Company Registration No 6618821 (England and Wales)

# TVC GROUP LIMITED
# ANNUAL REPORT
# FOR THE YEAR ENDED 30 JUNE 2011

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# TVC GROUP LIMITED

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# DIRECTORS' REPORT

## *FOR THE YEAR ENDED 30 JUNE 2011*

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

**Principal activities**
The principal activity of the company continued to be that of a holding company

The principal activity of the group continued to be that of setting up television, radio and online coverage for public relations launches and campaigns along with other marketing services

The group is pioneering a market shifting approach to communications that has responded to a clear gap in the marketplace The group provides an integrated marketing *offer* fuelled by 'content' driven solutions across PR, marketing and advertising

The group's specialist track record means that broadcast is at the heart of the group, delivering broadcast and digital PR campaigns across a client roster that is truly global, world-class and across a diverse range of sectors

In addition, the group uniquely includes an in-house broadcast production facility that is set up to deliver the content-rich requirements of a modern brand's communication challenges

Our 'Creative' and 'Digital' divisions stretch the business beyond our core broadcast heartland and open up a range of new client opportunities

**Results and dividends**
The consolidated profit and loss account for the year is set out on page 6

As can be seen, the group had good growth in Operating Profits to £841,607 (2010 £778,951)

The directors are pleased with this performance, and have seen a good start to the year to 30 June 2012 during its first quarter

# TVC GROUP LIMITED

## DIRECTORS' REPORT (CONTINUED)

***FOR THE YEAR ENDED 30 JUNE 2011***

**Directors**

The following directors have held office since 1 July 2010

| | |
|---|---|
| K Harris | Chairman (Non-executive) |
| N Minter | Managing Director |
| S Shah | Finance Director |
| J Myers | Media Director |
| S Harris | Strategy Director |
| G Lappage | Creative Director |
| A Clyne | Commercial Director |
| G Young | Non-Executive Director (resigned 31 May 2011) |
| P Morris | Non-Executive Director (appointed 30 June 2011) |

| **Charitable Donations** | **2011** | **2010** |
|---|---|---|
| | **£** | **£** |
| During the year the company made the following payments | | |
| Charitable Donations | 1,572 | 11,827 |

All contributions were made as part of the group's ongoing corporate social responsibilities

**Auditors**

In accordance with the company's articles, a resolution proposing that Jeffreys Henry LLP be reappointed as auditors of the company will be put at a General Meeting

# TVC GROUP LIMITED

# DIRECTORS' REPORT (CONTINUED)

## *FOR THE YEAR ENDED 30 JUNE 2011*

**Statement of directors' responsibilities**
The directors are responsible for preparing 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) The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the group and of the profit or loss of the group for that period In preparing those 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,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements

The directors are responsible for keeping proper accounting records that 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 of disclosure to auditors**
So far as the directors are aware, there is no relevant audit information of which the group's auditors are unaware Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the group's auditors are aware of that information

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

On behalf of the board

S Shah
**Director**
13 October 2011

# TVC GROUP LIMITED

# INDEPENDENT AUDITORS' REPORT

## *TO THE MEMBERS OF TVC GROUP LIMITED*

We have audited the group and parent company financial statements (the "financial statements") of TVC Group Limited for the year ended 30 June 2011 set out on pages 6 to 22 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 auditors' 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 explained more fully in the Directors' Responsibilities Statement set out on page 3, 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 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 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

# TVC GROUP LIMITED

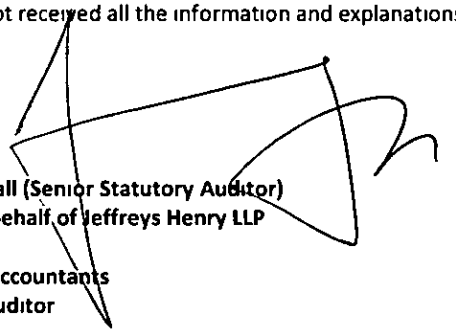
## INDEPENDENT AUDITORS' REPORT

### *TO THE MEMBERS OF TVC GROUP 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 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



