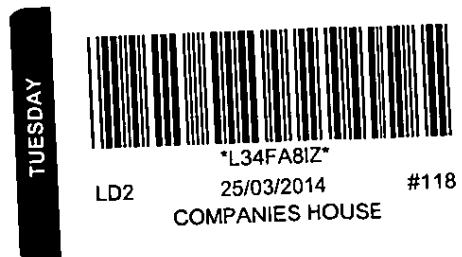


**Company Registration No. 2856604**

**Avalon Television Limited**

**Report and Financial Statements**

**30 June 2013**



# **Avalon Television Limited**

## **Report and financial statements 2013**

<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 2013**

### **Officers and professional advisers**

#### **Directors**

R Allen-Turner  
R Aslett  
J L Beresford  
J Gregory  
C Meller  
J Mowl  
G Perkins  
J 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 2013

### **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 2013, 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.

The re-organisation of the Avalon group in June/ July 2012 was detailed in full in the 2012 company accounts. Further to this, there was a further reorganisation of the group of which Avalon Television is a member, such that, as at 30 June 2013, Avalon Television Limited was owned ultimately by a new holding company, Tiverton 2 Ltd.

The current shareholdings in Tiverton 2 Limited are identical to those of the former holding company, Tiverton 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.

### **Dividends**

Dividends of £nil were declared by subsidiaries in the year (2012: £2,229,318). Dividends were declared of £nil to Avalon Entertainment Limited for the year ended 30 June 2013 (2012: £10,662,902).

### **Going concern**

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to 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 Statement of accounting policies in the financial statements.

# Avalon Television Limited

## Directors' report (continued)

### Directors

The directors who served throughout the year were as follows

R Allen-Turner  
R Aslett  
R Bennett (resigned 31 March 2013)  
J L Beresford  
J Gregory  
C Meller  
J Mowll  
G Perkins  
J Thoday

### Auditor

Each of the persons who is a director at the date of approval of this report confirms that

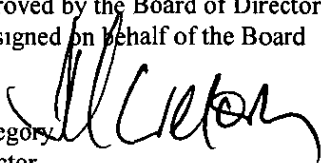
- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that 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 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



2013

Joe Decker

# **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, subject to any material departures disclosed and explained in the financial statements, 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 2013 which comprise the profit and loss account, the balance sheet and the related notes 1 to 14. 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. 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.

### **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 2013 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**

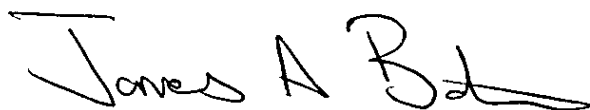
In our opinion the information in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## **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  
30 December 2013



# Avalon Television Limited

## Profit and loss account For the year ended 30 June 2013

	Notes	2013 £	2012 £
<b>Turnover</b>	2	15,835,608	24,233,241
Cost of sales		(12,415,558)	(18,530,324)
<b>Gross profit</b>		<u>3,420,050</u>	<u>5,702,917</u>
Administrative expenses		(2,162,778)	(3,309,967)
<b>Operating profit</b>	4	<u>1,257,272</u>	<u>2,392,950</u>
Interest receivable and similar income	5	57,344	562
Interest payable and similar charges	5	-	(29,932)
Income received from shares in group undertakings		-	2,229,318
<b>Profit on ordinary activities before tax</b>		<u>1,314,616</u>	<u>4,592,898</u>
Tax on profit on ordinary activities	6	(185,606)	(578,768)
<b>Profit for the financial year after tax</b>		<u><u>1,129,010</u></u>	<u><u>4,014,130</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 2013

