

REGISTERED NUMBER: 2856604

**REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010
FOR
AVALON TELEVISION LIMITED**

THURSDAY



L7YY9SWL

L21

31/03/2011

1

COMPANIES HOUSE

AVALON TELEVISION LIMITED (REGISTERED NUMBER: 2856604)

**CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

	Page
Company Information	1
Report of the Directors	2
Report of the Independent Auditors	4
Profit and Loss Account	5
Balance Sheet	6
Cash Flow Statement	7
Notes to the Cash Flow Statement	8
Notes to the Financial Statements	10

AVALON TELEVISION LIMITED
COMPANY INFORMATION
FOR THE YEAR ENDED 30 JUNE 2010

DIRECTORS:

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

SECRETARY:

R Allen-Turner

REGISTERED OFFICE:

4A Exmoor Street
London
W10 6BD

REGISTERED NUMBER:

2856604

AUDITORS:

MacIntyre Hudson LLP
Statutory Auditors
New Bridge Street House
30-34 New Bridge Street
London
EC4V 6BJ

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 30 JUNE 2010**

The directors present their report with the financial statements of the company for the year ended 30 June 2010

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.

During the financial year (on 3 July 2009), the Company acquired 100% of the share capital of two television production companies: Flame Television Production Ltd and Topical Television Ltd. These companies have augmented the Group's breadth of product and have contributed immediately to Group profits.

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, and Flame Television Production Ltd.

Avalon Television's (and the groups') 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, retaining rights in our programming, and by operating a highly focused distribution strategy in the secondary market. 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 2011 and beyond.

During the year (in June 2010), Avalon Television's term debt was repaid as part of a refinancing of the group's facilities. Consequently, as at 30 June 2010, the Company had zero term 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.

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 2010.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 July 2009 to the date of this report.

J Thoday
R Allen-Turner
J Gregory
G Perkins
R Bennett
R Aslett

Other changes in directors holding office are as follows:

J Mowll was appointed as a director after 30 June 2010 but prior to the date of this report.

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 30 JUNE 2010**

POLITICAL AND CHARITABLE CONTRIBUTIONS

During the year the company made charitable donations of £Nil (2009 £2,500)

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.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors 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 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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

MacIntyre Hudson LLP is deemed to be reappointed under section 487(2) of the Companies Act 2006.

ON BEHALF OF THE BOARD:



J Gregory - Director

27 December 2010

REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF AVALON TELEVISION LIMITED

We have audited the financial statements of Avalon Television Limited for the year ended 30 June 2010 on pages five to eighteen. 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 a Report of the Auditors 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 auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page three, 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 the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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 2010 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 other matter prescribed by the Companies Act 2006

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

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.

MacIntyre Hudson LLP

John Coverdale BSc ACA (Senior Statutory Auditor)
for and on behalf of MacIntyre Hudson LLP
Statutory Auditors
New Bridge Street House
30-34 New Bridge Street
London
EC4V 6BJ

30 December 2010

AVALON TELEVISION LIMITED (REGISTERED NUMBER 2856604)

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2010**

	Notes	2010 £	2009 £
TURNOVER	2	14,632,847	15,928,091
Cost of sales		12,470,299	14,213,433
GROSS PROFIT		2,162,548	1,714,658
Administrative expenses		731,720	879,417
OPERATING PROFIT	4	1,430,828	835,241
Income from shares in group undertakings		1,000,000	-
Interest receivable and similar income		2,420	-
		1,002,420	-
		2,433,248	835,241
Interest payable and similar charges	5	67,293	150,220
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		2,365,955	685,021
Tax on profit on ordinary activities	6	408,309	124,260
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		1,957,646	560,761

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 profits for the current year or previous year

The notes form part of these financial statements

AVALON TELEVISION LIMITED (REGISTERED NUMBER: 2856604)

**BALANCE SHEET
30 JUNE 2010**

	Notes	2010 £	2009 £
FIXED ASSETS			
Investments	7	6,999,395	4,856,513
CURRENT ASSETS			
Stocks	8	59,533	331,112
Debtors	9	7,157,298	5,063,306
Cash at bank and in hand		782,633	3,216,049
		<u>7,999,464</u>	<u>8,610,467</u>
CREDITORS			
Amounts falling due within one year	10	<u>10,308,013</u>	<u>9,944,290</u>
NET CURRENT LIABILITIES		<u>(2,308,549)</u>	<u>(1,333,823)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>4,690,846</u>	<u>3,522,690</u>
CREDITORS			
Amounts falling due after more than one year	11	<u>463,000</u>	<u>1,252,490</u>
NET ASSETS		<u><u>4,227,846</u></u>	<u><u>2,270,200</u></u>
CAPITAL AND RESERVES			
Called up share capital	13	100	100
Profit and loss account	14	<u>4,227,746</u>	<u>2,270,100</u>
SHAREHOLDERS' FUNDS	17	<u><u>4,227,846</u></u>	<u><u>2,270,200</u></u>