**Justin Randall (Senior Statutory Auditor)**
**for and on behalf of Jeffreys Henry LLP**

13 October 2011

**Chartered Accountants**
**Statutory Auditor**

Finsgate, 5-7 Cranwood Street
London
EC1V 9EE

# TVC GROUP LIMITED

## CONSOLIDATED PROFIT AND LOSS ACCOUNT

***FOR THE YEAR ENDED 30 JUNE 2011***

| | Notes | 2011<br>£ | 2010<br>(restated)<br>£ |
|---|---|---|---|
| **Turnover** | | 5,316,727 | 5,336,737 |
| Cost of sales | | (3,098,617) | (3,110,641) |
| **Gross profit** | | 2,218,110 | 2,226,096 |
| Administrative expenses | | (1,376,503) | (1,447,145) |
| **Operating profit** | 3 | 841,607 | 778,951 |
| Other interest receivable and similar income | | 638 | 186 |
| Interest payable and similar charges | 4 | (387,809) | (1,301,346) |
| **Profit/(loss) on ordinary activities before taxation** | | 454,436 | (522,209) |
| Taxation | 5 | (196,485) | (392) |
| **Profit/(loss) for the financial year** | | 257,951 | (522,601) |

The profit and loss account has been prepared on the basis that all operations are continuing operations

There are no recognised gains and losses other than those passing through the profit and loss account

# TVC GROUP LIMITED

## BALANCE SHEETS

***AS AT 30 JUNE 2011***

| | Notes | GROUP 2011 £ | GROUP 2010 £ | COMPANY 2011 £ | COMPANY 2010 £ |
|---|---|---|---|---|---|
| **Fixed Assets** | | | | | |
| Intangible assets | 7 | 3,709,644 | 3,916,694 | - | - |
| Tangible assets | 8 | 222,692 | 210,411 | - | - |
| Investments | 9 | - | - | 4,164,848 | 4,144,296 |
| | | 3,932,336 | 4,127,105 | 4,164,848 | 4,144,296 |
| **Current Assets** | | | | | |
| Debtors | 10 | 1,070,714 | 931,514 | 2,067 | 4,570 |
| Cash at bank and in hand | | 910,194 | 637,029 | 14,884 | 142,623 |
| | | 1,980,908 | 1,568,543 | 16,951 | 147,193 |
| **Creditors amounts falling due within one year** | 11 | (1,901,376) | (1,458,284) | (716,033) | (654,769) |
| **Net current assets/ (liabilities)** | | 79,532 | 110,259 | (699,082) | (507,576) |
| **Total assets less current liabilities** | | 4,011,868 | 4,237,364 | 3,465,766 | 3,636,720 |
| **Creditors amounts falling due after more than one year** | 12 | (2,866,444) | (3,349,891) | (5,395,020) | (5,178,056) |
| **Net assets** | | 1,145,424 | 887,473 | (1,929,254) | (1,541,336) |
| **Capital and reserves** | | | | | |
| Called up share capital | 15 | 100,768 | 100,768 | 100,768 | 100,768 |
| Share premium account | 16 | 6,786,739 | 6,786,739 | 6,786,739 | 6,786,739 |
| Profit and loss account | 16 | (5,742,083) | (6,000,034) | (8,816,761) | (8,428,843) |
| **Shareholders' funds** | 17 | 1,145,424 | 887,473 | (1,929,254) | (1,541,366) |

Approved by the Board and authorised for issue on 13 October 2011

S Shah
Director

Company Registration No 6618821

# TVC GROUP LIMITED

## CONSOLIDATED CASH FLOW STATEMENT

***FOR THE YEAR ENDED 30 JUNE 2011***

| | £ | 2011<br>£ | £<br>(restated) | 2010<br>£<br>(restated) |
|---|---|---|---|---|
| **Net cash inflow from operating activities** | | 1,170,835 | | 976,858 |
| **Returns on investments and servicing of finance** | | | | |
| Interest received | 638 | | 186 | |
| Interest paid | (195,574) | | (177,724) | |
| **Net cash outflow for returns on investments and servicing of finance** | | (194,936) | | (177,538) |
| **Taxation** | | - | | - |
| **Capital expenditure** | | | | |
| Purchase of tangible assets | (82,182) | | (106,582) | |
| Sale of tangible assets | - | | 1,435 | |
| Purchase of intangible assets (additional consideration) | (20,552) | | - | |
| **Net cash inflow/(outflow) for capital expenditure** | | (102,734) | | (105,147) |
| **Net cash inflow/(outflow) before financing** | | 873,165 | | 694,173 |
| **Financing** | | | | |
| Repayment of long term bank loan | (600,000) | | (250,000) | |
| Repayment of other long term loans | - | | (96,709) | |
| **Net cash outflow from financing** | | (600,000) | | (344,709) |
| Increase in cash in the year | | 273,165 | | 347,464 |

