

2729729

PORTLAND ENTERPRISES LIMITED

REPORT & FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009

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PORTLAND ENTERPRISES LIMITED

ANNUAL REPORT

31 December 2009

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PORTLAND ENTERPRISES LIMITED
OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Mr P Dunthorne
Mr M Lee

SECRETARY

Mr M Lee

COMPANY NUMBER

2729729 (England)

AUDITORS

KPMG LLP
20 Farringdon Street
London, EC4A 4PP

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 2009

The directors present their report and the audited financial statements of the Company for the year ended 31 December 2009

PRINCIPAL ACTIVITIES

The principal activities of the Company are unchanged from last year, and are a production facility studio and provider of transmission services, supplying production and transmission services to other group companies and third parties and also providing web and administration support to other group companies

RESULTS AND DIVIDENDS

The Company recorded a profit on ordinary activities before taxation of £3.7 million (2008: £3.7 million)

During the year no interim dividends were paid (2008: £4.0 million) and no final dividend was declared (2008: £nil)

REVIEW OF THE YEAR AND FUTURE PROSPECTS

The profit and loss account is set out on page 7

The directors consider the underlying performance of the Company to be satisfactory. It is the intention of the Company to continue trading in its principal activity for the foreseeable future.

The risks, uncertainties and key performance indicators pertaining to the Company are consistent with those experienced by the Company's fellow subsidiaries. They are discussed in the "Review of the year and future prospects" section in the Directors' Report of Northern & Shell Network Limited, the ultimate operational parent of the Company.

The Company's net assets were £4.4 million as at 31 December 2009 (2008: £1.7 million)

DIRECTORS

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

PORTLAND ENTERPRISES LIMITED

DIRECTORS' REPORT

For the year ended 31 December 2009

POLICY ON PAYMENT OF CREDITORS

The Company agrees terms and conditions for business transactions with its suppliers. Payment is made on these terms, subject to the terms and conditions being met by the supplier.

The Company has approximately 11 days of purchases outstanding at 31 December 2009 based on the average daily amount invoiced by suppliers during the year (2008: 20 days).

EMPLOYEE INVOLVEMENT

During the year, the Company maintained its practice of keeping employees informed about current activities and progress of the business using various methods, including formal briefings and emails. Consultation with employees or their representatives has continued at all levels, with the aim of ensuring their views are taken into account where decisions are likely to affect their interests. This practice is reviewed regularly.

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Company continues and the appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

FINANCIAL RISK MANAGEMENT

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

POLITICAL AND CHARITABLE DONATIONS

There were no charitable or political contributions made during the year (2008: £nil).

PORTLAND ENTERPRISES LIMITED

DIRECTORS' REPORT

For the year ended 31 December 2009

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The Directors are responsible for preparing the Directors Report and the financial statements in accordance with applicable law and regulations

Company Law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments 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, and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and 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 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

DISCLOSURE OF INFORMATION TO AUDITORS

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

AUDITORS

Persuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.

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



Mr M Lee
Secretary

Date

22/04/10

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

PORTLAND ENTERPRISES LIMITED

We have audited the financial statements of Portland Enterprises Limited for the year ended 31 December 2009 set out on pages 7 to 17. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As explained more fully in the Directors' Responsibilities Statement set out on page 5, 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 (APB's) Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF FINANCIAL STATEMENTS

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/UKNP.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2009 and of its profit for the year ended,
- have been properly prepared in accordance with UK 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.

MATTER 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, or returns adequate for our audit have not been received from branches not visited by us, or
- the 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.

