

**Company Registration No. 2856604**

**Avalon Television Limited**

**Report and Financial Statements**

**30 June 2011**

**TUESDAY**



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COMPANIES HOUSE

# **Avalon Television Limited**

## **Report and financial statements 2011**

<b>Contents</b>	<b>Page</b>
<b>Officers and professional advisers</b>	<b>1</b>
<b>Directors' report</b>	<b>2</b>
<b>Statement of directors' responsibilities</b>	<b>4</b>
<b>Independent auditor's report</b>	<b>5</b>
<b>Profit and loss account</b>	<b>7</b>
<b>Balance sheet</b>	<b>8</b>
<b>Notes to the accounts</b>	<b>9</b>

# **Avalon Television Limited**

## **Report and financial statements 2011**

### **Officers and professional advisers**

#### **Directors**

J Thoday  
R Allen-Turner  
J Gregory  
G Perkins  
R Bennett  
R Aslett  
J Mowll  
J L Beresford

#### **Secretary**

R Allen-Turner

#### **Registered Office**

4a Exmoor Street  
London  
W10 6BD

#### **Bankers**

The Royal Bank of Scotland Plc  
62/63 Threadneedle Street  
PO Box 412  
London  
EC2R 8LA

#### **Auditor**

Deloitte LLP  
Chartered Accountants  
London

# **Avalon Television Limited**

## **Directors' report**

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

### **Principal activity**

The principal activity of the company in the year under review was that of the development and production of television and film projects

### **Review of business**

The Directors of Avalon Television Ltd are pleased to report on another successful year as part of the Avalon Entertainment Ltd and Nolava Holdings Ltd groups. The Company has continued to maintain and develop a strong range of production, and deliver a healthy performance in a challenging environment.

These accounts present the financial statements of Avalon Television Ltd as a standalone company. They do not include results for the Company's subsidiaries, Liberty Bell Productions Ltd, Topical Television Ltd, Tinderbox, Avalon Distribution and Flame Television Production Ltd.

Avalon Television's success is based on a strategy of developing and maximising the value of great brands. We do this by working with some of the best creative talent in the entertainment business, nurturing and developing new ideas and properties, delivering a strong television production slate, and by retaining rights in our programming. The year under review saw significant progress in all respects.

This strategy requires a significant level of reinvestment of profits back into the creative process. The Directors feel confident that the financial risks thereof are managed appropriately. The high level of investment made over recent years is expected to lead to improved performance during the year to 30 June 2012 and beyond.

As at 30 June 2011, the Company had zero debt. Under the terms of the group's facilities with the Royal Bank of Scotland, Avalon Television is an obligor in the cross-guarantee and offset structure with other members of the Avalon Entertainment Ltd group of companies. The Directors consider that the risks associated with these facilities are low considering the current and projected performance of the Company and the remainder of the Group.

### **Principal Risks and Uncertainties**

The market in which the Company operates continues to be highly competitive. This may give rise to sales being lost to competitors. The creative talent we work with may choose in the future to work on their own, or with our competitors. The Company manages this risk by continuing to invest in new talent and by maintaining its position as a valuable partner with and supporter of the creative talent we work with.

The Group is appropriately funded and well placed to manage its business risks successfully despite the current economic climate.

We are proud to continue working with the talent that we do, and are extremely grateful to them and to all of our staff for their hard work.

### **Dividends**

No dividends will be distributed for the year ended 30 June 2011.

# Avalon Television Limited

## Directors' report (continued)

### Going concern

After making enquiries, and taking into account the letter of support the Company received from Avalon Entertainment Limited, the Directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly they adopt the going concern basis in preparing the financial statements.

Further details regarding the adoption of the going concern basis can be found in the accounting policies note in the financial statements.

### Directors

The directors who served throughout the year were as follows:

J Thoday  
R Allen-Turner  
J Gregory  
G Perkins  
R Bennett  
R Aslett  
J Mowll (appointed 1 July 2010)  
J L Beresford (appointed 1 February 2011)

### Political and charitable contributions

During the year the company made charitable donations of £nil (2010: £nil).

### Directors' qualifying third party indemnity provisions

The company has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the directors' report.

### Auditor

Each of the persons who is a director at the date of approval of this report confirms 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 he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP appointed as auditors to the company following the resignation of the previous auditors, and have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors  
and signed on behalf of the Board

  
J Gregory  
Director

 2012

# **Avalon Television Limited**

## **Statement of directors' responsibilities**

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, and
- 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 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.

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.

