

ACADEMY FILMS LIMITED

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COMPANIES HOUSE

Abbreviated Accounts

For the year ended 30 June 2011

Company Registration No 05860629 (England And Wales)

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# ACADEMY FILMS LIMITED

## CONTENTS

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	<b>Page</b>
Directors' report	1 - 2
Independent auditors' report	3
Abbreviated profit and loss account	4
Abbreviated balance sheet	5
Cash flow statement	6
Notes to the cash flow statement	7
Notes to the abbreviated accounts	8 - 16

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# ACADEMY FILMS LIMITED

## DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2011

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The directors present their report and financial statements for the year ended 30 June 2011

### 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 a decrease on last year's results. The company remains in a comfortable position within its industry sector

The main risk facing the company is the continued financial uncertainty coupled with the tough fiscal policies of the current coalition government. This has led to the continued cautious approach to clients' advertising spends. Another risk the company continues to face is the volatility in the currency, which has the effect of shoots abroad being much more precarious

The directors are satisfied with the financial position at the year end. Despite the fall in budgets, and the 1.3% decrease in turnover the company remains robust and competitive in the market it operates and will continue to be so in the future

Despite challenging financial climates around the world the company has performed well over the last year

### Results and dividends

The results for the year are set out on page 4

### Directors

The following directors have held office since 1 July 2010

J Glazer  
E J Gower

Charitable donations	2011 £	2010 £
During the year the company made the following payments		
Charitable donations	1,920	2,571

### 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 2011

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### **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  
07/03/2012

# ACADEMY FILMS LIMITED

## INDEPENDENT AUDITORS' REPORT TO ACADEMY FILMS LIMITED UNDER SECTION 449 OF THE COMPANIES ACT 2006

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We have examined the abbreviated accounts set out on pages 4 to 16, together with the financial statements of Academy Films Limited for the year ended 30 June 2011 prepared under section 396 of the Companies Act 2006

This report is made solely to the company, in accordance with Chapter 10 of Part 15 of the Companies Act 2006. Our work has been undertaken so that we might state to the company those matters we are required to state to it in a special auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

The directors are responsible for preparing the abbreviated accounts in accordance with section 445 of the Companies Act 2006. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts to the Registrar of Companies and whether the abbreviated accounts have been properly prepared in accordance with the regulations made under that section and to report our opinion to you.

We conducted our work in accordance with Bulletin 2008/4 issued by the Auditing Practices Board. In accordance with that Bulletin we have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared.

### **Opinion**

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with section 445(3) of the Companies Act 2006, and the abbreviated accounts have been properly prepared in accordance with the regulations made under that section.



**David Childs (Senior Statutory Auditor)**  
for and on behalf of Kingston Smith LLP

30/03/2012

**Chartered Accountants**  
**Statutory Auditor**

141 Wardour Street  
London  
W1F 0UT

# ACADEMY FILMS LIMITED

## ABBREVIATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 2011

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		2011	2010
	Notes	£	£
<b>Turnover</b>		10,806,666	10,929,647
Other operating income less cost of sales		(8,357,065)	(8,671,247)
Administrative expenses		(2,013,108)	(1,849,961)
<b>Operating profit</b>	<b>2</b>	<u>436,493</u>	<u>408,439</u>
Other interest receivable and similar income		2,447	1,464
<b>Profit on ordinary activities before taxation</b>		<u>438,940</u>	<u>409,903</u>
Tax on profit on ordinary activities	<b>4</b>	(101,428)	(115,878)
<b>Profit for the year</b>	<b>12</b>	<u><u>337,512</u></u>	<u><u>294,025</u></u>

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

## ABBREVIATED BALANCE SHEET AS AT 30 JUNE 2011

	Notes	2011		2010	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	6		20,674		12,706
Investments	7		100		100
			<u>20,774</u>		<u>12,806</u>
<b>Current assets</b>					
Stocks	8	2,811		8,093	
Debtors	9	2,179,452		1,363,451	
Cash at bank and in hand		1,359,844		569,606	
		<u>3,542,107</u>		<u>1,941,150</u>	
<b>Creditors, amounts falling due within one year</b>	10	<u>(3,257,319)</u>		<u>(1,655,906)</u>	
<b>Net current assets</b>			<u>284,788</u>		<u>285,244</u>
<b>Total assets less current liabilities</b>			<u>305,562</u>		<u>298,050</u>
<b>Capital and reserves</b>					
Called up share capital	11		400		400
Profit and loss account	12		305,162		297,650
<b>Shareholders' funds</b>	13		<u>305,562</u>		<u>298,050</u>