Adrian John Wilcox (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
20 Farringdon Street
London, EC4A 4PP

Date 25 April 2010

PORTLAND ENTERPRISES LIMITED

PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2009

	Notes	2009 £000	2008 £000
Turnover	2	7,870	8,191
Cost of sales		<u>(3,361)</u>	<u>(3,690)</u>
Gross profit		4,509	4,501
Administrative expenses		<u>(930)</u>	<u>(1,031)</u>
Operating profit	3	3,579	3,470
Interest receivable and similar income	5	220	424
Interest payable and similar charges	6	<u>(134)</u>	<u>(236)</u>
Profit on ordinary activities before taxation		3,665	3,658
Tax on profit on ordinary activities	7	<u>(1,020)</u>	<u>(1,291)</u>
Profit for the financial year	16/17	<u>2,645</u>	<u>2,367</u>

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 profits are wholly attributable to continuing operations

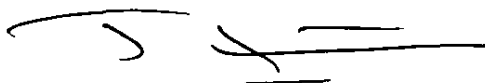
The notes on pages 9 to 17 form part of these financial statements

PORTLAND ENTERPRISES LIMITED

BALANCE SHEET as at 31 December 2009

	Notes	2009 £000	2008 £000
FIXED ASSETS			
Intangible assets	8	-	8
Tangible assets	9	332	470
Investments	10	-	-
		<u>332</u>	<u>478</u>
CURRENT ASSETS			
Cash at bank and in hand		11	13
Debtors	11	<u>11,871</u>	<u>5,334</u>
TOTAL CURRENT ASSETS		11,882	5,347
CREDITORS. amounts falling due within one year	12	<u>(7,862)</u>	<u>(4,118)</u>
NET CURRENT ASSETS		<u>4,020</u>	<u>1,229</u>
NET ASSETS		<u>4,352</u>	<u>1,707</u>
CAPITAL AND RESERVES			
Called up share capital	15	-	-
Profit and loss account	16	<u>4,352</u>	<u>1,707</u>
TOTAL EQUITY SHAREHOLDERS' FUNDS	17	<u>4,352</u>	<u>1,707</u>

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


Mr P Dunthorne

Date 22 / 4 / 10

Company registered number 2729729

PORTLAND ENTERPRISES LIMITED
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2009

1. PRINCIPAL ACCOUNTING POLICIES

(a) Basis of accounting

The financial statements are prepared on a going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards. The principal accounting policies are set out below.

(b) Consolidated financial statements and 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.

Northern & Shell Network Limited prepares and files consolidated financial statements which include the cashflows of the Company. The Company has therefore relied on the exemption provided by FRS1 from preparing its own cash flow statement.

However, the Company's cashflow will be consolidated in its immediate parent Company, Portland UK Holdings Limited's group cashflow statement, required by a separate bank covenant.

(c) Revenue recognition

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

(d) Intangible fixed assets

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

(e) Tangible fixed assets

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

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

Fixtures, fittings and production equipment 4 years or period of lease

The Company reviews its depreciation rates regularly to take account of technological changes, intensity of use over the life of the assets and market requirements.

(f) Fixed asset investments

Fixed asset investments are recorded at cost, adjusted for any permanent diminution in value. Any diminution is reflected in the profit and loss account when the diminution is identified.

The Company carries its investment in subsidiary undertakings at cost less any provision for permanent diminution in value. Any diminution in value is reflected in the profit and loss account when the diminution is identified.

PORTLAND ENTERPRISES LIMITED
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2009

1 PRINCIPAL ACCOUNTING POLICIES (continued)

(g) Debtors

Debtors are initially stated at fair value. The carrying value of debtors is reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

(h) Leases

Assets obtained under finance leases are capitalised and depreciated over the lesser of the period of the lease and 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. The Company's leases are now in the secondary rental period; therefore, there are no commitments reported in the financial statements.

Rental costs under operating leases are charged to the profit and loss account in equal annual amounts over the period of the lease.

(k) 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.

Deferred tax assets and liabilities are not discounted and are calculated at the standard rate of corporation tax in the UK of 28% (2008: 28.5%).

(l) Pension costs

The Company contributes to 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, web services, administration support and transmission services, predominantly to other group companies, arising solely in the United Kingdom and relates entirely to continuing activities.

