

CBS International Television (UK) Limited

(Registered Number: 00715593)

**Directors' report and financial statements
31 December 2008**

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CBS International Television (UK) Limited

Contents	Pages
Directors' report	1-3
Independent auditors' report to the members of CBS International Television (UK) Limited	4-5
Profit and loss account	6
Balance sheet	7
Notes to the financial statements	8-15

CBS International Television (UK) Limited

Directors' report for the year ended 31 December 2008

The directors present their report and the audited financial statements of CBS International Television (UK) Limited ("the Company") for the year ended 31 December 2008.

Principal activity, review of the business and future developments

The Company's principal activity is the distribution of filmed product for theatrical and television viewing. From 1 January 2005 CBS International Television (UK) Limited no longer signs any new agreements and distributes no filmed product for theatrical and television viewing for new deals. Existing CBS International Television (UK) Limited deals at the year end 2008 will run their course. It is anticipated that all existing deals will have ended by 2012. The directors view the results of the Company for the year as satisfactory.

Going concern

CBS Corporation Inc. has provided the Company with an undertaking that it will, for at least 12 months from the date of approval of these financial statements, continue to make available such funds as are needed by the Company. This should enable the Company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. Based on this undertaking the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

Principal risks and uncertainties

The management of the Company and execution of the Company's strategy are subject to a number of risks. The directors have identified the need to manage the Company's material financial risks, including foreign exchange, liquidity, credit and interest rate risks. These risks are monitored through a Group Treasury management function which invests surplus funds, mitigates foreign exchange exposure and manages borrowings for CBS Corporation group companies (the 'Group').

Group Treasury also seeks to limit counter-party risk by conducting all of its banking and dealing activities with a limited number of major international banks, whose status is kept under review.

Liquidity risk

The Company finances its operations through a combination of intercompany payables, issued ordinary share capital and preference shares.

Interest rate risk

The Company has interest bearing assets and liabilities. These are group receivables and payables subject to the floating interest rates based upon USD LIBOR + 0.5% and GBP LIBOR + 0.3%. Interest on preference shares liabilities are fixed at 6% per annum. To the extent that the Company enters into banking arrangements, the Company's exposure to interest risk arises on the surplus cash bank accounts on which the interest income is based on UK LIBOR - 0.375 basis points. The Company does not participate in interest rate hedging. The directors keep these measures under constant review.

CBS International Television (UK) Limited

Directors' report for the year ended 31 December 2008 (continued)

Credit risk

The Company has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to any individual counterparty is subject to a limit, which is reassessed annually by the board.

Foreign exchange risk

To the extent that the Company enters into banking arrangements and intercompany agreements in currencies different to that of the Company's functional currency, there is an exposure to movements in exchange rates. The Company does not participate in cross-currency hedging.

Key performance indicators (KPI)

Given the straightforward nature of the business, the Company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

Results and dividends

The financial statements for the year disclose a profit after taxation of £17,099,425 (2007: £1,914,140). The directors do not recommend the payment of an ordinary dividend (2007: £nil). The profit for the year has been transferred to reserves.

Directors and their interests

The directors listed below held office during the whole of the period from 1 January 2008 to the date of this report, unless stated below:

Richard Jones

Gerard Dropvat (resigned on 11 June 2009)

Stephen Tague (appointed on 4 December 2008)

Auditors and disclosure of information to auditors

In the case of each of the persons who are directors of the Company at the date when this report is approved:

- so far as each of the directors is aware, there is no relevant audit information (as defined in the Companies Act 1985) of which the Company's auditors are unaware; and
- each of the directors has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information (as defined) and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

CBS International Television (UK) Limited

Directors' report for the year ended 31 December 2008 (continued)

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 profit or loss of the Company 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;
- state whether applicable UK 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, in which case there should be supporting assumptions or qualifications as necessary.

