

Nickelodeon U.K. Limited

(Registered Number 02797365)

**Directors' report and financial statements
for the period 1 January 2010 to 30
September 2010**

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Nickelodeon U.K. Limited

Directors' report and financial statements for the period 1 January 2010 to 30 September 2010

Company information

Directors	R Bakish M Darcey S Grieder D Lynn M Winterbottom
Company secretary	C Taylor (resigned 6 May 2010) A Jones (appointed 6 May 2010)
Company number	02797365
Registered office	15-18 Rathbone Place London W1T 1HU
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 1 Embankment Place London WC2N 6RH
Bankers	Barclays Bank 27 Soho Square London W1D 3QR

Nickelodeon U.K. Limited

Directors' report and financial statements for the period 1 January 2010 to 30 September 2010

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Nickelodeon U.K. Limited

Directors' report for the period ended 30 September 2010

The directors present the directors' report and the audited financial statements of Nickelodeon U K Limited (the "Company") for the period ended 30 September 2010. During the period, the Company changed its fiscal year end from 31 December to 30 September. Current period financial statements have been prepared for the nine month transition period 1 January 2010 to 30 September 2010, with comparatives representing a twelve month period ended 31 December 2009.

Principal Activities

The Company is one of the leading commercial children's TV networks in the UK and Ireland. Launched in 1993, the Company operates and transmits 7 dedicated award-winning entertainment channels for children aged 2 to 12 years' old: Nickelodeon HD, Nickelodeon, Nick Replay, Nicktoons, Nicktoons Replay, Nick Jr and Nick Jr 2. The Company's revenues arise from making our channels available via pay TV platforms, advertising, sponsorship and consumer products.

Results and Dividends

The results for the Company show a pre-tax profit for the period/year of £9.7m (2009: £23.9m) and turnover of £37.2m (2009: £59.6m). The Company has net assets of £36.7m (2009: £43.3m). Net cash inflow from operating activities for 2010 was £12.1m (2009: £24.6m).

The following dividends were paid in 2010:

- A dividend of £32,692 per ordinary share, amounting to £8.5m was paid in January 2010
- A dividend of £19,231 per ordinary share, amounting to £5.0m was paid in June 2010

The following dividends were paid in 2009:

- A dividend of £25,000 per ordinary share, amounting to £6.5m was paid in June 2009
- A dividend of £13,462 per ordinary share, amounting to £3.5m was paid in Sept 2009
- A dividend of £11,538 per ordinary share, amounting to £3.0m was paid in Dec 2009

Business Review

Business Environment

The children's TV market in the UK and Ireland is highly competitive. As at 30 September 2010 there were 9 free-to-air children channels and 23 pay TV children channels available in multi-channel homes. In addition the traditional terrestrial channels BBC, ITV and Five broadcast blocks of dedicated children programmes.

Within this competitive environment the Company has differentiated itself from its competitors by

- Continued programme audience research, to ensure the Company remains audience focused
- Engaging in pro-social activity that addresses issues that are important to children, such as bullying (See Something, Say Something) and the environment (Nick's Big Green Thing)
- Developing its digital offering to deepen children's relationship with content and brand
- Securing exclusive content, either through content from our shareholder companies and divisions under their control or third parties, whilst also developing the Company's UK original programming

The Company has had a challenging period and seen a decline in viewing levels as a result of strong competition.

Nickelodeon U.K. Limited

Directors' report (continued)

In January 2010, Viacom Brand Solutions, the Company's Airtimes Sales Agent ceased selling advertising space directly on TV channels, with this function being outsourced to Sky Media. Under the new agreement, Viacom Brand Solutions continues to act as an agent for Nickelodeon and collects advertising revenue on our behalf directly from Sky Media. Digital advertising continues to be sold directly by Viacom Brand Solutions.

In 2010, Viacom Inc the parent company changed its fiscal year end to 30 September from 31 December. Nickelodeon UK has also changed its year end in accordance with the parent Company. Current period financial results have been prepared for the nine month transition period of 1 January 2010 through 30 September 2010. Going forward financial results will be prepared for the twelve month period ended 30 September.

Strategy

The Company's long term objective is to achieve attractive and sustainable rates of growth whilst maintaining margins through organic growth.

