

**Company Registration No. 02856604**

**Avalon Television Limited**

**Annual Report and Financial Statements**

**30 June 2014**

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# **Avalon Television Limited**

## **Annual Report and financial statements 2014**

<b>Contents</b>	<b>Page</b>
<b>Officers and professional advisers</b>	<b>1</b>
<b>Strategic report</b>	<b>2</b>
<b>Directors' report</b>	<b>3</b>
<b>Statement of directors' responsibilities</b>	<b>5</b>
<b>Independent auditor's report</b>	<b>6</b>
<b>Profit and loss account</b>	<b>8</b>
<b>Balance sheet</b>	<b>9</b>
<b>Notes to the financial statements</b>	<b>10</b>

# **Avalon Television Limited**

## **Annual Report and financial statements 2014**

### **Officers and professional advisers**

#### **Directors**

R Allen-Turner  
R Aslett  
J L Beresford  
C Clarke  
J Mowll  
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

## Strategic report

The directors present their strategic report for the year ended 30 June 2014.

### Business Review

The company's principal business is that of the development and production of television and film projects.

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. This strategy requires a significant level of reinvestment of profits back into the creative process. The high level of investment made over recent years is expected to lead to improved performance during the future period and beyond.

The Company has continued to maintain and develop a strong range of productions, and deliver a healthy performance in a challenging environment. The company delivered an operating profit of £570,442 (2013: £1,257,272) having invested significantly in new TV developments and programming which is expected to lead to improved performance during the future period and beyond.

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.

### Principal risks

The principal risks faced by the company include competition from rival producers, retention and development of key talent, retention and exploitation of programming rights.

As at 30 June 2014, the Company has a net borrowing position of £266,484. 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 Directors feel confident that the financial risks thereof are managed appropriately.

We are not aware of any trends or factors which are likely to have a significant impact on the future development, performance and position of the Company's business.

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



J Mowll  
Director

12 December 2014

# **Avalon Television Limited**

## **Directors' report**

The directors present their annual report and the audited financial statements for the year ended 30 June 2014. Strategic matters such as principal risks have been covered by the Strategic Report on page 2.

### **Principal activity**

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

### **Results and Dividends**

The results for the year ended 30 June 2014 are shown in the company's profit and loss account on page 8.

Operating profit for the year before interest and taxation for the year ended 30 June 2014 was £570,442 (2013: £1,257,272).

Profit for the year was £640,819 (2013: £1,129,010).

### **Dividends**

Dividends of £nil were declared by subsidiaries in the year (2013: £nil). Dividends were declared of £nil to Avalon Television Limited for the year ended 30 June 2014 (2013: £nil).

### **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

### **Directors**

The directors who served throughout the year were as follows:

R Allen-Turner

R Aslett

J L Beresford

J Gregory- resigned 31/10/2014

C Clarke

J Mowll

G Perkins

J Thoday

## Avalon Television Limited

### Directors' report (continued)

#### 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 has expressed its willingness to continue in office as auditor and a resolution to reappoint it will be proposed at the forthcoming Annual General Meeting

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



J Mowll  
Director

12 December 2014

## **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 2014 which comprise the profit and loss account, the balance sheet and the related notes 1 to 13. 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2014 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 Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

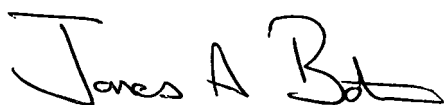


## **Independent auditor's report to the members of Avalon Television Limited (continued)**

### **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  
12 December 2014

# Avalon Television Limited

## Profit and loss account For the year ended 30 June 2014

	Notes	2014 £	2013 £
<b>Turnover</b>	2	8,911,779	15,835,608
Cost of sales		(6,378,798)	(12,415,558)
<b>Gross profit</b>		2,532,981	3,420,050
Administrative expenses		(1,962,539)	(2,162,778)
<b>Operating profit</b>	4	570,442	1,257,272
Interest receivable and similar income	5	219	57,344
Interest payable		(4,429)	
<b>Profit on ordinary activities before tax</b>		566,232	1,314,616
Tax on profit on ordinary activities	6	74,587	(185,606)
<b>Profit for the financial year after tax</b>		640,819	1,129,010

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 2014

	Notes	2014 £	2013 £
<b>Fixed assets</b>			
Investments	7	8,413,243	8,413,243
<b>Current assets</b>			
Debtors	8	3,876,641	5,105,480
Cash at bank and in hand		-	1,623,657
		<u>3,876,641</u>	<u>6,729,137</u>
<b>Creditors: amounts falling due within one year</b>	9	<u>(10,494,824)</u>	<u>(13,988,139)</u>
<b>Net current liabilities</b>		<u>(6,618,183)</u>	<u>(7,259,002)</u>
<b>Net assets</b>		<u>1,795,060</u>	<u>1,154,241</u>
<b>Capital and reserves</b>			
Called up share capital	10	100	100
Profit and loss account		<u>1,794,960</u>	<u>1,154,141</u>
<b>Total equity shareholders' funds</b>	11	<u>1,795,060</u>	<u>1,154,241</u>

The accompanying notes form an integral part of these financial statements.

The financial statements of Avalon Television Limited, registered number 02856604 were approved by the Board of Directors on 12 December 2014.

Signed on behalf of the Board of Directors

J. H. Day  
Director

# **Avalon Television Limited**

## **Notes to the financial statements** **Year ended 30 June 2014**

### **1. Accounting policies**

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below and have been applied consistently in both the current and prior year.

