

Company Registration No. 06433072

Nolava Holdings Limited

Report and Consolidated Financial Statements

30 June 2011

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Nolava Holdings Limited

Report and financial statements 2011

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Nolava Holdings Limited

Report and financial statements 2011

Officers and professional advisers

Directors

J M Thoday
R Allen-Turner
J Gregory

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

Nolava Holdings Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 30 June 2011

Principal activities

The principal activities of the group in the year under review were those of television production and the provision of services of performers in the entertainment industry

Review of business

The Directors of Nolava Holdings Ltd are pleased to present the consolidated accounts for the group for the year to 30 June 2011. In this period, Group revenues increased by 42% to £55.5m and the Group delivered an operating profit of £3.6m after charging depreciation and amortisation of £2.0m.

The group's continued success is based on a strategy of developing and maximising the value of strong brands. We do this by working with some of the best creative talent in the entertainment business, nurturing and developing new ideas and properties both on and off-screen, delivering a strong television production slate, retaining rights in our programming, and by having a highly focused distribution team operating in the secondary market.

This strategy requires a significant level of reinvestment of profits back into the creative process. The Directors feel confident that the financial risks thereof are managed appropriately. The high level of investment made over recent years is expected to lead to further improvements in the Group's performance during the year to 30 June 2012 and beyond.

As at 30 June 2011, the Group had term debt of £3.0m. This is a facility with the Royal Bank of Scotland which was drawn down in June 2010 in order to refinance debt, which originally arose from the restructuring of the Avalon Group in April 2008 and from the purchase of Liberty Bell Productions Ltd (in August 2005), and Topical Television Ltd and Flame Television Production Ltd (both in July 2009). The Group also has access to an overdraft facility, primarily for working capital purposes. Under the terms of the facilities with RBS, the Group has access to further debt capital. Net debt was zero as at the balance sheet date. The Directors consider that the risks associated with these facilities are low considering the current and projected performance of the Group.

We are proud to continue working with the talent that we do, and are extremely grateful to them and to all of our staff for all their hard work.

Principal Risks and Uncertainties

The market in which the Group operates continues to be highly competitive. This may give rise to sales being lost to competitors. The creative talent we work with may choose in the future to work on their own, or with our competitors. The Group manages this risk by continuing to invest in new talent and by maintaining its position as a valuable partner with and supporter of the creative talent we work with.

The Group is appropriately funded and well placed to manage its business risks successfully despite the current economic climate.

Dividends

No dividends will be distributed for the year ended 30 June 2011.

Nolava Holdings Limited

Directors' report

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 accounting policies note in the financial statements.

Directors

The directors shown below have held office throughout the year except where indicated.

J Thoday

R Allen-Turner

J Gregory (appointed 8 April 2011)

Political and charitable donations

During the year the group made charitable donations of £nil (2010 £nil).

Directors' qualifying third party indemnity provisions

The company has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the Directors' Report.

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 were appointed as auditors to the company following the resignation of the previous auditors, and have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

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



J Gregory
Director

15th December 2011

Nolava Holdings 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, 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 Nolava Holdings Limited

We have audited the financial statements of Avalon Entertainment Limited for the year ended 30 June 2011 which comprise the Group Profit and Loss Account, the Group and Parent Company Balance Sheets, the Group Cash Flow Statement and the related notes 1 to 20. 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 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 group's and the parent 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 group's and of the parent company's affairs as at 30 June 2011 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

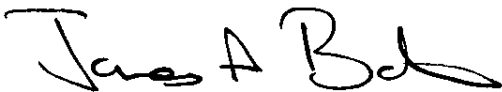
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the members of Nolava Holdings 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 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



James Bates (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom

16 December 2011

Nolava Holdings Limited

Consolidated profit and loss account Year ended 30 June 2011

	Notes	2011 £	2010 £
Turnover		55,501,318	39,097,563
Cost of sales		(37,522,507)	(28,084,209)
Gross profit		17,978,811	11,013,354
Net operating expenses		(14,387,882)	(9,702,099)
Operating profit	3	3,590,929	1,311,255
Interest receivable and similar income		835	3,506
Interest payable and similar charges	4	(176,106)	(198,350)
Profit on ordinary activities before taxation		3,415,658	1,116,411
Tax on profit on ordinary activities	5	(1,448,300)	(889,071)
Profit for the financial year after taxation		<u>1,967,358</u>	<u>227,340</u>
Total recognised gains and losses			

