

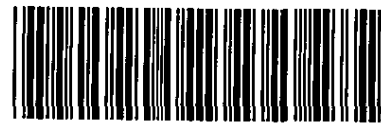
Company Registration No. 2856604

Avalon Television Limited

Report and Financial Statements

30 June 2012

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Avalon Television Limited

Report and financial statements 2012

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Avalon Television Limited

Report and financial statements 2012

Officers and professional advisers

Directors

R Allen-Turner
R Aslett
R Bennett
J L Beresford
J Gregory
C Meller (appointed 29 June 2012)
J Mowll
G Perkins
J M Thoday

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 2012

Principal activity

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

Review of business

The Directors of Avalon Television Limited are pleased to report on another successful year. The Company has continued to maintain and develop a strong range of production programmes, and deliver a healthy performance in a challenging environment.

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

As at 30 June 2012, 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 Avalon companies. The Directors consider that the risks associated with these facilities are low considering the current and projected performance of the Company and its group.

As at 30 June 2012, Avalon Television Limited was owned by Avalon Entertainment Ltd and ultimately Nolava Holdings Limited, the latter company was formed in 2008 as the ultimate holding company for Avalon Entertainment Limited and its subsidiary companies, known collectively as the "Avalon Group".

On 1 July 2012, the directors and shareholders of Nolava Holdings Limited agreed to place Nolava Holdings Limited into Members Voluntary Liquidation, to be administered by Christopher Richard Frederick Day and Stephen Roland Browne of Deloitte LLP, Athene Place, 66 Shoe Lane, London EC4A 3BQ. As part of the reconstruction at the point of the liquidation of Nolava Holdings Ltd, a new holding company, Tiverton Holdings Limited, was formed. All shares in Avalon Entertainment Limited were transferred to Tiverton Holdings Ltd, such that Tiverton Holdings Ltd now owns Avalon Entertainment Ltd and all its subsidiaries, including Avalon Television Ltd.

The current shareholdings in Tiverton Holdings Limited are identical to those of the former holding company, Nolava Holdings Limited. All operating companies within the Avalon Group continue to operate and trade as prior to the restructuring of the Avalon Group's affairs.

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 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.

Avalon Television Limited

Directors' report (continued)

Dividends

Dividends of £2,229,318 were declared from other group companies in the year (2011 nil) of which £1,050,000 was received during the year. Dividends were declared of £10,662,902 to Avalon Entertainment Limited for the year ended 30 June 2012 (2011 nil), of which £5,450,000 was paid

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

R Allen-Turner
R Aslett
R Bennett
J L Beresford
J Gregory
C Meller (appointed 29 June 2012)
J Mowll
G Perkins
J M Thoday

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 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

21st March 2013

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
- In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

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 2012 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 2012 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

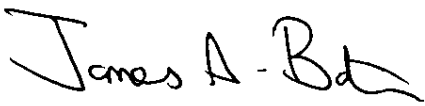
In our opinion the information in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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
21 March 2013

Avalon Television Limited

Profit and loss account For the year ended 30 June 2012

	Notes	2012 £	2011 £
Turnover	2	24,233,241	21,128,860
Cost of sales		(18,530,324)	(15,247,225)
Gross profit		<u>5,702,917</u>	<u>5,881,635</u>
Administrative expenses		(3,309,967)	(2,529,011)
Operating profit	4	2,392,950	3,352,624
Interest receivable and similar income		562	42
Interest payable and similar charges	5	(29,932)	(4,266)
Investment Income – dividends received		<u>2,229,318</u>	<u>-</u>
Profit on ordinary activities before tax		4,592,898	3,348,400
Tax on profit on ordinary activities	6	(578,768)	(902,243)
Profit for the financial year after tax		<u><u>4,014,130</u></u>	<u><u>2,446,157</u></u>