#### **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 2 Limited, a company incorporated in England and Wales.

#### **Going concern**

The company has net current liabilities at the balance sheet date. As such, the ultimate parent company, Tiverton 2 Limited, has agreed to provide financial support, as required to enable the company to meet its financial obligations as and when they fall due for a period of at least twelve months from the date of approval of these financial statements.

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 any related economic and market 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.

#### **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 financial statements Year ended 30 June 2014

### 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.

#### 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 2 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

	2014 £	2013 £
Wages and salaries	556,918	397,600
Social security costs	47,928	53,442
Other pension costs	44,126	40,436
	<u>648,971</u>	<u>491,478</u>
Directors' remuneration and other benefits	222,863	66,687
Directors' pension contributions to money purchase schemes	<u>41,320</u>	<u>35,970</u>

The highest paid director received £137,283 in total emoluments for the year, including £97,488 remuneration for services to the company and £38,320 pension contributions.

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

	2014 No.	2013 No.
Administration	<u>7</u>	<u>7</u>

# Avalon Television Limited

## Notes to the financial statements Year ended 30 June 2014

### 4. Operating profit

	2014 £	2013 £
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	3,750
Foreign exchange loss	150	615
	<u>          </u>	<u>          </u>

### 5. Interest payable and interest receivable

	2014 £	2013 £
Interest payable	(4,429)	-
Interest receivable	219	57,344
	<u>          </u>	<u>          </u>
	<u>(4,210)</u>	<u>57,344</u>

### 6. Tax

#### Analysis of the tax (credit)/charge

The tax (credit)/charge on the profit on ordinary activities for the year was as follows:

	2014 £	2013 £
Current tax:		
UK corporation tax	12,674	181,591
Adjustment in respect of previous periods	(87,315)	4,234
	<u>          </u>	<u>          </u>
Tax on profit on ordinary activities	<u>(74,642)</u>	<u>185,825</u>
Deferred tax	36	3,102
Effect of rate change to the profit and loss account	19	(3,186)
Effect of prior year adjustment	-	(135)
	<u>          </u>	<u>          </u>
Tax on profit on ordinary activities	<u>(74,587)</u>	<u>185,606</u>

# Avalon Television Limited

## Notes to the financial statements Year ended 30 June 2014

### 6. Tax (continued)

#### Factors affecting the tax (credit)/charge

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

	2014 £	2013 £
Profit on ordinary activities before tax	566,232	1,314,616
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 22.5% (2013: 23.75%)	127,410	312,221
Effects of:		
Disallowable expenses	1,905	1,479
Group relief	(116,603)	(128,914)
Capital allowances in excess of depreciation	(39)	(50)
Short term timing differences	-	(3,145)
Overprovision of corporation tax in previous years	(87,315)	4,234
Current tax (credit)/charge	(74,642)	185,825

### 7. Fixed asset investments

	Shares in group undertakings £
<b>Cost</b>	
At 1 July 2013	8,413,243
At 30 June 2014	8,413,243
<b>Net book value</b>	
At 30 June 2014	8,413,243
At 30 June 2013	8,413,243

# Avalon Television Limited

## Notes to the financial statements Year ended 30 June 2014

### 7. 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>
	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Aggregate capital and reserves	(1,404,585)	(1,200,390)
(Loss)/profit for the year	(204,195)	(70,723)
	<u>          </u>	<u>          </u>

#### **Sketch Productions Limited**

Nature of business: Television programme production

	% holding	
Class of shares:		
Ordinary		100
		<u>          </u>
	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
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>
	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
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 financial statements Year ended 30 June 2014

### 7. Fixed asset investments (continued)

#### Avalon Factual Holdings Limited

Nature of business: Television programme production

	% holding	
Class of shares:		
Ordinary		100
	2014	2013
	£	£
Aggregate capital and reserves	7,797,636	8,017,443
(Loss)/profit for the year	(219,807)	509,929

#### Avalon Distribution

Nature of business: Television programme secondary sales

	% holding	
Class of shares:		
Ordinary		100
	2014	2013
	£	£
Aggregate capital and reserves	69,456	(77,773)
Profit/(loss) for the year	147,229	(77,873)

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

	2014	2013
	£	£
Trade debtors	355,094	890,456
Amounts owed by group undertakings	2,301,230	3,889,639
Other debtors	484,069	229,919
Prepayments and accrued income	736,051	95,247
Deferred tax	164	219
Amounts owed from undertakings in which the company has a participating interest	33	-
	3,876,641	5,105,480

# Avalon Television Limited

## Notes to the financial statements Year ended 30 June 2014

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

	2014 £	2013 £
Trade creditors	243,518	709,949
Amounts owed to group undertakings	4,595,588	5,923,259
Amounts owed to undertakings in which the company has a participating interest	9,370	-
Corporation tax creditor	33,922	101,215
Social security and other taxes	343,726	882,921
Other creditors	7,481	8,382
Accruals and deferred income	4,994,735	6,362,413
Overdraft	266,484	-
	<u>10,494,824</u>	<u>13,988,139</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.

### 10. Called up share capital

	2014 £	2013 £
<b>Allotted, issued and fully paid</b>		
100 ordinary shares of £1 each (2013: 100)	<u>100</u>	<u>100</u>

### 11. Reconciliation of movements in shareholders' funds

	2014 £	2013 £
Profit for the financial year	<u>640,819</u>	<u>1,129,010</u>
<b>Net movement to shareholders' funds</b>	<u>640,819</u>	<u>1,129,010</u>
Opening shareholders' funds	<u>1,154,241</u>	<u>25,231</u>
<b>Closing shareholders' funds</b>	<u>1,795,060</u>	<u>1,154,241</u>

### 12. 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 financial statements Year ended 30 June 2014**

#### **13. 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 2 Ltd.

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