Financial Statements

Icon Films Limited

For the Year Ended 31 March 2017

Registered number: 03081973

Company Information

Directors	L P Marshall P H Marshall
Company secretary	L P Marshall
Registered number	03081973
Registered office	3rd Floor College House College Green Bristol BS1 5SP

Contents

Strategic Report
For the Year Ended 31 March 2017

Introduction

The principal activity of Icon Films Limited continued to be that of a media production company.

Business review

Icon Films Limited is an internationally established production company creating a broad range of factual content. It is an independent production company with traditional values and innovative ideas.

The Company specialises in factual television for the UK and US market, where possible retaining the rights to sell the TV shows to the rest of the world. The Company continues to earn revenue from ancillary commercial activities including sales of merchandise and books related to productions.

On a geographical basis 17% of the company's turnover over the 12 months to March 2017 was generated from the United Kingdom (down from 28% last year) while 83% was sourced from the rest of the world (72% in the prior year).

As a regional production company, Icon Films can take advantage of the out of London quotas required of certain terrestrial broadcasters.

Principal risks and uncertainties

1. The market and competition

The TV production sector is dominated by large broadcaster-producers such as ITV, BBC Studios and the US equivalents and by comparison Icon Films is a small player in the market. The company operates in a highly competitive market and faces competition from both large and small organisations.

A failure to develop the company's proposition in line with changing market dynamics could impact on its competitive position. The company must continue to produce compelling content in a changing market place.

In order to mitigate this risk, the company invests a significant amount of its resources on the development of new programming ideas. These are influenced by changing consumer tastes and are pitched to broadcasters on a regular basis. The company also invests time and resources into innovative use of technology in both production and post production techniques and workflows. The company carefully stewards its major brands.

Strategic Report (continued)
For the Year Ended 31 March 2017

2. People

People are crucial to the company's ability to meet the needs of its customers and achieve its objectives.

It is vital that the company attracts and retains suitable talent. Failure to do so will restrict the company's ability to meet its business goals. Having attracted the talent the company invests in their development through training.

Huge consideration goes into making Icon Films a great place to work. The company champions diversity and inclusion offering a number of different opportunities through work experience and apprenticeship schemes working with local schools, HE and FE organisations to reach different communities.

Icon Films was successful in achieving the status of one of the top 20 companies in the Broadcast Best Places to Work in TV survey for 2017, as a direct result of staff feedback and comments. The company has taken part in the 2018 survey and is awaiting results (to be confirmed towards the end of 2017).

In 2017 Icon Films was successfully re-accredited with the Bristol Wellbeing Charter. This was in recognition of Icon Films' progression to the higher level of the Charter in all areas and Icon Films' commitment to the wellbeing of all the people it works with.

3. Foreign currency exposure

A financial risk is the company's exposure to fluctuations in the US dollar rate as there were a significant number of productions contracted in US dollars during the financial year.

In order to mitigate this risk, the company entered into a number of forward contracts to sell dollars at fixed rates at a future date.

4. Content funding

A further risk to the television sector as a whole is the changing landscape of content funding – including the strengthening of the SVOD market encroaching on the traditional broadcast platforms with their funding models protected by the OFCOM Terms of Trade.

The Directors mitigate this risk to the company by ensuring that there is constant engagement with a broad range of national and international customers across all revenue streams ensuring a broad spectrum of financing for their activities.

Strategic Report (continued)

For the Year Ended 31 March 2017

Key performance indicators

The directors use a range of financial and non-financial performance indicators to monitor and manage the Company's overall performance against operating plans, financial budgets and forecasts to ensure focus is maintained on the key priorities and strategic objectives of the Company.

