

REGISTERED NUMBER 06433072 (England and Wales)

**REPORT OF THE DIRECTORS AND
CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009
FOR
NOLAVA HOLDINGS LIMITED**

TUESDAY



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NOLAVA HOLDINGS LIMITED (REGISTERED NUMBER: 06433072)

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FOR THE YEAR ENDED 30 JUNE 2009**

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NOLAVA HOLDINGS LIMITED
COMPANY INFORMATION
FOR THE YEAR ENDED 30 JUNE 2009

DIRECTORS:

J Thoday
R Allen-Turner

SECRETARY:

R Allen-Turner

REGISTERED OFFICE:

4A Exmoor Street
London
W10 6BD

REGISTERED NUMBER:

06433072 (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 30 JUNE 2009**

The directors present their report with the financial statements of the company and the group for the year ended 30 June 2009

PRINCIPAL ACTIVITY

The principal activities of the group in the period 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. This is the first set that covers a full 12 months of performance. In this period, the Group delivered an operating profit of £156,178 after charging depreciation and amortisation of £1,764,907.

The group's 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 operating a highly focused distribution strategy 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 2010 and beyond.

As at 30 June 2009, the Group had term debt of approximately £5.1m. This debt arose as part of a restructuring of the Avalon Group in April 2008 and in order to satisfy the final payments due under the Sale & Purchase Agreement for Liberty Bell Productions Ltd, dated August 2005. The Group also utilises from time to time an Overdraft facility, primarily for working capital purposes. Despite this, 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.

Subsequent to the year-end (July 3rd, 2009), the group acquired 100% of the share capital of two television production companies: Flame Television Productions Ltd and Topical Television Ltd. These companies will each augment the Group's breadth of product and we expect them to contribute immediately to Group profits.

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.

DIVIDENDS

No dividends will be distributed for the year ended 30 June 2009.

EVENTS SINCE THE END OF THE YEAR

Information relating to events since the end of the year is given in the notes to the financial statements.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 July 2008 to the date of this report.

J Thoday
R Allen-Turner

POLITICAL AND CHARITABLE CONTRIBUTIONS

During the year the group made charitable donations of £2,500.

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.

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 30 JUNE 2009**

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 the group and of the profit or loss of the group 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 accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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 and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group 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 the group 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 group's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

AUDITORS

MacIntyre Hudson LLP is deemed to be reappointed under section 487(2) of the Companies Act 2006

ON BEHALF OF THE BOARD.

J Thoday  Director

Date

23/12/09

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
NOLAVA HOLDINGS LIMITED**

We have audited the financial statements of Nolava Holdings Limited for the year ended 30 June 2009 on pages five to twenty two. 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 Sections 495 and 496 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 three, 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 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 2009 and of the group's loss 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 Report of the Directors 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.

MacIntyre Hudson LLP

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 *23/12/09*

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2009**

	Notes	Year ended 30/6/09 £	Period 21/11/07 to 30/6/08 £
TURNOVER		28,624,476	7,272,626
Cost of sales		(19,870,500)	(5,011,221)
GROSS PROFIT		8,753,976	2,261,405
Administrative expenses		(8,597,798)	(1,945,155)
OPERATING PROFIT	3	156,178	316,250
Interest receivable and similar income		14,302	11,298
		170,480	327,548
Interest payable and similar charges	4	(369,775)	(150,125)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(199,295)	177,423
Tax on (loss)/profit on ordinary activities	5	(399,827)	(219,349)
LOSS FOR THE FINANCIAL YEAR AFTER TAXATION		(599,122)	(41,926)

CONTINUING OPERATIONS

None of the group's activities were acquired or discontinued during the current year or previous period

TOTAL RECOGNISED GAINS AND LOSSES

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

The notes form part of these financial statements

CONSOLIDATED BALANCE SHEET
30 JUNE 2009

	Notes	2009 £	2008 £
FIXED ASSETS			
Intangible assets	7	14,499,726	16,160,103
Tangible assets	8	143,399	146,400
Investments	9	-	-
		<u>14,643,125</u>	<u>16,306,503</u>
CURRENT ASSETS			
Stocks	10	331,112	212,255
Debtors	11	6,131,413	9,926,344
Cash at bank and in hand		6,423,458	3,093,469
		<u>12,885,983</u>	<u>13,232,068</u>
CREDITORS			
Amounts falling due within one year	12	<u>(16,155,120)</u>	<u>(16,398,472)</u>
NET CURRENT LIABILITIES		<u>(3,269,137)</u>	<u>(3,166,404)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>11,373,988</u>	<u>13,140,099</u>
CREDITORS			
Amounts falling due after more than one year	13	<u>(3,252,490)</u>	<u>(4,419,479)</u>
NET ASSETS		<u><u>8,121,498</u></u>	<u><u>8,720,620</u></u>
CAPITAL AND RESERVES			
Called up share capital	16	9,902	9,902
Share premium	17	8,752,644	8,752,644
Profit and loss account	17	(641,048)	(41,926)
SHAREHOLDERS' FUNDS	20	<u><u>8,121,498</u></u>	<u><u>8,720,620</u></u>

