

Alphaville Limited

REPORT AND FINANCIAL STATEMENTS

31 December 2010



Company number 4109183

Alphaville Limited

DIRECTORS AND ADVISERS

DIRECTORS

C Bavasso
C O'Reilly

SECRETARY

C Bavasso

REGISTERED OFFICE

c/o Withers LLP
16 Old Bailey
London
EC4M 7EG

AUDITOR

Baker Tilly Audit UK LLP
Chartered Accountants
25 Farringdon Street
London EC4A 4AB

BANKERS

Barclays Bank Plc
Soho Square
27 Soho Square
London
W1D 3QR

Alphaville Limited

DIRECTORS' REPORT

The Directors submit their report and the financial statements of Alphaville Limited for the year ended 31 December 2010

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

Alphaville Limited ("the Company") is a holding company that owns and operates joint venture production companies ("the Group Companies") that produce music videos, title and other film/TV sequences, short films and other digital content

The results for the Company are shown on pages 6 to 23. 2010 was a particularly successful year in comparison to 2009 with, after that year's downturn, a marked improvement in activity in the Group's principal sectors.

GROUP DEVELOPMENT AND FUTURE OUTLOOK

In 2010 there continued to be a number of key strategic developments within the Group's companies, further increasing both the type and breadth of the work they are able to produce. This continued expansion has led to, in combination with a seemingly greater global economic confidence, the companies consolidating their strong market position.

RISKS AND UNCERTAINTIES

Despite the Group's success in 2010, the commercials marketplace continues to be increasingly competitive. This is brought on by a greater need to justify spend on traditional areas of client advertising. With more advertising now being designed for interactive media, the Group's investment in those areas is enabling it to expand both its client base and the types of work it can produce.

As in previous years, the Group's wide geographical client base means it must mitigate risks involved in foreign currency transactions. The Group continues to put in place hedging structures when contracting in non-Sterling currencies in order to lower its exposure to exchange rate movements. The Group also regularly reviews its balances of non-Sterling currencies held with the same aim of reducing, where possible, its exposure to exchange rate fluctuations.

KEY PERFORMANCE INDICATORS

The Group continuously monitors project performance against budget to ensure productions' financial performances are in line with projections.

The Group also monitors headcount to ensure this reflects the overall income and volume of their work.

DIVIDENDS

The Directors have not proposed a final dividend for 2010 (2009: £500,000). An interim dividend of £500,000 (2009: £Nil) was declared and paid during the year.

DIRECTORS

The following directors have held office since 1 January 2010:

C Bavasso
C O'Reilly

Alphaville Limited

DIRECTORS' REPORT

STATEMENT AS TO DISCLOSURE OF INFORMATION TO THE AUDITOR

The directors who were in office on the date of approval of these financial statements have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

AUDITOR

Baker Tilly UK Audit LLP has indicated its willingness to continue in office.

By order of the Board

C Bavasso
Secretary

30/9/2011

Alphaville Limited

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Directors' 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 group and the company and of the profit or loss of the group for that year.

In preparing these financial statements, the directors are required to

- a select suitable accounting policies and then apply them consistently,
- b make judgments and estimates that are reasonable and prudent,
- c 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALPHAVILLE LIMITED

We have audited the group and parent company financial statements (the "financial statements") on pages 6 to 23. 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 auditors

As more fully explained in the Directors' Responsibilities Statement on page 4, 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 (APB's) Ethical Standards for Auditors.

Scope of the audit

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on the financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and parent company's affairs as at 31 December 2010 and of the group's 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 Directors' Report 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company 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.