The relative focus of these key performance indicators may vary from period to period, with the following considered to be relevant for the year ended 31 March 2017:

- Growth in revenues: 29.7% (2016: 9.3%)
- Gross profit margin: 38.98% (2016: 29.6%)
- Operating profit margin: 12.4% (2016: 3.5%)
- Cash and cash equivalents: £1.596m (2016: £1.298m)
- Current liquidity ratio: 1.62 (2016: 1.03)

Extra non-financial key performance indicators may also vary from period to period, and the following were considered to be relevant for the year ended 31 March 2017:

- In February 2017, the company was named as one of the top twenty places to work in Television in the UK as a result of carrying out a survey of employees for Broadcast magazine. The company carries out this survey on annual basis to measure employee satisfaction.
- The company is regularly nominated and short-listed for various media industry awards and this is considered to be an ongoing measure of the quality of programmes produced.
- The company views the effectiveness of forecasting new business through its internal sales pipeline as a measure of security and continued success. As at 31 March 2017, this pipeline was considered to be in line with expectations.
- The company undertakes pro bono work for various charities and the ability and capacity to do this is considered to be a measure of corporate good health.

This report was approved by the board and signed on its behalf.

L P Marshall Laura Marshall
Director

Date: 16th November 2017

Directors' Report
For the Year Ended 31 March 2017

The directors present their report and the financial statements for the year ended 31 March 2017.

Results and dividends

The profit for the year, after taxation, amounted to £1,063,264 (2016 - £230,008).

During the year a dividend of £238,495 was declared and paid (2016 - £299,090).

Directors

The directors who served during the year were:

L P Marshall
P H Marshall

Charitable donations

During the year, the company made charitable donations of £4,751 (2016 - £3,618).

Directors' responsibilities statement

The directors are responsible for preparing the Strategic report, 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Company's financial statements and then apply them consistently;
- make judgments 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 to 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.

Future developments

The Company is expanding, and recruiting senior personnel. It is opening a London office in the New Year.

Directors' Report (continued)
For the Year Ended 31 March 2017

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Post balance sheet events

There have been no significant events affecting the Company since the year end.

Auditor

The directors have appointed Grant Thornton UK LLP as auditor of the Company to fill the casual vacancy as auditor under section 485 of the Companies Act 2006.

A resolution to appoint Grant Thornton UK LLP as auditors for the ensuing year will be proposed at the Annual General Meeting.

This report was approved by the board and signed on its behalf.

L P Marshall Lynn Marshall
Director

Date: 16th November 2017

Grant Thornton

Independent Auditor's Report to the Members of Icon Films Limited

We have audited the financial statements of Icon Films Limited for the year ended 31 March 2017, which comprise the Statement of comprehensive income, Statement of financial position, the Statement of cash flows, the Statement of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is the applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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

As explained more fully in the Directors' responsibilities statement on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC Ethical Standards website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Grant Thornton

Independent Auditor's Report to the Members of Icon Films Limited (continued)

Opinion on 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 Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with those financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report under the Companies Act 2006

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 Strategic report and the Directors' report.

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.

Grant Thornton UK LLP

Nicholas Page (Senior statutory auditor)
for and on behalf of
Grant Thornton UK LLP
Chartered Accountants
Statutory Auditor
London
Date: 16/11/17

Statement of Comprehensive Income
For the Year Ended 31 March 2017

	Note	2017 £	2016 £
Turnover	4	**11,014,602**	8,490,192
Cost of sales		**(6,721,227)**	(5,976,344)
Gross profit		**4,293,375**	2,513,848
Administrative expenses		**(2,929,941)**	(2,218,055)
Operating profit	5	**1,363,434**	295,793
Interest payable and similar charges	8	**(20,308)**	(17,732)
Profit before tax		**1,343,126**	278,061
Tax on profit	9	**(279,862)**	(48,053)
Profit for the financial year		**1,063,264**	230,008

There were no recognised gains and losses for 2017 or 2016 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2017 (2016:£NIL).

The notes on pages 12 to 26 form part of these financial statements.