The group has no recognised gains or losses other than the profit for the current year and previous year

Nolava Holdings Limited

Consolidated balance sheet 30 June 2011

	Notes	2011 £	2010 £
Fixed assets			
Intangible assets	7	12,970,952	13,822,982
Tangible assets	8	265,879	240,349
		<u>13,236,831</u>	<u>14,063,331</u>
Current assets			
Stocks	10	248,527	59,533
Debtors	11	11,236,925	10,259,444
Cash at bank and in hand		11,317,164	7,880,940
		<u>22,802,616</u>	<u>18,199,917</u>
Creditors: amounts falling due within one year	12	<u>(22,489,184)</u>	<u>(20,451,160)</u>
Net current assets / (liabilities)		<u>313,432</u>	<u>(2,251,243)</u>
Total assets less current liabilities		<u>13,550,263</u>	<u>11,812,088</u>
Creditors: amounts falling due after more than one year	13	<u>(3,141,617)</u>	<u>(3,463,000)</u>
Net assets		<u>10,408,646</u>	<u>8,349,088</u>
Capital and reserves			
Called up share capital	16	10,152	10,152
Share premium	17	8,752,644	8,752,644
Profit and loss account	17	1,645,850	(413,708)
Total equity shareholders' funds	19	<u>10,408,646</u>	<u>8,349,088</u>

The financial statements of Nolava Holdings Limited, registered number 06433072 were approved by the Board of Directors on 5th December 2011

Signed on behalf of the Board of Directors


J M Troday
Director

Nolava Holdings Limited

Company balance sheet 30 June 2011

	Notes	2011 £	2010 £
Fixed assets			
Investments	9	12,893,098	12,893,098
		<u>12,893,098</u>	<u>12,893,098</u>
Current assets			
Debtors	11	250	250
Creditors: amounts falling due within one year	12	(4,598,454)	(4,598,454)
Net current liabilities		<u>(4,598,204)</u>	<u>(4,598,204)</u>
Total assets less current liabilities		8,294,894	8,294,894
Creditors: amounts falling due after more than one year	13	-	-
Net assets		<u>8,294,894</u>	<u>8,294,894</u>
Capital and reserves			
Called up share capital	16	10,152	10,152
Share premium	17	8,752,644	8,752,644
Profit and loss account	17	(467,902)	(467,902)
Total equity shareholders' funds	19	<u>8,294,894</u>	<u>8,294,894</u>

The financial statements of Nolava Holdings Limited, registered number 06433072 were approved by the Board of Directors on 15th December 2011

Signed on behalf of the Board of Directors

J. M. Thoday
Director

Nolava Holdings Limited

Consolidated cash flow statement Year ended 30 June 2011

		2011 £	2010 £
Net cash inflow from operating activities	1	6,354,890	5,336,409
Returns on investments and servicing of finance	2	(175,271)	(194,844)
Taxation		(988,032)	(520,360)
Capital expenditure	2	(514,809)	(1,263,688)
		<u>4,676,778</u>	<u>3,357,517</u>
Financing	2	(1,000,000)	(1,064,990)
Increase in cash in the period		<u><u>3,676,778</u></u>	<u><u>2,292,527</u></u>

Nolava Holdings Limited

Notes to the consolidated cashflow statement Year ended 30 June 2011

1. Reconciliation of operating profit to net cash inflow from operating activities

	2011 £	2010 £
Operating profit	3,590,929	1,311,255
Depreciation and amortisation charges	2,016,074	1,860,982
Profit on disposal of fixed assets	-	(17,500)
Elimination of reserves on acquisition	-	-
Decrease/(increase) in stocks	(188,994)	271,579
(Increase)/decrease in debtors	(993,566)	(4,127,781)
Increase in creditors	1,930,447	6,037,874
Increase in cash inflow from operating activities	6,354,890	5,336,409