# TVC GROUP LIMITED

## NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

***FOR THE YEAR ENDED 30 JUNE 2011***

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

| | 2011 | 2010 (restated) |
|---|---|---|
| | £ | £ |
| Operating profit | 841,607 | 778,951 |
| Depreciation of tangible assets | 69,901 | 62,748 |
| Amortisation of intangible assets | 227,602 | 227,602 |
| Profit on disposal of tangible assets | - | (1,435) |
| Increase in debtors | (158,717) | (62,318) |
| Increase/(decrease) in creditors within one year | 190,442 | (28,690) |
| Net cash inflow from operating activities | 1,170,835 | 976,858 |

**2 Analysis of net debt**

| | 1 July 2010 | Cash Flow | Other non-cash changes | 30 June 2011 |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Net cash | | | | |
| Cash at bank and in hand | 637,029 | 273,165 | - | 910,194 |
| Debts falling due within one year | (600,000) | 600,000 | (700,000) | (700,000) |
| Debts falling due after one year | (3,349,891) | - | 347,680 | (3,002,211) |
| | (3,949,891) | 600,000 | (352,320) | (3,702,211) |
| **Net debt** | (3,312,862) | 873,165 | (352,320) | (2,792,017) |

**3 Reconciliation of net cash flow to movement in net debt**

| | 2011 | 2010 |
|---|---|---|
| | £ | £ |
| Increase in cash in the year | 273,165 | 347,464 |
| Cash outflow from decrease in debt | 600,000 | 346,710 |
| Other non-cash changes | (352,320) | 4,006,203 |
| **Movement in net debt in the year** | 520,845 | 4,700,377 |
| Opening net (debt)/funds | (3,312,862) | (8,013,239) |
| **Closing net debt** | (2,792,017) | (3,312,862) |

# NOTES TO THE FINANCIAL STATEMENTS

*FOR THE YEAR ENDED 30 JUNE 2011*

**1 Accounting policies**

**1 1 Accounting convention**

The financial statements are prepared under the historical cost convention

The group's forecast and projections, taking account of reasonably possible changes in trading performance, how that the group should be able to operate within the level of its current facility

After making enquiries, the directors have a reasonable expectation that the company and group have adequate resources, with support of the company's banker, to continue in operational existence for the foreseeable future Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements

**1 2 Compliance with accounting standards**

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently except as stated in note 1 3 where group accounts have been prepared

**1 3 Basis of consolidation**

The company has voluntarily prepared group accounts but they are not required to do so The consolidated profit and loss account and balance sheet include the financial statements of the company and its subsidiary undertakings made up to 30 June 2011 The results of subsidiaries sold or acquired are included in the profit and loss account up to, or from the date control passes Intra-group sales and profits are eliminated fully on consolidation

**1 4 Turnover**

Turnover represents amounts receivable for services net of VAT Revenue is recognised once the project is completed and provided to the client Work in progress includes projects completed but not invoiced

**1 5 Goodwill**

In accordance with FRS 10 Goodwill and Intangible Assets, acquired goodwill is stated at cost less any provision for impairment of value and is written off in equal annual instalments over its estimated useful economic life

Impairment reviews are performed if events or circumstances indicate that the carrying value of goodwill may not be recoverable in full Any impairment is recognised immediately in the profit and loss On acquisition, any goodwill acquired is allocated to cash generating units for the purposes of impairment testing Where goodwill forms part of a cash generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation

The goodwill arose on the acquisition of The Television Consultancy Limited and the directors have concluded that its estimated useful economic life is 20 years

**1 6 Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less depreciation Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows

| | |
|---|---|
| Land and buildings | Over the remaining life of the lease |
| Plant and machinery etc | 25 00% - 33 33% straight line |

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

*FOR THE YEAR ENDED 30 JUNE 2011*

**1 Accounting policies**

**1 7 Leasing**

Rentals payable under operating leases are charged against income on a straight line basis over the lease term

**1 8 Investments**

Fixed asset investments are stated at cost less provision for diminution in value