	Notes	2013 £	2012 £
<b>Fixed assets</b>			
Investments	8	8,413,243	8,413,243
<b>Current assets</b>			
Debtors	9	5,105,480	6,899,800
Cash at bank and in hand		1,623,657	1,342,939
		<u>6,729,137</u>	<u>8,242,739</u>
<b>Creditors: amounts falling due within one year</b>	10	<u>(13,988,139)</u>	<u>(16,630,751)</u>
<b>Net current liabilities</b>		<u>(7,259,002)</u>	<u>(8,388,012)</u>
<b>Net assets</b>		<u>1,154,241</u>	<u>25,231</u>
<b>Capital and reserves</b>			
Called up share capital	11	100	100
Profit and loss account	12	1,154,141	25,131
		<u>1,154,241</u>	<u>25,231</u>
<b>Total equity shareholders' funds</b>	12	<u>1,154,241</u>	<u>25,231</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 30.12.2013

Signed on behalf of the Board of Directors

J Thoday  
Director



# Avalon Television Limited

## Notes to the accounts Year ended 30 June 2013

### 1. Accounting policies

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

#### Basis of accounting

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 undertaking are included by full consolidation in the consolidated financial statements of its parent, Tiverton Holdings Limited, a company incorporated 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.

Having given due consideration to the above factors, the current year result 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.

#### 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.

#### Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law if these future benefits are considered recoverable. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets and liabilities are not discounted.

# Avalon Television Limited

## Notes to the accounts Year ended 30 June 2013

### 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.

#### Fixed asset 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 Tiverton Holdings 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

	2013 £	2012 £
Wages and salaries	397,600	669,110
Social security costs	53,442	80,937
Other pension costs	40,436	5,595
	<u>491,478</u>	<u>755,642</u>
Directors' remuneration and other benefits	66,687	253,256
Directors' pension contributions to money purchase schemes	35,970	-
	<u>102,657</u>	<u>253,256</u>

The highest paid director received £102,657 in total emoluments for the year, including £66,687 remuneration for services to the company and £35,970 pension contributions.

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

	2013 No.	2012 No.
Administration	<u>7</u>	<u>8</u>

# Avalon Television Limited

## Notes to the accounts Year ended 30 June 2013

### 4. Operating profit

	2013 £	2012 £
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	3,750	32,000
Foreign exchange differences	615	485
	<u>          </u>	<u>          </u>

### 5 Interest payable and interest receivable

	2013 £	2012 £
Interest payable	-	(29,932)
Interest receivable	57,344	562
	<u>          </u>	<u>          </u>
	57,344	(29,370)
	<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

	2013 £	2012 £
Current tax		
UK corporation tax	181,591	616,037
Adjustment in respect of previous periods	4,234	(36,990)
	<u>          </u>	<u>          </u>
Tax on profit on ordinary activities	185,825	579,047
	<u>          </u>	<u>          </u>
Deferred tax	3,102	(375)
Effect of rate change to the profit and loss account	(3,186)	67
Effect of prior year adjustment	(135)	29
	<u>          </u>	<u>          </u>
Tax on profit on ordinary activities	185,606	578,768
	<u>          </u>	<u>          </u>

# Avalon Television Limited

## Notes to the accounts Year ended 30 June 2013

### 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

	2013 £	2012 £
Profit on ordinary activities before tax	1,314,616	4,592,898
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 23.75 % (2012: 25.5%)	312,221	1,171,189
Effects of		
Disallowable expenses	1,479	13,396
Group relief	(128,914)	-
Capital allowances in excess of depreciation	(50)	(72)
Short term timing differences	(3,145)	-
Dividends received from subsidiary	-	(568,476)
Overprovision of corporation tax in previous years	4,234	(36,990)
Current tax charge	185,825	579,047

### 7. Dividends paid

A dividend was declared of £nil during the year (2012: £10,662,902)

### 8 Fixed asset investments

	Shares in group undertakings £
<b>Cost</b>	
At 1 July 2012	8,413,243
Additions	-
Disposals	-
At 30 June 2013	8,413,243
<b>Net book value</b>	
At 30 June 2013	8,413,243
At 30 June 2012	8,413,243

