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**ICON FILMS LIMITED**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2018**



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## ICON FILMS LIMITED

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### COMPANY INFORMATION

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<b>Directors</b>	L P Marshall P H Marshall
<b>Company secretary</b>	L P Marshall
<b>Registered number</b>	03081973
<b>Registered office</b>	3rd Floor College House 32-34 College Green Bristol BS1 5SP
<b>Independent auditor</b>	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 30 Finsbury Square London EC2A 1AG

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## ICON FILMS LIMITED

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### CONTENTS

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	Page
<b>Strategic report</b>	<b>1 - 3</b>
<b>Directors' report</b>	<b>4 - 5</b>
<b>Independent auditor's report</b>	<b>6 - 8</b>
<b>Statement of comprehensive income</b>	<b>9</b>
<b>Statement of financial position</b>	<b>10</b>
<b>Statement of changes in equity</b>	<b>11</b>
<b>Statement of cash flows</b>	<b>12</b>
<b>Notes to the financial statements</b>	<b>13 - 28</b>
1. Accounting policies	13
2. Segment information	14 - 15
3. Revenue	16 - 17
4. Finance income and finance costs	18
5. Finance income and finance costs	19
6. Finance income and finance costs	20
7. Finance income and finance costs	21
8. Finance income and finance costs	22
9. Finance income and finance costs	23
10. Finance income and finance costs	24
11. Finance income and finance costs	25
12. Finance income and finance costs	26
13. Finance income and finance costs	27
14. Finance income and finance costs	28

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## ICON FILMS LIMITED

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### STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2018

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#### 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.

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

Environmentally aware, Icon Films is an albert affiliate. albert is an organisation that works to reduce the environmental impact of the production process.

Icon Films has a wide ranging inclusive work experience and apprentice programme that focuses on increasing diversity and social inclusivity of those who work in the creative industries with links to many organisations and educational institutions across Bristol.

Based in Bristol the company works with many cultural organisations on a pro-bono basis and nationally and internationally with environmental and conservation charities.

#### 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.

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## ICON FILMS LIMITED

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### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

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#### 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 Limited 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 2018 as a direct result of staff feedback and comments. This is the third year in succession that Icon Films have been listed in the top 20. The company has taken part in the 2018 survey and is awaiting results (to be confirmed towards the end of 2018).

In June 2017 Icon Films set up its first EAP (Employee Assistance Programme) as part of its continued focus on its people and their wellbeing.

In 2018 Icon Films launched a Life Assurance scheme for all its employees and a GIP scheme (Group Income Protection) for all permanent staff.

#### 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 Subscription video on demand (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.

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## ICON FILMS LIMITED

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### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

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#### 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 2018:

- Growth in revenues: -3.2% (2017: 29.7%)
- Gross profit margin: 31.43% (2017: 38.98%)
- Operating profit margin: 5.6% (2017: 12.4%)
- Cash and cash equivalents: £1.23m (2017: £1.596m)
- Current liquidity ratio: 1.5 (2017: 1.62)

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 2018:

- In February 2018, 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 2018, 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**  
Director

Date: 20 November 2018

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## ICON FILMS LIMITED

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### DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2018

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The directors present their report and the financial statements for the year ended 31 March 2018.

#### Results and dividends

The profit for the year, after taxation, amounted to £471,474 (2017: £1,063,264).

During the year a dividend of £277,457 was declared and paid (2017: £238,495).

#### 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 £3,035 (2017: £4,751).

The Company also undertook pro bono work to promote the activities of St. Peter's Hospice (a local respite charity for people with life-limiting illnesses), the Bristol Festival of Nature and The Bristol Old Vic Theatre.

#### 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 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 and 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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**ICON FILMS LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2018**

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**Future developments**

The Company is expanding and has recently added to its London and Bristol Development teams.