**1 9 Pensions**

The Group operates a defined contribution scheme for the benefit of its employees Contributions payable are charged to the profit and loss account in the year they are payable

**1 10 Deferred taxation**

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future

**1 11 Foreign currency translation**

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates 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 profit and loss account

**1 12 Significant estimation techniques**

The Group makes estimates and assumptions concerning the future, which by definition will seldom result in actual results that match the accounting estimate The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below

Goodwill and tangible fixed assets are amortised or depreciated over their useful lives Useful lives are based on management's estimates of the period that the assets will generate revenue, which are periodically reviewed for continued appropriateness Changes to the estimates used can result in significant variations in the carrying value

The Group assesses the impairment of tangible fixed assets and goodwill subject to amortisation or depreciation whenever events or changes in circumstances indicate that the carrying value may not be recoverable

The Group's management undertakes an impairment review of goodwill annually or more frequently if events or changes in circumstances indicate that the carrying value may not be recoverable

The complexity of the estimation process and issues related to the assumptions, risks and uncertainties inherent in the application of the Group's accounting estimates in relation to tangible fixed assets and goodwill affect the amounts reported in the financial statements, especially the estimates of the expected useful economic lives and the carrying values of those assets If business conditions were different, or if different assumptions were used in the application of this and other accounting estimates, it is likely that materially different amounts could be reported in the Group's financial statements

**1 13 Prior period restatement**

Debt issue costs were included in administrative expenses for the year ended 30 June 2010 These have now been included in interest payable and similar charges

The effect of the change on the 2010 comparative figures is a decrease in administrative expenses of £67,883 and an increase in interest payable and similar charges of £67,883

The effect on the loss for the financial year and net assets is £nil

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

***FOR THE YEAR ENDED 30 JUNE 2011***

**2 Turnover**

The total turnover of the group for the year has been derived from its principal activity wholly undertaken in the United Kingdom

**3 Operating profit**

| | 2011 | 2010 (restated) |
|---|---|---|
| | £ | £ |
| Operating loss is stated after charging | | |
| Amortisation of intangible assets | 227,602 | 227,602 |
| Depreciation of tangible assets | 69,901 | 62,748 |
| Operating lease rentals | 90,000 | 142,437 |
| Auditors' remuneration (company £3,700) | 17,450 | 16,750 |
| Auditors' remuneration for provision of non-audit services (company £1,000) | 1,000 | 750 |
| Loss on foreign exchange transactions | 9,837 | - |
| and after crediting | | |
| Rents receivable | - | 31,004 |
| Profit on disposal of tangible assets | - | 1,435 |
| Profit on foreign exchange transactions | - | 9,205 |

**4 Interest payable**

| | 2011 | 2010 restated |
|---|---|---|
| | £ | £ |
| On bank loans and overdrafts | 171,256 | 200,440 |
| On other loans wholly repayable within five years | 148,670 | 1,033,023 |
| Debt issue costs | 67,883 | 67,883 |
| | 387,809 | 1,301,346 |

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

*FOR THE YEAR ENDED 30 JUNE 2011*

## 5 Taxation

| | 2011 £ | 2010 £ |
|---|---|---|
| **Current Tax Charge** | | - |
| **Deferred Tax** | | |
| Deferred tax credit current year | 21,584 | 392 |
| **Factors affecting the tax charge for the year** | | |
| Profit/(loss) on ordinary activities before taxation | 454,436 | (522,209) |
| Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 26% (2010 21%) | 118,153 | (109,664) |
| Effects of | | |
| No deductible expenses | 8,491 | 21,301 |
| Depreciation and amortisation add back | 77,350 | 60,974 |
| Capital allowances | (34,502) | - |
| Tax losses increase | - | 46,837 |
| Other tax adjustments | 5,409 | (19,448) |
| | 56,748 | 109,664 |
| **Current tax charge** | 174,901 | - |

The company has estimated losses of £348,017 (2010 - £348,017) available for carry forward against future trading profits

## 6 Loss for the financial year

As permitted by section 408 Companies Act 2006, the holding company's profit and loss account has not been included in these financial statements The loss for the financial year is made up as follows

| | 2011 £ | 2010 £ |
|---|---|---|
| Holding company's loss for the financial year | (387,918) | (1,287,941) |