All results relate to continuing operations

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

The accompanying notes form an integral part of these financial statements

Avalon Television Limited

Balance sheet As at 30 June 2012

	Notes	2012 £	2011 £
Fixed assets			
Investments	8	8,413,243	8,059,064
Current assets			
Work in progress		300,715	237,392
Debtors	9	6,572,703	7,065,693
Cash at bank and in hand		1,342,939	5,603,907
		<u>8,216,357</u>	<u>12,906,992</u>
Creditors: amounts falling due within one year	10	<u>(16,604,369)</u>	<u>(13,150,436)</u>
Net current liabilities		<u>(8,388,012)</u>	<u>(243,444)</u>
Creditors: amounts falling due after more than one year	11	<u>-</u>	<u>(1,141,617)</u>
Net assets		<u>25,231</u>	<u>6,674,003</u>
Capital and reserves			
Called up share capital	12	100	100
Profit and loss account	13	25,131	6,673,903
Total equity shareholders' funds	14	<u>25,231</u>	<u>6,674,003</u>

The accompanying notes form an integral part of these financial statements

The financial statements of Avalon Television Limited, registered number 2856604 were approved by the Board of Directors on 21st June 2013

Signed on behalf of the Board of Directors

J Thoday
Director

Avalon Television Limited

Notes to the accounts Year ended 30 June 2012

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 requirements 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.

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 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 2012

1. Accounting policies (continued)

Pension costs and other post-retirement benefits

Eligible company employees are offered membership of a defined contribution pension scheme which is operated by Avalon Management Group Limited. 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 provisions for impairment.

Cash Flow Statement

The Company is exempt from the requirement of FRS 1 (revised 1996) to present a cash flow statement on the basis that it is a wholly owned subsidiary of Avalon Entertainment Limited whose accounts are publicly available.

2. Turnover

The turnover and profit before taxation are attributable to the one principal activity of the Company and is wholly derived from sales made in the UK.

3. Staff costs

	2012 £	2011 £
Wages and salaries	669,110	323,128
Social security costs	80,937	32,788
Other pension costs	5,595	3,271
	<u>755,642</u>	<u>359,187</u>
Directors' remuneration and other benefits	253,256	146,667
Directors' pension contributions to money purchase schemes	-	17,857
	<u>253,256</u>	<u>164,524</u>

The highest paid director received £253,256 in total emoluments for the year, including £253,256 remuneration for services to the company and no pension contributions.

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

	2012 No.	2011 No.
Administration	<u>8</u>	<u>6</u>

Avalon Television Limited

Notes to the accounts Year ended 30 June 2012

4 Operating profit

	2012 £	2011 £
Operating profit is stated after charging		
Fees paid to the Company's auditors for the audit of the Company's annual accounts	12,000	12,000
Fees payable to the Company's auditors and their associates for other services to the Company		
Tax services	32,000	-
Foreign exchange differences	485	(2,587)
	<u> </u>	<u> </u>

5 Interest payable and similar charges

	2012 £	2011 £
Interest payable	(29,932)	3
Loan interest receivable	-	4,263
	<u> </u>	<u> </u>
	(29,932)	4,266
	<u> </u>	<u> </u>

6. Tax

Analysis of the tax charge

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

	2012 £	2011 £
Current tax		
UK corporation tax	616,037	902,243
Adjustment in respect of previous periods	(36,990)	-
	<u> </u>	<u> </u>
Total Current Taxation	579,047	902,243
	<u> </u>	<u> </u>
Deferred Tax	(375)	-
Effect of rate change to the profit and loss account	67	-
Effect of prior year adjustment	29	-
	<u> </u>	<u> </u>
Tax on profit on ordinary activities	578,768	902,243
	<u> </u>	<u> </u>

Avalon Television Limited

Notes to the accounts Year ended 30 June 2012

6. Tax (continued)

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

	2012 £	2011 £
Profit on ordinary activities before tax	4,592,898	3,348,400
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 25.5% (2011: 27.5%)	1,171,189	920,810
Effects of		
Disallowable expenses	13,396	32,100
Group relief	-	(28,451)
Capital allowances in excess of depreciation	(72)	-
Reclaimed withholding tax	-	(22,216)
Dividends received from subsidiary	(568,476)	-
Overprovision of corporation tax in previous years	(36,990)	-
Current tax charge	579,047	902,243

7 Dividends paid

A dividend was declared during the year to Avalon Entertainment Limited of £10,662,902, of which £5,450,000 was paid (2011: nil)

8. Fixed asset investments

	Shares in group undertakings £
Cost	
At 1 July 2011	8,059,064
Additions	354,179
At 30 June 2012	8,413,243
Net book value	
At 30 June 2012	8,413,243
At 30 June 2011	8,059,064