# Avalon Television Limited

## Notes to the accounts Year ended 30 June 2013

### 8. Fixed asset investments (continued)

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

#### **Tinderbox Television Limited**

Nature of business Television programme production

	% holding	
Class of shares		
Ordinary		100
		<u>          </u>
	2013	2012
	£	£
Aggregate capital and reserves	(1,200,391)	(1,129,667)
(Loss)/profit for the year	(70,723)	6,385
	<u>          </u>	<u>          </u>

#### **Sketch Productions Limited**

Nature of business Television programme production

	% holding	
Class of shares		
Ordinary		100
		<u>          </u>
	2013	2012
	£	£
Aggregate capital and reserves	1	1
	<u>          </u>	<u>          </u>

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
		<u>          </u>
	2013	2012
	£	£
Aggregate capital and reserves	(5,210)	(5,210)
	<u>          </u>	<u>          </u>

The company was dormant throughout the current and previous years

# Avalon Television Limited

## Notes to the accounts Year ended 30 June 2013

### 8 Fixed asset investments (continued)

#### Avalon Factual Holdings Limited

Nature of business Television programme production

	% holding	
Class of shares		
Ordinary		100
		<u>          </u>
	2013	2012
	£	£
Aggregate capital and reserves	8,017,443	8,413,393
(Loss)/Profit for the year	(395,950)	905,879
	<u>          </u>	<u>          </u>

#### Avalon Distribution

Nature of business Television programme secondary sales

	% holding	
Class of shares		
Ordinary		100
		<u>          </u>
	2013	2012
	£	£
Aggregate capital and reserves	(77,773)	100
Loss for the year	(77,873)	(1,431)
	<u>          </u>	<u>          </u>

### 9 Debtors amounts falling due within one year

	2013	2012
	£	£
Trade debtors	890,456	1,758,806
Amounts owed by group undertakings	3,889,639	1,875,208
Other debtors	229,919	2,568,317
Prepayments and accrued income	95,247	697,469
Deferred tax	219	-
	<u>          </u>	<u>          </u>
	5,105,480	6,899,800
	<u>          </u>	<u>          </u>



# Avalon Television Limited

## Notes to the accounts Year ended 30 June 2013

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

	2013 £	2012 £
Trade creditors	709,949	350,599
Amounts owed by group undertakings	5,923,259	6,887,351
Corporation tax creditor	101,215	370,309
Social security and other taxes	882,921	339,365
Other creditors	8,382	8,351
Accruals and deferred income	6,362,413	8 324 776
Provision for legal fees	-	350,000
	<u>13,988,139</u>	<u>16,630,751</u>

A cross guarantee and debenture exists between the company, its ultimate parent company Tiverton 2 Limited and the following group companies Tiverton Holdings Limited, Avalon Entertainment Limited, Avalon Factual Holdings, Flame Television Production Limited, Liberty Bell Productions Limited, Topical Television Limited, Tinderbox Television Limited, Avalon Distribution Limited and Avalon Promotions Limited to secure bank overdraft and loan facilities available to these companies

### 11 Called up share capital

	2013 £	2012 £
Allotted, issued and fully paid 100 ordinary shares of £1 each	<u>100</u>	<u>100</u>

### 12 Reconciliation of movements in shareholders' funds

	2013 £	2012 £
Profit for the financial year	1,129,010	4,014,130
Dividends	-	(10,662,902)
Net movement to shareholders' funds	<u>1,129,010</u>	<u>(6,648,772)</u>
Opening shareholders' funds	25,231	6,674,003
Closing shareholders' funds	<u>1,154,241</u>	<u>25,231</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

## **Avalon Television Limited**

### **Notes to the accounts Year ended 30 June 2013**

#### **14. Ultimate controlling party**

As at the year end date the ultimate controlling party is JM Thoday. The largest and smallest groups within which the company's financial statements are consolidated is Tiverton Holdings Ltd.

Copies of consolidated financial statements can be obtained from Companies House, Crown Way, Maindy, Cardiff CF14 3UZ.