

Company Registration No. 02856604 (England and Wales)

AVALON TELEVISION LIMITED
ANNUAL REPORT AND UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017



AVALON TELEVISION LIMITED

COMPANY INFORMATION

Directors	R Allen-Turner R Aslett J Beresford J Mowll G Perkins J Thoday T Robinson
Secretary	R Allen-Turner
Company number	02856604
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

AVALON TELEVISION LIMITED

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AVALON TELEVISION LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 JUNE 2017

The directors present the strategic report for the year ended 30 June 2017.

Review of the business

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

The company achieved turnover of £16,071,145 (2016: £12,692,834), and delivered an operating profit of £1,465,852 (2016: £1,293,328).

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 continues to invest significantly in new TV developments and programming which is expected to lead to improved performance during the future period and beyond.

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.

Key to the continued success of Avalon Television Limited is its ability to secure commission and re-commissions of its programmes. The Company tracks ratings undertaking further audience and market research where necessary and responds to rating performance by adapting programmes where required. The Company's creative relationships with third parties and key talent are important to the performance of the Company. These relationships are closely managed on a day to day basis.

The Directors feel confident that the financial risks thereof are managed appropriately.

On behalf of the board



.....
J Mowll

Director

27 MARCH 2018

AVALON TELEVISION LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2017

The directors present their annual report and financial statements for the year ended 30 June 2017.

Principal activities

The principal activity of the company continued to be that of the development and production of television and film projects.

Development and performance

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.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

R Allen-Turner

R Aslett

J Beresford

J Mowll

G Perkins

J Thoday

T Robinson

(Appointed 5 September 2016)

Results and dividends

The results for the year are set out on page 4.

The directors do not recommend payment of an ordinary dividend (2016: £nil).

Post reporting date events

There have been no significant events affecting the company since year end.

AVALON TELEVISION LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

Director's Responsibilities Statement

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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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;
- state whether applicable United Kingdom Accounting Standards, including FRS 102 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 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.

Disclosure of Audit Requirements

The Company is a wholly owned subsidiary of Avalon Entertainment Limited and of its ultimate parent Tiverton 2 Limited, and is included in the consolidated financial statements of Tiverton 2 Limited, which are publicly available.

Consequently, the company has taken advantage of the exemption from statutory audit according to The Companies and Limited Liability Partnership (Accounts and Audit Exemptions and Change of Accounting Framework) Regulations 2012.

Small Companies Exemption

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

Going concern

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, 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 note 1 of the financial statements.

On behalf of the board



J Mowll

Director

27 MARCH 2018

AVALON TELEVISION LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2017

	Notes	2017 £	2016 £
Turnover	3	16,071,145	12,692,834
Cost of sales		(12,388,451)	(9,476,465)
Gross profit		3,682,694	3,216,369
Administrative expenses		(2,216,842)	(1,923,041)
Operating profit	4,5	1,465,852	1,293,328
Interest receivable and similar Income	8	169	868
Profit on ordinary activities before taxation		1,466,021	1,294,196
Taxation on profit on ordinary activities	9	(359,146)	(251,456)
Profit for the financial year		1,106,875	1,042,740

The Statement of Comprehensive Income has been prepared on the basis that all operations are continuing operations.

AVALON TELEVISION LIMITED

BALANCE SHEET

AS AT 30 JUNE 2017

	Notes	2017 £	£	2016 £	£
Fixed assets					
Investments	10		8,413,243		8,413,243
Current assets					
Debtors	13	7,156,322		5,311,768	
Cash at bank and in hand		855,046		-	
		8,011,368		5,311,768	
Creditors: amounts falling due within one year	14	(11,814,787)		(10,222,062)	
Net current liabilities			(3,803,419)		(4,910,294)
Total assets less current liabilities			4,609,824		3,502,949
Capital and reserves					
Called up share capital	17		100		100
Profit and loss account			4,609,724		3,502,849
Total equity			4,609,824		3,502,949

The Notes on pages 7 to 15 are an integral part of these financial statements.

For the financial year ended 30 June 2017 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies

Directors' responsibilities:

- The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476;
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of financial statements.

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements on pages 4 to 15 were approved by the board of directors and authorised for issue on 27 MARCH 2018 and are signed on its behalf by:



J Mowl
Director

Company Registration No. 02856604

AVALON TELEVISION LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2017

	Notes	Share capital £	Profit and loss account £	Total £
Balance at 1 July 2015		100	2,460,109	2,460,209
Year ended 30 June 2016:				
Profit and total comprehensive income for the year		-	1,042,740	1,042,740
		<hr/>	<hr/>	<hr/>
Balance at 30 June 2016		100	3,502,849	3,502,949
Year ended 30 June 2017:				
Profit and total comprehensive income for the year		-	1,106,875	1,106,875
		<hr/>	<hr/>	<hr/>
Balance at 30 June 2017	17	100	4,609,724	4,609,824
		<hr/>	<hr/>	<hr/>

AVALON TELEVISION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

1 Accounting policies

1.1 General information

Avalon Television Limited develops and produces film and television projects.