Baker Tilly UK Audit LLP

DAVID BLACHER (Senior Statutory Auditor)

For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor

Chartered Accountants

25 Farringdon Street

London EC4A 4AB

30/9/2011

Alphaville Limited
CONSOLIDATED PROFIT AND LOSS ACCOUNT
for year ended 31 December 2010

	Notes	£	2010 £	£	2009 £
Turnover (including share of joint ventures)		9,627,184		5,018,760	
Less share of joint ventures' turnover	1	(330,048)		(230,083)	
GROUP TURNOVER	1		9,297,136		4,788,677
Cost of sales			(7,239,971)		(3,839,294)
GROSS PROFIT			2,057,165		949,383
Administrative expenses			(784,627)		(964,424)
GROUP OPERATING PROFIT/(LOSS)			1,272,538		(15,041)
Share of operating profit of joint venture			64,623		65,881
TOTAL OPERATING PROFIT			1,337,161		50,840
Interest receivable and similar income	2		352		5,294
Interest payable and similar charges	3		(50,480)		(58,130)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	4		1,287,033		(1,996)
Taxation	7		(383,861)		(8,518)
PROFIT/(LOSS) FOR THE FINANCIAL YEAR			903,172		(10,514)

The profit/(loss) for the above financial years arises from the group's continuing operations

Alphaville Limited

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES for year ended 31 December 2010

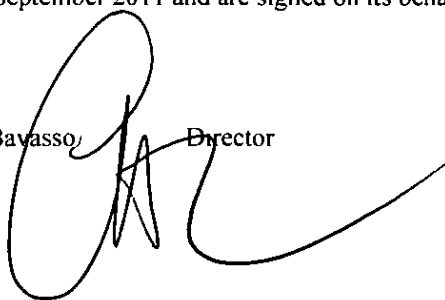
	2010 £	2009 £
Profit/(loss) for the financial year	903,172	(10,514)
Currency translation gains and losses on retranslation of overseas subsidiaries	15,278	9,431
Total recognised gains and losses relating to the year	<u>918,450</u>	<u>(1,083)</u>

Alphaville Limited
CONSOLIDATED BALANCE SHEET
31 December 2010

	Notes	2010 £	£	2009 £	£
FIXED ASSETS					
Intangible assets		-		-	
Negative goodwill		-		-	
	9		-		-
Tangible assets	10		2,883,078		2,959,577
Investments in joint ventures	11				
Share of gross assets		153,303		94,119	
Share of gross liabilities		(25,673)		(29,664)	
			127,630		64,455
			3,010,708		3,024,032
CURRENT ASSETS					
Debtors	12	1,600,989		404,665	
Cash at bank and in hand		1,177,342		1,433,269	
		2,778,331		1,837,934	
CREDITORS Amounts falling due within one year	13	(1,784,321)		(1,162,411)	
NET CURRENT ASSETS			994,010		675,523
TOTAL ASSETS LESS CURRENT LIABILITIES			4,004,718		3,699,555
CREDITORS Amounts falling due after more than one year	14		(2,070,703)		(2,183,990)
NET ASSETS			1,934,015		1,515,565
CAPITAL AND RESERVES					
Called up share capital	15		2		2
Profit and loss account	16		1,934,013		1,515,563
SHAREHOLDERS' FUNDS	17		1,934,015		1,515,565

The financial statements on pages 6 to 23 were approved by the board of directors and authorised for issue on 30 September 2011 and are signed on its behalf by

C Bavasso, Director



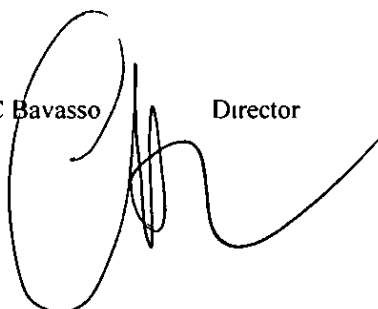
Alphaville Limited
COMPANY BALANCE SHEET
31 December 2010

Company number 4109183

	Notes	2010 £	£	2009 £	£
FIXED ASSETS					
Investments	11		3,969		3,969
CURRENT ASSETS					
Debtors	12	2		500,002	
CREDITORS Amounts falling due within one year	13	(3,969)		(503,969)	
NET CURRENT LIABILITIES			(3,967)		(3,967)
NET ASSETS			2		2
CAPITAL AND RESERVES					
Called up share capital	15		2		2
Profit and loss account	16		-		-
SHAREHOLDERS' FUNDS	17		2		2

The financial statements on pages 6 to 23 were approved by the board of directors and authorised for issue on 30 September 2011 and are signed on its behalf by

C Bavasso Director



Alphaville Limited
CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 December 2010

