

2729729

PORTLAND ENTERPRISES LIMITED
REPORT & FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2005



PORTLAND ENTERPRISES LIMITED

ANNUAL REPORT

31 December 2005

CONTENTS

	Page
Officers and Professional Advisers	2
Directors' Report	3 - 4
Report of the Auditors	5
Profit and Loss Account	6
Balance Sheet	7
Notes to the Financial Statements	8 - 14

PORTLAND ENTERPRISES LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Mr. M. Ellice
Mr. P.M. Ashford
Mr. S. Myerson
Mr. P. Dunthorne

SECRETARY

Mr. M. Gill - resigned 8th August 2005
Mr. R. Sanderson - appointed 8th August 2005

COMPANY NUMBER

2729729 (England)

AUDITORS

PricewaterhouseCoopers LLP
1 Embankment Place
London WC2N 6RH

BANKERS

Bank of Scotland
155 Bishopsgate
London EC2M 3YB

REGISTERED OFFICE

The Northern & Shell Tower
4 Selsdon Way
London E14 9GL

PORTLAND ENTERPRISES LIMITED

DIRECTORS' REPORT

For the year ended 31 December 2005

The directors present their report and the audited financial statements for the year ended 31 December 2005.

PRINCIPAL ACTIVITIES

The Company's principal activity is that of a production facility studio and provider of transmission services, supplying production and transmission services to other group companies. It is the intention of the Company to continue trading in this activity for the foreseeable future.

RESULTS AND DIVIDENDS

The profit on ordinary activities before taxation for the year amounted to £1,986,572 (2004 profit: £193,648).

The directors do not recommend the payment of a dividend (2004: £nil).

REVIEW OF THE PERIOD AND FUTURE PROSPECTS

The directors consider the current year trading results to be satisfactory and view the future with confidence.

DIRECTORS AND THEIR INTERESTS

The present membership of the board is set out on page 2. These directors, and no others, held office throughout the year.

At the beginning and end of the year Mr R.C.Desmond was beneficially interested in the whole of the issued share capital of the Company. The interests of Mr R.C. Desmond, who is a director of the parent company, Northern & Shell Network Limited, are shown in the financial statements of that Company.

During the year 225,000 £1 Ordinary 'B' shares were issued in Northern & Shell North America Limited, a fellow group undertaking. At the beginning and end of the year the directors' beneficial interest in the issued share capital of that company were:

£1 Ordinary 'B' shares

	At 1 January 2005	At 31 December 2005
Mr. M. Ellice	-	75,000
Mr. S. Myerson	-	75,000
Dr. P. Ashford	-	37,500

Details of the share issue are stated in the financial statements of that company.

Mr P. Dunthorne had no interest in the share capital of the Company or any other company within the Northern & Shell Network Limited group at the beginning or end of the year.

PORTLAND ENTERPRISES LIMITED

DIRECTORS' REPORT

For the year ended 31 December 2005

FINANCIAL RISK MANAGEMENT

The Company's operations expose it to a variety of financial risks that include credit, liquidity and interest rate risk. The Company has mechanisms in place that seek to limit the impact of adverse effects of these risks on the financial performance of the Company.

Credit risk

The Company has implemented policies that require appropriate credit checks to be performed on potential customers before sales are made.

Liquidity risk

The Company actively manages its finances to ensure that the Company has sufficient funds available for its operations.

Interest rate cash flow risk

The Company has interest bearing assets. The interest bearing assets are cash balances subject to floating interest rates. The directors keep these measures under constant review.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company Law requires the directors to prepare financial statements for each financial year which 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. The directors are required to prepare financial statements on the going concern basis, unless it is inappropriate to presume that the Company will continue in business.

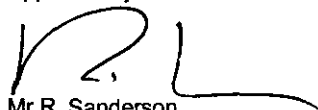
The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 2005 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records which 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 reappointment will be proposed at the annual general meeting.

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



Mr R. Sanderson
Secretary

Dated : 27 April 2006

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

PORTLAND ENTERPRISES LIMITED

For the year ended 31 December 2005

We have audited the financial statements of Portland Enterprises Ltd for year ended 31 December 2005 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

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if 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 other 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 judgements 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.

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 2005 and of its profit for the year then ended; and

- have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors

London

Dated : 27 April 2006.