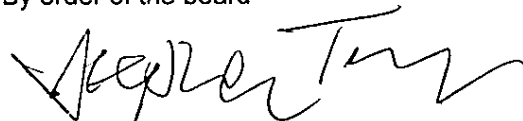
The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

By order of the board



Stephen Tague
Director

23 October 2009

CBS International Television (UK) Limited

Independent auditors' report to the members of CBS International Television (UK) Limited

We have audited the financial statements of CBS International Television (UK) Limited for the year ended 31 December 2008 which comprise the profit and loss account, the balance sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we also report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

CBS International Television (UK) Limited

Independent auditors' report to the members of CBS International Television (UK) Limited (continued)

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 December 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London
23 October 2009

CBS International Television (UK) Limited

Profit and loss account for the year ended 31 December 2008

	Notes	2008	2007 £
Turnover	3	1,634,402	16,839,599
Cost of sales		(1,389,241)	(14,313,640)
Gross profit		245,161	2,525,959
Administrative income/(expenses)		19,260,377	(430,313)
Operating profit	4	19,505,538	2,095,646
Other income	7	-	2,498,603
Interest receivable and similar income	8	1,712,273	2,956,330
Interest payable and similar expenses	9	(4,118,386)	(4,146,339)
Profit on ordinary activities before taxation		17,099,425	3,404,240
Taxation on profit on ordinary activities	10	-	(1,490,100)
Profit for the financial year	16	17,099,425	1,914,140

The Company has no recognised gain or losses other than the profit for the year and therefore, no separate statement of total recognised gains and losses has been prepared.

Turnover and profit for the financial year relate exclusively to continuing operations.

There is no difference between the profit for the financial year stated above and their historical cost equivalents.

The notes on pages 8 to 15 form part of these financial statements.

CBS International Television (UK) Limited

Balance sheet as at 31 December 2008

	Notes	2008 £	2007 £
Fixed assets			
Investments	11	26,776,787	26,776,787
Current assets			
Debtors	12	57,254,671	41,532,266
Cash at bank and in hand		19,664,572	14,054,841
		76,919,243	55,587,107
Creditors: amounts falling due within one year	13	(59,687,782)	(56,355,071)
Net current assets/(liabilities)		17,231,461	(767,964)
Preference shares	14	(15,000,000)	(15,000,000)
Accumulated interest payment on preference shares	14	(15,300,000)	(14,400,000)
Net assets/(liabilities)		13,708,248	(3,391,177)
Capital and reserves			
Called up share capital	15	133,733	133,733
Share premium account	16	449,700	449,700
Profit and loss account	16	13,124,815	(3,974,610)
Shareholders funds/(deficit)		13,708,248	(3,391,177)

The notes on pages 8 to 15 form part of these financial statements.

The financial statements on pages 6 to 15 were approved by the board of directors on 23 October 2009 and were signed on its behalf by:



Stephen Tague
Director

CBS International Television (UK) Limited

Notes to the financial statements for the year ended 31 December 2008

1. Accounting policies

a) Basis of preparation

The financial statements have been prepared on a going concern basis under the historical cost convention and in accordance with the Companies Act 1985 and applicable accounting standards in the United Kingdom, adopting the accounting policies set out below.

CBS Corporation Inc. has provided the Company with an undertaking that it will, for at least 12 months from the date of approval of these financial statements, continue to make available such funds as are needed by the Company. This should enable the Company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. Based on this undertaking the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

b) Foreign currencies

Transactions denominated in foreign currencies are translated at the rate applicable at the transaction date. Assets and liabilities denominated in foreign currencies are recorded at the rate applicable at the accounting date. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as a foreign exchange gain or loss in the profit and loss account.

c) Taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

The current tax expense is based on the results for the year as adjusted for items that are not taxable or not deductible. Current tax is calculated using tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

Tax deferred or accelerated by the effect of timing differences is accounted for to the extent that a transaction or an event that has occurred at the balance sheet date gives rise to an obligation to pay more tax in the future or a right to pay less tax in the future.

However, deferred tax assets are only recognised to the extent that, based on all available evidence, it is more likely than not that suitable taxable profits will arise from which the reversal of the underlying timing differences can be deducted.

Deferred tax is recognised on an undiscounted basis.

d) Investments

Investments are stated at cost. Provision is made where in the opinion of the directors there has been a permanent diminution in value. Dividends are recognised as income in the profit and loss account, when the right to receive payment is established.

CBS International Television (UK) Limited

Notes to the financial statements for the year ended 31 December 2008

1. Accounting policies (continued)

e) Revenue recognition

The Company's revenue comprises licence fees (excluding value added tax) which are recognised as revenue when the rights to the television program or film usage have been passed onto its customers in accordance with the licence agreements.

f) Interest

Interest receivable and payable are recorded in the profit and loss account as they accrue.

g) Dividend Income

Dividend income is recognised when the right to receive payment is established.

2 Cash flow statement and related party disclosures

The Company is a wholly owned subsidiary undertaking within the CBS Corporation group and its financial statements are included in the consolidated financial statements of that group, which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (revised 1996). The Company is also exempt under the terms of Financial Reporting Standard 8 from disclosing related party transactions with other group companies of the CBS Corporation group and investees of the group qualifying as related parties (see note 17).