Avalon Television Limited is a private company limited by shares incorporated in England and Wales. The registered office is 4a Exmoor Street, London, W10 6BD.

1.2 Statement of Compliance

The individual financial statements of Avalon Television Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

1.3 Summary of significant accounting policies

The principal accounting policies of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

1.4 Investments

Except as stated below, fixed asset investments are shown at cost less provision for impairment. Current asset investments are stated at the lower of cost and net realisable value.

In the company balance sheet, for investments in subsidiaries acquired for consideration including the issue of shares qualifying for merger relief, cost is measured by reference to the nominal value only of the shares issued. Any premium is ignored.

1.5 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.6 Financial instruments

The company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of its financial instruments.

Financial instruments are recognised in the Company's Balance Sheet when the Company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

AVALON TELEVISION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the profit or loss account using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

1.7 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.8 Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current tax

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.

Tax credits in relation to High-End Television Tax Relief, where successfully applied for, are included within cost of sales.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

AVALON TELEVISION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

1 Accounting policies

(Continued)

Deferred tax is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements. Neither is deferred tax recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

1.9 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.

Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet. The assets of the plan are held separately from the Company in an independently administered funds.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

No material judgements or estimates have been used in the preparation of the Company's financial statements.

3 Turnover and other revenue

Turnover analysed by category

	2017	2016
	£	£
Creation of television content	16,071,145	12,692,834

Turnover analysed by geographical market

	2017	2016
	£	£
UK	16,071,145	12,692,834

AVALON TELEVISION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

4 Operating profit

	2017	2016
	£	£
Operating profit for the year is stated after charging/(crediting):		
Losses on foreign exchange transactions	4,113	162

5 Auditor's remuneration

	2017	2016
	£	£
Fees payable to the company's auditor and associates:		
Audit of the company's financial statements	-	2,000
Tax services	10,262	3,438
	10,262	5,438

6 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2017	2016
	Number	Number
Total	8	7

Their aggregate remuneration comprised:

	2017	2016
	£	£
Wages and salaries	735,214	608,010
Social security costs	89,069	75,117
Pension costs	23,460	55,840
	847,743	738,967

AVALON TELEVISION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

7 Directors' remuneration

	2017 £	2016 £
Remuneration for qualifying services	238,443	196,104
Company pension contributions to defined contribution schemes	6,667	46,665
	<u>245,110</u>	<u>242,769</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2016 - 1).

Remuneration disclosed above include the following amounts paid to the highest paid director:

Remuneration for qualifying services	238,443	196,104
Company pension contributions to defined contribution schemes	6,667	46,665
	<u>245,110</u>	<u>242,769</u>

8 Interest receivable and similar income

	2017 £	2016 £
Interest receivable and similar income includes the following:		
Interest on bank deposits	<u>169</u>	<u>868</u>

9 Taxation

(a) Tax expense included in profit and loss	2017 £	2016 £
Current tax		
UK corporation tax on profits for the current year	289,585	249,222
Adjustments in respect of prior year	69,538	2,211
Total current tax	<u>359,123</u>	<u>251,433</u>
Deferred tax		
Origination and reversal of timing differences	18	23
Changes in tax rates	5	-
Total deferred tax	<u>23</u>	<u>23</u>
Total tax on profit on ordinary activities	<u>359,146</u>	<u>251,456</u>

AVALON TELEVISION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

9 Taxation (Continued)

(b) Reconciliation of tax charge

Tax assessed for the period is higher than the standard rate of corporation tax in the UK for the year ended 30 June 2017 of 19.75% (2016: 20.00%). The differences are explained below.

	2017 £	2016 £
Profit on ordinary activities before taxation	1,466,021	1,294,196
Expected tax charge based on the standard rate of corporation tax in the UK of 19.75% (2016: 20.00%)	289,539	258,839
Adjustments in respect of prior years	69,538	-
Under/(over) provided in the year	-	2,211
Non deductible expenses	302	133
Short term timing differences	(233)	(9,727)
Tax charge for the year	359,146	251,456

(c) Tax rate changes

The standard rate of corporation tax in the UK changed from 20% to 19% with effect from 1 April 2017. The Finance Act 2016 has reduced this rate further to 17% from 1 April 2020.