## **Independent auditor's report to the members of Avalon Television Limited**

We have audited the financial statements of Avalon Television Limited for the year ended 30 June 2011 which comprise the profit and loss account, the balance sheet and the related notes 1 to 16. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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, 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 financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

### **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 30 June 2011 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.

### **Opinion on matters prescribed by the Companies Act 2006**


In our opinion the information in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## **Independent auditor's report to the members of Avalon Television Limited (continued)**

### **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



James Bates (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditor  
London, United Kingdom

2 March 2012



## Avalon Television Limited

### Profit and loss account Year ended 30 June 2011

	Notes	2011 £	2010 £
Turnover	2	21,128,860	14,632,847
Cost of sales		(15,247,225)	(12,470,299)
<b>Gross profit</b>		<u>5,881,635</u>	<u>2,162,548</u>
Administrative expenses		(2,529,011)	(731,720)
<b>Operating profit</b>	4	<u>3,352,624</u>	<u>1,430,828</u>
Income from shares in group undertakings		-	1,000,000
Interest receivable and similar income		42	2,420
Interest payable and similar charges	5	(4,266)	(67,293)
<b>Profit on ordinary activities before taxation</b>		<u>3,348,400</u>	<u>2,365,955</u>
Tax on profit on ordinary activities	6	(902,243)	(408,309)
<b>Profit for the financial year after taxation</b>		<u><u>2,446,157</u></u>	<u><u>1,957,646</u></u>

#### Continuing operations

None of the company's activities were acquired or discontinued during the current year or previous year

#### Total recognised gains and losses

The company has no recognised gains or losses other than the profit for the current year or previous year

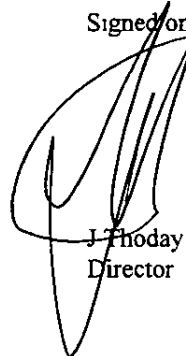
# Avalon Television Limited

## Balance sheet 30 June 2011

	Notes	2011 £	2010 £
<b>Fixed assets</b>			
Investments	7	8,059,064	6,999,295
<b>Current assets</b>			
Stocks		237,392	59,533
Debtors	8	7,065,693	7,157,298
Cash at bank and in hand		5,603,907	782,633
		<u>12,906,992</u>	<u>7,999,464</u>
<b>Creditors: amounts falling due within one year</b>	9	(13,150,436)	(10,307,913)
<b>Net current liabilities</b>		<u>(243,444)</u>	<u>(2,308,449)</u>
<b>Total assets less current liabilities</b>		<u>7,815,620</u>	<u>4,690,846</u>
<b>Creditors: amounts falling due after more than one year</b>	10	(1,141,617)	(463,000)
<b>Net assets</b>		<u>6,674,003</u>	<u>4,227,846</u>
<b>Capital and reserves</b>			
Called up share capital	11	100	100
Profit and loss account	12	6,673,903	4,227,746
<b>Total equity shareholders' funds</b>	15	<u>6,674,003</u>	<u>4,227,846</u>

The financial statements of Avalon Television Limited, registered number 2856604 were approved by the Board of Directors on 2nd June 2012

Signed on behalf of the Board of Directors

  
J Thoday  
Director

# **Avalon Television Limited**

## **Notes to the accounts Year ended 30 June 2011**

### **1. Accounting policies**

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below.

#### **Accounting convention**

The financial statements are prepared under the historical cost convention.

#### **Preparation of consolidated financial statements**

The financial statements contain information about Avalon Television Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under Section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included in the consolidated financial statements of its parent, Avalon Entertainment Limited, a company registered in England and Wales.

#### **Going Concern**

In reaching their decision to prepare the accounts on a going concern basis, the Directors have considered the impact of the current economic climate on both the company and the group of which it is a member.

The company had net current liabilities at the balance sheet date, however since that date the Company has traded profitably which has improved its balance sheet position. In addition the Directors believe the company's subsidiary investments have sufficient readily available assets which the company could have access to to enable the Company to meet its liabilities as they fall due.

Having given due consideration to the above factors and the anticipated future performance of the Company, taking into account reasonably possible changes in trading performance in light of uncertainty related to current unfavourable economic conditions, the Directors have been able to form a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason they adopt the going concern basis in preparing the accounts.

#### **Turnover**

Turnover represents amounts receivable for services provided in the normal course of business, net of value added tax.

Turnover on long-term contracts is recognised as contract activity progresses to reflect the proportion of work carried out during the year. Profit is recognised once the total outcome can be assessed with reasonable certainty.