3 Turnover

Turnover of the Company principally comprises revenue arising from the distribution of filmed product, stated net of VAT. Turnover is predominately derived in the United Kingdom. There is only one principal class of business.

Since 1 January 2005 no new contracts were signed by the Company, and the Company only derived revenue from existing contracts concluded before 1 January 2005.

4 Operating profit

Operating profit for the financial year is stated after charging/(crediting):

	2008 £	2007 £
Foreign exchange (gain)/loss	(19,280,276)	424,351
Auditors' remuneration for audit services	25,000	13,780

5 Directors' emoluments

None of the directors received any remuneration in respect of their services to the Company or under a Long Term Incentive Scheme or a defined benefit scheme during the year (2007: nil). No directors were granted share options in the Company or other group companies of the CBS Corporation (2007: nil). No directors exercised share options in the Company or other group companies of the CBS Corporation group during the year (2007: nil).

CBS International Television (UK) Limited

Notes to the financial statements for the year ended 31 December 2008

6 Staff costs

The company has no employees (2007: nil).

7 Other income

	2008 £	2007 £
Dividend income from investments in preference shares of group companies	-	2,498,603
	-	2,498,603

8 Interest receivable and similar income

	2008 £	2007 £
Bank interest receivable	281,909	789,279
Group interest receivable	1,430,364	2,167,051
	1,712,273	2,956,330

9 Interest payable and similar expenses

	2008 £	2007 £
Non-equity appropriations		
£1 redeemable preference shares (see Note 14)	900,000	900,000
Group interest payable	3,207,439	3,246,339
Bank interest payable	10,947	-
	4,118,386	4,146,339

CBS International Television (UK) Limited

Notes to the financial statements for the year ended 31 December 2008

10 Taxation on profit on ordinary activities

The taxation charge based on the profit on ordinary activities comprises:

	2008 £	2007 £
Current Tax		
UK Corporation Tax on profits for the financial year at 28.5% (2007: 30%)	-	1,490,100
Adjustment in respect of previous years	-	-
Taxation on profits on ordinary activities	-	1,490,100

The tax assessed for the year varies from the amount computed by applying the standard rate of corporation tax in the UK (28.5%) (2007: 30%) to the profit on ordinary activities before taxation. The differences are attributed to the following factors:

	2008 £	2007 £
Profits on ordinary activities before taxation	17,099,425	3,404,240
Profit on ordinary activities multiplied by standard UK rate at 28.5% (2007: 30%)	4,873,336	1,021,272
<u>Effects of:</u>		
Expenses not deductible for tax purposes	256,928	270,300
Non taxable income	-	(749,581)
Losses surrendered from group for nil payment	(6,044,384)	-
Other short term timing differences	914,120	948,109
Current tax charge for the year	-	1,490,100

The Chancellor of the Exchequer announced a reduction in the standard rate of UK corporation tax from 30 per cent to 28 per cent with effect from 1 April 2008. This change became substantively enacted upon the third reading and approval of the Finance Bill 2007, which took place in the House of Commons on 26 June 2007. The deferred tax balances recognised as at the 31st of December 2008 and not recognised as at 31st December 2007 have therefore been revalued at 28% in accordance with FRS 19.

A deferred tax asset of £1,782,985 (2007: £884,902) has not been recognised in respect of interest payable not paid within 12 months of the year end as there is uncertainty over future profitability of the Company.

CBS International Television (UK) Limited

Notes to the financial statements for the year ended 31 December 2008

11 Fixed asset investments

	Other investments £
At 1 January 2008 and 31 December 2008	26,776,787

The following was the investment as at 31 December 2008.

	Country of incorporation	Principal activity	% ordinary shares holding	% preference shares holding
Other investment				
CBS Outdoor Limited	England and Wales	Outdoor advertisement	-	23.91%

12 Debtors

	2008 £	2007 £
Amounts due from group undertakings	57,061,467	41,479,897
Other debtors	193,204	52,369
	57,254,671	41,532,266

As at 31 December 2008, £2,610,990 (2007: £2,543,203) of the amounts due from fellow group undertakings accrue interest at GBP LIBOR + 0.30% and £48,382,638 (2007: £37,856,030) of the amounts due from fellow group undertakings accrue interest at USD LIBOR + 0.50% and the remaining balance is interest free. The loans are unsecured and repayable on demand.