The financial statements were approved by the Board of Directors on its behalf by

22/12/09

and were signed on

J Thoday - Director

The notes form part of these financial statements

COMPANY BALANCE SHEET
30 JUNE 2009

	Notes	2009 £	2008 £
FIXED ASSETS			
Intangible assets	7	-	-
Tangible assets	8	-	-
Investments	9	12,893,098	12,893,098
		<u>12,893,098</u>	<u>12,893,098</u>
CREDITORS			
Amounts falling due within one year	12	(2,447,501)	(1,235,667)
NET CURRENT LIABILITIES		<u>(2,447,501)</u>	<u>(1,235,667)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		10,445,597	11,657,431
CREDITORS			
Amounts falling due after more than one year	13	(2,000,000)	(3,000,000)
NET ASSETS		<u>8,445,597</u>	<u>8,657,431</u>
CAPITAL AND RESERVES			
Called up share capital	16	9,902	9,902
Share premium	17	8,752,644	8,752,644
Profit and loss account	17	(316,949)	(105,115)
SHAREHOLDERS' FUNDS	20	<u>8,445,597</u>	<u>8,657,431</u>

The financial statements were approved by the Board of Directors on its behalf by

23/12/09

and were signed on

J Thoday - Director

The notes form part of these financial statements

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2009**

		Year ended 30/6/09 £	Period 21/11/07 to 30/6/08 £
Net cash inflow/(outflow) from operating activities	Notes 1	6,076,073	(546,962)
Returns on investments and servicing of finance	2	(355,473)	(138,827)
Taxation		(696,782)	147,875
Capital expenditure and financial investment	2	(96,504)	(174,407)
Acquisitions and disposals	2	-	(4,099,054)
		<u>4,927,314</u>	<u>(4,811,375)</u>
Financing	2	(1,830,300)	6,905,192
Increase in cash in the period		<u>3,097,014</u>	<u>2,093,817</u>
Reconciliation of net cash flow to movement in net debt	3		
Increase in cash in the period		3,097,014	2,093,817
Cash outflow/(inflow) from decrease/(increase) in debt and lease financing		<u>1,830,300</u>	<u>(6,895,290)</u>
Change in net debt resulting from cash flows		<u>4,927,314</u>	<u>(4,801,473)</u>
Movement in net debt in the period		<u>4,927,314</u>	<u>(4,801,473)</u>
Net debt at 1 July		<u>(4,801,473)</u>	<u>-</u>
Net funds/(debt) at 30 June		<u>125,841</u>	<u>(4,801,473)</u>

The notes form part of these financial statements

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2009

1 RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES

	Year ended 30/6/09 £	Period 21/11/07 to 30/6/08 £
Operating profit	156,178	316,250
Depreciation charges	1,759,882	439,020
Elimination of reserves on acquisition	(130,615)	(3,588,803)
Increase in stocks	(118,857)	(212,255)
Decrease/(Increase) in debtors	3,705,563	(9,926,344)
Increase in creditors	703,922	12,425,170
Net cash inflow/(outflow) from operating activities	6,076,073	(546,962)

2 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	Year ended 30/6/09 £	Period 21/11/07 to 30/6/08 £
Returns on investments and servicing of finance		
Interest received	14,302	11,298
Interest paid	(369,775)	(147,804)
Interest element of finance lease payments	-	(501)
Finance costs	-	(1,820)
Net cash outflow for returns on investments and servicing of finance	(355,473)	(138,827)
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(96,504)	-
Tangible fixed assets acquired	-	(174,407)
Net cash outflow for capital expenditure and financial investment	(96,504)	(174,407)
Acquisitions and disposals		
Cash consideration	-	(4,000,000)
Acquisition expenses	-	(99,054)
Net cash outflow for acquisitions and disposals	-	(4,099,054)