2. Analysis of cash flows for headings netted in the cash flow statement

	2011 £	2010 £
Returns on investments and servicing of finance		
Interest received	835	3,506
Interest paid	(176,106)	(198,350)
Net cash outflow for returns on investments and servicing of finance	(175,271)	(194,844)
Capital expenditure		
Purchase of intangible fixed assets	(381,052)	(1,092,930)
Purchase of tangible fixed assets	(133,757)	(188,258)
Sale of tangible fixed assets	-	17,500
Net cash outflow for capital expenditure	(514,809)	(1,263,688)
Financing		
Loan repayments in year	(1,000,000)	(1,064,990)
Net cash outflow for capital expenditure	(1,000,000)	(1,064,990)

Nolava Holdings Limited

Notes to the consolidated cashflow statement Year ended 30 June 2011

3. Analysis of changes in net funds

	At 1 July 2010 £	Cash flow £	At 30 June 2011 £
Net cash			
Cash at bank and in hand	7,880,940	3,436,224	11,317,164
Bank overdrafts	(397,582)	240,553	(157,029)
	<u>7,483,358</u>	<u>3,676,777</u>	<u>11,160,135</u>
Debt			
Debts falling due within one year	(1,000,000)	-	(1,000,000)
Debts falling due after one year	(3,000,000)	1,000,000	(2,000,000)
	<u>(4,000,000)</u>	<u>1,000,000</u>	<u>(3,000,000)</u>
Total	<u><u>3,483,358</u></u>	<u><u>4,676,777</u></u>	<u><u>8,160,135</u></u>

Nolava Holdings Limited

Notes to the consolidated accounts Year ended 30 June 2011

1. Accounting policies

The financial statements are prepared in accordance with applicable United Kingdom generally accepted accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Basis of consolidation

The financial statements include the financial statements of the company and its subsidiaries drawn up to 30 June 2011.

The results of subsidiaries acquired are consolidated for the period from the date on which control passed. Acquisitions are accounted for under the acquisition method.

Going Concern

In reaching their decision to prepare the accounts on a going concern basis, the Directors have considered the impact of the current economic climate on both the company and the group of which it is a member.

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 uncertainty related to current economic 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.

Profit is recognised on long-term contracts if the total outcome can be assessed with reasonable certainty, by including in the profit and loss account turnover and related costs as contract activity progresses. Turnover is recognised on the basis of the proportion of the contract which has been undertaken at the balance sheet date.

Goodwill

Goodwill arising on the acquisition of subsidiary undertakings represents any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired and is capitalised and written off over its estimated useful economic life of 10 years. Provision is made for any impairment.

Tangible fixed assets

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

Improvements to property	-	12.5% on cost
Fixtures and fittings	-	Straight line over 4 years
Motor vehicles	-	Straight line over 4 years
Computer equipment	-	Straight line over 4 years

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Nolava Holdings Limited

Notes to the consolidated accounts Year ended 30 June 2011

1. Accounting policies (continued)

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Pension costs and other post-retirement benefits

The group operates a defined contribution pension scheme. Contributions payable to the group's pension scheme are charged to the profit and loss account in the period to which they relate.

Work in progress

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

Investments

Investments are included at costs less amounts written off. Profits or losses arising from disposals of fixed asset investments are treated as part of the result from ordinary activities.

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

2. Staff costs

	2011 £	2010 £
Wages and salaries	5,500,352	4,771,401
Social security costs	625,653	556,792
Other pension costs	130,065	105,731
	<u>6,256,070</u>	<u>5,433,924</u>

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

	2011 No.	2010 No.
Directors	3	3
Administration	25	26
Artist management and promotion	33	26
Television production	20	18
	<u>81</u>	<u>73</u>

Nolava Holdings Limited

Notes to the consolidated accounts Year ended 30 June 2011

3. Operating profit

The operating profit is stated after charging/(crediting)