The financial statements were approved by the Board of Directors on 27 December 2010 and were signed on its behalf by

J Thoday - Director

The notes form part of these financial statements

AVALON TELEVISION LIMITED (REGISTERED NUMBER: 2856604)

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2010**

		2010	2009
	Notes	£	£
Net cash (outflow)/inflow from operating activities	1	(1,190,289)	4,257,270
Returns on investments and servicing of finance	2	935,127	(150,220)
Taxation		(35,372)	(386,785)
Capital expenditure and financial investment	2	(2,142,882)	-
		(2,433,416)	3,720,265
Financing	2	-	(812,500)
(Decrease)/Increase in cash in the period		(2,433,416)	2,907,765
Reconciliation of net cash flow to movement in net funds	3		
(Decrease)/Increase in cash in the period		(2,433,416)	2,907,765
Cash outflow from decrease in debt		<u>2,064,990</u>	<u>812,500</u>
Change in net funds resulting from cash flows		<u>(368,426)</u>	<u>3,720,265</u>
Movement in net funds in the period		(368,426)	3,720,265
Net funds/(debt) at 1 July		1,151,059	(2,569,206)
Net funds at 30 June		<u>782,633</u>	<u>1,151,059</u>

The notes form part of these financial statements

NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2010

1 RECONCILIATION OF OPERATING PROFIT TO NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES

	2010 £	2009 £
Operating profit	1,430,828	835,241
Decrease/(Increase) in stocks	271,579	(191,513)
(Increase)/Decrease in debtors	(2,093,992)	2,001,288
(Decrease)/Increase in creditors	(798,704)	1,612,254
Net cash (outflow)/inflow from operating activities	(1,190,289)	4,257,270

2 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2010 £	2009 £
Returns on investments and servicing of finance		
Interest received	2,420	-
Interest paid	(67,293)	(150,220)
Dividends received	1,000,000	-
Net cash inflow/(outflow) for returns on investments and servicing of finance	935,127	(150,220)
Capital expenditure and financial investment		
Purchase of fixed asset investments	(2,142,882)	-
Net cash outflow for capital expenditure and financial investment	(2,142,882)	-
Financing		
Deferred consideration paid in the year	-	(1,058,219)
New bank loans	-	245,719
Net cash outflow from financing	-	(812,500)

The notes form part of these financial statements

AVALON TELEVISION LIMITED (REGISTERED NUMBER: 2856604)

**NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2010**

3 ANALYSIS OF CHANGES IN NET FUNDS

	At 1/7/09 £	Cash flow £	At 30/6/10 £
Net cash			
Cash at bank and in hand	3,216,049	(2,433,416)	782,633
	<u>3,216,049</u>	<u>(2,433,416)</u>	<u>782,633</u>
Debt			
Debts falling due within one year	(812,500)	812,500	-
Debts falling due after one year	(1,252,490)	1,252,490	-
	<u>(2,064,990)</u>	<u>2,064,990</u>	<u>-</u>
Total	<u>1,151,059</u>	<u>(368,426)</u>	<u>782,633</u>

The notes form part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

1 ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements have been prepared in accordance with applicable accounting standards

Accounting convention

The financial statements have been 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, Avalon Entertainment Limited, a company incorporated in England and Wales.

Turnover and profit recognition

Turnover is recognised on the basis of the proportion of the production which has been produced at the balance sheet date, provided principal photography has commenced, net of value added tax. Profit is recognised in accordance with the production schedule, provided that profits can be reasonably foreseen.

Work in progress

Where 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 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.

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 result 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.

AVALON TELEVISION LIMITED (REGISTERED NUMBER: 2856604)

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 JUNE 2010**

3 STAFF COSTS

	2010	2009
	£	£
Wages and salaries	333,734	390,420
Social security costs	22,374	44,532
Other pension costs	793	8,549
	<u>356,901</u>	<u>443,501</u>

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

	2010	2009
Administration	<u>6</u>	<u>7</u>

4 OPERATING PROFIT

The operating profit is stated after charging/(crediting)

	2010	2009
	£	£
Auditors' remuneration	8,815	7,600
Auditors' remuneration for non audit work	4,905	17,380
Foreign exchange differences	<u>9,861</u>	<u>(48,221)</u>
Directors' remuneration	<u>-</u>	<u>-</u>

5 INTEREST PAYABLE AND SIMILAR CHARGES

	2010	2009
	£	£
Bank interest	222	13,618
Loan interest	<u>67,071</u>	<u>136,602</u>
	<u>67,293</u>	<u>150,220</u>