#### **Work in progress**

When pre-production costs have been incurred prior to the main production process, these costs are carried as work in progress in the balance sheet to the extent that they are expected to be covered by a production contract or are recoverable from third parties.

#### **Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

#### **Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

# Avalon Television Limited

## Notes to the accounts Year ended 30 June 2011

### 1. Accounting policies (continued)

#### Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to the profit and loss account in the period to which they relate.

#### Advances

The company receives advances to finance specific projects which are treated as current liabilities. The company takes these advances to the credit of the profit and loss account when the project is taken into production or when it is not expected to progress to production within the foreseeable future.

#### Investments

Investments are included at cost less amounts written off. Profits or losses arising from disposals of fixed asset investments are treated as part of the results from ordinary activities.

### 2. Turnover

The turnover and profit before taxation are attributable to the one principal activity of the company. 100% of the turnover in the current and prior year is attributable to the UK market.

### 3. Staff costs

	2011 £	2010 £
Wages and salaries	323,128	333,734
Social security costs	32,788	22,374
Other pension costs	3,271	793
	<u>359,187</u>	<u>356,901</u>

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

	2011 No.	2010 No.
Administration	<u>6</u>	<u>6</u>

### 4. Operating profit

	2011 £	2010 £
The operating profit is stated after charging/(crediting)		
Fees paid to the Company's auditors for the audit of the Company's annual accounts	12,000	8,815
Fees payable to the Company's auditors and their associates for other services to the Group		
Tax services	-	4,905
Foreign exchange differences	<u>(2,587)</u>	<u>9,861</u>
Directors' remuneration and other benefits	146,667	81,667
Directors' pension contributions to money purchase schemes	<u>17,857</u>	<u>2,250</u>

# Avalon Television Limited

## Notes to the accounts Year ended 30 June 2011

### 5 Interest payable and similar charges

	2011 £	2010 £
Bank interest and charges	4,266	222
Loan interest	-	67,071
	<u>4,266</u>	<u>67,293</u>

### 6. Taxation

#### Analysis of the tax charge

The tax charge on the profit on ordinary activities for the year was as follows

	2011 £	2010 £
Current tax		
UK corporation tax	902,243	382,341
Adjustment in respect of previous periods	-	25,968
	<u>902,243</u>	<u>408,309</u>
Tax on profit on ordinary activities		

#### Factors affecting the tax charge

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below

	2011 £	2010 £
Profit on ordinary activities before tax	<u>3,348,400</u>	<u>2,365,955</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 27.5 % (2010: 28%)	920,810	662,467
Effects of		
Disallowable expenses	32,100	-
Group relief	(28,451)	-
Capital allowances in excess of depreciation	-	(126)
Reclaimed Withholding tax	(22,216)	-
Dividends received from subsidiary	-	(280,000)
Overprovision of corporation tax in previous years	-	25,968
	<u>902,243</u>	<u>408,309</u>
Current tax charge		

# Avalon Television Limited

## Notes to the accounts Year ended 30 June 2011

### 7. Fixed asset investments

	Shares in group undertakings £
<b>Cost</b>	
At 1 July 2010	6,999,295
Additions	1,059,769
At 30 June 2011	<u>8,059,064</u>
<b>Net book value</b>	
At 30 June 2011	<u>8,059,064</u>
At 30 June 2010	<u>6,999,295</u>

The company's investments at the balance sheet date in the share capital of companies include the following

#### Liberty Bell Productions Limited

Nature of business Television programme production

	% holding
Class of shares	
Ordinary	<u>100</u>

	2011 £	2010 £
Aggregate capital and reserves	809,255	844,316
(Loss)/Profit for the year	<u>(35,061)</u>	<u>232,349</u>

#### Tinderbox Television Limited

Nature of business Television programme production

	% holding
Class of shares	
Ordinary	<u>100</u>

	2011 £	2010 £
Aggregate capital and reserves	(1,136,054)	(1,070,781)
Loss for the year	<u>(65,271)</u>	<u>(46,315)</u>

# Avalon Television Limited

## Notes to the accounts Year ended 30 June 2011

### 7 Fixed asset investments (continued)

#### Sketch Productions Limited

Nature of business Television programme production

	% holding	
Class of shares		
Ordinary		100

	2011 £	2010 £
Aggregate capital and reserves	1	1

The company was dormant throughout the current and previous year

#### Brightwater Productions Limited

Nature of business Radio programme production

	% holding	
Class of shares		
Ordinary		100

	2011 £	2010 £
Aggregate capital and reserves	(5,210)	(5,210)