CBS International Television (UK) Limited

Notes to the financial statements for the year ended 31 December 2008

13 Creditors: amounts falling due within one year

	2008 £	2007 £
Amounts owed to group undertakings	59,221,447	55,893,254
Corporation Tax	435,198	456,875
Accruals	31,137	4,942
	59,687,782	56,355,071

As at 31 December 2008, £58,268,432 (2007: £55,144,943) of the amounts owed to fellow group undertakings accrue interest at GBP LIBOR + 0.30% and the remaining balance is interest free. The loans are unsecured and repayable on demand.

14 Preference shares

15,000,000 preference shares are issued at £1 par value and carry an interest rate of 6% per annum. No dividends have been paid since April, 1992. An amount of £900,000 is accruing each year. The earliest date on which the Company can redeem the shares is March 31, 2012. There is no limit as to when remaining shares need to be redeemed as long as the redemption occurs "so soon after such date or dates as it lawfully may". The shares must be redeemed in any event. A premium is not payable on redemption. The shares must be redeemed at par, interest and arrears of dividends are payable. The preference shares carry votes at meetings. Under FRS 25 the preference shares are classified as a long term liability together with the accumulated unpaid interest of £15,300,000. The shareholders have no option to redeem their shares.

15 Share capital

	2008 £	2007 £
Authorised:		
50,000,000 ordinary shares at £1 each	50,000,000	50,000,000
15,000,000 6% preference shares at £1 each	15,000,000	15,000,000
Allotted, called up and fully paid		
133,733 ordinary shares at £1 each	133,733	133,733
	133,733	133,733

16 Reconciliation of movements in reserves and shareholders' funds

	2008 £	2007 £
Opening shareholders' deficit	(3,391,177)	(5,305,317)
Profit for the financial year	17,099,425	1,914,140
Closing shareholders' funds/(deficit)	13,708,248	(3,391,177)

CBS International Television (UK) Limited

Notes to the financial statements for the year ended 31 December 2008

16 Reconciliation of movements in reserves and shareholders' funds (continued)

	Share capital £	Share premium £	Profit and loss account £
At 1 January 2008	133,733	449,700	(3,974,610)
Profit for the financial year	-	-	17,099,425
At 31 December 2008	133,733	449,700	13,124,815

17 Related party transactions

As permitted by Financial Reporting Standard 8, "Related Party Disclosures", the Company is exempt from disclosing related party transactions with other group companies of the CBS Corporation group and investees of the group qualifying as related parties.

As at 31 December 2005 the former parent group was split into two separate entities Viacom Inc. and CBS Corporation. Both entities have the same ultimate controlling party, National Amusements Inc. which has a holding share of 52% in each entity.

The Company conducts business transactions on an arms length basis with other related parties as follows:

Included in Turnover, there are several transactions under normal market conditions with related parties:

- Nickelodeon UK Ltd (NUL - a wholly owned subsidiary of Viacom Inc.) buys TV products from the Company. The value of the TV revenue in 2008 was £88,751 (2007: £190,798). The balance outstanding from NUL at the balance sheet date amounted to nil (2007: nil).
- Paramount Comedy Channel LLP (PCC - a wholly owned subsidiary of Viacom Inc.) buys TV products from the Company. The value of the TV revenue in 2008 was £nil (2007: £286,725). The balance outstanding from PCC at the balance sheet date amounted to nil (2007: nil).
- Sci-Fi Channel Ltd (SFC - a wholly owned subsidiary of Viacom Inc.) buys TV products from the Company. The value of the TV revenue in 2008 was £505,794 (2007: £682,117). The balance outstanding from SFC at the balance sheet date amounted to nil (2007: nil).

18 Ultimate parent undertaking

The Company's immediate parents are CBS International (Netherlands) B.V. and CBS Enterprises (UK) Ltd. The ultimate parent company is CBS Corporation which is incorporated in the USA. The ultimate controlling party is National Amusements Inc., the beneficial owner of the majority of CBS Corporation voting shares.

The only group in which the results of CBS International Television (UK) Limited are consolidated is CBS Corporation. The consolidated financial statements for this group are available to the public and can be obtained from 51 West 52 Street, New York, New York 10019-6188, USA.

CBS International Television (UK) Limited

Notes to the financial statements for the year ended 31 December 2008

19 Guarantee

The Company is participating in group banking facilities under which all surplus cash balances are held as collateral for bank facilities advanced to group members. In addition, the Company has issued an unlimited guarantee to the bank to support these group facilities.