The notes form part of these financial statements

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2009

2 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT -
continued

	Year ended 30/6/09 £	Period 21/11/07 to 30/6/08 £
Financing		
New loans in year	412,708	6,877,490
Loan repayments in year	(2,225,208)	-
New finance leases	(17,800)	17,800
Share issue	-	9,902
Net cash (outflow)/inflow from financing	(1,830,300)	6,905,192

3 ANALYSIS OF CHANGES IN NET DEBT

	At 1/7/08 £	Cash flow £	At 30/6/09 £
Net cash			
Cash at bank and in hand	3,093,469	3,329,989	6,423,458
Bank overdrafts	(999,652)	(232,975)	(1,232,627)
	<u>2,093,817</u>	<u>3,097,014</u>	<u>5,190,831</u>
Debt			
Finance leases	(17,800)	17,800	-
Debts falling due within one year	(2,458,011)	645,511	(1,812,500)
Debts falling due after one year	(4,419,479)	1,166,989	(3,252,490)
	<u>(6,895,290)</u>	<u>1,830,300</u>	<u>(5,064,990)</u>
Total	(4,801,473)	4,927,314	125,841

4 MAJOR NON-CASH TRANSACTIONS

Included in 'new loans in the year' in 2008 are loans of £2,877,490 acquired with the subsidiary undertaking Avalon Entertainment Limited

Avalon Entertainment Limited was acquired for £4,000,000 in cash and £8,762,545 in shares. For further details please see Note 22

The notes form part of these financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

1 ACCOUNTING POLICIES

Accounting convention

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

Basis of consolidation

The financial statements include the financial statements of the company and its subsidiary undertaking Avalon Entertainment Limited drawn up to 30 June 2009

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

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 fair value of the consideration 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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 JUNE 2009

2 STAFF COSTS

	Year ended 30/6/09 £	Period 21/11/07 to 30/6/08 £
Wages and salaries	4,172,857	980,723
Social security costs	371,775	88,217
Other pension costs	55,111	17,168
	<u>4,599,743</u>	<u>1,086,108</u>

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

	Year ended 30/6/09	Period 21/11/07 to 30/6/08
Directors	9	7
Administration	26	21
Artist management and promotion	32	28
Television production	26	30
	<u>93</u>	<u>86</u>

3 OPERATING PROFIT

The operating profit is stated after charging

	Year ended 30/6/09 £	Period 21/11/07 to 30/6/08 £
Depreciation - owned assets	104,530	33,033
Goodwill amortisation	1,660,377	411,013
Auditors' remuneration	57,099	11,668
Auditors' remuneration for non audit work	19,173	5,610
Foreign exchange differences	129,126	4,540
	<u>1,545,274</u>	<u>315,766</u>
Directors' remuneration	18,950	14,908
Directors' pension contributions to money purchase schemes		

Information regarding the highest paid director is as follows

	Year ended 30/6/09 £	Period 21/11/07 to 30/6/08 £
Emoluments etc	<u>217,985</u>	<u>94,156</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 JUNE 2009

4 INTEREST PAYABLE AND SIMILAR CHARGES

	Year ended 30/6/09 £	Period 21/11/07 to 30/6/08 £
Bank interest	21,348	58,191
Loan interest	348,427	89,613
Hire purchase	-	501
Other interest	-	1,820
	<u>369,775</u>	<u>150,125</u>

5 TAXATION

Analysis of the tax charge

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

	Year ended 30/6/09 £	Period 21/11/07 to 30/6/08 £
Current tax		
UK corporation tax	396,914	214,730
Adjustments in respect of prior periods	(427)	(13,773)
Under provision of tax in prior year	3,340	-
Total current tax	<u>399,827</u>	<u>200,957</u>
Deferred tax	-	18,392
Tax on (loss)/profit on ordinary activities	<u>399,827</u>	<u>219,349</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 JUNE 2009

5 TAXATION - continued**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

	Year ended 30/6/09 £	Period 21/11/07 to 30/6/08 £
(Loss)/profit on ordinary activities before tax	<u>(199,295)</u>	<u>177,423</u>
(Loss)/profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2008 - 29.503%)	(55,803)	52,345
Effects of		
Depreciation in excess of capital allowances	(3,473)	2,887
Permanent disallowables	69,926	12,049
Utilisation of trading losses	(8,292)	23,122
Timing differences relating to accrued loan interest	-	(18,088)
Adjustments to tax charge in respect of prior periods	2,913	(13,773)
Marginal relief	-	(306)
Consolidation adjustments	396,480	142,721
Taxed at small companies rate	<u>(1,924)</u>	<u>-</u>
Current tax charge	<u>399,827</u>	<u>200,957</u>