PORTLAND ENTERPRISES LIMITED

PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2005

	Notes	Total 2005 £	Total 2004 £
Turnover	2	4,283,805	3,939,296
Cost of sales		<u>(2,405,242)</u>	<u>(2,032,940)</u>
Gross profit		<u>1,878,563</u>	<u>1,906,356</u>
Administrative expenses		<u>(300,750)</u>	<u>(2,019,626)</u>
Operating profit / (loss)	3	1,577,813	(113,270)
Interest receivable and similar income	5	575,104	813,154
Interest payable and similar charges	6	<u>(166,345)</u>	<u>(506,236)</u>
Profit on ordinary activities before taxation		1,986,572	193,648
Tax on profit on ordinary activities	7	<u>(599,140)</u>	<u>(34,115)</u>
Profit for the financial year	15	<u>1,387,432</u>	<u>159,533</u>

There is no difference between the profit on ordinary activities and the retained profit for the year stated above, and their historical cost equivalents.

There are no recognised gains and losses other than those stated above and therefore no separate statement of total recognised gains and losses has been presented.

Turnover and operating profit / (loss) are wholly attributable to continuing operations.

PORTLAND ENTERPRISES LIMITED
BALANCE SHEET at 31 December 2005

	Notes	2005 £	2004 £
FIXED ASSETS			
Intangible assets	8	19,169	20,760
Tangible assets	9	994,661	260,108
Investments	10	<u>3</u>	<u>3</u>
		<u>1,013,833</u>	<u>280,871</u>
CURRENT ASSETS			
Debtors	11	13,854,607	10,932,113
Cash at bank		<u>30,234</u>	<u>3,835</u>
		<u>13,884,841</u>	<u>10,935,948</u>
CREDITORS: amounts falling due within one year	12	<u>(10,897,324)</u>	<u>(8,602,901)</u>
NET CURRENT ASSETS		<u>2,987,517</u>	<u>2,333,047</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>4,001,350</u>	<u>2,613,918</u>
EQUITY CAPITAL AND RESERVES			
Called up share capital	14	10	10
Profit and loss account	15	<u>4,001,340</u>	<u>2,613,908</u>
TOTAL EQUITY SHAREHOLDERS' FUNDS	16	<u>4,001,350</u>	<u>2,613,918</u>

Approved by the Board of Directors :



Mr. M. Ellice

Dated: 27 April 2006

PORTLAND ENTERPRISES LIMITED
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2005

1. PRINCIPAL ACCOUNTING POLICIES

(a) Accounting convention

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

(b) Change in accounting policy

The company has adopted FRS 21, 'Events after the balance sheet date', in these financial statements but this has had no impact on the reported results or disclosures.

(c) Cash flow statement

The Company is a wholly owned subsidiary of Northern & Shell Network Limited and is included in the consolidated financial statements of Northern & Shell Network Limited, and has therefore relied on the exemption provided by FRS1 from preparing its own cash flow statement.

(d) Turnover

Turnover represents amounts charged to group and non group companies for production and transmission services. Turnover is recognised as the service is provided.

(e) Foreign currencies

Transactions denominated in foreign currencies are translated into sterling at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date with any differences being taken to the profit and loss account.

(f) Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation. The cost of tangible fixed assets is their purchase cost together with any incidental costs of acquisition.

Depreciation is provided on all tangible fixed assets at the rates calculated to write off the cost of each asset less any estimated residual value over its expected life as follows :

Leased tools and equipment	Over the term of the lease
Owned tools and equipment	4 years
Fixtures and fittings	4 years

(g) Intangible fixed assets

Intangible fixed assets are comprised of the cost of registering trademarks. These are amortised over 20 years which is considered to be the economic life of the trademarks.

(h) Leases

Assets obtained under finance leases are capitalised in the balance sheet and depreciated over the lesser of the period of the lease or the estimated useful life of the asset. Finance costs are charged to the profit and loss account and allocated to accounting periods during the lease term so as to produce a constant periodic rate of charge on the remaining balance of the obligation for each accounting period.

(i) Fixed asset investments

Fixed asset investments are stated in the balance sheet at cost less any provision made for permanent diminution in value.

PORTLAND ENTERPRISES LIMITED
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2005

1. PRINCIPAL ACCOUNTING POLICIES (Continued)

(j) Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

Deferred tax assets are regarded as recoverable and recognised in the financial statements when, on the basis of available evidence, it is more likely than not that there will be suitable taxable profits from which the future reversal of the timing differences can be deducted. The recoverability of tax losses is assessed by reference to forecasts which have been prepared and approved by the board.