	2011 £	2010 £
Depreciation – owned assets	104,375	91,308
Profit on disposal of fixed assets	-	(17,500)
Goodwill amortisation	1,911,699	508,480
Operating lease rentals	104,925	107,168
Fees paid to the Company's auditors for the audit of the Group's and subsidiary companies annual accounts	62,000	57,308
Fees paid to the Company's auditors for other services	-	25,725
Tax services	(1,709)	91,901
Foreign exchange differences		
Directors' remuneration	547,000	351,571
Directors' pension contributions to money purchase schemes	64,000	50,000

Information regarding the highest paid director is as follows

	2011 £	2010 £
Remuneration	230,000	251,571

4. Interest payable and similar charges

	2011 £	2010 £
Bank interest	72,496	5,165
Interest payable to HMRC	-	2,704
Loan interest	104,610	190,481
	176,106	198,350

Nolava Holdings Limited

Notes to the consolidated accounts Year ended 30 June 2011

5. Taxation

Analysis of the tax charge

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

	2011 £	2010 £
Current tax		
UK corporation tax	1,585,817	943,023
Over provision in respect of prior periods	(85,049)	(53,952)
Withholding tax claimed	(52,468)	-
	<u>1,448,300</u>	<u>889,071</u>
Tax on profit on ordinary activities		

Factors affecting the tax charge

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

	2011 £	2010 £
Profit on ordinary activities before tax	<u>3,415,658</u>	<u>1,116,411</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 27.5% (2010: 28%)	939,306	312,595
Effects of		
Depreciation in excess of capital allowances	(3,357)	(13,378)
Permanent disallowables	566,690	551,647
Temporary timing differences	(1,870)	-
Adjustments to tax charge in respect of prior periods	(52,468)	(53,952)
Taxed at overseas corporation tax rate	-	92,159
	<u>1,448,300</u>	<u>889,071</u>
Current tax charge		

6 Result of parent company

As permitted by Section 408 of the Companies Act 2006, the profit and loss account of the parent company is not presented as part of these financial statements. The parent company's result for the financial year was £nil (2010: £150,953 loss)

Nolava Holdings Limited

Notes to the consolidated accounts Year ended 30 June 2011

7. Intangible fixed assets

Group

	Goodwill £
Cost	
At 1 July 2010	17,664,042
Additions	1,059,669
At 30 June 2011	<u>18,723,711</u>
Amortisation	
At 1 July 2010	3,841,060
Charge for the year	1,911,699
At 30 June 2011	<u>5,752,759</u>
Net book value	
At 30 June 2011	<u>12,970,952</u>
At 30 June 2010	<u>13,822,982</u>

Additions to goodwill in the year relate to changes in estimation of the contingent amounts for the purchase of Flame Television Production Limited and Topical Television Limited acquired in previous years

8. Tangible fixed assets

Group

	Motor vehicles £	Computer equipment £	Improve- ments to property £	Plant and machinery £	Fixtures and fittings £	Total £
Cost						
At 1 July 2010	73,749	149,742	28,711	22,933	175,578	450,713
Additions	-	58,013	-	37,113	38,631	133,757
Disposals	-	-	-	(869)	-	(869)
Foreign exchange movements	-	-	-	(3,853)	-	(3,853)
At 30 June 2011	<u>73,749</u>	<u>207,755</u>	<u>28,711</u>	<u>55,324</u>	<u>214,209</u>	<u>579,748</u>
Depreciation						
At 1 July 2010	17,320	98,797	28,711	6,738	58,797	210,363
Charge for the year	15,322	47,002	-	12,723	29,328	104,375
Eliminated on disposal	-	-	-	(869)	-	(869)
At 30 June 2011	<u>32,642</u>	<u>145,799</u>	<u>28,711</u>	<u>18,592</u>	<u>88,125</u>	<u>313,869</u>
Net book value						
At 30 June 2011	<u>41,107</u>	<u>61,956</u>	<u>-</u>	<u>36,732</u>	<u>126,084</u>	<u>265,879</u>
At 30 June 2010	<u>56,429</u>	<u>50,945</u>	<u>-</u>	<u>16,195</u>	<u>116,781</u>	<u>240,350</u>

Nolava Holdings Limited

Notes to the consolidated accounts Year ended 30 June 2011

9. Fixed asset investments

Company

Shares in
group
under-
takings
£

Cost

At 1 July 2010 and 30 June 2011

12,893,098

The group or the company's investments at the balance sheet date in the share capital of companies include the following

