

Academy Films Limited

Annual Report and Financial Statements

For the year ended 30 June 2017



Academy Films Limited

Company Information

Directors	J Glazer E J Gower
Secretary	E J Gower
Company number	05860629
Registered office	Kingston Smith LLP Charlotte Building 17 Gresse Street London W1T 1QL
Auditors	Kingston Smith LLP Charlotte Building 17 Gresse Street London W1T 1QL

Academy Films Limited

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Academy Films Limited

Strategic Report

For the year ended 30 June 2017

The directors present the strategic report and financial statements for the year ended 30 June 2017.

Fair review of the business

The directors are pleased to report that in year ended 30 June 2017 the business had another successful year, securing a number of large contracts, coupled with continued strong working capital management.

The company results are in line with expectations with turnover increasing from £20.5m to £24.1m and a profit for the year of £3.0m (2016: £2.5m).

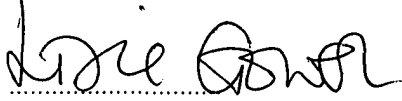
Principal risks and uncertainties

Looking forward the main risks and uncertainties to the business are financial pressures on clients and advertising agencies, the outlook of the economy with the government austerity measures and inflation. As ever the directors recognise the importance of these issues and will continue to manage the business accordingly.

Development and performance

At the end of the financial year the directors feel the company is well placed to meet these challenges, underpinned by a strong balance sheet including net assets of over £3.0m (2016: £1.6m) and cash balances of over £3.8m (2016: £2.0m).

On behalf of the board



E J Gower
Director

Date: 26/03/18

Academy Films Limited

Directors' Report

For the year ended 30 June 2017

The directors present their annual report and financial statements for the year ended 30 June 2017.

Principal activities

The principal activity of the company continued to be that of the production of television commercials.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

J Glazer
E J Gower

Results and dividends

The results for the year are set out on page 7.

Ordinary dividends were paid amounting to £1,544,200 (2016: £2,750,000). The directors do not recommend payment of a final dividend (2016: £nil).

No preference dividends were paid. The directors do not recommend payment of a final dividend (2016: £nil).

Future developments

The company expects the market to be challenging, but is confident that trading will continue to be profitable in the forthcoming year.

Auditors

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

Statement of directors' responsibilities

The directors are responsible for preparing the Annual 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.

Academy Films Limited

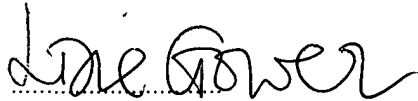
Directors' Report (Continued)

For the year ended 30 June 2017

Statement of disclosure to auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors individually 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

Date: 26/03/18

Academy Films Limited

Independent Auditors' Report

To the Members of Academy Films Limited

Opinion

We have audited the financial statements of Academy Films Limited for the year ended 30 June 2017 which comprise the Statement of Comprehensive Income, the Statement of Financial Position and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard Applicable in the UK and Ireland (United Kingdom Generally Accepted Accounting Practice)'.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2017 and of its profit for the then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs(UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate;
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Academy Films Limited

Independent Auditors' Report (Continued)

To the Members of Academy Films Limited

Scope of the audit of the financial statements

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions of other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements;
- the directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are prescribed to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report and from the requirement to prepare a strategic report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Academy Films Limited

Independent Auditors' Report (Continued)

To the Members of Academy Films Limited

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. The description forms part of our Auditors' Report.

