

Company Registration No. 05860629 (England And Wales)

**ACADEMY FILMS LIMITED**

**Abbreviated Accounts**

**For the year ended 30 June 2010**



# ACADEMY FILMS LIMITED

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# ACADEMY FILMS LIMITED

## DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2010

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The directors present their report and financial statements for the year ended 30 June 2010

### 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 2009

J Glazer  
E J Gower

Charitable donations	2010 £	2009 £
During the year the company made the following payments		
Charitable donations	2,571	5,754

### 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 2010

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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



# ACADEMY FILMS LIMITED

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

We have examined the abbreviated accounts set out on pages 4 to 15, together with the financial statements of Academy Films Limited for the year ended 30 June 2010 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

7/12/10

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

141 Wardour Street  
London  
W1F 0UT

# ACADEMY FILMS LIMITED

## ABBREVIATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 2010

	Notes	2010 £	2009 £
<b>Turnover</b>		10,929,647	11,077,492
Other operating income less cost of sales		(8,671,247)	(8,299,536)
Administrative expenses		(1,849,961)	(1,834,906)
<b>Operating profit</b>	<b>2</b>	408,439	943,050
Other interest receivable and similar income		1,464	42,143
<b>Profit on ordinary activities before taxation</b>		409,903	985,193
Tax on profit on ordinary activities	<b>4</b>	(115,878)	(285,522)
<b>Profit for the year</b>	<b>12</b>	294,025	699,671

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

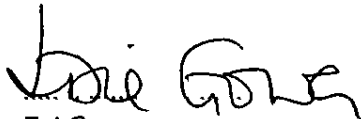
# ACADEMY FILMS LIMITED

## ABBREVIATED BALANCE SHEET AS AT 30 JUNE 2010

	Notes	2010		2009	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	6		12,706		17,677
Investments	7		100		100
			<u>12,806</u>		<u>17,777</u>
<b>Current assets</b>					
Stocks	8	8,093		24,570	
Debtors	9	1,363,451		1,633,486	
Cash at bank and in hand		569,606		1,661,873	
		<u>1,941,150</u>		<u>3,319,929</u>	
<b>Creditors: amounts falling due within one year</b>	10	<u>(1,655,906)</u>		<u>(2,643,681)</u>	
<b>Net current assets</b>			<u>285,244</u>		<u>676,248</u>
<b>Total assets less current liabilities</b>			<u>298,050</u>		<u>694,025</u>
<b>Capital and reserves</b>					
Called up share capital	11		400		400
Profit and loss account	12		297,650		693,625
<b>Shareholders' funds</b>	13		<u>298,050</u>		<u>694,025</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 7/12/10



E J Gower  
Director

Company Registration No 05860629

# ACADEMY FILMS LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2010

	£	2010 £	£	2009 £
<b>Net cash (outflow)/inflow from operating activities</b>		(111,491)		1,129,416
<b>Returns on investments and servicing of finance</b>				
Interest received	1,464		42,143	
<b>Net cash inflow for returns on investments and servicing of finance</b>		1,464		42,143
<b>Taxation</b>		(285,392)		(207,677)
<b>Capital expenditure</b>				
Payments to acquire tangible assets	(7,607)		(9,313)	
Receipts from sales of tangible assets	759		339	
<b>Net cash outflow for capital expenditure</b>		(6,848)		(8,974)
<b>Equity dividends paid</b>		(690,000)		(444,000)
<b>Net cash (outflow)/inflow before management of liquid resources and financing</b>		(1,092,267)		510,908
<b>(Decrease)/increase in cash in the year</b>		(1,092,267)		510,908



# ACADEMY FILMS LIMITED

## NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2010

1 Reconciliation of operating profit to net cash (outflow)/inflow from operating activities	2010	2009
	£	£
Operating profit	408,439	943,050
Depreciation of tangible assets	11,819	23,935
Decrease in stocks	16,477	159,656
Decrease in debtors	270,035	1,321,523
Decrease in creditors within one year	(818,261)	(1,318,748)
<b>Net cash (outflow)/inflow from operating activities</b>	<b>(111,491)</b>	<b>1,129,416</b>

2 Analysis of net funds	1 July 2009	Cash flow	Other non-cash changes	30 June 2010
	£	£	£	£
Net cash				
Cash at bank and in hand	1,661,873	(1,092,267)	-	569,606
Bank deposits	-	-	-	-
<b>Net funds</b>	<b>1,661,873</b>	<b>(1,092,267)</b>	<b>-</b>	<b>569,606</b>

3 Reconciliation of net cash flow to movement in net funds	2010	2009
	£	£
(Decrease)/increase in cash in the year	(1,092,267)	510,908
<b>Movement in net funds in the year</b>	<b>(1,092,267)</b>	<b>510,908</b>
Opening net funds	1,661,873	1,150,965
<b>Closing net funds</b>	<b>569,606</b>	<b>1,661,873</b>

# ACADEMY FILMS LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2010

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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 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.