Key performance indicators ("KPIs")

The board monitors progress on the overall corporate strategy and the individual strategic elements by reference to the following KPIs:

Turnover
Operating profit
Operating margin %
Share of children's viewing & commercial impacts in multi-channel homes

Future outlook

The Company successfully launched its first HD channel, Nickelodeon HD on Sky on 4 October 2010 and in 2011 Nickelodeon Land will be opening at Blackpool Pleasure Beach.

The rebound in UK advertising revenues seen in the first 9 months of 2010 looks set to run to the end of 2010 with independent commentators forecasting the UK TV market to be up 14% for the calendar year 2010 with uncertainty over 2011 growth rates.

Similarly the UK licensed consumer products market is showing signs of growth, however the VAT rate rise in January 2011 may dampen consumer demand in 2011.

The Company is well placed to benefit from improvements in the market as efficiencies and reduced costs from 2010 should flow into 2011 allowing scope for investment and new developments during the year. Nickelodeon continues to benefit from diversified revenue streams including advertising, consumer products, pay TV distribution and new digital revenues.

The programme pipeline is considered strong with a mix of new series including *Victorious*, *House of Anubis*, *Life with Boys*, *Bubble Guppies* and *Team Umizoomi* and new episodes of existing successful series including hit shows *SpongeBob Square Pants*, *Dora The Explorer*, and *iCarly*.

Principal business risks and uncertainties

The management of the business and the execution of the Company's strategy are subject to a number of risks. The key business risks and uncertainties affecting the Company are set out below.

Nickelodeon U.K. Limited

Directors' report (continued)

Business risks

Competition

The Company's channels compete with other linear television (TV) channels (pay and free) for the acquisition of programming, for viewers, for distribution, for advertising and sponsorship revenue

To mitigate this risk we routinely review viewing data and carry out market research to understand our viewer's expectations and whether our content meets them

Legislation and regulation

The Company may be exposed to changes in legislation and regulation within the children's TV industry To mitigate this risk we receive regular updates from Ofcom and other regulatory bodies such as the Advertising Standards Authority (ASA) and Broadcast Committee of Advertising Practice (BCAP) concerning all aspects of broadcasting We are a member of the Satellite and Cable Broadcasters Group, who represents the multi-channel sector at various industry forums and who assists in responding to Ofcom consultations and coordinating research on behalf of its members, on both generic and specialised issues

Financial risks

The Company's operations also expose it to a number of financial risks, including credit risk, liquidity risk and foreign exchange risk

Credit risk

The Company's major customers include wholly owned subsidiaries of British Sky Broadcasting Group plc which owns Kidsprog Limited, a 40% shareholder in the Company, and wholly owned subsidiaries of the ultimate controlling party The Company has not implemented credit checks on these customers

Liquidity risk

The Company's customer profile is such that late payments and defaults may reduce the funds available for operations and planned acquisitions However, the risk is reduced as the Company's major customers include wholly owned subsidiaries of British Sky Broadcasting Group plc which owns Kidsprog Limited, a 40% shareholder in the Company, and wholly owned subsidiaries of the ultimate controlling party

Foreign exchange risk

To the extent that the Company enters into transactions in currencies other than sterling, there is an exposure to movements in exchange rates The Company does not currently participate in cross-currency hedging

Shareholders

The Company is 40% owned by Nickelodeon Huggings UK Limited, 20% owned by Nickelodeon UK Holdings LLC (both wholly owned subsidiaries of Viacom Inc) and 40% by Kidsprog Limited (a wholly owned subsidiary of British Sky Broadcasting Group plc)

Charitable donations

During the period, donations totalling £5,000 (2009 £5,000) were made to children's charitable organisations

Nickelodeon U.K. Limited

Statement of directors' responsibilities

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 period. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and 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 judgements and accounting 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 the going concern basis unless it is inappropriate to presume that the Company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's 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 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.

Statement of disclosure to auditors

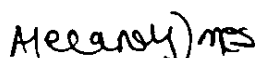
a) So far as each of the directors are aware there is no relevant audit information of which the Company's auditors are unaware, and

b) they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office. A resolution concerning the reappointment of PricewaterhouseCoopers LLP will be proposed at the board meeting.

By order of the Board



A Jones
Company secretary
18 November 2010

Nickelodeon U.K. Limited

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NICKELODEON U.K. LIMITED

We have audited the financial statements of Nickelodeon U K Limited for the period ended 30 September 2010 which comprise the profit and loss account, the balance sheet, the cash flow statement, and the related notes. 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).

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 4 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.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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.