6 TAXATION

Analysis of the tax charge

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

	2010	2009
	£	£
Current tax		
UK corporation tax	382,341	124,260
Adjustment in respect of previous periods	<u>25,968</u>	<u>-</u>
Tax on profit on ordinary activities	<u>408,309</u>	<u>124,260</u>

AVALON TELEVISION LIMITED (REGISTERED NUMBER. 2856604)

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 JUNE 2010**

6 TAXATION - 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

	2010 £	2009 £
Profit on ordinary activities before tax	<u>2,365,955</u>	<u>685,021</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2009 - 28%)	662,467	191,806
Effects of Capital allowances in excess of depreciation	(126)	(158)
Permanent disallowables	-	3,130
Group Relief received without payment accrued loan interest	-	(70,518)
Dividends received from subsidiary	(280,000)	-
Overprovision of corporation tax in previous years	<u>25,968</u>	<u>-</u>
Current tax charge	<u>408,309</u>	<u>124,260</u>

7 FIXED ASSET INVESTMENTS

	Shares in group undertakings £
COST	
At 1 July 2009	4,856,513
Additions	<u>2,142,882</u>
At 30 June 2010	<u>6,999,395</u>
NET BOOK VALUE	
At 30 June 2010	<u>6,999,395</u>
At 30 June 2009	<u>4,856,513</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

	%		
Class of shares	holding	2010	2009
Ordinary	100.00	£	£
Aggregate capital and reserves		844,316	611,967
Profit for the year		<u>232,349</u>	<u>176,439</u>

AVALON TELEVISION LIMITED (REGISTERED NUMBER: 2856604)

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 JUNE 2010**

7 FIXED ASSET INVESTMENTS - continued

Tinderbox Television Limited

Nature of business Television programme production

	%		
Class of shares	holding		
Ordinary	100 00	2010 £	2009 £
Aggregate capital and reserves		(1,070,781)	(1,024,466)
Loss for the year		<u>(46,315)</u>	<u>(233,178)</u>

Sketch Productions Limited

Nature of business Television programme production

	%		
Class of shares	holding		
Ordinary	100 00	2010 £	2009 £
Aggregate capital and reserves		<u>1</u>	<u>1</u>

The company was dormant throughout the previous year

Brightwater Productions Limited

Nature of business Radio programme production

	%		
Class of shares	holding		
Ordinary	51 00	2010 £	2009 £
Aggregate capital and reserves		<u>(5,210)</u>	<u>(5,210)</u>

The company was dormant throughout the current and previous years

AVALON TELEVISION LIMITED (REGISTERED NUMBER 2856604)

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 JUNE 2010**

7 FIXED ASSET INVESTMENTS - continued

Flame Television Production Limited

Nature of business. Television programme production

Class of shares	% holding		
Ordinary	100 00		
		31/12/09	31/12/08
		£	£
Aggregate capital and reserves		(54,552)	(19,466)
(Loss)/Profit for the year		<u>(35,088)</u>	<u>220,438</u>

On 3 July 2009 Avalon Television Limited acquired the business of Flame Television Production Limited for an initial consideration of £514,590. The balance sheet of Flame Television Production Limited on acquisition was as follows

	Book value at 3 July £	Fair value adjustments £	Fair value at acquisition £
Tangible assets	63,783	-	63,783
Debtors	340,929	-	340,929
Cash at bank and in hand	129,459	-	129,459
Creditors - amount falling due within 1 year	<u>(548,771)</u>	-	<u>(548,771)</u>
Net assets acquired	(14,600)	-	(14,600)
Goodwill			<u>899,316</u>
Consideration			<u><u>884,716</u></u>
Satisfied by			
Cash			514,590
Related costs of acquisition			120,126
Deferred consideration			<u>250,000</u>
			<u><u>884,716</u></u>

There were no fair value adjustments at acquisition

The deferred consideration is payable upon the achievement of certain minimum targets. This represents the amount that is reasonably expected to be payable.

Initial estimates of the deferred consideration will be revised as further and more certain information becomes available with corresponding adjustments to goodwill.

AVALON TELEVISION LIMITED (REGISTERED NUMBER: 2856604)

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 JUNE 2010**

7 FIXED ASSET INVESTMENTS - continued

Topical Television Limited

Nature of business Television programme production

	%		
Class of shares	holding		
Ordinary	100 00		
		2010	2009
		£	£
Aggregate capital and reserves		223,045	1,064,452
Profit for the year		<u>158,593</u>	<u>59,917</u>

On 3 July 2009 Avalon Television Limited acquired the business of Topical Television Limited for an initial consideration of £1,000,000. The balance sheet of Topical Television Limited on acquisition was as follows

	Book value at 3 July £	Fair value adjustments £	Fair value at acquisition £
Tangible assets	20,544	-	20,544
Debtors	260,352	-	260,352
Cash at bank and in hand	1,120,215	-	1,120,215
Creditors - amount falling due within 1 year	<u>(336,659)</u>	-	<u>(336,659)</u>
Net assets acquired	1,064,452	-	1,064,452
Goodwill			193,614
Consideration			<u>1,258,066</u>
Satisfied by			
Cash			1,000,000
Related costs of acquisition			45,066
Deferred consideration			<u>213,000</u>
			<u>1,258,066</u>

There were no fair value adjustments at acquisition

The deferred consideration is payable upon the achievement of certain minimum targets. This represents the amount that is reasonably expected to be payable.