PORTLAND ENTERPRISES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2009

3. OPERATING PROFIT

	2009 £000	2008 £000
Operating profit is stated after charging		
Audit services		
Fees payable to the Company's auditor for the audit of the Company	9	12
Fees paid to the Company's auditors and its associates for services other than the statutory audit of the Company are not disclosed in Portland Enterprises Limited's accounts since the consolidated accounts of Portland Enterprises Limited's ultimate operational parent, Northern & Shell Network Limited, are required to disclose other services on a consolidated basis		
Depreciation - owned assets	317	413
Operating lease rentals - land and buildings	213	219

4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

(a) Directors

	2009 £000	2008 £000
Wages and salaries	263	314
Pension costs	12	17
	275	331

The above details include the following amounts in respect of the highest paid director, Mr P Dunthorne

Highest paid director		
	2009 £000	2008 £000
Wages and salaries	189	189
Pension costs	9	9
	198	198

(b) Staff costs (including directors)

	2009 £000	2008 £000
Wages and salaries	1,752	1,970
Social security costs	182	211
Pension costs	28	33
	1,962	2,214

PORTLAND ENTERPRISES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2009

4 INFORMATION REGARDING DIRECTORS AND EMPLOYEES (continued)

(b) Staff costs (including directors) (continued)

	2009 Number	2008 Number
Average number of people employed by activity		
Production	26	30
Administration	25	27
	<u>51</u>	<u>57</u>

5 INTEREST RECEIVABLE AND SIMILAR INCOME

	2009 £000	2008 £000
Group interest receivable	220	413
Bank interest	-	11
	<u>220</u>	<u>424</u>

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2009 £000	2008 £000
Group interest payable	131	236
Other interest payable	3	-
	<u>134</u>	<u>236</u>

7. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

	2009 £000	2008 £000
Current tax:		
UK corporation tax payable to group companies in respect of group relief	1,129	1,165
Adjustment in respect of previous periods	(74)	249
Total current tax charge	<u>1,055</u>	<u>1,414</u>
Deferred tax:		
Origination and reversal of timing differences	(94)	(117)
Adjustment in respect of previous periods	59	(6)
Total deferred tax credit	<u>(35)</u>	<u>(123)</u>
Tax charge on profit on ordinary activities	<u>1,020</u>	<u>1,291</u>

PORTLAND ENTERPRISES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2009

7. TAXATION ON PROFIT ON ORDINARY ACTIVITIES (Continued)

The tax assessed for the year may differ from the rate of 28% (2008 28.5%) and the differences are explained below

	2009 £000	2008 £000
Profit on ordinary activities before tax	<u>3,665</u>	<u>3,658</u>
Profit on ordinary activities multiplied by the rate of 28% (2008 28.5%)	1,026	1,042
Effects of		
Expenses not deductible for tax purposes	10	4
Accelerated capital allowances / other timing differences	93	119
Adjustment in respect of previous periods	<u>(74)</u>	<u>249</u>
Current tax charge for the year	<u>1,055</u>	<u>1,414</u>

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

8 INTANGIBLE ASSETS

	Music Rights £000
Cost	
At 1 January 2009	8
Additions	-
Disposals	<u>(8)</u>
At 31 December 2009	<u>-</u>
Amortisation	
At 1 January 2009	-
Charge for the year	<u>-</u>
At 31 December 2009	<u>-</u>
Net book amounts	
At 31 December 2009	<u>-</u>
At 31 December 2008	<u>8</u>

Music rights were transferred to Portland Enterprises CI Limited, a fellow group Company

PORTLAND ENTERPRISES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2009

9 TANGIBLE ASSETS

	Fixtures, Fittings and Production Equipment £000
Cost	
At 1 January 2009	3,982
Additions	159
Transfer from Portland Interactive Ltd	20
	<hr/>
At 31 December 2009	4,161
	<hr/>
Depreciation	
At 1 January 2009	3,512
Depreciation in the year	317
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At 31 December 2009	3,829
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Net book amounts	
At 31 December 2009	<hr/> 332
	<hr/>
At 31 December 2008	470
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During 2009 tangible assets were transferred from Portland Interactive Limited at net book value and will be depreciated over the remaining life of the assets