10 Fixed asset investments

	2017 £	2016 £
Investments	8,413,243	8,413,243

In the opinion of the directors, the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet.

Movements in fixed asset investments

	Shares in group undertakings £
Cost or valuation	
At 1 July 2016 & 30 June 2017	8,413,243
Carrying amount	
At 30 June 2017	8,413,243
At 30 June 2016	8,413,243

AVALON TELEVISION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

11 Subsidiaries

Details of the company's subsidiaries at 30 June 2017 are as follows.

Name of undertaking and country of incorporation or residency	Nature of business	Class of shareholding	% Held Direct
Tinderbox Television Ltd 05278958 UK	Television programme production	Ordinary	100.00
Sketch Productions Limited 05164675 UK	Television programme production	Ordinary	100.00
Brightwater Productions Limited 03890352 UK	Radio programme production	Ordinary	51.00
Avalon Factual Holdings Ltd 07923558 UK	Intermediary holding company	Ordinary	100.00
Avalon Distribution 06641887 UK	Television programme distribution	Ordinary	100.00
Avalon Television (Cymru) Ltd 05319921 UK	Television programme production	Ordinary	100.00
Liberty Bell Productions* 04454622 UK	Television programme production	Ordinary	100.00
Topical Television Ltd* 02657408 UK	Television programme production	Ordinary	100.00
Flame Television Production Limited* 03863614 UK	Television programme production	Ordinary	100.00

*Indirect holding

The registered office of all of the company's subsidiaries, detailed above, is 4a Exmoor Street, London, W10 6BD.

12 Financial instruments

	2017 £	2016 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	6,373,691	4,296,066
Equity instruments measured at cost less impairment	8,413,243	8,413,243
	<u>14,786,934</u>	<u>12,709,310</u>
Carrying amount of financial liabilities		
Measured at amortised cost	11,286,768	9,021,447
	<u>11,286,768</u>	<u>9,021,447</u>

Financial assets measured at amortised cost comprise of trade debtors, other debtors, amounts owed by group undertakings, and accrued income.

Financial liabilities measured at amortised cost comprise of trade creditors, other creditors, accruals and amounts owed to group undertakings.

AVALON TELEVISION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

13 Debtors

	2017	2016
	£	£
Amounts falling due within one year:		
Trade debtors	489,938	243,414
Amounts owed by group undertakings	5,227,259	2,808,580
Amounts owed by related parties	285,576	185,036
Corporation tax recoverable	71,968	382,407
Other debtors	370,918	653,318
Prepayments and accrued income	710,581	1,038,908
Deferred tax asset (note 15)	82	105
	<u>7,156,322</u>	<u>5,311,768</u>

Amounts owed by group undertakings and related parties are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

14 Creditors: amounts falling due within one year

	2017	2016
	£	£
Notes		
Bank loans and overdrafts	-	2,254,643
Trade creditors	555,442	192,250
Amounts due to group undertakings	4,836,681	4,598,787
Amounts due to related parties	153,583	81,102
Other taxation and social security	528,019	380,755
Other creditors	842	842
Accruals and deferred income	5,740,220	2,713,683
	<u>11,814,787</u>	<u>10,222,062</u>

Amounts due to group undertakings and related parties are unsecured, interest free, have no fixed date of repayment are repayable on demand.

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 Limited, 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.

AVALON TELEVISION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2017

15 Deferred taxation

Deferred taxation is included in the financial statements as follows:

	Assets 2017 £	Assets 2016 £
Balances:		
Decelerated capital allowances	82	105
	<u>82</u>	<u>105</u>
Effect of change in tax rate - profit or loss		5

There were no deferred tax movements in the year.

16 Retirement benefit schemes

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

The charge to profit and loss in respect of defined contribution schemes was £23,460 (2016 - £55,840).

17 Called up share capital

	2017 £	2016 £
Ordinary share capital Issued and fully paid		
100 Ordinary shares of £1 each	100	100
	<u>100</u>	<u>100</u>

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

18 Control

The immediate parent undertaking is Avalon Entertainment Limited.

The ultimate parent undertaking and the smallest and largest group to consolidate these financial statements is Tiverton 2 Limited. Copies of consolidated financial statements can be obtained from Companies House, Crown Way, Maindy, Cardiff CF14 3UZ.

The ultimate controlling party is J Thoday.

19 Related party transactions

The company has taken advantage of the exemption available in FRS 102 "Related party disclosures" whereby it has not disclosed transactions with the ultimate parent company or any wholly owned subsidiary undertaking of the group.