Statement of Financial Position
As at 31 March 2017

	Note		2017 £		2016 £
Fixed assets					
Tangible assets	11		**299,830**		615,691
			299,830		615,691
Current assets					
Debtors: amounts falling due within one year	12	**1,354,418**		1,581,287	
Cash at bank and in hand	13	**1,595,955**		1,298,015	
		2,950,373		2,879,302	
Creditors: amounts falling due within one year	14	**(1,821,079)**		(2,775,778)	
Net current assets			**1,129,294**		103,524
Total assets less current liabilities			**1,429,124**		719,215
Creditors: amounts falling due after more than one year	15		-		(61,296)
Provisions for liabilities					
Deferred tax	18	**(29,111)**		(82,675)	
Other provisions	19	**(105,000)**		(105,000)	
			(134,111)		(187,675)
Net assets			**1,295,013**		470,244
Capital and reserves					
Called up share capital	20		**100**		100
Retained earnings	21		**1,294,913**		470,144
			1,295,013		470,244

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

Louise Marshall

L P Marshall
Director

Date: 16th November 2017.

The notes on pages 12 to 26 form part of these financial statements.

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

	Share capital	Retained earnings	Total equity
	£	£	£
At 1 April 2016	100	470,144	470,244
Comprehensive income for the year			
Profit for the year	-	1,063,264	1,063,264
Total comprehensive income for the year	-	1,063,264	1,063,264
Dividends	-	(238,495)	(238,495)
Total transactions with owners	-	(238,495)	(238,495)
At 31 March 2017	100	1,294,913	1,295,013

Statement of Changes in Equity
For the Year Ended 31 March 2016

	Share capital	Retained earnings	Total equity
	£	£	£
At 1 April 2015	100	539,226	539,326
Comprehensive income for the year			
Profit for the year	-	230,008	230,008
Total comprehensive income for the year	-	230,008	230,008
Dividends	-	(299,090)	(299,090)
Total transactions with owners	-	(299,090)	(299,090)
At 31 March 2016	100	470,144	470,244

The notes on pages 12 to 26 form part of these financial statements.

Statement of Cash Flows
For the Year Ended 31 March 2017

	2017 £	2016 £
Cash flows from operating activities		
Profit for the financial year	**1,063,264**	230,008
Adjustments for:		
Depreciation of tangible assets	**436,270**	157,802
Loss on disposal of tangible assets	-	253
Interest paid	**20,302**	168
Taxation charge	**279,862**	44,099
Decrease/(increase) in debtors	**226,869**	(19,496)
(Decrease)/increase in creditors	**(1,151,232)**	159,106
Increase in provisions	-	105,596
Corporation tax (paid)	**(77,584)**	(101,102)
Net cash generated from operating activities	**797,751**	576,434
Cash flows from investing activities		
Purchase of tangible fixed assets	**(120,409)**	(134,175)
Sale of tangible fixed assets	-	527
HP interest paid	**(20,308)**	(20,922)
Net cash from investing activities	**(140,717)**	(154,570)
Cash flows from financing activities		
Repayment of loans	-	(18,000)
Repayment of finance leases	**(68,602)**	(78,251)
Dividends paid	**(238,495)**	(299,090)
Interest paid	**6**	(168)
Net cash used in financing activities	**(307,091)**	(395,509)
Net increase in cash and cash equivalents	**349,943**	26,355
Cash and cash equivalents at beginning of year	**1,246,012**	1,219,657
Cash and cash equivalents at the end of year	**1,595,955**	1,246,012
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	**1,595,955**	1,298,015
Bank overdrafts	-	(52,003)
	1,595,955	1,246,012

Notes to the Financial Statements

For the Year Ended 31 March 2017

1. General information

Icon Films Limited is a private limited company incorporated in the United Kingdom. The registered office is 3rd Floor College House, College Green, Bristol, BS1 5SP.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The financial statements are presented in Sterling (£).

The following principal accounting policies have been applied:

2.2 Going concern

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Business Review which forms part of the directors' report.

Based on current and forecast performance, the directors fully expect there to continue to be sufficient cash headroom for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the annual financial statements.

2.3 Turnover

Turnover comprises amounts receivable by the company in respect of television production, distribution income and royalty income, exclusive of Value Added Tax and trade discounts.