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 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 Company's affairs as at 30 September 2010 and of its profit and cash flows for the period 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 period for which the financial statements are prepared is consistent with the financial statements.

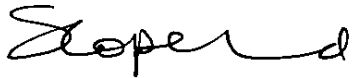
Nickelodeon U.K. Limited

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NICKELODEON U.K. 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, 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



Sonia Copeland

For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
18 November 2010

Nickelodeon U.K. Limited

Registered Number 02797365

Profit and loss account for the period ended 30 September 2010

	Note	Period ended 30 September 2010 £'000	Year ended 31 December 2009 £'000
Turnover	2	37,215	59,582
Cost of sales		(23,845)	(32,151)
Gross profit		13,370	27,431
Administrative expenses		(3,688)	(3,618)
Operating profit	4	9,682	23,813
Interest receivable and similar income	3(a)	11	50
Interest payable and similar charges	3(b)	-	(1)
Profit on ordinary activities before taxation		9,693	23,862
Tax on profit on ordinary activities	6	(2,770)	(6,618)
Profit for the financial period	18	6,923	17,244

The results relate wholly to continuing activities

There is no difference between the profit on ordinary activities before taxation and the profit for the financial period stated above, and their historical cost equivalents

The Company has no recognised gains and losses other than the profits reported above and therefore no separate statement of total recognised gains and losses has been presented

Nickelodeon U.K. Limited

Balance sheet as at 30 September 2010

	Note	At 30 September 2010 £'000	At 31 December 2009 £'000
Fixed assets			
Intangible assets	8	2,707	3,065
Tangible assets	9	934	948
		<u>3,641</u>	<u>4,013</u>
Current assets			
Stocks	10	27,264	25,788
Debtors	11	13,474	17,080
Cash at bank and in hand		6,295	12,246
		<u>47,033</u>	<u>55,114</u>
Creditors amounts falling due within one year	12	<u>(13,103)</u>	<u>(15,081)</u>
Net current assets		<u>33,930</u>	<u>40,033</u>
Total assets less current liabilities		<u>37,571</u>	<u>44,046</u>
Creditors amounts falling due after more than one year	13	<u>(834)</u>	<u>(732)</u>
Provision for liabilities	15	<u>-</u>	<u>-</u>
Net assets		<u>36,737</u>	<u>43,314</u>
Capital and reserves			
Called up share capital	16	-	-
Share premium account	18	4,778	4,778
Profit and loss account	18	31,959	38,536
Total shareholders' funds	17	<u>36,737</u>	<u>43,314</u>

The financial statements on pages 7 to 23 were approved by the board of directors on 18 November 2010 and were signed on its behalf by


D Lynn
Director


M Winterbottom
Director

Nickelodeon U.K. Limited

Cash flow statement for the period ended 30 September 2010

	Note	Period ended 30 September 2010 £'000	Year ended 31 December 2009 £'000
Net cash inflow from operating activities	20	12,133	24,633
Returns on investments and servicing of finance			
Interest received		11	50
Interest paid		-	(1)
Net cash inflow from returns on investments and servicing of finance		11	49
Taxation			
UK corporation tax paid		(4,254)	(6,780)
Capital expenditure and financial investment			
Purchase of tangible fixed assets	9	(341)	(476)
Net cash outflow from capital expenditure and financial investment		(341)	(476)
Equity dividends paid	7	(13,500)	(13,000)
(Decrease)/increase in net cash	21	(5,951)	4,426
Cash at bank and at hand at 1 January		12,246	7,820
Cash at bank and at hand at 30 September/31 December		6,295	12,246

Nickelodeon U.K. Limited

Notes to the financial statements for the period ended 30 September 2010

1 Principal accounting policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the period and the preceding year, is set out below

(a) Basis of accounting

These financial statements are prepared on the going concern basis, under the historical cost convention, as modified by the revaluation of certain tangible fixed assets and in accordance with the Companies Act 2006 and applicable accounting standards in the UK. The principal accounting policies are set out below

(b) Tangible fixed assets

Tangible fixed assets are shown at cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Depreciation is provided on all fixed assets as follows

Leasehold improvements	25%
Equipment, fixtures and fittings	25-50%
Channel management system	20%

These rates are calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its estimated useful life.

(c) Intangible fixed assets

The intangible asset is comprised of a purchased library of programme rights. The intangible asset is capitalised at cost and amortised on a straight line basis over 10 years. This is considered by management to be the useful economic life of the library based on the programmes within the library.