**Post balance sheet events**

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

**Disclosure of information to auditor**

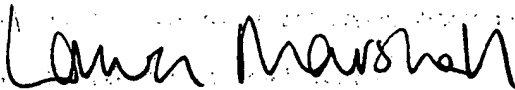
The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

**Auditor**

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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



**L P Marshall**  
Director

Date: 20 November 2018



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## ICON FILMS LIMITED

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### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ICON FILMS LIMITED

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#### Opinion

We have audited the financial statements of Icon Films Limited for the year ended 31 March 2018, 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, 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of 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 31 March 2018 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.

#### Basis for 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 the 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 United Kingdom, including the Financial Reporting Council'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.

#### Who we are reporting to

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 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.

#### 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 the preparation of the financial statements is not appropriate; or
- 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 when the financial statements are authorised for issue.

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## ICON FILMS LIMITED

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### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ICON FILMS LIMITED (CONTINUED)

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#### Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's Report thereon. 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.

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 inconsistencies or apparent 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 on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken during 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 the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

#### Matter on which we are required to report by 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 or the Directors' Report.

#### Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which 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.

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## ICON FILMS LIMITED

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### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ICON FILMS LIMITED (CONTINUED)

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#### Responsibilities of directors for the financial statements


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, 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditor's Report.



Nicholas Page (Senior statutory auditor)

for and on behalf of

**Grant Thornton UK LLP**

Chartered Accountants

Statutory Auditor

London

19 November 2018

# ICON FILMS LIMITED

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2018

	Note	2018 £	2017 £
Turnover	4	10,665,897	11,014,602
Cost of sales		(7,314,071)	(6,721,227)
<b>Gross profit</b>		<b>3,351,826</b>	<b>4,293,375</b>
Administrative expenses		(2,755,670)	(2,929,941)
<b>Operating profit</b>	5	<b>596,156</b>	<b>1,363,434</b>
Interest receivable and similar income		136	-
Interest payable and similar charges	10	(30,342)	(20,308)
<b>Profit before tax</b>		<b>565,950</b>	<b>1,343,126</b>
Tax on profit	11	(94,476)	(279,862)
<b>Profit for the financial year</b>		<b>471,474</b>	<b>1,063,264</b>

There were no recognised gains and losses for 2018 or 2017 other than those included in the Statement of comprehensive income.

There was no other comprehensive income for 2018 (2017: £Nil).

The notes on pages 13 to 28 form part of these financial statements.

**ICON FILMS LIMITED**  
**REGISTERED NUMBER: 03081973**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2018**

	Note	2018 £	2017 £
<b>Fixed assets</b>			
Tangible assets	13	315,590	299,830
		<u>315,590</u>	<u>299,830</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	14	3,002,462	1,354,418
Cash at bank and in hand	15	1,229,507	1,595,955
		<u>4,231,969</u>	<u>2,950,373</u>
Creditors: amounts falling due within one year	16	(2,867,337)	(1,821,079)
<b>Net current assets</b>		<u>1,364,632</u>	<u>1,129,294</u>
<b>Total assets less current liabilities</b>		<u>1,680,222</u>	<u>1,429,124</u>
Creditors: amounts falling due after more than one year	17	(52,684)	-
<b>Provisions for liabilities</b>			
Deferred tax	20	(33,508)	(29,111)
Other provisions	21	(105,000)	(105,000)
		<u>(138,508)</u>	<u>(134,111)</u>
<b>Net assets</b>		<u><u>1,489,030</u></u>	<u><u>1,295,013</u></u>
<b>Capital and reserves</b>			
Share capital	22	100	100
Retained earnings	23	1,488,930	1,294,913
		<u><u>1,489,030</u></u>	<u><u>1,295,013</u></u>

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

*Laura Marshall*

**L P Marshall**  
Director

Date: 20 November 2018

The notes on pages 13 to 28 form part of these financial statements.