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

*FOR THE YEAR ENDED 30 JUNE 2011*

## 7 Intangible fixed assets

| Group | Goodwill £ |
|---|---|
| **Cost** | |
| At 1 July 2010 | 8,896,253 |
| Additions | 20,552 |
| At 30 June 2011 | 8,916,805 |
| **Amortisation** | |
| At 1 July 2010 | 4,979,559 |
| Charge for the year | 227,602 |
| At 30 June 2011 | 5,207,161 |
| **Net book value** | |
| At 30 June 2011 | **3,709,644** |
| At 30 June 2010 | 3,916,694 |

## 8 Tangible fixed assets

| Group | Land and Buildings £ | Plant and Machinery etc £ | Total £ |
|---|---|---|---|
| **Cost** | | | |
| At 1 July 2010 | 119,711 | 605,560 | 725,271 |
| Additions | - | 82,182 | 82,182 |
| Disposals | - | (356,650) | (356,650) |
| At 30 June 2011 | 119,711 | 331,092 | 450,803 |
| **Depreciation** | | | |
| At 1 July 2010 | 44,379 | 470,481 | 514,860 |
| Charge for the year | 11,179 | 58,722 | 69,901 |
| On disposals | | (356,650) | (356,650) |
| At 30 June 2011 | 55,558 | 172,553 | 228,111 |
| **Net book value** | | | |
| **At 30 June 2011** | **64,153** | **158,539** | **222,692** |
| At 30 June 2010 | 75,332 | 135,079 | 210,411 |

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

*FOR THE YEAR ENDED 30 JUNE 2011*

9 **Fixed asset investments**

| Company | Shares in group under-takings £ |
|---|---|
| **Cost** | |
| At 1 July 2010 | 10,569,341 |
| Additions | 20,552 |
| At 30 June 2011 | 10,589,893 |
| **Provisions for diminution in value** | |
| At 1 July 2010 and 30 June 2011 | 6,425,045 |
| **Net book value** | |
| At 30 June 2011 | **4,164,848** |
| At 30 June 2010 | 4,144,296 |

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

**Holdings of more than 20%**
The company holds more than 20% of the share capital of the following companies

| Company | Country of registration or incorporation | Shares held | |
|---|---|---|---|
| | | Class | % |
| **Subsidiary undertakings** | | | |
| The Television Consultancy Limited | England | Ordinary | 100 |

The principal activity of these undertakings for the last relevant financial year was as follows

| | Principle activity | Capital and reserves 2011 £ | Profit for the year 2011 £ |
|---|---|---|---|
| The Television Consultancy Limited | Provision of television, radio and online coverage for public relations launches and campaigns along with other marketing services | 3,529,881 | 873,470 |

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

*FOR THE YEAR ENDED 30 JUNE 2011*

**10 Debtors**

| | Group | | Company | |
|---|---|---|---|---|
| | 2011 | 2010 | 2011 | 2010 |
| | £ | £ | £ | £ |
| Trade debtors | 755,128 | 546,934 | - | - |
| Other debtors | 2,067 | 4,570 | 2,067 | 4,570 |
| Prepayments and accrued income | 302,200 | 347,107 | - | - |
| Deferred tax asset (see note 13) | 11,319 | 32,903 | - | - |
| | 1,070,714 | 931,514 | 2,067 | 4,570 |

**11 Creditors amounts falling due within one year**

| | Group | | Company | |
|---|---|---|---|---|
| | 2011 | 2010 | 2011 | 2010 |
| | £ | £ | £ | £ |
| Bank loans and overdrafts | 700,000 | 600,000 | 700,000 | 600,000 |
| Trade creditors | 267,349 | 224,365 | - | 15,952 |
| Taxes and social security costs | 199,879 | 146,539 | - | - |
| Other creditors | 31,993 | 32,196 | - | - |
| Other loans | - | - | - | - |
| Corporation tax | 174,901 | - | - | - |
| Accruals and deferred income | 527,254 | 455,184 | 16,033 | 38,817 |
| | 1,901,376 | 1,458,284 | 716,033 | 654,769 |

The group has issued a debenture in favour of its bankers, Lloyds TSB Bank whereby all of the group's assets are secured by a way of fixed and floating charges

The Television Consultancy Limited has provided a cross guarantee for the borrowings of TVC Group Limited for a total of £2,750,000 repayable over 5 years