(d) Stocks

TV programme rights are stated at the lower of cost less accumulated amortisation and recoverable amount. Provisions are made for any programme rights which are surplus to the Company's requirements or which will not be shown for any other reason. Direct costs of own productions are included within the cost of programme rights. Acquired TV programme rights and the related liability are recorded at cost when the programmes are available for transmission.

Acquired programme rights are amortised over one of two bases

- the usage basis, which amortises the programme cost over the allowed number of plays, or
- the time basis, which amortises the programme cost over the period of the licence, not exceeding a useful economic life of five years

Where unlimited plays are available, the time basis is used. Where there are a limited number of plays available, the basis used is the one that results in the higher amortisation charge in the early years.

Programme costs for own productions are amortised on a straight-line basis over a period between three and five years.

Contractual obligations for programme rights not yet available for transmission are not included in the cost of TV programme rights but are disclosed under financial commitments in note 19.

Programme payments made in advance of the Company having availability to transmit the related programmes are treated as prepayments.

Nickelodeon U.K. Limited

Notes to the financial statements for the period ended 30 September 2010

1 Principal accounting policies (continued)

(e) Taxation

Corporation tax payable is provided on taxable profits at the current rate. Deferred taxation is provided using the liability method at the rates ruling at the period end.

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 have occurred at that date that will result in an obligation to pay more tax, or a right to pay less tax, with the following exemption:

- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the period in which timing differences are expected to reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

(f) Foreign currency

Transactions denominated in foreign currencies are recorded in sterling at the exchange rates prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated into sterling at the rates of exchange prevailing at that date. Non-monetary assets are translated at historical rates. Exchange differences are recognised in the profit and loss account.

(g) Pension costs

The Company provides pensions to eligible employees through the BSkyB pension plan, which is a defined contribution plan. The assets of the plan are held independently to BSkyB Group plc.

The amount charged to the profit and loss account is based on the contributions payable for the period.

(h) Leases

The rental costs arising from operating leases are charged to the profit and loss account in the period in which they are incurred, on a straight line basis.

(i) Turnover

Turnover, which excludes value added tax, represents the invoiced and accrued value of advertising impacts, pay channel subscriptions and consumer product revenues, which are recognised on performance of service, together with consumer products revenues which are recognised on a standard sales royalty basis.

Nickelodeon U.K. Limited

Notes to the financial statements for the period ended 30 September 2010

2 Segmental information

All of the Company's turnover arose in the UK and Eire

The disclosure of segmental information would in the opinion of the directors, be seriously prejudicial to the interests of the Company as it would allow competitors to see highly sensitive information. Consequently these disclosures have not been made

3 (a) Interest receivable and similar income

	Period ended 30 September 2010 £'000	Year ended 31 December 2009 £'000
Bank interest receivable	11	50

3 (b) Interest payable and similar charges

	Period ended 30 September 2010 £'000	Year ended 31 December 2009 £'000
Interest payable and similar charges	-	1

4 Operating profit

Operating profit is stated after charging/(crediting)

	Period ended 30 September 2010 £'000	Year ended 31 December 2009 £'000
Amortisation of intangible fixed assets (note 8)	358	478
Depreciation of tangible fixed assets (note 9)	356	554
Amortisation of programme rights	8,239	10,850
Net foreign currency losses/(gains)	185	(92)
Operating lease rentals		
- plant and machinery	1,576	2,391
- other	330	414
Auditors' remuneration		
- audit fees	44	44

Nickelodeon U.K. Limited

Notes to the financial statements for the period ended 30 September 2010

5 Staff costs

Particulars of employees, including executive directors, are as shown below

	Period ended 30 September 2010 £'000	Year ended 31 December 2009 £'000
Wages and salaries	4,484	5,366
Social security costs	354	565
Other pension costs (note 22)	303	268
	5,141	6,199

None of the directors received any remuneration in respect of their qualifying services to the Company during the period (2009 £nil). The directors' salaries are borne by the Company's shareholder companies. The average monthly number of persons employed by the Company during the period was as follows

	Period ended 30 September 2010	Year ended 31 December 2009
By activity		
Programming	40	38
Technical	25	26
Marketing	15	16
Administration	32	32
	112	112