# ICON FILMS LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2018

	Share capital £	Retained earnings £	Total equity £
At 1 April 2017	100	1,294,913	1,295,013
<b>Comprehensive income for the year</b>			
Profit for the year	-	471,474	471,474
<b>Total comprehensive income for the year</b>	-	471,474	471,474
Dividends	-	(277,457)	(277,457)
<b>Total transactions with owners</b>	-	(277,457)	(277,457)
<b>At 31 March 2018</b>	<b>100</b>	<b>1,488,930</b>	<b>1,489,030</b>

## 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
<b>Comprehensive income for the year</b>			
Profit for the year	-	1,063,264	1,063,264
<b>Total comprehensive income for the year</b>	-	1,063,264	1,063,264
Dividends	-	(238,495)	(238,495)
<b>Total transactions with owners</b>	-	(238,495)	(238,495)
<b>At 31 March 2017</b>	<b>100</b>	<b>1,294,913</b>	<b>1,295,013</b>

The notes on pages 13 to 28 form part of these financial statements.

ICON FILMS LIMITED

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 MARCH 2018

	2018 £	2017 £
<b>Cash flows from operating activities</b>		
Profit for the financial year	471,474	1,063,264
<b>Adjustments for:</b>		
Depreciation of tangible assets	199,785	436,270
Fair value of financial instruments	(40,323)	-
Interest paid	30,342	20,302
Interest received	(136)	-
Taxation charge	94,476	279,862
(Increase)/decrease in debtors	(1,607,721)	226,869
Increase/(decrease) in creditors	1,278,680	(1,151,232)
Corporation tax paid	(294,920)	(77,584)
<b>Net cash generated from operating activities</b>	<b>131,657</b>	<b>797,751</b>
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	(215,545)	(120,409)
Interest received	136	-
HP interest paid	(30,342)	(20,308)
<b>Net cash from investing activities</b>	<b>(245,751)</b>	<b>(140,717)</b>
<b>Cash flows from financing activities</b>		
Repayment of/new finance leases	25,103	(68,602)
Dividends paid	(277,457)	(238,495)
Interest paid	-	6
<b>Net cash used in financing activities</b>	<b>(252,354)</b>	<b>(307,091)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(366,448)</b>	<b>349,943</b>
Cash and cash equivalents at beginning of year	1,595,955	1,246,012
<b>Cash and cash equivalents at the end of year</b>	<b>1,229,507</b>	<b>1,595,955</b>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	1,229,507	1,595,955
	<b>1,229,507</b>	<b>1,595,955</b>

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## ICON FILMS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

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#### 1. General information

Icon Films Limited is a private limited company incorporated in the United Kingdom. The registered office is 3rd Floor College House, 32-34 College Green, Bristol, BS1 5SP.

The principal activity is described in the Strategic Report on Page 1.

#### 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 financial statements are presented in Sterling (£)

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

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 being at least 12 months from signing of these financial statements. 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 notified of sums due to it.



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## ICON FILMS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

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#### 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.

Depreciation is provided on the following basis:

Plant and machinery	- 33%
Motor vehicles	- 20%
Fixtures and fittings	- 20-33%
Short-term leasehold 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.

##### 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.

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## ICON FILMS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

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#### 2. Accounting policies (continued)

##### 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 instrument 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 the 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.

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.

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## ICON FILMS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

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#### 2. Accounting policies (continued)

##### 2.11 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'.

##### 2.12 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.

##### 2.13 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.

##### 2.14 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.

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## ICON FILMS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

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#### 2. Accounting policies (continued)

##### 2.15 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.

##### 2.16 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

##### 2.17 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.

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## ICON FILMS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

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#### 2. Accounting policies (continued)

##### 2.18 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. Judgements 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 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.