The deferred tax assets and liabilities are not discounted.

(k) Pension costs

The Company contributes to money purchase pension schemes for Mr. R.C. Desmond and a defined contribution scheme for its employees. Contributions are charged in the profit and loss account to reflect amounts paid / payable under the schemes.

2. TURNOVER

Turnover relates to the provision of studio, production facilities and transmission services, predominantly to other group companies, arises solely in the United Kingdom and relates entirely to continuing activities.

3. OPERATING PROFIT / (LOSS)

	2005	2004
	£	£
Operating profit / (loss) is stated after charging:		
Auditor's remuneration - audit services	14,000	12,450
Depreciation - owned assets	263,716	242,821
Depreciation - leased assets	-	42,069
Amortisation - intangible assets	<u>1,591</u>	<u>1,590</u>

PORTLAND ENTERPRISES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2005

4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

Mr M. Ellice, Mr P.M. Ashford and Mr S. Myerson received no fees or emoluments from the Company during the year ended 31 December 2005 (2004: £nil) since their duties are incidental to their main duties to other subsidiary undertakings of Northern & Shell Network Limited. The emoluments of the remaining director are summarised as follows:

(a) Directors	2005	2004
	£	£
Aggregate emoluments	<u>136,894</u>	<u>132,012</u>
 (b) Staff costs (Including Directors)	 2005	 2004
	£	£
Wages and salaries	1,158,314	2,409,427
Social security costs	126,153	291,437
Pension costs	<u>15,324</u>	<u>10,997</u>
	<u>1,299,791</u>	<u>2,711,861</u>

Wages and salaries include a payment to Mr R.C. Desmond of £nil (2004: £1,500,000) and related social security costs of £nil (2004: £192,000). Contributions of £1,000 (2004: £1,000) were made into a money purchase pension scheme for Mr R.C. Desmond.

Average number of people employed :

	2005	2004
	Number	Number
Office and management (including directors)	<u>39</u>	<u>31</u>

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	2005	2004
	£	£
Group interest receivable	569,574	811,423
Bank interest	<u>5,530</u>	<u>1,731</u>
	<u>575,104</u>	<u>813,154</u>

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2005	2004
	£	£
Group interest payable	166,345	505,371
Interest payable on finance leases	<u>-</u>	<u>865</u>
	<u>166,345</u>	<u>506,236</u>

PORTLAND ENTERPRISES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2005

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2005	2004
	£	£
Current tax:		
UK corporation tax at 30% payable		
to group companies in respect of group relief (2004: 30%)	576,324	91,902
Adjustment in respect of previous periods	<u>(2,896)</u>	<u>(350)</u>
Total current tax	<u>573,428</u>	<u>91,552</u>
Deferred tax:		
Origination and reversal of timing differences	21,965	-
Adjustment in respect of previous periods	<u>3,747</u>	<u>(57,437)</u>
Total deferred tax / (credit)	<u>25,712</u>	<u>(57,437)</u>
Tax on profit on ordinary activities	<u>599,140</u>	<u>34,115</u>

The tax assessed for the period differs from the standard rate of corporation tax in the UK 30% (2004: 30%).

The differences are explained below:

	2005	2004
	£	£
Profit on ordinary activities before tax	<u>1,986,572</u>	<u>193,648</u>
Profit on ordinary activities multiplied by standard rate in the UK of 30% (2004: 30%)	595,972	58,095
Effects of:		
Expenses not deductible for tax purposes	2,317	735
Depreciation in excess of capital allowances and other timing differences	(21,965)	33,072
Adjustments to tax charge in respect of previous period	<u>(2,896)</u>	<u>(350)</u>
Current tax charge for the year	<u>573,428</u>	<u>91,552</u>

The Company is not aware of any factors that will materially effect future tax charges.