The group has also signed a rent deposit deed in favour of 26 New Cavendish Street Limited whereby a sum of £22,500 and all other monies due to become due from the company are secured During the year, the landlord repaid half of this sum, such that they now hold a rent deposit of only £12,500

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

*FOR THE YEAR ENDED 30 JUNE 2011*

**12 Creditors amounts falling due after more than one year**

| | Group | | Company | |
|---|---|---|---|---|
| | 2011 | 2010 | 2011 | 2010 |
| | £ | £ | £ | £ |
| Bank loans | 1,016,000 | 1,699,000 | 1,016,000 | 1,699,000 |
| Other loans | 1,850,444 | 1,650,891 | 1,850,444 | 1,650,891 |
| Amounts owed to group undertakings | - | - | 2,528,576 | 1,828,165 |
| | 2,866,444 | 3,349,891 | 5,395,020 | 5,178,056 |
| **Analysis of loans** | | | | |
| Wholly repayable | 3,566,444 | 3,949,891 | 6,095,020 | 5,778,056 |
| Included in current liabilities | (700,000) | (600,000) | (700,000) | (600,000) |
| | 2,866,444 | 3,349,891 | 5,395,020 | 5,178,056 |
| **Loan maturity analysis** | | | | |
| In more than one year but not more than two years | 800,000 | 700,000 | 800,000 | 700,000 |
| In more than two years but not more than five years | 250,000 | 1,050,000 | 250,000 | 1,050,000 |
| In more than five years | 1,952,211 | 1,803,541 | 4,480,787 | 3,803,541 |
| | 3,002,211 | 3,553,541 | 5,530,787 | 5,553,541 |
| Less capitalised debt issue costs | (135,767) | (203,650) | (135,767) | (203,650) |
| | 2,866,444 | 3,349,891 | 5,395,020 | 5,178,056 |

The groups' bank loans consist of Facilities A and B Facility A is a term loan of £2,750,000 and is repayable in quarterly instalments over 5 years until 30 September 2013 incurring interest at a margin of up to 3 5% above LIBOR The interest margin depends on the groups' ratio of total net bank debt to earnings before interest, taxation, depreciation and amortisation

Facility B is a revolving loan of £250,000 and is repaid with interest at 3 5% above LIBOR on the last day of an interest period and can then be redrawn, provided the commitment is not exceeded The interest periods are selected by the group, subject to the lender's agreement, and cannot extend to beyond 30 September 2013

The other loans consist of loan Stock A and B which have no fixed repayment date Both loans carry a coupon of 8% that is rolled up quarterly in arrears

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

*FOR THE YEAR ENDED 30 JUNE 2011*

## 13 Provisions for liabilities

**The deferred tax asset (included in debtors, note 10) is made up as follows**

| | Group 2011 £ | Company 2011 £ |
|---|---|---|
| Balance at 1 July 2010 | (32,093) | - |
| Profit and loss account | 21,584 | - |
| **Balance at 30 June 2010** | (11,319) | - |

| | 2011 £ | 2010 £ | 2011 £ | 2010 £ |
|---|---|---|---|---|
| Decelerated capital allowances | (11,319) | (32,903) | - | - |

## 14 Pension and other post-retirement benefit commitments

**Defined contribution**

| | 2011 £ | 2010 £ |
|---|---|---|
| Contributions payable by the group for the year | 48,867 | 45,165 |

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

*FOR THE YEAR ENDED 30 JUNE 2011*

## 15 Share capital

| | 2011 £ | 2010 £ |
|---|---|---|
| **Authorised** | | |
| 37,370,668 A ordinary shares of 0 01p each | 3,737 | 3,737 |
| 38,553,263 B deferred shares of 0 1p each | 38,553 | 38,553 |
| 18,685,332 C ordinary shares of 0 01p each | 1,869 | 1,869 |
| 18,685,332 D ordinary shares of 0 1p each | 18,685 | 18,685 |
| 37,485,706 deferred shares of 0 1p each | 37,486 | 37,486 |
| 4,383,110 deferred A shares of 0 01p each | 438 | 438 |
| **Allotted, called up and fully paid** | | |
| 37,370,668 A ordinary shares of 0 01p each | 3,737 | 3,737 |
| 38,553,263 B deferred shares of 0 1p each | 38,553 | 38,553 |
| 18,685,332 C ordinary shares of 0 01p each | 1,869 | 1,869 |
| 18,685,332 D ordinary shares of 0 1p each | 18,685 | 18,685 |
| 37,485,706 deferred shares of 0 1p each | 37,486 | 37,486 |
| 4,383,110 deferred A shares of 0 01p each | 438 | 438 |