Nickelodeon U.K. Limited

Notes to the financial statements for the period ended 30 September 2010

6 Taxation on profit on ordinary activities

	Period ended 30 September 2010 £'000	Year ended 31 December 2009 £'000
Current Tax		
UK corporation tax on profits for the period	2,706	6,772
Adjustment in respect of prior periods	8	(100)
Total current tax	2,714	6,672
Deferred Tax		
Origination and reversal of timing differences	56	(54)
Total deferred tax (note 14)	56	(54)
Tax on profit on ordinary activities	2,770	6,618

	Period ended 30 September 2010 £'000	Year ended 31 December 2009 £'000
Profit on ordinary activities before taxation	9,693	23,862
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK – 28%	2,714	6,681
Effects of		
Expenses not deductible for tax purposes	22	84
Depreciation in excess of capital allowances	(30)	7
Adjustment in respect of prior periods	8	(100)
Current tax charge for the period	2,714	6,672

The deferred tax debit/(credit) for the period relates to the following timing differences

	Period ended 30 September 2010 £'000	Year ended 31 December 2009 £'000
Accelerated capital allowances	25	(7)
Other timing differences	31	(47)
Total deferred tax debit/(credit)	56	(54)

Nickelodeon U.K. Limited

Notes to the financial statements for the period ended 30 September 2010

7 Dividends

	Period ended 30 September 2010 £'000	Year ended 31 December 2009 £'000
Dividends declared and paid during the period/ year		
Dividend paid in Jan 10 of £32,692 per 1p 'A and B' ordinary share	8,500	-
Dividend paid in June 10 of £19,231 per 1p 'A and B' ordinary share	5,000	-
Dividend paid in June 09 of £25,000 per 1p 'A and B' ordinary share	-	6,500
Dividend paid in Sept 09 of £13,462 per 1p 'A and B' ordinary share	-	3,500
Dividend paid in Dec 09 of £11,538 per 1p 'A and B' ordinary share	-	3,000
	13,500	13,000

8 Intangible fixed assets

	Acquired programme library £'000
Cost	
At 30 September 2010 and 1 January 2010	4,778
Accumulated Amortisation	
At 1 January 2010	1,713
Charge for the period	358
At 30 September 2010	2,071
Net book amount	
At 30 September 2010	2,707
At 31 December 2009	3,065

Nickelodeon U.K. Limited

Notes to the financial statements for the period ended 30 September 2010

9 Tangible assets

	Leasehold improvements £'000	Equipment, fixtures and fittings £'000	Channel management system £'000	Total £'000
Cost				
At 1 January 2010	324	2,583	392	3,298
Additions	45	296	-	341
At 30 September 2010	369	2,879	392	3,640
Accumulated Depreciation				
At 1 January 2010	256	1,702	392	2,350
Charge for the period	38	318	-	356
At 30 September 2010	294	2,020	392	2,706
Net book amount				
At 30 September 2010	75	859	-	934
At 31 December 2009	67	881	-	948

Nickelodeon U.K. Limited

Notes to the financial statements for the period ended 30 September 2010

10 Stocks

	At 30 September 2010 £'000	At 31 December 2009 £'000
TV programme rights	22,527	21,904
Own productions	4,737	3,884
	27,264	25,788

11 Debtors

	At 30 September 2010 £'000	At 31 December 2009 £'000
Trade debtors	1,762	1,842
Deferred tax asset (note 14)	235	291
Amounts owed by shareholder group companies	8,597	11,590
Other debtors	-	3
Prepayments and accrued income	2,880	3,354
	13,474	17,080

The amounts owed by shareholder group companies are interest free, unsecured and repayable on demand

12 Creditors: amounts falling due within one year

	At 30 September 2010 £'000	At 31 December 2009 £'000
Trade creditors	124	451
Programme creditors	2,069	2,037
Amounts owed to shareholder group companies	3,330	2,413
Corporation tax creditor	1,929	3,469
Value added tax creditor	652	1,912
Other taxation and social security	170	157
Other creditors	80	110
Accruals and deferred income	4,749	4,532
	13,103	15,081

The amounts owed to shareholder group companies are interest free, unsecured and repayable on demand

Nickelodeon U.K. Limited

Notes to the financial statements for the period ended 30 September 2010

13 Creditors: amounts falling due after more than one year

	At 30 September 2010 £'000	At 31 December 2009 £'000
Programme creditors	196	556
Amounts owed to shareholder group companies	638	176
	834	732

The amounts owed to shareholder group companies are interest free unsecured and repayable in line with the contractual terms

14 Deferred taxation

The elements of deferred taxation provided for in the financial statements are as follows