	Notes	2010 £	£	2009 £	£
NET CASH INFLOW FROM OPERATING ACTIVITIES	18		563,503		295,814
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE					
Interest received		352		5,294	
Interest paid		(37,876)		(43,836)	
Interest element of finance lease rental payments		(12,604)		(14,166)	
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			(50,128)		(52,708)
TAXATION			6,643		(94,136)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT					
Purchase of tangible fixed assets		(114,679)		(42,907)	
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			(114,679)		(42,907)
EQUITY DIVIDENDS PAID			(500,000)		(370,000)
NET CASH OUTFLOW BEFORE FINANCING			(94,661)		(263,937)
FINANCING					
Repayments of bank loan		(86,349)		(54,186)	
Drawdown of bank loan				-	
Capital element of finance lease rental payments		(74,917)		(95,444)	
NET CASH OUTFLOW FROM FINANCING			(161,266)		(149,630)
DECREASE IN CASH IN THE YEAR	19		(255,927)		(413,567)

Alphaville Limited

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards

GOING CONCERN

The directors confirm that they are satisfied that the Group has adequate resources to continue in business for the foreseeable future. They have taken into account the group's trading performance and available facilities and have reviewed the forecast cash flows for the next 12 months. The directors continue to adopt the going concern basis in preparing the financial statements

BASIS OF CONSOLIDATION

The consolidated financial statements incorporate those of Alphaville Limited and all of its subsidiary undertakings using the acquisition method. Their results are incorporated from the date that control passes. The difference between the cost of acquisition of shares in subsidiaries and the fair value of the separable net assets acquired is capitalised as purchased goodwill and amortised through the profit and loss account over its estimated economic life. Provision is made for any impairment. All financial statements are made up to 31 December 2010.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

JOINT VENTURES

Undertakings in which the group has a long term interest and shares control under a contractual arrangement are defined as joint ventures. Joint ventures are accounted for using the gross equity method.

PURCHASED GOODWILL

Negative goodwill is amortised over 3 years in line with the intangible and tangible fixed assets associated with it.

INTANGIBLE AND TANGIBLE FIXED ASSETS

Depreciation and amortisation is provided on tangible and intangible fixed assets at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows -

Computer equipment	33% straight line
Fixtures, fittings and office equipment	25% straight line
Trademarks and patents	33% straight line
Freehold buildings	2% straight line

INVESTMENTS

Fixed asset investments are stated at cost in the company balance sheet. Provision is made for any impairment in the value of fixed asset investments.

FOREIGN CURRENCIES

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the profit and loss account.

Assets, liabilities, and results of overseas subsidiaries are translated at the rate ruling at the balance sheet date. Exchange differences arising are dealt with through reserves.

Alphaville Limited

ACCOUNTING POLICIES

DEFERRED TAXATION

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.

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

PENSIONS

Contributions are paid to the personal pension schemes of certain employees.

TURNOVER

Turnover represents the value, net of Value Added Tax, of services provided to clients during the year.

OPERATING AND FINANCE LEASES

Where assets are financed by leasing agreements that give rights approximating to ownership ("finance leases"), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as obligations to the lessor.

Lease payments are treated as consisting of capital and interest elements, and the interest is charged to the profit and loss account in proportion to the remaining balance outstanding.

All other leases are "operating leases" and the annual rentals are charged to the profit and loss account on a straight line basis over the lease term.

Alphaville Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2010

1	TURNOVER	2010 £	2009 £
	The turnover represents goods supplied to third parties (excluding VAT)		
	The geographical analysis of turnover is as follows		
	United Kingdom	1,643,562	1,280,393
	United States of America	4,184,913	2,960,133
	Other Europe	2,775,886	547,040
	Rest of the world	692,775	1,111
	Group turnover	<u>9,297,136</u>	<u>4,788,677</u>
	Share of joint ventures' turnover - Australia	<u>330,048</u>	<u>230,083</u>
2	INTEREST RECEIVABLE AND SIMILAR INCOME	2010 £	2009 £
	Bank interest	<u>352</u>	<u>5,294</u>
3	INTEREST PAYABLE AND SIMILAR CHARGES	2010 £	2009 £
	Bank loans	37,876	43,836
	Finance leases	12,604	14,166
		<u>50,480</u>	<u>58,002</u>
	Share of joint venture	<u>-</u>	<u>128</u>
		<u>50,480</u>	<u>58,130</u>