These abbreviated accounts have been prepared in accordance with the special provisions in section 445(3) of the Companies Act 2006 relating to medium-sized companies

Approved by the Board and authorised for issue on 07 03 2012



E J Gower  
Director

Company Registration No 05860629

# ACADEMY FILMS LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2011

	£	2011 £	£	2010 £
<b>Net cash inflow/(outflow) from operating activities</b>		1,253,328		(111,491)
<b>Returns on investments and servicing of finance</b>				
Interest received	2,447		1,464	
		2,447		1,464
<b>Net cash inflow for returns on investments and servicing of finance</b>				1,464
<b>Taxation</b>		(116,008)		(285,392)
<b>Capital expenditure</b>				
Payments to acquire tangible assets	(20,729)		(7,607)	
Receipts from sales of tangible assets	1,200		759	
		(19,529)		(6,848)
<b>Net cash outflow for capital expenditure</b>				(6,848)
<b>Equity dividends paid</b>		(330,000)		(690,000)
		(330,000)		(690,000)
<b>Net cash inflow/(outflow) before management of liquid resources and financing</b>		790,238		(1,092,267)
		790,238		(1,092,267)
<b>Increase/(decrease) in cash in the year</b>		790,238		(1,092,267)



# ACADEMY FILMS LIMITED

## NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2011

1 Reconciliation of operating profit to net cash inflow/(outflow) from operating activities	2011	2010
	£	£
Operating profit	436,493	408,439
Depreciation of tangible assets	12,761	11,819
Profit on disposal of tangible assets	(1,200)	-
Decrease in stocks	5,282	16,477
(Increase)/decrease in debtors	(816,001)	270,035
Increase/(decrease) in creditors within one year	1,615,993	(818,261)
<b>Net cash inflow/(outflow) from operating activities</b>	<b>1,253,328</b>	<b>(111,491)</b>

2 Analysis of net funds	1 July 2010	Cash flow	Other non-cash changes	30 June 2011
	£	£	£	£
Net cash				
Cash at bank and in hand	569,606	790,238	-	1,359,844
Bank deposits	-	-	-	-
<b>Net funds</b>	<b>569,606</b>	<b>790,238</b>	<b>-</b>	<b>1,359,844</b>

3 Reconciliation of net cash flow to movement in net funds	2011	2010
	£	£
Increase/(decrease) in cash in the year	790,238	(1,092,267)
<b>Movement in net funds in the year</b>	<b>790,238</b>	<b>(1,092,267)</b>
Opening net funds	569,606	1,661,873
<b>Closing net funds</b>	<b>1,359,844</b>	<b>569,606</b>

# ACADEMY FILMS LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2011

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### **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 ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2011

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<b>2</b>	<b>Operating profit</b>	<b>2011</b>	<b>2010</b>
		<b>£</b>	<b>£</b>
	Operating profit is stated after charging		
	Depreciation of tangible assets	12,761	11,819
	Loss on foreign exchange transactions	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)	-
	Profit on foreign exchange transactions	-	(16,752)
		<hr/> <hr/>	<hr/> <hr/>
<b>3</b>	<b>Investment income</b>	<b>2011</b>	<b>2010</b>
		<b>£</b>	<b>£</b>
	Bank interest	2,447	1,464
		<hr/>	<hr/>
		<b>2,447</b>	<b>1,464</b>
		<hr/> <hr/>	<hr/> <hr/>

# ACADEMY FILMS LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2011

4	Taxation	2011 £	2010 £
	<b>Domestic current year tax</b>		
	U K corporation tax	101,428	116,008
	Adjustment for prior years	-	(130)
	<b>Total current tax</b>	<u>101,428</u>	<u>115,878</u>
	<b>Factors affecting the tax charge for the year</b>		
	Profit on ordinary activities before taxation	<u>438,940</u>	<u>409,903</u>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 27.50% (2010 - 28.00%)	<u>120,709</u>	<u>114,773</u>
	Effects of		
	Non deductible expenses	7,494	6,749
	Depreciation add back	3,509	3,309
	Capital allowances	(6,616)	(3,294)
	Tax losses utilised	(18,457)	-
	Adjustments to previous periods	-	(130)
	Marginal rate relief	(5,211)	(5,529)
		<u>(19,281)</u>	<u>1,105</u>
	<b>Current tax charge for the year</b>	<u>101,428</u>	<u>115,878</u>
5	Dividends	2011 £	2010 £
	Ordinary interim paid	<u>330,000</u>	<u>690,000</u>