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's or the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group or the parent company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Peter Smithson (Senior Statutory Auditor)
for and on behalf of Kingston Smith LLP

26/03/18

Chartered Accountants
Statutory Auditor

Charlotte Building
17 Gresse Street
London
W1T 1QL

Academy Films Limited

Statement of Income and Retained Earnings For the year ended 30 June 2017

	Notes	2017 £	2016 £
Turnover	3	24,087,986	20,486,167
Cost of sales		(18,231,194)	(15,326,011)
Gross profit		5,856,792	5,160,156
Administrative expenses		(2,125,262)	(1,973,972)
Operating profit	4	3,731,530	3,186,184
Interest receivable and similar income	7	3,325	11,873
Interest payable and similar charges	8	-	(3,759)
Profit before taxation		3,734,855	3,194,298
Taxation	9	(741,812)	(646,785)
Profit and total comprehensive income for the financial year		2,993,043	2,547,513
Total comprehensive income for the year		2,993,043	2,547,513
Retained earnings at 1 July 2016		1,570,156	1,772,643
Dividends		(1,544,200)	(2,750,000)
Retained earnings at 30 June 2017		<u>3,018,999</u>	<u>1,570,156</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.

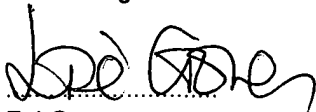
Academy Films Limited

Balance Sheet

As at 30 June 2017

	Notes	2017 £	£	2016 £	£
Fixed assets					
Tangible assets	11		25,999		33,933
Current assets					
Work in progress	13	43,182		220,420	
Debtors	14	3,885,802		3,736,097	
Cash at bank and in hand		3,765,867		2,002,597	
		<u>7,694,851</u>		<u>5,959,114</u>	
Creditors: amounts falling due within one year	15	<u>(4,701,451)</u>		<u>(4,422,491)</u>	
Net current assets			2,993,400		1,536,623
Total assets less current liabilities			<u>3,019,399</u>		<u>1,570,556</u>
Capital and reserves					
Called up share capital	17		400		400
Profit and loss reserves			3,018,999		1,570,156
Total equity			<u>3,019,399</u>		<u>1,570,556</u>

The financial statements were approved by the board of directors and authorised for issue on 26/03/18 and are signed on its behalf by:



E J Gower
Director

Company Registration No. 05860629

Academy Films Limited

Statement of Cash Flows

For the year ended 30 June 2017

	Notes	2017 £	£	2016 £	£
Cash flows from operating activities					
Cash generated from operations	22	4,544,562		1,881,538	
Interest paid		-		(3,759)	
Income taxes paid		(785,000)		(762,113)	
Net cash inflow from operating activities		3,759,562		1,115,666	
Investing activities					
Purchase of tangible fixed assets		(13,523)		(4,738)	
Interest received		3,325		11,873	
Net cash (used in)/generated from investing activities		(10,198)		7,135	
Financing activities					
Repayment of borrowings		(441,894)		-	
Dividends paid		(1,544,200)		(2,750,000)	
Net cash used in financing activities		(1,986,094)		(2,750,000)	
Net increase/(decrease) in cash and cash equivalents		1,763,270		(1,627,199)	
Cash and cash equivalents at beginning of year		2,002,597		3,629,796	
Cash and cash equivalents at end of year		3,765,867		2,002,597	

Academy Films Limited

Notes to the Financial Statements

For the year ended 30 June 2017

1 Accounting policies

Company information

Academy Films Limited is a company limited by shares incorporated in England and Wales. The registered office is Charlotte Building, 17 Gresse Street, London, W1T 1QL.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest pound.

The financial statements have been prepared on the historical cost convention, modified to include certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Plant and machinery	33.33% straight line
Fixtures, fittings & equipment	20% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

Academy Films Limited

Notes to the Financial Statements (Continued)

For the year ended 30 June 2017

1 Accounting policies **(Continued)**

1.5 Impairment of fixed assets

At each reporting end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried in at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.6 Work in progress

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

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of work in progress over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.7 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.8 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Academy Films Limited

Notes to the Financial Statements (Continued)

For the year ended 30 June 2017

1 Accounting policies

(Continued)

Basic financial assets

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

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

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

Academy Films Limited

Notes to the Financial Statements (Continued)

For the year ended 30 June 2017

1 Accounting policies (Continued)

1.9 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.10 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.11 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.12 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