Alphaville Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2010

4	PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	2010 £	2009 £
	Profit/(loss) on ordinary activities before taxation is stated after (crediting)/charging		
	Depreciation		
	Charge for the year on owned assets	175,069	135,811
	Charge for the year on leased assets	16,105	50,642
	Operating leases		
	Plant and machinery	2,705	2,915
	Auditor's remuneration		
	Audit services		
	- statutory audit of parent and consolidated accounts	5,000	5,000
	Other services		
	- The auditing of accounts of associates of the company pursuant to legislation	12,275	10,000
	- All other services	9,537	10,498
	Exchange (gains)/losses	(111,861)	169,739
		<u> </u>	<u> </u>

The figures presented above for auditor's remuneration are for Alphaville Limited and subsidiaries as if they were a single entity. Alphaville Limited has taken the exemption permitted by S108/489 to omit information about its individual accounts.

5	EMPLOYEES	2010 No	2009 No
	The average monthly number of persons (including directors) employed by the company during the year was		
	Production	24	22
	Administration	3	3
		<u>27</u>	<u>25</u>
		<u> </u>	<u> </u>
		2010 £	2009 £
	Staff costs for above persons		
	Wages and salaries	2,001,431	1,415,459
	Social security costs	230,802	175,825
		<u>2,232,233</u>	<u>1,591,284</u>
		<u> </u>	<u> </u>

Alphaville Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2010

6	DIRECTORS' REMUNERATION	2010 £	2009 £
	Emoluments	300,000	300,000
	Directors' emoluments disclosed above include the following payments	Highest paid director 2010 £	2009 £
	Emoluments	150,000	150,000
	No directors are accruing retirement benefits under money purchase schemes (2009 Nil)		
7	TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES	2010 £	2009 £
	UK Corporation tax		
	Current tax on profits of the year	360,857	1,937
	Adjustments in respect of prior year	-	(6,925)
		360,857	(4,988)
	Foreign tax		
	Current tax on profits of the year	-	54
	Total current tax	360,857	(4,934)
	Deferred tax		
	Origination and reversal of timing differences	5,651	2,263
	Group tax on profit/(loss) on ordinary activities	366,508	(2,671)
	Share of joint venture's tax	17,353	11,189
	Total taxation charge	383,861	8,518

Alphaville Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2010

7 TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES (continued)

The tax for the period is higher than the standard effective rate of corporation tax in the UK for the year ended 31 December 2010 of 28% (2009 28%) The differences are explained below

	2010 £	2009 £
Profit on ordinary activities before tax	1,287,033	(1,996)
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2009 28 %)	360,369	(559)
Effects of		
Expenses not deductible for tax	8,078	1,497
Depreciation in excess of capital allowances	10,504	17,626
Small companies relief	-	(646)
Higher rate tax on overseas earnings	-	2,484
Share of joint venture's profit	(18,094)	(18,411)
Adjustment in respect of prior year tax charge	-	(6,925)
Total current tax	360,857	(4,934)

8 DIVIDENDS

On 31 March 2010 the directors declared, and the shareholders approved, the payment of an interim dividend of £500,000 being £531 91 per share (2009 £Nil) In the year ended 31 December 2009 a final dividend of £500,000 being £531 91 per share was declared by the directors and approved by the shareholders A final dividend was not declared for the year ended 31 December 2010

9 INTANGIBLE FIXED ASSETS

<u>Group</u>	Trademarks and patents £	Purchased negative goodwill £	Total £
Cost			
At 1 January and 31 December 2010	46,192	(64,272)	(18,080)
Amortisation			
At 1 January and 31 December 2010	46,192	(64,272)	(18,080)
Net book value			
At 1 January and 31 December 2010	-	-	-

