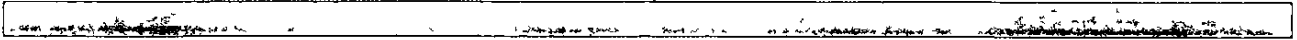
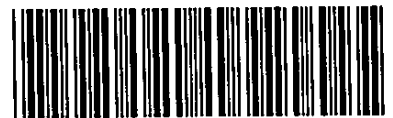


REGISTERED NUMBER: 3863614 (England and Wales)

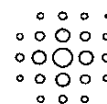


**REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010
FOR
FLAME TELEVISION PRODUCTION LIMITED**

WEDNESDAY



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COMPANIES HOUSE



MacIntyre Hudson

THE FUTURE IS WHAT YOU MAKE IT •

FLAME TELEVISION PRODUCTION LIMITED (REGISTERED NUMBER: 3863614)

**CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

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FLAME TELEVISION PRODUCTION LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2010**

DIRECTORS:

R Allen-Turner
B Altounyan
R Bennett
R Bolton
C Featherstone
J Gregory
J Mowll
G Perkins
J Thoday

SECRETARY:

R Allen-Turner

REGISTERED OFFICE:

4A Exmoor Street
London
W10 6BD

REGISTERED NUMBER:

3863614 (England and Wales)

AUDITORS:

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

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2010**

The directors present their report with the financial statements of the company for the year ended 31 December 2010

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of the production of television programmes

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2010 to the date of this report

R Allen-Turner
B Altounyan
R Bennett
R Bolton
C Featherstone
J Gregory
G Perkins
J Thoday

Other changes in directors holding office are as follows

J Mowll - appointed 1 July 2010
S C Prebble - resigned 21 July 2010

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

The auditors, MacIntyre Hudson LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

FLAME TELEVISION PRODUCTION LIMITED (REGISTERED NUMBER: 3863614)

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2010**

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies

ON BEHALF OF THE BOARD:

A handwritten signature in black ink, appearing to read 'R. Bolton', is written over a horizontal line.

R Bolton - Director

24 May 2011

REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF FLAME TELEVISION PRODUCTION LIMITED

We have audited the financial statements of Flame Television Production Limited for the year ended 31 December 2010 on pages six to eleven. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities)

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 two, 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 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 31 December 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, 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.

**REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF
FLAME TELEVISION PRODUCTION LIMITED**

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, or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the Report of the Directors

MacIntyre Hudson Ltd

John Coverdale BSc ACA (Senior Statutory Auditor)
for and on behalf of MacIntyre Hudson LLP

Registered Auditors
New Bridge Street House
30-34 New Bridge Street
London
EC4V 6BJ

Date *26/5/2011*

FLAME TELEVISION PRODUCTION LIMITED (REGISTERED NUMBER: 3863614)

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2010**

	Notes	2010 £	2009 £
TURNOVER	2	2,751,899	2,323,016
Cost of sales		(1,743,898)	(1,696,805)
GROSS PROFIT		1,008,001	626,211
Administrative expenses		(560,603)	(668,309)
		447,398	(42,098)
Other operating income		-	7,000
OPERATING PROFIT/(LOSS)	3	447,398	(35,098)
Interest receivable and similar income		13	43
		447,411	(35,055)
Interest payable and similar charges		(15)	(34)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		447,396	(35,089)
Tax on profit/(loss) on ordinary activities	4	(122,735)	-
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		324,661	(35,089)

The notes form part of these financial statements

FLAME TELEVISION PRODUCTION LIMITED (REGISTERED NUMBER: 3863614)

**BALANCE SHEET
31 DECEMBER 2010**

	Notes	2010 £	2009 £
FIXED ASSETS			
Tangible assets	5	64,862	53,836
CURRENT ASSETS			
Debtors	6	548,438	229,725
Cash at bank and in hand		818,254	201,466
		<u>1,366,692</u>	<u>431,191</u>
CREDITORS			
Amounts falling due within one year	7	(1,161,396)	(539,530)
NET CURRENT ASSETS/(LIABILITIES)		<u>205,296</u>	<u>(108,339)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u><u>270,158</u></u>	<u><u>(54,503)</u></u>
CAPITAL AND RESERVES			
Called up share capital	8	150	150
Profit and loss account	9	270,008	(54,653)
SHAREHOLDERS' FUNDS		<u><u>270,158</u></u>	<u><u>(54,503)</u></u>

The financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective April 2008)

The financial statements were approved by the Board of Directors on 24 May 2011 and were signed on its behalf by



J Gregory - Director

The notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010

1 ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008)

Turnover

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

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life:

Production Equipment	- 25% on reducing balance
Fixtures and fittings	- 25% on reducing balance
Computer equipment	- 25% on reducing balance

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.