Academy Films Limited

Notes to the Financial Statements (Continued)

For the year ended 30 June 2017

1 Accounting policies

(Continued)

1.13 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Revenue recognition

Revenue from contracts is assessed on an individual basis with revenue earned being ascertained based on the stage of completion of the contract which is estimated using a combination of the milestones in the contract and the time spent to date compared to the total time expected to be required to undertake the contract. Estimates of the total time required to undertake the contracts are made on a regular basis and subject to management review. These estimates may differ from the actual results due to a variety of factors such as efficiency of working, accuracy of assessment of progress to date and client decision making.

Trade debtors recoverability

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience.

Academy Films Limited

Notes to the Financial Statements (Continued)

For the year ended 30 June 2017

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2017 £	2016 £
Turnover		
Production of television commercials	24,087,986	20,486,167
	<u>24,087,986</u>	<u>20,486,167</u>
Other significant revenue		
Interest income	3,325	11,873
	<u>3,325</u>	<u>11,873</u>

Turnover analysed by geographical market

	2017 £	2016 £
UK	13,205,996	15,402,647
Europe and USA	8,818,327	5,083,520
Other	2,063,663	-
	<u>24,087,986</u>	<u>20,486,167</u>

4 Operating profit

	2017 £	2016 £
Operating profit for the year is stated after charging/(crediting):		
Foreign exchange rate gains	26,424	(33,140)
Fees payable to the company's auditors for the audit of the company's financial statements	16,450	17,100
Depreciation of owned tangible fixed assets	21,457	11,538
Operating lease charges	284,559	232,940
	<u>284,559</u>	<u>232,940</u>

5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2017 Number	2016 Number
Management	5	5
Production	16	16
	<u>21</u>	<u>21</u>

Academy Films Limited

Notes to the Financial Statements (Continued)

For the year ended 30 June 2017

5 Employees (Continued)

Their aggregate remuneration comprised:

	2017 £	2016 £
Wages and salaries	1,326,648	1,279,950
Social security costs	156,788	148,884
	<u>1,483,436</u>	<u>1,428,834</u>

6 Directors' remuneration

	2017 £	2016 £
Remuneration for qualifying services	275,000	283,616

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

Remuneration for qualifying services	<u>180,972</u>	<u>181,503</u>
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7 Interest receivable and similar income

	2017 £	2016 £
Interest income		
Interest on bank deposits	<u>3,325</u>	<u>11,873</u>

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	<u>3,325</u>	<u>11,873</u>
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8 Interest payable and similar charges

	2017 £	2016 £
Interest on financial liabilities measured at amortised cost:		
Other interest	<u>-</u>	<u>3,759</u>

Academy Films Limited

Notes to the Financial Statements (Continued)

For the year ended 30 June 2017

9 Taxation

	2017 £	2016 £
Current tax		
UK corporation tax on profits for the current period	741,812	646,785

The charge for the year can be reconciled to the profit per the profit and loss account as follows:

	2017 £	2016 £
Profit before taxation	3,734,855	3,194,298
<i>Expected tax charge based on the standard rate of corporation tax in the UK of 19.75% (2016: 20.00%)</i>	737,659	638,860
Tax effect of expenses that are not deductible in determining taxable profit	2,736	6,752
Other non-reversing timing differences	1,417	1,173
Tax charge for the year	741,812	646,785

10 Dividends

	2017 £	2016 £
Ordinary interim dividend for the current year	1,544,200	1,000,000
Ordinary final dividend for the prior year	-	1,750,000
	1,544,200	2,750,000

Academy Films Limited

Notes to the Financial Statements (Continued)