## 16 Statement of movements on reserves

| Group | Share premium account £ | Profit and loss account £ |
|---|---|---|
| Balance at 1 July 2010 | 6,786,739 | (6,000,034) |
| Profit for the period | - | 257,951 |
| Balance at 30 June 2011 | 6,786,739 | (5,742,083) |

| Company | Share premium account £ | Profit and loss account £ |
|---|---|---|
| Balance at 1 July 2010 | 6,786,739 | (8,428,843) |
| Loss for the period | - | (387,918) |
| Balance at 30 June 2011 | 6,786,739 | (8,816,761) |

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

*FOR THE YEAR ENDED 30 JUNE 2011*

## 17 Reconciliation of movements in shareholders' funds

| Group | 2011 £ | 2010 £ |
|---|---|---|
| Profit/(loss) for the financial period | 257,951 | (522,601) |
| Proceeds from issue of shares | - | 5,105,508 |
| Net change in shareholders' funds | 257,951 | 4,418,857 |
| Opening shareholders' funds | 887,473 | (3,695,433) |
| Closing shareholders' funds | 1,145,424 | 887,473 |

| Company | 2011 £ | 2010 £ |
|---|---|---|
| Loss for the financial period | (387,918) | (1,287,941) |
| Proceeds from issue of shares | - | 5,105,508 |
| Net change in shareholders' funds | (387,918) | 3,651,590 |
| Opening shareholders' funds | (1,541,336) | (5,358,902) |
| Closing shareholders' funds | (1,929,254) | (1,541,336) |

## 18 Contingent liabilities

There are no contingent liabilities in the company and group

## 19 Financial commitments

At 30 June 2011 the group had annual commitments under non-cancellable operating leases as follows

| | Land and buildings 2011 £ | 2010 £ |
|---|---|---|
| Expiry date | | |
| Between two and five years | 90,000 | 90,000 |
| | 90,000 | 90,000 |

As at the year end the company had commitments to pay any shortfall in bank loan interest caused when LIBOR falls below a fixed rate of 5 5% agreed under an interest rate swap lasting until 30 September 2011 The outstanding commitment is £20,618

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

*FOR THE YEAR ENDED 30 JUNE 2011*

## 20 Capital commitments

At 30 June 2011 the company had capital commitments as follows

| | Group | | Company | |
|---|---|---|---|---|
| | 2011 £ | 2010 £ | 2011 £ | 2010 £ |
| Contracted for but not provided in the financial statements | - | 25,380 | - | 25,380 |

## 21 Directors' emoluments

| | 2011 £ | 2010 £ |
|---|---|---|
| Emoluments for qualifying services | 750,645 | 638,838 |
| Company pension contributions | 23,758 | 21,213 |
| | 774,403 | 660,051 |

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 6 (2010 - 6)

Emoluments disclosed above include the following amounts paid to the highest paid director

| | | |
|---|---|---|
| Emoluments for qualifying services | 155,739 | 150,593 |
| Company pension contributions | 7,500 | 7,500 |

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

*FOR THE YEAR ENDED 30 JUNE 2011*

## 22 Employees

**Number of employees**

The average monthly number of employees (including directors) during the year was

| | 2011 Number | 2010 Number |
|---|---|---|
| Client facing | 29 | 24 |
| Administration | 5 | 5 |
| Directors | 7 | 7 |
| | 41 | 36 |

**Employment costs**

| | 2011 £ | 2010 £ |
|---|---|---|
| Wages and salaries | 2,150,331 | 1,914,137 |
| Other pensions costs | 48,867 | 45,165 |
| | 2,199,198 | 1,959,302 |

## 23 Control

There is no immediate or ultimate parent and ultimate controlling party

## 24 Related party transactions

**Group**

None

**Company**

Included in other creditors is an amount of £2,528,576 (2010 - £1,828,165) due to The Television Consultancy Limited No interest is charged on the loan and the loan is only repayable after more than one year

During the period £57,943 (2010 - £171,835) for management fees was receivable from The Television Consultancy Limited

All of the above transactions were on an arm's length basis