The company was dormant throughout the current and previous years

#### Flame Television Production Limited

Nature of business Television programme production

	% holding	
Class of shares		
Ordinary		100

	2011 £	2010 £
Aggregate capital and reserves	397,046	(54,552)
Profit/(loss) for the year	293,266	(35,088)

# Avalon Television Limited

## Notes to the accounts Year ended 30 June 2011

### 7. Fixed asset investments (continued)

#### Topical Television Limited

Nature of business Television programme production

	% holding	
Class of shares		
Ordinary		100
		<hr/>
	2011	2010
	£	£
Aggregate capital and reserves	389,153	223,045
Profit for the year	166,108	158,593
	<hr/>	<hr/>

#### Avalon Distribution Limited

Nature of business Licensing of Television programmes

	% holding	
Class of shares		
Ordinary		100
		<hr/>
	2011	2010
	£	£
Aggregate capital and reserves	274,970	144,344
Loss for the year	130,526	144,444
	<hr/>	<hr/>



# Avalon Television Limited

## Notes to the accounts Year ended 30 June 2011

### 8. Debtors amounts falling due within one year

	2011 £	2010 £
Trade debtors	1,428,537	2,311,021
Amounts owed by group undertakings	5,010,846	3,751,362
Other debtors	-	164,473
Prepayments and accrued income	626,310	930,442
	<u>7,065,693</u>	<u>7,157,298</u>

### 9. Creditors: amounts falling due within one year

	2011 £	2010 £
Trade creditors	166,929	2,751,257
Amounts owed to group undertakings	4,434,322	-
Corporation tax	642,027	239,556
Social security and other taxes	551,533	618,818
Other creditors	1,043,695	188,076
Accruals and deferred income	6,311,929	6,510,206
	<u>13,150,435</u>	<u>10,307,913</u>

A cross guarantee and debenture exists between Avalon Public Relations Limited, Funnyfriend Limited, Avalon Promotions Limited, Avalon Television Limited, Liberty Bell Productions Limited, Avalon Management Group Limited, Flame Television Limited, Tinderbox Television Limited, Avalon Distribution Limited and the company to secure bank overdraft and loan facilities available to these companies and their parents Avalon Entertainment Limited and Nolava Holdings Limited. There is no overdraft in this entity at the balance sheet date.

### 10. Creditors: amounts falling due after more than one year

	2011 £	2010 £
Other creditors	1,141,617	463,000
	<u>1,141,617</u>	<u>463,000</u>

### 11. Called up share capital

	2011 £	2010 £
Allotted, issued and fully paid		
Ordinary shares of £1 each	100	100
	<u>100</u>	<u>100</u>

# Avalon Television Limited

## Notes to the accounts Year ended 30 June 2011

### 12 Reserves

	<b>Profit and loss account £</b>
At 1 July 2010	4,227,746
Profit for the year	2,446,157
At 30 June 2011	<u>6,673,903</u>

### 13 Related party disclosures

The company has taken advantage of the exemption available under FRS 8 not to disclose intra group transactions on the grounds that 100% of the voting rights are controlled within the group and consolidated financial statements containing Avalon Television Limited are publicly available

### 14 Ultimate controlling party

The ultimate controlling party is JM Thoday

The parent company of the largest and smallest group in which this company's financial statements are consolidated are Nolava Holdings Limited and Avalon Entertainment respectively. Copies of consolidated financial statements of the company can be obtained from Companies House, Crown Way, Mandy, Cardiff CF14 3UZ

### 15 Reconciliation of movements in shareholders' funds

	<b>2011 £</b>	<b>2010 £</b>
Profit for the financial year	2,446,157	1,957,646
<b>Net addition to shareholders' funds</b>	<u>2,446,157</u>	<u>1,957,646</u>
Opening shareholders' funds	4,227,846	2,270,200
<b>Closing shareholders' funds</b>	<u>6,674,003</u>	<u>4,227,846</u>

### 16 Sale and Leaseback Transactions

In the two years ended 30 June 2002 the Company entered into several sale and finance leaseback transactions. It is the opinion of the directors that this type of transaction does not dispose of the risks and rewards of the ownership of the production, and as such the transaction is not recognised as a sale and subsequent leaseback.

The Directors have recognised the transaction's fees and associated costs over the useful life of the production, which the Directors estimate to be less than one year. The Directors have deposited the remaining proceeds from the sale in a restricted deposit account that is accompanied by a guarantee from the bank that the deposit will provide sufficient funds to satisfy the lease liabilities as they fall due. The remaining lease liability at 30 June 2011 is £4,626,207 (2010 - £5,409,034).