6 LOSS 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 loss for the financial year was £(211,834) (2008 - £(105,115)).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 JUNE 2009

7 INTANGIBLE FIXED ASSETS

Group	Goodwill £
COST	
At 1 July 2008	
and 30 June 2009	16,571,116
AMORTISATION	
At 1 July 2008	411,013
Amortisation for year	1,660,377
At 30 June 2009	2,071,390
NET BOOK VALUE	
At 30 June 2009	14,499,726
At 30 June 2008	16,160,103

Goodwill is comprised of that which arose on the acquisition of Avalon Entertainment Limited

8 TANGIBLE FIXED ASSETS

Group	Improvements to property £	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
COST					
At 1 July 2008	7,178	64,765	39,901	62,563	174,407
Additions	-	60,620	-	35,884	96,504
At 30 June 2009	7,178	125,385	39,901	98,447	270,911
DEPRECIATION					
At 1 July 2008	7,178	1,372	5,461	8,971	22,982
Charge for year	-	45,679	21,847	37,004	104,530
At 30 June 2009	7,178	47,051	27,308	45,975	127,512
NET BOOK VALUE					
At 30 June 2009	-	78,334	12,593	52,472	143,399
At 30 June 2008	-	63,393	34,440	53,592	151,425

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 JUNE 2009

9 FIXED ASSET INVESTMENTS

Company	Shares in group undertakings £
COST	
At 1 July 2008 and 30 June 2009	12,893,098
NET BOOK VALUE	
At 30 June 2009	12,893,098
At 30 June 2008	12,893,098

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

Subsidiary

Avalon Entertainment Limited

Nature of business Provision of services of performers

	% holding	2009 £	2008 £
Class of shares			
A Ordinary	100 00		
B Ordinary	100 00		
Aggregate capital and reserves		282,812	299,902
(Loss)/Profit for the year/period		(17,090)	290,000

On 4 April 2008 the company acquired the entire share capital of Avalon Entertainment Limited

10 STOCKS

	Group 2009 £	2008 £
Work-in-progress	331,112	212,255

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 JUNE 2009

11 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group	
	2009	2008
	£	£
Trade debtors	2,662,073	3,753,959
Other debtors	849,932	1,254,649
VAT	14,378	-
Prepayments and accrued income	2,605,030	4,917,736
	<u>6,131,413</u>	<u>9,926,344</u>

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

	£
J Thoday	439,347
R Allen-Turner	143,460
R Aslett	6,938
J Gregory	506
G Perkins	1,476

12 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2009	2008	2009	2008
	£	£	£	£
Bank loans and overdrafts (see note 14)	3,045,127	2,399,444	2,416,001	1,204,167
Other loans (see note 14)	-	1,058,219	-	-
Finance leases (see note 15)	-	17,800	-	-
Trade creditors	4,513,070	1,947,619	-	-
Amounts owed to group undertakings	-	-	31,500	-
Tax	70,269	367,224	-	-
Social security and other taxes	646,751	176,799	-	-
VAT	-	44,285	-	-
Other creditors	546,485	1,013,541	-	31,500
Accruals and deferred income	7,333,418	9,373,541	-	-
	<u>16,155,120</u>	<u>16,398,472</u>	<u>2,447,501</u>	<u>1,235,667</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, 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

	Group		Company	
	2009	2008	2009	2008
	£	£	£	£
Bank loans (see note 14)	<u>3,252,490</u>	<u>4,419,479</u>	<u>2,000,000</u>	<u>3,000,000</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 JUNE 2009

14 LOANS

An analysis of the maturity of loans is given below

	Group		Company	
	2009	2008	2009	2008
	£	£	£	£
Amounts falling due within one year or on demand				
Bank overdrafts	1,232,627	999,652	1,416,001	204,167
Bank loans	1,812,500	1,399,792	1,000,000	1,000,000
Deferred consideration	-	1,058,219	-	-
	<u>3,045,127</u>	<u>3,457,663</u>	<u>2,416,001</u>	<u>1,204,167</u>
Amounts falling due between one and two years				
Bank loans - 1-2 years	<u>1,252,490</u>	<u>1,419,479</u>	<u>-</u>	<u>-</u>
Amounts falling due between two and five years				
Bank loans - 2-5 years	<u>2,000,000</u>	<u>3,000,000</u>	<u>2,000,000</u>	<u>3,000,000</u>

Half of the bank loans are accruing interest at a rate of 5.15% plus a margin of 1.75% until 31 March 2010. The other portion of the loan is accruing interest at 1.75% above Barclays Bank's base rate.