Amounts receivable for work carried out in producing television programmes is recognised on the basis of the value of costs incurred related to the production activity. Gross profit on production activity is recognised based upon the stage of completion of the production and in accordance with the underlying contract. Overspends are recognised as soon as they arise and underspends are recognised on completion of the production.

Amounts receivable for distribution income is recognised when receivable.

Amounts receivable for royalty income is recognised when receivable, which is when the company has been notifed of sums due to it.

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

2. Accounting policies (continued)

2.4 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimation of the useful economic life has been changed from a reducing balance basis in the prior year to straight line basis. This has resulted in an increase in the depreciation expense by £277k and a similar reduction in net assets.

Depreciation is provided on the following basis:

Plant and machinery	- 33%
Motor vehicles	- 20%
Fixtures and fittings	- 20-33%
Short - term leashold improvements	- Over the life of the lease

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of comprehensive income.

2.5 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of comprehensive income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.6 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

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

2. Accounting policies (continued)

2.7 Amounts recoverable on contracts

Contracts are assessed on an individual basis and reflected in the Statement of comprehensive income by recording turnover and related costs as contract activity progresses. Turnover is ascertained in a manner appropriate to the stage of completion of the contract, and credit taken for profit earned to date when the outcome of the contract can be assessed with reasonable certainty.

The amount by which turnover exceeds payments on account is classified as "amounts recoverable on contracts" and included in debtors; to the extent that payments on account exceed relevant turnover, the excess is included as a creditor. Full provision is made for all losses on contracts in the period in which they are first foreseen.

2.8 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

2.9 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.10 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

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

2. Accounting policies (continued)

2.11 Financial instruments (continued)

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate. The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

2.12 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of comprehensive income within 'other operating income'.

2.13 Finance costs

Finance costs are charged to the Statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.14 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

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

2. Accounting policies (continued)

2.15 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

2.16 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

2.17 Borrowing costs

All borrowing costs are recognised in the Statement of comprehensive income in the year in which they are incurred.

2.18 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of comprehensive income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

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

2. Accounting policies (continued)

2.19 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of financial statements in conformity with generally accepted accounting practice requires management to make estimates and judgements that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the Statement of financial reporting date and the reported amounts of revenues and expenses during the reporting period.

Revenue and margin recognition

The Company's revenue recognition and margin recognition policies in respect of long term contracts, are central to the way in which the Company values the work it has carried out in each financial period. This policy requires forecasts to be made of the outcome of the contracts which require assessment and judgements to be made on the margin likely to be achieved, and hence the costs likely to be incurred.

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

4. Turnover

An analysis of turnover by class of business is as follows:

	2017	2016
	£	£
Television production	**10,188,330**	7,680,269
Royalty and Ancillary income	**826,272**	809,923
	11,014,602	8,490,192

Analysis of turnover by country of destination:

	2017	2016
	£	£
United Kingdom	**1,911,217**	2,360,089
Rest of the world	**9,103,385**	6,130,103
	11,014,602	8,490,192

5. Operating profit

The operating profit is stated after charging:

	2017	2016
	£	£
Research & development charged as an expense	**305,933**	298,986
Depreciation of tangible fixed assets	**436,270**	157,802
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	**19,000**	10,550
Fees payable to the Company's auditor and its associates for non-audit services	**6,500**	30,281
Exchange differences	**(242,837)**	(143,553)
Other operating lease rentals	**125,454**	100,405

Notes to the Financial Statements

For the Year Ended 31 March 2017

6. Employees

Staff costs, including directors' remuneration, were as follows:

	2017	2016
	£	£
Wages and salaries	**2,679,725**	2,496,008
Social security costs	**274,420**	231,360
Cost of defined contribution scheme	**167,507**	175,036
	3,121,652	2,902,404

The average monthly number of employees, including directors, during the year was 80 (2016 - 78).

7. Directors' remuneration

	2017	2016
	£	£
Directors' emoluments	**16,224**	16,224
Company contributions to defined contribution pension scheme	**63,048**	80,000
	79,272	96,224

During the year retirement benefits were accruing to 2 directors (2016: 2) in respect of defined contribution pension schemes.