Initial estimates of the deferred consideration will be revised as further and more certain information becomes available with corresponding adjustments to goodwill.

AVALON TELEVISION LIMITED (REGISTERED NUMBER. 2856604)

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 JUNE 2010**

7 FIXED ASSET INVESTMENTS - continued

Avalon Distribution Limited

Nature of business Completed programme and format sales

Class of shares	% holding	2010	2009
Ordinary	100 00	£	£
Aggregate capital and reserves		144,444	100
Profit for the year		144,344	-

8 STOCKS

	2010	2009
	£	£
Work-in-progress	59,533	331,112

9 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2010	2009
	£	£
Trade debtors	2,311,021	2,434,017
Amounts owed by group undertakings	3,751,362	1,204,095
Other debtors	164,473	44,127
Prepayments and accrued income	930,442	1,381,067
	7,157,298	5,063,306

10 CREDITORS. AMOUNTS FALLING DUE WITHIN ONE YEAR

	2010	2009
	£	£
Bank loans and overdrafts (see note 12)	-	812,500
Trade creditors	2,751,257	1,795,277
Corporation tax	239,556	(133,381)
Social security and other taxes	618,818	457,513
Other creditors	188,176	124,576
Accruals and deferred income	6,510,206	6,887,805
	10,308,013	9,944,290

A cross guarantee and debenture exists between Avalon Public Relations Limited, Funnyfriend Limited, Avalon Promotions Limited, Topical 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

AVALON TELEVISION LIMITED (REGISTERED NUMBER: 2856604)

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 JUNE 2010**

11 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2010 £	2009 £
Bank loans (see note 12)	-	1,252,490
Other creditors	463,000	-
	<u>463,000</u>	<u>1,252,490</u>

12 LOANS

An analysis of the maturity of loans is given below

	2010 £	2009 £
Amounts falling due within one year or on demand		
Bank loans	-	812,500
	<u>-</u>	<u>812,500</u>
Amounts falling due between one and two years		
Bank loans	-	1,252,490
	<u>-</u>	<u>1,252,490</u>

50% of the loans did have an interest rate fixed at 5.15% until 26 February 2010. The remainder of the loans are accruing interest at 1.75% above Barclays Bank's base rate. This was repaid before the year end.

13 CALLED UP SHARE CAPITAL

Allotted, issued and fully paid			2010	2009
Number	Class	Nominal value	£	£
100	Ordinary shares	£1	<u>100</u>	<u>100</u>

14 RESERVES

	Profit and loss account £
At 1 July 2009	2,270,100
Profit for the year	1,957,646
	<u>4,227,746</u>
At 30 June 2010	<u>4,227,746</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.

AVALON TELEVISION LIMITED (REGISTERED NUMBER: 2856604)

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 JUNE 2010**

16 ULTIMATE CONTROLLING PARTY

The ultimate controlling party is Nolava Holdings Limited. Copies of consolidated financial statements of the company can be obtained from Companies House, Crown Way, Mandy, Cardiff, CF14, 3UZ.

The controlling party of Nolava Holdings Limited is JM Thoday.

17 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2010 £	2009 £
Profit for the financial year	1,957,646	560,761
Net addition to shareholders' funds	1,957,646	560,761
Opening shareholders' funds	2,270,200	1,709,439
Closing shareholders' funds	4,227,846	2,270,200

18 CASH AT BANK AND IN HAND

	2010 £	2009 £
Amounts held on deposit	5,409,034	6,130,534
Less associated finance lease liabilities	(5,409,034)	(6,130,534)
	-	-
Amounts held in programme production trust accounts	81,465	582,782
Other cash at bank and in hand	701,169	2,633,267
	782,634	3,216,049

Amounts held on deposit arise as a result of sale and leaseback transactions and comprise monies to provide for the discharge of future leasing liabilities disclosed above.

In the two years ended 30th 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 proceeds from the sale in a trust account with a bank. This bank account may only be used to pay off the lease payments.

19 GROUP REORGANISATION

As a result of a group reorganisation, which took place during the year, completed programme and format sales are now conducted by a fellow group company Avalon Distribution Limited. In prior periods completed programme and format sales were conducted by Avalon Television Limited.