PORTLAND ENTERPRISES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2005

8. INTANGIBLE FIXED ASSETS

Trademarks
£

Cost	
At 1 January 2005 and 31 December 2005	<u>31,818</u>
Amortisation	
At 1 January 2005	11,058
Charge for the year	<u>1,591</u>
At 31 December 2005	<u>12,649</u>
Net book amount	
At 31 December 2005	<u>19,169</u>
At 31 December 2004	<u>20,760</u>

9. TANGIBLE FIXED ASSETS

**Fixtures, fittings
tools & equipment**
£

Cost	
At 1 January 2005	2,722,352
Additions	<u>998,269</u>
At 31 December 2005	<u>3,720,621</u>
Depreciation	
At 1 January 2005	2,462,244
Charge for the year	<u>263,716</u>
At 31 December 2005	<u>2,725,960</u>
Net book amount	
At 31 December 2005	<u>994,661</u>
At 31 December 2004	<u>260,108</u>

Fixtures, fittings, tools & equipment includes assets acquired under finance lease in respect of which as at 31 December 2005 the net book value is £Nil (2004: £Nil) after charging depreciation of £Nil (2004 : £42,069) for the year.

PORTLAND ENTERPRISES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2005

10. INVESTMENTS

Investments comprise the cost of equity shares in unlisted companies.

11. DEBTORS

	2005	2004
	£	£
Amounts falling due within one year:		
Amounts owed by group undertakings	12,292,462	10,053,697
Amounts owed by related party	1,525,107	792,563
Other debtors	-	22,471
Prepayments	5,313	5,945
Deferred tax asset	31,725	57,437
	<u>13,854,607</u>	<u>10,932,113</u>

Amounts owed by group undertakings carry interest between 2.0% and 2.5% above base rate, are unsecured and repayable on demand. Amounts owed by dormant group undertakings, included in amounts owed by group undertakings, are non interest bearing.

12. CREDITORS : amounts falling due within one year

	2005	2004
	£	£
Trade creditors	52,699	141,903
Amounts owed to group undertakings	9,246,663	785,678
Other creditors	71,563	6,582,263
Amounts owed to group undertakings with respect to group relief	1,406,836	833,408
Corporation tax payable	10,179	10,179
Accruals and deferred income	109,384	249,470
	<u>10,897,324</u>	<u>8,602,901</u>

Amounts owed to group undertakings carry interest between 2.0% and 2.5% above base rate, are unsecured and repayable on demand. Amounts owed to dormant group undertakings, included in amounts owed to group undertakings, and amounts owed to group undertakings with respect to group relief are non interest bearing.

13. DEFERRED TAX ASSET

Deferred tax comprises:

	2005	2004
	£	£
Accelerated capital allowances	<u>31,725</u>	<u>57,437</u>
	<u>31,725</u>	<u>57,437</u>

PORTLAND ENTERPRISES LIMITED
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2005

14. SHARE CAPITAL

	2005 £	2004 £
Ordinary shares of £1 each :		
Authorised (1000 shares)	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid (10 shares)	<u>10</u>	<u>10</u>

15. RESERVES

	Profit and loss account £
At 1 January 2005	2,613,908
Retained profit for the financial year	<u>1,387,432</u>
At 31 December 2005	<u>4,001,340</u>

16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2005 £	2004 £
Profit for the financial year	1,387,432	159,533
Net addition to shareholders' funds	<u>1,387,432</u>	<u>159,533</u>
Opening shareholders' funds	<u>2,613,918</u>	<u>2,454,385</u>
Closing shareholders' funds	<u>4,001,350</u>	<u>2,613,918</u>

17. RELATED PARTY TRANSACTIONS

The Company is exempt under the terms of FRS8 from disclosing related party transactions with entities that are part of the Northern & Shell Network Limited group.

18. ULTIMATE PARENT UNDERTAKING

The immediate parent undertaking is Portland Television Limited and the ultimate parent undertaking is RCD1 Limited. RCD1 Limited acts purely as a holding company and does not participate in operations. Accordingly, Northern & Shell Network Limited acts as the operational parent of the group.

The largest and smallest groups into which these accounts are consolidated are RCD1 Limited and Northern & Shell Network Limited respectively.

The operational parent company participates in a joint venture with N Brown Group Plc under which it holds a 50% shareholding in the company Express Shopping Channel Limited. At 31 December 2005, Express Shopping Channel Limited owed the Company £1,525,107 (At 31 December 2004: £792,563) under amounts owed by related parties for payroll services provided.

RCD1 Limited and Northern & Shell Network Limited are registered in England. Copies of the financial statements of RCD1 Limited and Northern & Shell Network Limited can be obtained from: The Northern & Shell Building, Number 10 Lower Thames Street, London, EC3R 6EN.