Key management are those persons having authority and responsibility for planning, controlling and directing the activities of the company. Total compensation paid to key management personnel totalled £830,646 (2016: £780,621).

8. Interest payable and similar charges

	2017	2016
	£	£
Bank interest receivable	**-**	(3,190)
Finance leases and hire purchase contracts	**20,308**	20,922
	20,308	17,732

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

9. Taxation

	2017 £	2016 £
Corporation tax		
Current tax on profits for the year	**333,426**	60,528
Adjustments in respect of previous periods	-	(13,071)
Total current tax	**333,426**	47,457
Deferred tax		
Origination and reversal of timing differences	**(48,971)**	(2,333)
Changes to tax rates	**(4,593)**	(9,445)
Adjustments	-	12,374
Total deferred tax	**(53,564)**	596
Taxation on profit on ordinary activities	**279,862**	48,053

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2016 - lower than) the standard rate of corporation tax in the UK of 20% (2016 - 20%). The differences are explained below:

	2017 £	2016 £
Profit on ordinary activities before tax	**1,343,126**	278,061
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2016 - 20%)	**268,625**	55,612
Effects of:		
Expenses not deductible for tax purpose	**6,169**	8,418
Capital allowances for year in excess of depreciation	**1,020**	(13,071)
Adjustments to tax charge in respect of prior periods - deferred tax	**(5,137)**	12,374
Adjust closing deferred tax rate to average rate of 20%	**9,185**	(9,185)
Non-taxable income less expenses not deductible for tax purposes	-	(921)
Adjustment to brought forward values	-	(8,286)
Other differences leading to an increase/(decrease) in the tax charge	-	3,112
Total tax charge for the year	**279,862**	48,053

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

10. Dividends

	2017	2016
	£	£
Dividends paid	**238,495**	299,090

11. Tangible fixed assets

	Plant and machinery	Motor vehicles	Fixtures and fittings	Short-term leasehold improvements	Total
	£	£	£	£	£
Cost or valuation					
At 1 April 2016	**929,165**	**23,775**	**562,627**	**117,297**	**1,632,864**
Additions	**109,940**	**-**	**10,469**	**-**	**120,409**
At 31 March 2017	**1,039,105**	**23,775**	**573,096**	**117,297**	**1,753,273**
Depreciation					
At 1 April 2016	**660,205**	**9,613**	**303,863**	**43,492**	**1,017,173**
Charge for the year on owned assets	**206,028**	**4,334**	**214,178**	**11,730**	**436,270**
At 31 March 2017	**866,233**	**13,947**	**518,041**	**55,222**	**1,453,443**
Net book value					
At 31 March 2017	**172,872**	**9,828**	**55,055**	**62,075**	**299,830**
At 31 March 2016	268,960	14,162	258,764	73,805	615,691

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

	2017	2016
	£	£
Plant and machinery	**172,872**	103,721
Motor vehicles	**9,828**	9,944
Fixtures and fittings	**55,055**	114,196
Short-term leasehold improvements	**62,075**	73,388
	299,830	301,249

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

12. Debtors

	2017 £	2016 £
Trade debtors	**343,366**	523,495
Other debtors	**10,768**	13,276
Prepayments and accrued income	**888,202**	1,044,516
VAT recoverable	**112,082**	-
	1,354,418	1,581,287

13. Cash and cash equivalents

	2017 £	2016 £
Cash at bank and in hand	**1,595,955**	1,298,015
Less: bank overdrafts	-	(52,003)
	1,595,955	1,246,012

14. Creditors: Amounts falling due within one year

	2017 £	2016 £
Bank overdrafts	-	52,003
Trade creditors	**66,028**	464,915
Corporation tax	**307,196**	51,354
Taxation and social security	**73,395**	82,305
Obligations under finance lease and hire purchase contracts	**61,296**	88,910
Other creditors	-	3,092
Accruals and deferred income	**1,313,164**	2,014,118
Derivative financial instrument	-	19,081
	1,821,079	2,775,778

