenses	27,989	7,494
	Depreciation add back	3,386	3,509
	Capital allowances	(5,563)	(6,616)
	Tax losses utilised	-	(18,457)
	Marginal rate relief	(3,717)	(5,211)
		<u>22,095</u>	<u>(19,281)</u>
	Current tax charge for the year	<u>118,652</u>	<u>101,428</u>
7	Dividends	2012 £	2011 £
	Ordinary interim paid	<u>275,000</u>	<u>330,000</u>

ACADEMY FILMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2012

8 Tangible fixed assets

	Plant and machinery	Fixtures, fittings & equipment	Total
	£	£	£
Cost			
At 1 July 2011	57,201	38,810	96,011
Additions	16,348	3,058	19,406
At 30 June 2012	73,549	41,868	115,417
Depreciation			
At 1 July 2011	53,155	22,182	75,337
Charge for the year	7,842	5,436	13,278
At 30 June 2012	60,997	27,618	88,615
Net book value			
At 30 June 2012	12,552	14,250	26,802
At 30 June 2011	4,046	16,628	20,674

ACADEMY FILMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2012

9 Fixed asset investments

	Shares in subsidiary undertakings £
Cost	
At 1 July 2011 & at 30 June 2012	100
Provisions for diminution in value	
At 1 July 2011	-
Charge for the year	99
At 30 June 2012	99
Net book value	
At 30 June 2012	1
At 30 June 2011	100

Holdings of more than 20%

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

Company	Country of registration or incorporation	Shares held	
		Class	%
Subsidiary undertakings			
Academy Videos Limited	UK	Ordinary Shares	100 00

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows

	Principal activity	Capital and reserves	Profit/(loss) for the year
		2012	2012
		£	£
Academy Videos Limited	Music Video production	100	(27,776)

10 Work in progress

	2012	2011
	£	£
Work in progress	30,891	2,811

ACADEMY FILMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2012

11 Debtors	2012	2011
	£	£
Trade debtors	538,367	801,621
Amounts owed by parent and fellow subsidiary undertakings	-	91,654
Other debtors	748	5,464
Accrued income	192,279	1,159,697
Prepayments	128,264	121,016
	<u>859,658</u>	<u>2,179,452</u>

12 Creditors. amounts falling due within one year	2012	2011
	£	£
Trade creditors	136,361	514,133
Corporation tax	118,652	101,428
Other taxes and social security costs	918,926	875,061
Directors' current accounts	318,205	352,421
Other creditors	462,496	200,000
Accruals and deferred income	840,091	1,214,276
	<u>2,794,731</u>	<u>3,257,319</u>

Included in other creditors is amount of £200,000 (2011 - £200,000) in respect of redeemable ordinary shares held by E Gower, a director

ACADEMY FILMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2012

13 Share capital	2012	2011
	£	£
Allotted, called up and fully paid		
100 Ordinary A Shares of £1 each	100	100
100 Ordinary B Shares of £1 each	100	100
100 Ordinary C Shares of £1 each	100	100
100 Ordinary D Shares of £1 each	100	100
	400	400
	400	400

The 'A' ordinary, 'B' ordinary, 'C' ordinary, 'D' ordinary shares and the redeemable ordinary shares all rank par passu with the exception of when there are surplus assets of the company available for distribution among the members. In such a circumstance the following will apply:

Amounts will be paid upon the Redeemable Ordinary Shares

Amounts will be repaid upon the 'A' ordinary, 'C' and 'D' ordinary shares

All remaining assets will be distributed par passu amongst the holders of the 'A' ordinary, 'C' ordinary, 'D' ordinary and redeemable ordinary shares

The 'B' ordinary shares shall not confer any further right of participation in the profits or assets of the company

14 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 July 2011	305,162
Profit for the year	260,004
Dividends paid	(275,000)
	290,166
	290,166

15 Reconciliation of movements in shareholders' funds

	2012	2011
	£	£
Profit for the financial year	260,004	337,512
Dividends	(275,000)	(330,000)
	(14,996)	7,512
Net (depletion in)/addition to shareholders' funds	(14,996)	7,512
Opening shareholders' funds	305,562	298,050
	290,566	305,562
Closing shareholders' funds	290,566	305,562

ACADEMY FILMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2012

16 Financial commitments

At 30 June 2012 the company was committed to making the following payments under non-cancellable operating leases in the year to 30 June 2013

	Land and buildings	
	2012	2011
	£	£
Operating leases which expire Between two and five years	135,000	135,000

17 Directors' remuneration

	2012	2011
	£	£
Remuneration for qualifying services	580,934	678,496

Remuneration disclosed above include the following amounts paid to the highest paid director

Remuneration for qualifying services	579,294	575,000
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18 Employees

Number of employees

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

	2012	2011
	Number	Number
Management	5	5
Production	16	15
	21	20

Employment costs

	2012	2011
	£	£
Wages and salaries	1,329,331	1,313,044
Social security costs	166,739	174,645
	1,496,070	1,487,689

ACADEMY FILMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2012

19 Control

The ultimate controlling party is E J Gower

20 Related party transactions

During the normal course of business, the company sold services of £nil (2011 - £157,089) to Academy Videos Limited, its wholly owned subsidiary. As at the balance sheet date, £nil (2011 - £91,654) was owed to the company by Academy Videos Limited. During the year the company wrote off £86,975 on amounts owed by Academy Videos Limited.

During the year a dividend of £129,250 (2011 - £154,000) was paid to E Gower, and £90,750 (2011 - £110,000) was paid to J Glazer, the directors of the company.

At the balance sheet date a loan of £205,114 (2011 - £297,539) was owed to the Director and Shareholder E Gower, and a loan of £113,091 (2011 - £54,882) was owed to the Director and shareholder J Glazer.