Avalon Television Limited

Notes to the accounts Year ended 30 June 2012

8. Fixed asset investments (continued)

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	100	
	<hr/>	
	2012	2011
	£	£
Aggregate capital and reserves	343,137	809,255
Profit/(loss) for the year	116,967	(35,061)
	<hr/>	<hr/>

Tinderbox Television Limited

Nature of business Television programme production

	% holding	
Class of shares		
Ordinary	100	
	<hr/>	
	2012	2011
	£	£
Aggregate capital and reserves	(1,129,667)	(1,136,054)
Profit/(loss) for the year	6,385	(65,271)
	<hr/>	<hr/>

Sketch Productions Limited

Nature of business Television programme production

	% holding	
Class of shares		
Ordinary	100	
	<hr/>	
	2012	2011
	£	£
Aggregate capital and reserves	1	1
	<hr/>	<hr/>

The company was dormant throughout the current and previous year

Avalon Television Limited

Notes to the accounts Year ended 30 June 2012

8 Fixed asset investments (continued)

Brightwater Productions Limited

Nature of business Radio programme production

	% holding	
Class of shares		
Ordinary	100	
	2012	2011
	£	£
Aggregate capital and reserves	(5,210)	(5,210)

The company was dormant throughout the current and previous years

Avalon Factual Holdings Limited

Nature of business Television programme production

	% holding	
Class of shares		
Ordinary	100	
	2012	2011
	£	£
Aggregate capital and reserves	8,413,293	-

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	
	2012	2011
	£	£
Aggregate capital and reserves	(95,944)	397,046
Profit/(loss) for the year	572,746	293,266

Avalon Television Limited

Notes to the accounts Year ended 30 June 2012

9 Debtors: amounts falling due within one year

	2012 £	2011 £
Trade debtors	1,758,806	1,428,537
Amounts owed by group undertakings	1,848,827	5,010,846
Other debtors	2,568,317	-
Prepayments and accrued income	396,753	626,310
	<u>6,572,703</u>	<u>7,065,693</u>

10 Creditors amounts falling due within one year

	2012 £	2011 £
Trade creditors	350,599	166,929
Amounts owed by group undertakings	6,860,969	4,434,322
Corporation tax	370,309	642,027
Social security and other taxes	339,365	551,533
Other creditors	8,351	1,043,695
Accruals and deferred income	8,324,776	6,311,929
Provision for legal fees	350,000	-
	<u>16,604,369</u>	<u>13,150,435</u>

A cross guarantee and debenture exists between the company, its parent company Avalon Entertainment, former group company Avalon Management Group Limited, and the following group companies Avalon Distribution Limited, Avalon Factual Holdings Limited, Flame Television Productions Limited, Liberty Bell Productions Limited, Tinderbox Television Limited, Topical Television Limited, Avalon Promotions Limited and Funnyfriend Limited, to secure bank overdraft and loan facilities available to these companies

A provision of £350,000 has been made during the year to cover estimated legal costs relating to a dispute (2011 £nil)

11 Creditors amounts falling due after more than one year

	2012 £	2011 £
Other creditors	-	1,141,617
	<u>-</u>	<u>1,141,617</u>

12. Called up share capital

	2012 £	2011 £
Allotted, issued and fully paid 100 ordinary shares of £1 each	<u>100</u>	<u>100</u>

Avalon Television Limited

Notes to the accounts Year ended 30 June 2012

13. Reserves

	Profit and loss account £
At 1 July 2011	6,673,903
Profit for the year	4,014,130
Dividends	(10,662,902)
At 30 June 2012	<u>25,131</u>

14 Reconciliation of movements in shareholders' funds

	2012 £	2011 £
Profit for the financial year	4,014,130	2,446,157
Dividends	(10,662,902)	-
Net addition to shareholders' funds	<u>(6,648,772)</u>	<u>2,446,157</u>
Opening shareholders' funds	6,674,003	4,227,846
Closing shareholders' funds	<u>25,231</u>	<u>6,674,003</u>

15. 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

16. Ultimate controlling party

As at the year end date, Nolava Holdings Limited was the parent company and the ultimate controlling party was JM Thoday

Following the post-balance sheet re-organisation (see Directors' Report, Review of Business), the ultimate controlling company is Tiverton Holdings Limited, and the ultimate controlling party is JM Thoday Tiverton Holdings Limited is yet to produce any company accounts

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