15. Creditors: Amounts falling due after more than one year

	2017 £	2016 £
Net obligations under finance leases and hire purchase contracts	-	61,296

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

16. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2017	2016
	£	£
Within one year	**61,296**	88,910
Between 1-2 years	**-**	61,296
	61,296	150,206

17. Financial instruments

	2017	2016
	£	£
Financial assets		
Financial assets measured at fair value through profit or loss	**1,595,955**	1,298,015
Financial assets measured at amortised cost	**1,354,418**	1,581,287
	2,950,373	2,879,302
Financial liabilities		
Financial liabilities measured at amortised cost	**(545,438)**	(980,600)
Financial liabilities measured at fair value through profit or loss	**-**	(19,081)
	(545,438)	(999,681)

Financial assets measured at amortised cost comprise trade debtors, other debtors, amounts recoverable on contracts and accrued income.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors, loans and bank overdrafts and accruals.

18. Deferred taxation

	2017
	£
At beginning of year	**(82,675)**
Utilised in year	**53,564**
At end of year	**(29,111)**

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

18. Deferred taxation (continued)

The provision for deferred taxation is made up as follows:

	2017 £	2016 £
Accelerated capital allowances	**(35,923)**	(90,585)
Tax losses carried forward	**6,812**	7,910
	(29,111)	(82,675)

19. Other provisions

	Dilapidations £
At 1 April 2016	**105,000**
At 31 March 2017	**105,000**

20. Share capital

	2017 £	2016 £
Shares classified as equity		
Allotted, called up and fully paid		
10,000 Ordinary shares of £0.01 each	**100**	100

On the 22 March 2017, the Directors passed a resolution to sub-divide the shares held by the Company from £1 nominal value per share to £0.01 each.

21. Reserves

Retained earnings

This reserve relates to the cumulative retained earnings less amounts distributed to shareholders.

Notes to the Financial Statements

For the Year Ended 31 March 2017

22. Share based payments

On 22 March 2017, the Company issued 1,599 options for shares of a nominal value of £0.01p each to two employees of the Company. The options have been granted with a fixed exercise price and are subject to continued employment with the company. The options can be exercised on the event of sale, listing or winding up of the company.

	Weighted average exercise price (pence) 2017	**Number 2017**	Weighted average exercise price (pence) 2016	Number 2016
Granted during the year	**3.86**	**1,599**	-	-
Outstanding at the end of the year	3.86	1,599	-	-

There is no charge recognised within these financial statements as the directors consider the share option charge to be immaterial to the results.

23. Commitments under operating leases

At 31 March 2017 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2017 £	2016 £
Not later than 1 year	**136,153**	120,731
Later than 1 year and not later than 5 years	**544,612**	276,695
Later than 5 years	**50,509**	58,275
	731,274	455,701

24. Other financial commitments

The company's local currency is pounds sterling, but a significant proportion of its sales are from overseas. These sales are denominated in US dollars. As a result, the company is subject to foreign exchange risk due to exchange rate movements between pounds sterling, US dollars and Euros. The company seeks to reduce this risk by entering into forward contracts.

The foreign exchange forward contracts held at the end of the prior year totalling $690,000 expired in the period. No contracts were held at the current year end.

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

25. Directors' personal guarantees

The directors have provided a personal guarantee to the sum of £110,000 (2016: £110,000) as security for the company's bank facility.

26. Related party transactions

During the year the company paid rent of £nil (2016: £1,335) to P H Marshall and L P Marshall, directors of the company and the directors received £2,960 (2016: £1,840) for hosting business guests.

During the year the company paid dividends amounting to £119,248 (2016: £149,545) each to P H Marshall and L P Marshall, the directors of the company. At the year end the company owed P H Marshall and L P Marshall £nil (2016: £nil).

During the year the company paid £31,433 (2016: £27,297) to daughters of the directors, with respect to employment services.

27. Controlling party

The company is controlled by P H Marshall and L P Marshall, who are the directors and shareholders of the company.