Subsidiaries

Avalon Television Limited

Nature of business Television programme production

% holding

Class of shares

Ordinary

100

2011

£

2010

£

Aggregate capital and reserves

6,674,003

4,227,849

Profit for the year

2,446,154

1,957,646

On 29 June 2007 the Group acquired the entire share capital of Avalon Television Limited

Avalon Management Group Limited

Nature of business Provision of services of performers

% holding

Class of shares

Ordinary

100

2011

£

2010

£

Aggregate capital and reserves

2,584,830

1,604,511

Profit for the year

980,319

703,786

On 2 July 2007 the Group acquired the entire share capital of Avalon Management Group Limited

Nolava Holdings Limited

Notes to the consolidated accounts Year ended 30 June 2011

9. Fixed asset investments (continued)

Avalon Public Relations Limited

Nature of business Provision of public relations services

	% holding	
Class of shares		
Ordinary		100
	2011	2010
	£	£
Aggregate capital and reserves	695,086	565,273
Profit for the year	129,813	287,588

On 2 July 2007 the Group acquired the entire share capital of Avalon Public Relations Limited

Avalon Promotions Limited

Nature of business Provision of services of performers

	% holding	
Class of shares		
Ordinary		100
	2011	2010
	£	£
Aggregate capital and reserves	496,312	377,220
(Loss)/profit for the year	119,092	(16,160)

On 2 July 2007 the Group acquired the entire share capital of Avalon Promotions Limited

Funnyfriend Limited

Nature of business Provision of services of performers

	% holding	
Class of shares		
Ordinary		100
	2011	2010
	£	£
Aggregate capital and reserves	41,936	44,974
(Loss)/profit for the year	(3,038)	(2,558)

On 2 July 2007 the Group acquired the entire share capital of Funnyfriend Limited

Nolava Holdings Limited

Notes to the consolidated accounts Year ended 30 June 2011

9. Fixed asset investments (continued)

Avalon Motion Pictures Limited

Nature of business Motion picture and video production

	% holding	
Class of shares		
Ordinary		100

	2011 £	2010 £
Aggregate capital and reserves	(29,825)	(29,825)
Result for the year	-	-

On 2 July 2007 the Group acquired the entire share capital of Avalon Motion Pictures Limited

Liberty Bell Productions Limited

Nature of business Television programme production

	% holding	
Class of shares		
Ordinary		100

	2011 £	2010 £
Aggregate capital and reserves	809,255	844,316
(Loss)/profit for the year	(35,061)	232,349

Tinderbox Television Limited

Nature of business Television programme production

	% holding	
Class of shares		
Ordinary		100

	2011 £	2010 £
Aggregate capital and reserves	(1,136,052)	(1,070,781)
Loss for the year	(65,271)	(46,315)

Nolava Holdings Limited

Notes to the consolidated accounts Year ended 30 June 2011

9. Fixed asset investments (continued)

Sketch Productions Limited

Nature of business Television programme production

	% holding	
Class of shares		
Ordinary		100

	2011	2010
	£	£
Aggregate capital and reserves	1	1

The company was dormant throughout the previous year

Flame Television Production Limited

Nature of business Television programme production

	% holding	
Class of shares		
Ordinary		100

	2011	2010
	£	£
Aggregate capital and reserves	340,632	64,969
(Loss)/profit for the year	293,226	(35,088)

Topical Television Limited

Nature of business Television programme production

	% holding	
Class of shares		
Ordinary		100

	2011	2010
	£	£
Aggregate capital and reserves	389,153	223,045
Profit for the year	166,108	158,593

Nolava Holdings Limited

Notes to the consolidated accounts Year ended 30 June 2011

9. Fixed asset investments (continued)

Avalon Distribution Limited

Nature of business Completed programme and format sales

	% holding	
Class of shares		
Ordinary		100

	2011 £	2010 £
Aggregate capital and reserves	274,970	144,444
Profit for the year	130,526	144,344

Avalon Entertainment Limited

Nature of business Provision of services of performers

	% holding	
Class of shares		
Ordinary		100

	2011 £	2010 £
Aggregate capital and reserves	(116,202)	245,232
Loss for the year	(129,030)	(37,580)