15 OBLIGATIONS UNDER LEASING AGREEMENTS**Group**

	Finance leases	
	2009	2008
	£	£
Net obligations repayable —		
Within one year	<u>-</u>	<u>17,800</u>

The following operating lease payments are committed to be paid within one year

Group

	Land and buildings		Other operating leases	
	2009	2008	2009	2008
	£	£	£	£
Expiring				
Within one year	85,000	96,932	994	-
Between one and five years	-	12,043	7,957	-
	<u>85,000</u>	<u>108,975</u>	<u>8,951</u>	<u>-</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 JUNE 2009

16 CALLED UP SHARE CAPITAL

Allotted, issued and fully paid Number	Class	Nominal value	2009 £	2008 £
945,200	A Ordinary shares	£0 01	9,452	9,452
45,000	B Ordinary shares	£0 01	450	450
			<u>9,902</u>	<u>9,902</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

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 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 and the B 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 obligation 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 shall not be paid in respect of any unvested Shares

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 JUNE 2009

17 RESERVES

Group

	Profit and loss account £	Share premium £	Totals £
At 1 July 2008	(41,926)	8,752,644	8,710,718
Deficit for the year	(599,122)		(599,122)
At 30 June 2009	<u>(641,048)</u>	<u>8,752,644</u>	<u>8,111,596</u>

Company

	Profit and loss account £	Share premium £	Totals £
At 1 July 2008	(105,115)	8,752,644	8,647,529
Deficit for the year	(211,834)		(211,834)
At 30 June 2009	<u>(316,949)</u>	<u>8,752,644</u>	<u>8,435,695</u>

18 POST BALANCE SHEET EVENTS

On 3 July 2009, Avalon Television Limited acquired the entire issued share capital of 99 £1 ordinary shares of Topical Television Limited and 1,000 A ordinary shares of 10p each and 500 B ordinary shares of 10p each of Flame Television Production Limited

19 ULTIMATE CONTROLLING PARTY

The controlling party of Nolava Holdings Limited is J Thoday

20 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Group

	2009 £	2008 £
Loss for the financial year	(599,122)	(41,926)
Share issue	-	8,762,546
Net (reduction)/addition to shareholders' funds	<u>(599,122)</u>	<u>8,720,620</u>
Opening shareholders' funds	8,720,620	-
Closing shareholders' funds	<u>8,121,498</u>	<u>8,720,620</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 JUNE 2009

20 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS - continued

Company	2009 £	2008 £
Loss for the financial year	(211,834)	(105,115)
Share issue	-	8,762,546
Net (reduction)/addition to shareholders' funds	(211,834)	8,657,431
Opening shareholders' funds	8,657,431	-
Closing shareholders' funds	8,445,597	8,657,431

21 CASH AT BANK AND IN HAND

	2009 £	2008 £
Amounts held on deposit	6,130,534	6,795,630
Less associated finance lease liabilities	(6,130,534)	(6,795,630)
	-	-
Amounts held in programme production trust accounts	582,782	(88,532)
Other cash at bank and in hand	5,840,676	3,182,001
	6,423,458	3,093,469

Amounts held on deposit in Avalon Television Limited, a subsidiary of Avalon Entertainment Limited, arise as a result of sale and leaseback transactions and comprise monies to provide for the discharge of future leasing liabilities disclosed above

In the two years ended 30th June 2002 Avalon Television Limited 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 proceeds from the sale in a trust account with a bank. This bank account may only be used to pay off the lease payments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 JUNE 2009

22 ACQUISITIONS

Nolava Holdings Limited acquired all the share capital of Avalon Entertainment Limited on 4 April 2008. The purchase has been accounted for as an acquisition. The total consideration was £12,893,098 summarised as follows:

	Book value £	Total Adjustments £	Fair value £
Share capital	9,902	-	9,902
Retained earnings	(793,811)	-	(793,811)
Elimination of Goodwill in subsidiary		(2,894,109)	(2,894,109)
Net liabilities acquired	(783,909)	(2,894,109)	(3,678,018)
Goodwill			16,571,116
			<u>12,893,098</u>
Satisfied by			
Cash consideration			4,000,000
Value of shares allotted			8,762,545
Acquisition costs			130,553
			<u>12,893,098</u>