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ICON FILMS LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2018

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**4. Turnover**

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

	2018 £	2017 £
Television production	10,087,440	10,188,330
Royalty and Ancillary income	578,457	826,272
	<u>10,665,897</u>	<u>11,014,602</u>

Analysis of turnover by country of destination:

	2018 £	2017 £
United Kingdom	2,218,493	1,911,217
Rest of the world	8,447,404	9,103,385
	<u>10,665,897</u>	<u>11,014,602</u>

**5. Operating profit**

The operating profit is stated after charging:

	2018 £	2017 £
Research & development charged as an expense	326,306	305,933
Depreciation of tangible fixed assets	199,785	436,270
Exchange differences	(43,212)	(242,837)
Other operating lease rentals	120,540	125,454
	<u>10,665,897</u>	<u>11,014,602</u>

**6. Auditor's remuneration**

	2018 £	2017 £
Audit services	<u>20,250</u>	<u>19,000</u>
Non-audit services	<u>5,700</u>	<u>6,500</u>

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ICON FILMS LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2018

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7. Employees

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

	2018 £	2017 £
Wages and salaries	2,790,083	2,663,501
Social security costs	280,772	274,420
Cost of defined contribution scheme	91,019	104,640
	<u>3,161,874</u>	<u>3,042,561</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2018 No.	2017 No.
Average number of employees	<u>79</u>	<u>80</u>

8. Directors' remuneration

	2018 £	2017 £
Directors' emoluments	16,320	16,224
Company contributions to defined contribution pension scheme	46,000	63,048
	<u>62,320</u>	<u>79,272</u>

During the year retirement benefits were accruing to 2 directors (2017: 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 £887,030 (2017: £830,646).

9. Interest receivable

	2018 £	2017 £
Other interest receivable	136	-
	<u>136</u>	<u>-</u>

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**ICON FILMS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2018**

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**10. Interest payable and similar charges**

	2018 £	2017 £
Finance leases and hire purchase contracts	<u>30,342</u>	<u>20,308</u>

**11. Taxation**

	2018 £	2017 £
<b>Corporation tax</b>		
Current tax on profits for the year	105,602	333,426
Adjustments in respect of previous periods	(15,523)	-
<b>Total current tax</b>	<u>90,079</u>	<u>333,426</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	4,397	(48,971)
Changes to tax rates	-	(4,593)
<b>Total deferred tax</b>	<u>4,397</u>	<u>(53,564)</u>
<b>Taxation on profit on ordinary activities</b>	<u>94,476</u>	<u>279,862</u>



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ICON FILMS LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2018

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11. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2017: lower than) the standard rate of corporation tax in the UK of 19% (2017: 20%). The differences are explained below:

	2018 £	2017 £
Profit on ordinary activities before tax	565,950	1,343,126
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017: 20%)	107,517	268,625
Effects of:		
Expenses not deductible for tax purpose	2,527	6,169
Capital allowances for year in excess of depreciation	460	1,020
Adjustments to tax charge in respect of prior periods - deferred tax	(3,942)	(5,137)
Adjust closing deferred tax rate to average rate of 19%	3,425	9,185
Adjustments to tax charge in respect of prior periods	(15,595)	-
Adjustment to brought forward values	84	-
Total tax charge for the year	94,476	279,862

12. Dividends

	2018 £	2017 £
Dividends paid	277,457	238,495

ICON FILMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2018

13. Tangible fixed assets

	Short-term leasehold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
<b>Cost or valuation</b>					
At 1 April 2017	117,297	1,039,105	23,775	573,096	1,753,273
Additions	-	200,041	-	15,504	215,545
At 31 March 2018	117,297	1,239,146	23,775	588,600	1,968,818
<b>Depreciation</b>					
At 1 April 2017	55,222	866,233	13,947	518,041	1,453,443
Charge for the year on owned assets	13,286	133,660	5,944	46,895	199,785
At 31 March 2018	68,508	999,893	19,891	564,936	1,653,228
<b>Net book value</b>					
At 31 March 2018	48,789	239,253	3,884	23,664	315,590
At 31 March 2017	62,075	172,872	9,828	55,055	299,830

ICON FILMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2018

14. Debtors

	2018 £	2017 £
Trade debtors	1,582,319	343,366
Other debtors	577,644	10,768
Prepayments and accrued income	741,737	888,202
VAT recoverable	60,439	112,082
Financial instrument	40,323	-
	<u>3,002,462</u>	<u>1,354,418</u>