10. FIXED ASSETS INVESTMENTS

	Shares in subsidiary undertaking £
At 1 January 2009 and 31 December 2009	<hr/> 1

The direct interest of Portland Enterprises Limited, and its percentage holding is

	Activities	Holding
TVX Europe Limited	Television Broadcasting	1%

The above company's registered office is First Floor, Orviss House, Queen Street, St Helier, Jersey, JE2 4WD

PORTLAND ENTERPRISES LIMITED
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2009

11. DEBTORS

	2009 £000	2008 £000
Amounts owed by group undertakings	11,612	5,096
Trade debtors	-	1
Other debtors	19	26
Prepayments and accrued income	29	35
Deferred tax asset (note 14)	211	176
	<u>11,871</u>	<u>5,334</u>

Amounts owed by group undertakings carry interest between 2.0% and 2.5% above base rate, are unsecured and payable on demand

12 CREDITORS. amounts falling due within one year

	2009 £000	2008 £000
Trade creditors	35	66
Amounts owed to group undertakings	6,535	3,781
Other creditors	81	75
Corporation tax payable	-	10
Amounts owed to group undertakings with respect to group relief	1,093	27
Accruals and deferred income	118	159
	<u>7,862</u>	<u>4,118</u>

Amounts owed by group undertakings carry interest between 2.0% and 2.5% above base rate, are unsecured and payable on demand. Amounts owed by group undertakings with respect to group relief are non interest bearing

13 OPERATING LEASE COMMITMENTS

At 31 December 2009, the Company was committed to make the following annual payments in respect of operating leases which expire

	2009 Land & buildings £000	2008 Land & buildings £000
After 5 years	<u>273</u>	<u>273</u>

All leases of land and buildings are subject to rent reviews

PORTLAND ENTERPRISES LIMITED
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2009

14 DEFERRED TAX ASSET

Deferred tax comprises

	2009 £000	2008 £000
Accelerated capital allowances	<u>211</u>	<u>176</u>

15. CALLED UP SHARE CAPITAL

	2009 £	2008 £
Authorised		
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Allotted and fully paid		
10 Ordinary shares of £1 each	<u>10</u>	<u>10</u>

16. RESERVES

	Profit and loss account £000
At 1 January 2009	1,707
Profit for the year	<u>2,645</u>
At 31 December 2009	<u>4,352</u>

17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2009 £000	2008 £000
Profit for the year	2,645	2,367
Dividends payable	<u>-</u>	<u>(4,000)</u>
Net addition to /(reduction in) shareholders' funds	2,645	(1,633)
Opening shareholders' funds	<u>1,707</u>	<u>3,340</u>
Closing shareholders' funds	<u>4,352</u>	<u>1,707</u>

PORTLAND ENTERPRISES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2009

18. GUARANTEES AND CONTINGENT LIABILITIES

As at 31 December 2009, the Company guarantees a bank loan entered into during the year by its immediate parent company, Portland UK Holdings Limited. Other Portland UK Holdings group companies together with Portland International Sales Limited and RHF Productions Limited also guarantee the bank loan. The loan outstanding at 31 December 2009 is £36 million (2008: £38.3 million).

The Company is part of the Northern & Shell Network Limited group. At 31 December 2009, certain claims in the normal course of business were pending against the Group and certain tax computations were still subject to agreement with the relevant taxation authorities. Although there is uncertainty regarding the final outcome of these matters, the directors believe, based on professional advice received, that adequate provision has been made in the financial statements for anticipated liabilities and the probable ultimate resolution of such matters will not have a material effect on the financial statements of the Company.

19. 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.

20. ULTIMATE PARENT UNDERTAKING

The immediate parent undertaking is Portland UK Holdings 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 ultimate operational parent of the group. The ultimate controlling party is Richard Desmond, the Chairman of Northern & Shell Network Limited.

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

Copies of the financial statements of Portland UK Holdings Limited can be obtained from The Northern & Shell Tower, 4 Selsdon Way, London, E14 9GL.