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.

Work in progress

When pre-production costs have been incurred prior to the main production process, these costs are carried as work in progress in the balance sheet to the extent that they are expected to be covered by a production contract or are recoverable from third parties.

2 TURNOVER

The turnover and profit (2009 - loss) before taxation are attributable to the one principal activity of the company.

An analysis of turnover by geographical market is given below:

	2010	2009
UK	96.99%	95.26%
Europe	0.03%	1.32%
Asia	2.97%	2.45%
USA	0.00%	0.97%
	<u>100.00%</u>	<u>100.00%</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2010

3 OPERATING PROFIT/(LOSS)

The operating profit (2009 - operating loss) is stated after charging

	2010 £	2009 £
Depreciation - owned assets	13,519	17,945
Loss on disposal of fixed assets	10,030	-
Auditors' remuneration	4,500	3,750
	<u>208,884</u>	<u>169,450</u>
Directors' remuneration and other benefits etc	<u>208,884</u>	<u>169,450</u>

4 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	127,086	-
Under/(Over) provision of CT	(4,351)	-
	<u>122,735</u>	<u>-</u>
Tax on profit/(loss) on ordinary activities	<u>122,735</u>	<u>-</u>

5 TANGIBLE FIXED ASSETS

	Production Equipment £	Fixtures and fittings £	Computer equipment £	Totals £
COST				
At 1 January 2010	95,045	22,767	36,110	153,922
Additions	34,575	-	-	34,575
Disposals	(28,741)	(20,483)	(24,642)	(73,866)
At 31 December 2010	<u>100,879</u>	<u>2,284</u>	<u>11,468</u>	<u>114,631</u>
DEPRECIATION				
At 1 January 2010	58,730	12,855	28,501	100,086
Charge for year	11,577	523	1,419	13,519
Eliminated on disposal	(28,741)	(12,474)	(22,621)	(63,836)
At 31 December 2010	<u>41,566</u>	<u>904</u>	<u>7,299</u>	<u>49,769</u>
NET BOOK VALUE				
At 31 December 2010	<u>59,313</u>	<u>1,380</u>	<u>4,169</u>	<u>64,862</u>
At 31 December 2009	<u>36,315</u>	<u>9,912</u>	<u>7,609</u>	<u>53,836</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2010

6 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2010	2009
	£	£
Trade debtors	102,802	198,951
Other debtors	445,636	30,774
	<u>548,438</u>	<u>229,725</u>

7 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2010	2009
	£	£
Trade creditors	73,362	5,522
Amounts owed to group undertakings	363,543	235,409
Taxation and social security	214,510	80,245
Other creditors	509,981	218,354
	<u>1,161,396</u>	<u>539,530</u>

A cross guarantee and debenture exists between Avalon Management Limited, Avalon Public Relations Limited, Funnyfriend Limited, Avalon Promotions Limited, Avalon Television Limited, Liberty Bell Productions Limited, Topical Television 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

8 CALLED UP SHARE CAPITAL

Allotted, issued and fully paid			2010	2009
Number	Class	Nominal value	£	£
1,000	'A' Ordinary Shares	0 10	100	100
500	'B' Ordinary Shares	0 10	50	50
			<u>150</u>	<u>150</u>

On the 28 April 2009 each of the 100 authorised and issued ordinary shares of £1 each was sub-divided and redesignated as 10 'A' ordinary shares of 10p each

On the 28 April 2009 500 'B' ordinary shares of 10 p each were issued at par value

9 RESERVES

	Profit and loss account £
At 1 January 2010	(54,653)
Profit for the year	<u>324,661</u>
At 31 December 2010	<u>270,008</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2010

10 ULTIMATE PARENT COMPANY

The ultimate parent company is Nolava Holdings Limited, a company incorporated in England and Wales. Jon Thoday is the ultimate controlling party by virtue of his majority shareholding in Nolava Holdings Limited.

11 RELATED PARTY DISCLOSURES

From 1st July 2009 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 Flame Television Production Limited are publicly available.

During the year the company received invoices totalling £45,000 (2009 £45,000) from Yarker Productions Limited for the services of the director R Bolton. At the balance sheet date, included in trade creditors, is an amount of £4,500 (2009 £nil) due to Yarker Productions Limited.

During the year £nil (2009 £44,018) was paid to Collingwood Productions for the services of Barbara Altounyan. At the balance sheet date, included in trade creditors, is an amount of £nil (2009 £942.07) due to Collingwood Productions.