10. Stocks

	2011 £	2010 £
Work-in-progress	248,527	59,533

Nolava Holdings Limited

Notes to the consolidated accounts Year ended 30 June 2011

11. Debtors: amounts falling due within one year

	2011 £	Group 2010 £	2011 £	Company 2010 £
Trade debtors	6,551,698	6,368,411	-	-
Amounts recoverable on contract	-	38,570	-	-
Other debtors	891,103	1,575,875	-	-
Called up share capital not paid	250	250	250	250
Prepayments and accrued income	3,793,874	2,276,338	-	-
	<u>11,236,925</u>	<u>10,259,444</u>	<u>250</u>	<u>250</u>

Included in other debtors are amounts due from the directors of the company as follows

	2011 £	2010 £
J Thoday	856,796	603,803
R Allen-Turner	<u>226,593</u>	<u>203,530</u>

12. Creditors: amounts falling due within one year

	2011 £	Group 2010 £	2011 £	Company 2010 £
Bank loans and overdrafts (see note 14)	1,157,029	1,397,582	36,825	36,825
Trade creditors	852,727	1,880,874	-	-
Amounts owed to group undertakings	-	-	4,561,629	4,561,629
Tax	899,248	438,980	-	-
Social security and other taxes	1,280,496	1,075,486	-	-
Other creditors	1,044,446	801,167	-	-
Accruals and deferred income	17,255,238	14,857,071	-	-
	<u>22,489,184</u>	<u>20,451,160</u>	<u>4,598,454</u>	<u>4,598,454</u>

A cross guarantee and debenture exists between the company, its subsidiary company Avalon Entertainment and its subsidiary companies, Avalon Television Limited, Avalon Management Group Limited, Avalon Promotions Limited, Avalon Public Relations Limited, Topical Television Limited, Flame Television Production Limited, Funnyfriend Limited and Liberty Bell Productions Limited, to secure bank overdraft and loan facilities available to these companies

13 Creditors: amounts falling due after more than one year

	2011 £	Group 2010 £	2011 £	Company 2010 £
Bank loans (see note 14)	2,000,000	3,000,000	-	-
Other creditors	1,141,617	463,000	-	-
	<u>3,141,617</u>	<u>3,463,000</u>	<u>-</u>	<u>-</u>

Nolava Holdings Limited

Notes to the consolidated accounts Year ended 30 June 2011

14. Loans

An analysis of the maturity of loans is given below

	2011 £	Group 2010 £	2011 £	Company 2010 £
Amounts falling due within one year or on demand				
Bank overdrafts	157,029	397,582	36,825	36,825
Bank loans	1,000,000	1,000,000	-	-
	<u>1,157,029</u>	<u>1,397,582</u>	<u>36,825</u>	<u>36,825</u>
Amounts falling due between one and two years				
Bank loans – 1-2 years	1,000,000	1,000,000	-	-
Amounts falling due between two and five years				
Bank loans – 2-5 years	1,000,000	2,000,000	-	-

In June 2010 a loan of £4,000,000 was obtained by Avalon Entertainment Ltd from Royal Bank of Scotland. The interest payable on this loan is fixed via a swap instrument at 4.43%. This facility was utilised to refinance and pay down other facilities formerly in Nolava Holdings Ltd and Avalon Television Ltd through Barclays Bank.

15. Operating lease commitments

	2011 £	Other operating leases 2010 £
Expiring		
Within one year	12,925	104,075
Between one and five years	-	3,093
	<u>12,925</u>	<u>107,168</u>

Nolava Holdings Limited

Notes to the consolidated accounts Year ended 30 June 2011

16. Called up share capital

	2011 £	2010 £
Allotted, issued and fully paid		
945,200 A Ordinary shares of 0.01 each	9,452	9,452
45,000 B Ordinary shares of 0.01 each	450	450
	<u>9,902</u>	<u>9,902</u>
Allotted and issued		
25,000 Share capital C shares of 0.01 each, unpaid	<u>250</u>	<u>250</u>