Alphaville Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2010

10 TANGIBLE FIXED ASSETS

<u>Group</u>	Freehold buildings £	Computer equipment £	Fixtures, fittings and office equipment £	Total £
Cost				
1 January 2010	3,013,190	532,366	56,633	3,602,189
Additions	-	111,956	2,723	114,679
Exchange adjustment			(198)	(198)
31 December 2010	3,013,190	644,322	59,158	3,716,670
Depreciation				
1 January 2010	158,577	448,963	35,072	642,612
Charged in the year	60,264	119,549	11,361	191,174
Exchange adjustment	-	-	(194)	(194)
31 December 2010	218,841	568,512	46,239	833,592
Net book value				
31 December 2010	2,794,349	75,810	12,919	2,883,078
31 December 2009	2,854,613	83,403	21,561	2,959,577

The net book value of computer equipment includes £151,928 (2009 £101,286) in respect of assets held under finance leases. The accumulated depreciation charge in respect of these assets is £151,928 (2009 £135,823).

Alphaville Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2010

11 INVESTMENTS

Company

Investments in unlisted subsidiary undertakings

Cost and net book value	£
At 1 January 2010 and 31 December 2010	3,969

Subsidiary companies	Principal activity	Group interest in ordinary share capital	Country of Incorporation
Held directly by Alphaville Limited			
Nexus Productions Limited	Production of animated commercials, music videos and the provision of animated production services	100%	England
Nexus (Paris) SARL	Production of animated commercials, music videos and the provision of animated production services	100%	France
Joint ventures			
Held directly by Alphaville Limited			
Mighty Nice Pty Limited	Production of animated commercials, music videos and the provision of animated production services	50%	Australia

12 DEBTORS

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Trade debtors	1,461,689	327,739	-	-
Amounts owed by group companies	-	-	-	500,000
Other debtors	15,864	17,222	-	-
Prepayments and accrued income	123,434	59,702	-	-
Unpaid share capital	2	2	2	2
	<u>1,600,989</u>	<u>404,665</u>	<u>2</u>	<u>500,002</u>

Alphaville Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2010

13	CREDITORS Amounts falling due within one year	Group		Company	
		2010 £	2009 £	2010 £	2009 £
	Bank loans	124,224	124,224	-	-
	Obligations under finance leases	26,938	74,917	-	-
	Trade creditors	291,691	284,987	-	-
	Amount due to group companies	-	-	3,948	3,948
	Amount due to joint venture	21	19,021	21	21
	Other taxes and social security	83,556	40,975	-	-
	Other creditors	12,678	2,835	-	-
	Accruals and deferred income	880,688	113,515	-	-
	Corporation tax	364,525	1,937	-	-
	Dividends payable	-	500,000	-	500,000
		<u>1,784,321</u>	<u>1,162,411</u>	<u>3,969</u>	<u>503,969</u>

A deferred tax provision of £8,486 (2009 £2,835) is included within other creditors

<u>Group</u>	2010 £	2009 £
Deferred tax provision		
1 January 2010	2,835	572
Profit and loss account	5,651	2,263
31 December 2010	<u>8,486</u>	<u>2,835</u>

Provision for deferred tax is made up as follows	2010 £	2009 £
Accelerated capital allowances	<u>8,486</u>	<u>2,835</u>

Alphaville Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2010

14	CREDITORS Amounts falling due after more than one year	2010 £	2009 £
	<u>Group</u>		
	Bank loan	2,070,703	2,157,052
	Obligations under finance leases	-	26,938
		<u>2,070,703</u>	<u>2,183,990</u>
	Analysis of debt maturity		
	Amounts payable		
	In one year or less or on demand	124,224	124,224
	In more than one year but not more than two years	124,224	124,224
	In more than two years but not more than five years	372,672	372,672
	In five years or more	1,573,807	1,660,156
		<u>2,194,927</u>	<u>2,281,276</u>
	Obligations under finance leases		
	Amounts payable		
	Within one year	26,938	74,917
	Within two to five years	-	26,938
		<u>26,938</u>	<u>101,855</u>

The bank loan is secured by a mortgage over the company's freehold buildings

The bank loan is repayable over a period of 23 years and 5 months with the first repayment due in February 2010. The loan is subject to an interest rate equal to the Base Rate plus 1.2%

15	SHARE CAPITAL	2010 £	2009 £
	Authorised		
	2 ordinary shares of £1 each (equity)	2	2
		<u>2</u>	<u>2</u>
	Allotted, called up and unpaid		
	2 ordinary shares of £1 each	2	2
		<u>2</u>	<u>2</u>