15. Cash and cash equivalents

	2018 £	2017 £
Cash at bank and in hand	<u>1,229,507</u>	<u>1,595,955</u>

16. Creditors: Amounts falling due within one year

	2018 £	2017 £
Trade creditors	993,606	66,028
Corporation tax	102,355	307,196
Taxation and social security	78,762	73,395
Obligations under finance lease and hire purchase contracts	33,715	61,296
Other creditors	16,103	-
Accruals and deferred income	1,642,796	1,313,164
	<u>2,867,337</u>	<u>1,821,079</u>

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

	2018 £	2017 £
Net obligations under finance leases and hire purchase contracts	<u>52,684</u>	<u>-</u>

# ICON FILMS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

### 18. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2018 £	2017 £
Within one year	33,715	61,296
Between 1-5 years	52,684	-

### 19. Financial instruments

	2018 £	2017 £
<b>Financial assets</b>		
Financial assets measured at fair value through profit or loss	1,269,830	1,595,955
Financial assets measured at amortised cost	2,159,963	1,354,418
	<u>3,429,793</u>	<u>2,950,373</u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	<u>(1,783,383)</u>	<u>(545,438)</u>

Financial assets measured at fair value through profit or loss comprise cash at bank and in hand and financial instruments.

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.

### 20. Deferred taxation

	2018 £	2017 £
At beginning of year	(29,111)	(82,675)
Utilised in year	(4,397)	53,564
At end of year	<u>(33,508)</u>	<u>(29,111)</u>

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**ICON FILMS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2018**

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**20. Deferred taxation (continued)**

The provision for deferred taxation is made up as follows:

	2018 £	2017 £
Accelerated capital allowances	(39,490)	(35,923)
Tax losses carried forward	5,982	6,812
	<u>(33,508)</u>	<u>(29,111)</u>

**21. Other provisions**

	Dilapidations £
At 1 April 2017	105,000
At 31 March 2018	<u>105,000</u>

**22. Share capital**

	2018 £	2017 £
Allotted, called up and fully paid		
10,000 Ordinary shares of £0.01 each	<u>100</u>	<u>100</u>

**23. Reserves**

**Retained earnings**

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

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**ICON FILMS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2018**

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**24. Share based payments**

On 6th February 2018, the Company issued 333 options for shares of a nominal value of £0.01p each to an employee 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.

	<b>Weighted average exercise price (pence) 2018</b>	<b>Number 2018</b>	<i>Weighted average exercise price (pence) 2017</i>	<i>Number 2017</i>
Outstanding at the beginning of the year	3.86	1,599		-
Granted during the year	46.07	333	3.86	1,599
<b>Outstanding at the end of the year</b>	<b>11.14</b>	<b>1,932</b>	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.

**25. Commitments under operating leases**

At 31 March 2018 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	<b>2018 £</b>	<b>2017 £</b>
Not later than 1 year	136,609	136,153
Later than 1 year and not later than 5 years	546,436	544,612
Later than 5 years	50,737	50,509
	<b>733,782</b>	<b>731,274</b>

**26. 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.

At the balance sheet date the company held foreign exchange forward contracts totalling \$1,790,000 (2017: \$Nil).

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## ICON FILMS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

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#### 27. Directors' personal guarantees

The directors have provided a personal guarantee to the sum of £110,000 (2017: £110,000) as security for the company's bank facility.

#### 28. Related party transactions

During the year P H Marshall and L P Marshall, directors of the company received £Nil (2017: £2,960) for hosting business guests.

During the year the company paid dividends amounting to £138,728 (2017: £119,248) 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 (2017: £Nil).

During the year, the Directors received loan amount of £522,000 (2017: £nil). The terms of the loan is that it is repayable in the next year and is not interest bearing.

During the year the company paid £17,995 (2017: £31,433) to daughters of the directors, with respect to employment services.

#### 29. Controlling party

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