For the year ended 30 June 2017

11 Tangible fixed assets

	Plant and machinery	Fixtures, fittings & equipment	Total
	£	£	£
Cost			
At 1 July 2016	30,521	84,085	114,606
Additions	3,813	9,710	13,523
Disposals	-	(7,670)	(7,670)
At 30 June 2017	<u>34,334</u>	<u>86,125</u>	<u>120,459</u>
Depreciation and impairment			
At 1 July 2016	25,580	55,093	80,673
Depreciation charged in the year	3,552	17,905	21,457
Eliminated in respect of disposals	-	(7,670)	(7,670)
At 30 June 2017	<u>29,132</u>	<u>65,328</u>	<u>94,460</u>
Carrying amount			
At 30 June 2017	<u>5,202</u>	<u>20,797</u>	<u>25,999</u>
At 30 June 2016	<u>4,941</u>	<u>28,992</u>	<u>33,933</u>

12 Financial instruments

	2017	2016
	£	£
Carrying amount of financial assets		
Debt instruments measured at amortised cost	<u>2,613,652</u>	<u>3,582,144</u>
Carrying amount of financial liabilities		
Measured at amortised cost	<u>2,631,425</u>	<u>2,308,981</u>

13 Work in progress

	2017	2016
	£	£
Work in progress	<u>43,182</u>	<u>220,420</u>

Academy Films Limited

Notes to the Financial Statements (Continued)

For the year ended 30 June 2017

14 Debtors

	2017	2016
	£	£
Amounts falling due within one year:		
Trade debtors	2,547,206	2,199,241
Other debtors	209,850	84,840
Prepayments and accrued income	1,128,746	1,452,016
	<u>3,885,802</u>	<u>3,736,097</u>

15 Creditors: amounts falling due within one year

	Notes	2017	2016
		£	£
Loans and overdrafts	16	200,000	200,000
Trade creditors		929,442	729,593
Corporation tax		403,597	446,785
Other taxation and social security		267,846	440,108
Other creditors		234,847	594,287
Accruals and deferred income		2,665,719	2,011,718
		<u>4,701,451</u>	<u>4,422,491</u>

16 Loans and overdrafts

	2017	2016
	£	£
Redeemable preference shares payable within one year	<u>200,000</u>	<u>200,000</u>

The rights of the redeemable preference shares are included in note 17.

Academy Films Limited

Notes to the Financial Statements (Continued)

For the year ended 30 June 2017

17 Share capital

	2017 £	2016 £
Ordinary share capital		
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
	<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.

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.

18 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2017 £	2016 £
Within one year	184,600	184,600
Between two and five years	492,267	676,867
	<u>676,867</u>	<u>861,467</u>

19 Events after the reporting date

After the year end, dividends of £2,972,824 were declared.

Academy Films Limited

Notes to the Financial Statements (Continued)

For the year ended 30 June 2017

20 Related party transactions

During the year a dividend of £747,534 (2016: £1,442,716) was paid to E J Gower, a director and shareholder of the company. A dividend of £453,226 (2016: £679,784) was paid to J Glazer, a director and shareholder of the company. A dividend of £343,440 (2016: £550,000) was paid to S Cooper, a shareholder of the company.

At the balance sheet date £250,348 (2016: £496,145) was owed to E J Gower, £16,044 (2016: £98,083 owed to) was owed by J Glazer and £nil (2016: £14,722) was owed by S Cooper.

No guarantees have been given or received.

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2017 £	2016 £
Aggregate compensation	609,830	604,449

21 Controlling party

The ultimate controlling party is E J Gower by virtue of her shareholding.

22 Cash generated from operations

	2017 £	2016 £
Profit for the year after tax	2,993,043	2,547,513
Adjustments for:		
Taxation charged	741,812	646,785
Finance costs	-	3,759
Investment income	(3,325)	(11,873)
Operating profit	3,731,530	3,186,184
Depreciation and impairment of tangible fixed assets	21,457	11,538
Movements in working capital:		
Decrease/(increase) in work in progress	177,238	(197,331)
Increase in debtors	(324,242)	(2,230,287)
Increase in creditors	938,579	1,111,434
Cash generated from operations	4,544,562	1,881,538