Alphaville Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2010

16 PROFIT AND LOSS ACCOUNT

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
1 January 2010	1,515,563	2,016,646	-	-
Profit/(loss) for the financial year	903,172	(10,514)	500,000	500,000
Exchange adjustment on consolidation	15,278	9,431	-	-
Dividends	(500,000)	(500,000)	(500,000)	(500,000)
31 December 2010	<u>1,934,013</u>	<u>1,515,563</u>	<u>-</u>	<u>-</u>

17 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Profit/(loss) for the financial year	903,172	(10,514)	500,000	500,000
Dividends	(500,000)	(500,000)	(500,000)	(500,000)
Exchange adjustment on consolidation	15,278	9,431	-	-
Net addition/(decrease in) to shareholders' funds	<u>418,450</u>	<u>(501,083)</u>	<u>-</u>	<u>-</u>
Shareholders' funds at 1 January 2010	1,515,565	2,016,648	2	2
Shareholders' funds at 31 December 2010	<u>1,934,015</u>	<u>1,515,565</u>	<u>2</u>	<u>2</u>

18 RECONCILIATION OF OPERATING PROFIT/(LOSS) TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2010	2009
	£	£
Operating profit/(loss)	1,272,538	(15,041)
Depreciation	191,174	186,453
(Increase)/decrease in debtors	(1,196,324)	688,499
Increase/(decrease) in creditors	296,614	(572,065)
Foreign exchange differences	(499)	7,968
Net cash inflow from operating activities	<u>563,503</u>	<u>295,814</u>

Alphaville Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2010

19 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2010 £	2009 £
Decrease in cash in the year	(255,927)	(413,567)
Cash outflow due to repayment of bank loan	86,349	54,186
Cash outflow due to repayment of finance leases	74,917	95,444
Movement in net debt in the year	(94,661)	(263,937)
Net debt at 1 January	(949,862)	(685,925)
Net debt at 31 December	(1,044,523)	(949,862)

20 ANALYSIS OF CHANGES IN NET DEBT

	At 1 January 2010 £	Cashflow £	Other non-cash movements £	At 31 December 2010 £
Cash at bank and in hand	1,433,269	(255,927)	-	1,177,342
	1,433,269	(255,927)	-	1,177,342
Bank loan due within one year	(124,224)	86,349	(86,349)	(124,224)
Bank loan due after more than one year	(2,157,052)	-	86,349	(2,070,703)
Finance leases	(101,855)	74,917	-	(26,938)
Change in net debt	(949,862)	(94,661)	-	(1,044,523)

21 FINANCIAL COMMITMENTS

At 31 December 2010 the group had annual commitments under non-cancellable leases as follows

	2010 £	2009 £
Plant and machinery		
Expiring within one year	2,680	2,980
Expiring between two and five years	4,690	5,215
	7,370	8,195

22 FORWARD CONTRACTS

At 31 December 2010 a balance of \$555,400 (2009 \$101,000) was hedged via forward contracts, with related unrealised foreign exchange gains of £4,357 (2009 £1,608)

Alphaville Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2010

23 RELATED PARTY TRANSACTIONS

During the year Mighty Nice Pty Limited, a joint venture of the group, provided animation services of £141,102 (2009 £47,700) to Nexus Productions Limited. At the year end, the group owed £Nil (2009 £19,021) to Mighty Nice Pty Limited.

The group has taken advantage of the exemptions available under Financial Reporting Standard 8 not to disclose transactions entered into between two or more members of the Alphaville Limited group, provided any subsidiary undertaking which is a party to the transaction is wholly-owned by a member of the group.

24 TRANSACTIONS WITH DIRECTORS

Dividends payable to the directors were as follows

	2010 £	2009 £
Final		
C Bavasso	250,000	250,000
C O'Reilly	250,000	250,000
	<u>500,000</u>	<u>500,000</u>

25 COMPANY PROFIT AND LOSS ACCOUNT

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account.

26 ULTIMATE CONTROLLING PARTY

The company is jointly controlled by C Bavasso and C O'Reilly, directors of the company.