The rights in relation to the different classes of shares are as follows

Capital

On return of assets on a liquidation or a winding-up, reduction of capital, or otherwise the assets of the Company remaining after payment of such of its liabilities as it is necessary to discharge to effect the distribution ("net proceeds") shall be distributed as follows

- (a) to the holders of the A Shares, in respect of their A Shares then held, the full amount of the net proceeds up to an amount equal to the threshold value
- (b) thereafter, the balance of the net proceeds, if any, shall be distributed to each of the holders of the A Shares and the B Shares in proportion to the number of A Shares or B Shares held by them respectively
- (c) C shares have the same rights as B shares, except at a different value threshold

In the event of a sale, the proceeds of such sale shall be distributed between the selling shareholders in the manner set out above, as if the same constituted a liquidation of the Company

Voting in General Meetings

The holders of the A Shares shall be entitled to receive notice of and to attend and vote at the general meetings of the Company, every holder of A Shares who (being an individual) is present in person or by proxy or (being a corporation) is present by a duly authorised representative or by proxy, shall have one vote on a show of hands and on a poll every holder of A Shares so present shall have one vote for each A Share held by him

The holders of the B and C Shares shall not be entitled to receive notice of, nor to attend or vote at general meetings of the Company

Income

No dividend shall be payable on any Shares in respect of any financial period of the Company unless there are sufficient profits of the Company available for distribution

The A Shares, the B Shares and the C shares shall be treated as separate classes of Shares for the purposes of all distributions and accordingly the Company or the Board (as the case may be, as required pursuant to the Act) shall not be under any obligations to make any distribution to one class of Shares if it makes a distribution to another class of Shares, nor shall the Company or the Board be under any obligation to pay the same amount by way of dividend on each class of Shares

Any distribution payable to the holders of the B Shares and C shares shall not be paid in respect of any unvested Shares

Nolava Holdings Limited

Notes to the consolidated accounts Year ended 30 June 2011

17. Reserves

	Profit and loss account £	Share premium £	Total £
Group			
At 1 July 2010	(413,708)	8,752,644	8,338,936
Foreign exchange gains	92,200	-	92,200
Profit for the year	1,967,358	-	1,967,358
At 30 June 2011	<u>1,645,850</u>	<u>8,752,644</u>	<u>10,398,494</u>
Company			
At 1 July 2010	(467,902)	8,752,644	8,284,742
Profit for the year	-	-	-
At 30 June 2011	<u>(467,902)</u>	<u>8,752,644</u>	<u>8,284,742</u>

18. Ultimate controlling party

The controlling party of Nolava Holdings Limited is JM Thoday

19. Reconciliation of movements in shareholders' funds

	2011 £	2010 £
Group		
Profit/(loss) for the financial year	1,967,358	227,340
Foreign exchange gains	92,200	-
Share issue	-	250
Net addition/(reduction) to shareholders' funds	<u>2,059,558</u>	<u>227,590</u>
Opening shareholders' funds	8,349,088	8,121,498
Closing shareholders' funds	<u>10,408,646</u>	<u>8,349,088</u>
Company		
Loss for the financial year	-	(150,953)
Share issue	-	250
Net reduction of shareholders' funds	<u>-</u>	<u>(150,703)</u>
Opening shareholders' funds	8,294,894	8,445,597
Closing shareholders' funds	<u>8,294,894</u>	<u>8,294,894</u>

Nolava Holdings Limited

Notes to the consolidated accounts Year ended 30 June 2011

20 Sale and Leaseback Transactions

In the two years ended 30 June 2002 the Group entered into several sale and finance leaseback transactions. It is the opinion of the directors that this type of transaction does not dispose of the risks and rewards of the ownership of the production, and as such the transaction is not recognised as a sale and subsequent leaseback.

The Directors have recognised the transaction's fees and associated costs over the useful life of the production, which the Directors estimate to be less than one year. The Directors have deposited the remaining proceeds from the sale in a restricted deposit account that is accompanied by a guarantee from the bank that the deposit will provide sufficient funds to satisfy the lease liabilities as they fall due. The remaining lease liability at 30 June 2011 is £4,626,207 (2010 - £5,409,034).