# ACADEMY FILMS LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2011

### 6 Tangible fixed assets

	<b>Plant and machinery</b>	<b>Fixtures, fittings &amp; equipment</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>Cost</b>			
At 1 July 2010	52,241	23,041	75,282
Additions	4,960	15,769	20,729
At 30 June 2011	57,201	38,810	96,011
<b>Depreciation</b>			
At 1 July 2010	48,156	14,420	62,576
Charge for the year	4,999	7,762	12,761
At 30 June 2011	53,155	22,182	75,337
<b>Net book value</b>			
At 30 June 2011	4,046	16,628	20,674
At 30 June 2010	4,085	8,621	12,706

# ACADEMY FILMS LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2011

### 7 Fixed asset investments

	Shares in subsidiary undertakings £
<b>Cost</b>	
At 1 July 2010 & at 30 June 2011	100
<b>Net book value</b>	
At 30 June 2011	100
At 30 June 2010	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	%
<b>Subsidiary undertakings</b>			
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
		2011	2011
		£	£
Academy Videos Limited	Music Video production	(26,676)	(63,846)

8 Work in progress	2011	2010
	£	£
Work in progress	2,811	8,093

# ACADEMY FILMS LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2011

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<b>9 Debtors</b>	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
Trade debtors	801,621	926,160
Amounts owed by parent and fellow subsidiary undertakings	91,654	79,143
Other debtors	5,464	102,749
Accrued income	1,159,697	165,147
Prepayments	121,016	90,252
	<u>2,179,452</u>	<u>1,363,451</u>

<b>10 Creditors, amounts falling due within one year</b>	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
Trade creditors	514,133	572,463
Corporation tax	101,428	116,008
Other taxes and social security costs	875,061	174,265
Other creditors	552,421	209,256
Accruals and deferred income	1,214,276	583,914
	<u>3,257,319</u>	<u>1,655,906</u>

Included in other creditors is amount of £200,000 (2010 - £200,000) in respect of redeemable ordinary shares held by E Gower, a director

# ACADEMY FILMS LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2011

11 Share capital	2011	2010
	£	£
<b>Allotted, called up and fully paid</b>		
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
	<u>400</u>	<u>400</u>

The 'A' ordinary, 'B' ordinary, 'C' ordinary, 'D' ordinary shares and the redeemable ordinary shares all rank pari 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

Finally, all remaining assets will be distributed pari 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

## 12 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 July 2010	297,650
Profit for the year	337,512
Dividends paid	(330,000)
Balance at 30 June 2011	<u>305,162</u>

## 13 Reconciliation of movements in shareholders' funds

	2011	2010
	£	£
Profit for the financial year	337,512	294,025
Dividends	(330,000)	(690,000)
Net addition to/(depletion in) shareholders' funds	<u>7,512</u>	<u>(395,975)</u>
Opening shareholders' funds	298,050	694,025
Closing shareholders' funds	<u>305,562</u>	<u>298,050</u>



# ACADEMY FILMS LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2011

### 14 Financial commitments

At 30 June 2011 the company was committed to making the following payments under non-cancellable operating leases in the year to 30 June 2012

	Land and buildings	
	2011	2010
	£	£
Operating leases which expire Between two and five years	135,000	135,000

### 15 Directors' remuneration

	2011	2010
	£	£
Remuneration for qualifying services	675,000	675,000

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

Remuneration for qualifying services	575,000	575,000
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### 16 Employees

#### Number of employees

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

	2011	2010
	Number	Number
Management	5	4
Production	15	12
	20	16

#### Employment costs

	2011	2010
	£	£
Wages and salaries	1,313,044	1,273,732
Social security costs	174,645	157,504
	1,487,689	1,431,236

# ACADEMY FILMS LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2011

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### 17 Control

The ultimate controlling party is E J Gower

### 18 Related party transactions

During the normal course of business, the company purchased services of nil (2010 - Nil) and sold services of £157,089 (2010 - £175,986) to Academy Videos Limited, its wholly owned subsidiary. As at the balance sheet date, £91,654 (2010 - £79,143) was owed to the company by Academy Videos Limited.

During the year a dividend of £154,000 (2010 - £311,000) was paid to E Gower, and £110,000 (2010 - £230,000) was paid to J Glazer, the directors of the company.

### 19 Related party relationships and transactions

During the normal course of business, the company purchased services of nil (2010 - Nil) and sold services of £157,089 (2010 - £175,986) to Academy Videos Limited, its wholly owned subsidiary. As at the balance sheet date, £91,654 (2010 - £79,143) was owed to the company by Academy Videos Limited.

During the year a dividend of £154,000 (2010 - £311,000) was paid to E Gower, and £110,000 (2010 - £230,000) was paid to J Glazer, the directors of the company.