#### 1.10 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 2010

<b>2</b>	<b>Operating profit</b>	<b>2010</b>	<b>2009</b>
		£	£
	Operating profit is stated after charging		
	Depreciation of tangible assets	11,819	23,935
	Operating lease rentals	135,000	135,000
	Auditors' remuneration (including expenses and benefits in kind)	13,500	13,500
	and after crediting		
	Profit on foreign exchange transactions	(16,752)	(77,941)
		<u>          </u>	<u>          </u>
<b>3</b>	<b>Investment income</b>	<b>2010</b>	<b>2009</b>
		£	£
	Bank interest	1,464	42,143
		<u>          </u>	<u>          </u>
		1,464	42,143
		<u>          </u>	<u>          </u>
<b>4</b>	<b>Taxation</b>	<b>2010</b>	<b>2009</b>
		£	£
	<b>Domestic current year tax</b>		
	U K corporation tax	116,008	285,522
	Adjustment for prior years	(130)	-
		<u>          </u>	<u>          </u>
	<b>Current tax charge</b>	<b>115,878</b>	<b>285,522</b>
		<u>          </u>	<u>          </u>
	<b>Factors affecting the tax charge for the year</b>		
	Profit on ordinary activities before taxation	409,903	985,193
		<u>          </u>	<u>          </u>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 28.00% (2009 - 28.00%)	114,773	275,854
		<u>          </u>	<u>          </u>
	Effects of		
	Non deductible expenses	6,749	7,082
	Depreciation add back	3,309	6,702
	Capital allowances	(3,294)	(4,116)
	Adjustments to previous periods	(130)	-
	Marginal rate relief	(5,529)	-
		<u>          </u>	<u>          </u>
		1,105	9,668
		<u>          </u>	<u>          </u>
	<b>Current tax charge</b>	<b>115,878</b>	<b>285,522</b>
		<u>          </u>	<u>          </u>

# ACADEMY FILMS LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2010

5 Dividends	2010 £	2009 £
Ordinary interim paid	690,000	444,000

6 Tangible fixed assets	Plant and machinery £	Fixtures, fittings & equipment £	Total £
<b>Cost</b>			
At 1 July 2009	51,237	17,652	68,889
Additions	2,218	5,389	7,607
Disposals	(1,214)	-	(1,214)
At 30 June 2010	52,241	23,041	75,282
<b>Depreciation</b>			
At 1 July 2009	41,400	9,812	51,212
On disposals	(455)	-	(455)
Charge for the year	7,211	4,608	11,819
At 30 June 2010	48,156	14,420	62,576
<b>Net book value</b>			
At 30 June 2010	4,085	8,621	12,706
At 30 June 2009	9,837	7,840	17,677

# ACADEMY FILMS LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2010

### 7 Fixed asset investments

	Shares in subsidiary undertakings £
<b>Cost</b>	
At 1 July 2009 & at 30 June 2010	100
<b>Net book value</b>	
At 30 June 2010	100
At 30 June 2009	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	Class	Shares held %
<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

		Capital and reserves 2010 £	Profit/(loss) for the year 2010 £
	<b>Principal activity</b>		
Academy Videos Limited	Music Video production	36,170	14,235

### 8 Work in progress

	2010 £	2009 £
Work in progress	8,093	24,570

# ACADEMY FILMS LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2010

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<b>9 Debtors</b>	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
Trade debtors	926,160	1,115,533
Amounts owed by parent and fellow subsidiary undertakings	79,143	198,369
Other debtors	102,749	77,239
Accrued income	165,147	122,614
Prepayments	90,252	119,731
	<u>1,363,451</u>	<u>1,633,486</u>

<b>10 Creditors: amounts falling due within one year</b>	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
Trade creditors	572,463	265,542
Corporation tax	116,008	285,522
Other taxes and social security costs	174,265	577,563
Directors' current accounts	-	412,500
Other creditors	209,256	217,367
Accruals and deferred income	583,914	885,187
	<u>1,655,906</u>	<u>2,643,681</u>

Included in other creditors is amount of £200,000 (2009 - £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 2010

11 Share capital	2010	2009
	£	£
<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 2009	693,625
Profit for the year	294,025
Dividends paid	(690,000)
Balance at 30 June 2010	<u>297,650</u>

## 13 Reconciliation of movements in shareholders' funds

	2010	2009
	£	£
Profit for the financial year	294,025	699,671
Dividends	(690,000)	(444,000)
Net (depletion in)/addition to shareholders' funds	<u>(395,975)</u>	<u>255,671</u>
Opening shareholders' funds	694,025	438,354
Closing shareholders' funds	<u>298,050</u>	<u>694,025</u>

# ACADEMY FILMS LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2010

### 14 Financial commitments

At 30 June 2010 the company was committed to making the following payments under non-cancellable operating leases in the year to 30 June 2011

	<b>Land and buildings</b>	
	<b>2010</b>	<b>2009</b>
	£	£
Operating leases which expire Between two and five years	135,000	135,000
	<u>135,000</u>	<u>135,000</u>

### 15 Directors' remuneration

	<b>2010</b>	<b>2009</b>
	£	£
Remuneration for qualifying services	675,000	590,000
	<u>675,000</u>	<u>590,000</u>

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

Remuneration for qualifying services	575,000	490,000
	<u>575,000</u>	<u>490,000</u>

### 16 Employees

#### Number of employees

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

	<b>2010</b>	<b>2009</b>
	Number	Number
Management	4	4
Production	12	12
	<u>16</u>	<u>16</u>

#### Employment costs

	<b>2010</b>	<b>2009</b>
	£	£
Wages and salaries	1,273,732	1,322,269
Social security costs	157,504	152,830
	<u>1,431,236</u>	<u>1,475,099</u>



# ACADEMY FILMS LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2010

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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 (2009 - Nil) and sold services of £175,986 (2009 - £242,307) to Academy Videos Limited, its wholly owned subsidiary. As at the balance sheet date, £79,143 (2009 - £198,369) was owed to the company by Academy Videos Limited.

During the year a dividend of £311,000 (2009 - £148,000) was paid to E Gower, and £230,000 (2009 - £148,000) 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 (2009 - Nil) and sold services of £175,986 (2009 - £242,307) to Academy Videos Limited, its wholly owned subsidiary. As at the balance sheet date, £79,143 (2009 - £198,369) was owed to the company by Academy Videos Limited.

During the year a dividend of £311,000 (2009 - £148,000) was paid to E Gower, and £230,000 (2009 - £148,000) was paid to J Glazer, the directors of the company.