	At 30 September 2010 £'000	At 31 December 2009 £'000
Accelerated capital allowances	(237)	(262)
Other short term timing differences	2	(29)
Total deferred tax asset	(235)	(291)

	At 30 September 2010 £'000	At 31 December 2009 £'000
Deferred tax asset		
At 1 January	(291)	(237)
Debited/(credited) to the profit and loss account (note 6)	56	(54)
At 30 September 2010 / 31 December 2009	(235)	(291)

There is no unrecognised deferred tax asset (2009 nil)

Nickelodeon U.K. Limited

Notes to the financial statements for the period ended 30 September 2010

15 Provisions for liabilities

	At 30 September 2010 £'000	At 31 December 2009 £'000
At 1 January	-	485
(Credited) to the profit and loss account in the period	-	(485)
At 30 September 2010 / 31 December 2010	-	-

Provision related to a 'make good' provision in the building lease. When the lease was extended until 2012 the dilapidation obligation was waived, and the provision was therefore released.

16 Called up share capital

	At 30 September 2010	At 31 December 2010
Authorised		
1,000,000 'A' ordinary shares of 1p each	10	10
1,000,000 'B' ordinary shares of 1p each	10	10
	20	20
	At 30 September 2010	At 31 December 2010
Allotted and fully paid		
156 'A' ordinary shares of 1p each	-	-
104 'B' ordinary shares of 1p each	-	-
	-	-

'A' ordinary shares are held (indirectly) by Viacom Inc

'B' ordinary shares are held (indirectly) by British Sky Broadcasting Group plc

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Notes to the financial statements for the period ended 30 September 2010

17 Reconciliation of movements in equity shareholders' funds

	At 30 September 2010	At 31 December 2010
Profit for the period	6,923	17,244
Dividends paid (note 7)	(13,500)	(13,000)
Net (deductions)/addition to shareholders' funds	(6,577)	4,244
Opening shareholders' funds	43,314	39,070
Closing shareholders' funds	36,737	43,314

18 Reserves

	Share premium account £'000	Profit and loss account £'000	2010 Total £'000	2009 Total £'000
At 1 January	4,778	38,536	43,314	39,070
Profit for the period	-	6,923	6,923	17,244
Dividends (note 7)	-	(13,500)	(13,500)	(13,000)
At 30 September/31 December	4,778	31,959	36,737	43,314

Nickelodeon U.K. Limited

Notes to the financial statements for the period ended 30 September 2010

19 Financial commitments

(a) Programme right commitments

	At 30 September 2010	At 31 December 2010
Programme right commitments are as follows		
Contracted, but not provided for	4,305	6,357

The commitments are payable in either GBP or USD and are for periods up to March 2012

(b) Operating lease commitments

Annual commitments under non-cancellable operating leases are as follows

	2010		2009	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Operating leases which expire - within 2 - 5 years	484	2,499	485	2,695
	484	2,499	485	2,695

Nickelodeon U.K. Limited

Notes to the financial statements for the period ended 30 September 2010

20 Reconciliation of operating profit to net cash inflow from operating activities

	Period ended 30 September 2010 £'000	Year ended 31 December 2009 £'000
Operating profit	9,682	23,813
Depreciation of tangible fixed assets	356	554
Amortisation of intangible fixed assets	358	478
Amortisation of programme rights	8,239	10,850
Decrease in provisions	-	(485)
Changes in working capital		
Increase in stock	(9,715)	(12,295)
Decrease in debtors	3,550	5,274
Decrease in creditors	(337)	(3,556)
Net cash inflow from operating activities	12,133	24,633

21 Reconciliation of net cash flow to movement in net funds

	Period ended 30 September 2010 £'000	Year ended 31 December 2009 £'000
(Decrease)/increase in cash in the period	(5,951)	4,426
Movement in net funds in the period	(5,951)	4,426
Net funds at beginning of period	12,246	7,820
Net funds at end of period	6,295	12,246

22 Pension obligations

The Company provides pensions to eligible employees through the BSkyB pension plan, which is a defined contribution plan. The Company's pension cost for the period was £303,000 (2009 £268,000). Included in other creditors is £129,000 (2009 £105,000) in respect of contributions payable to the scheme.

Nickelodeon U.K. Limited

Notes to the financial statements for the period ended 30 September 2010

23 Related party transactions

The Company conducts business transactions on a normal commercial basis with, and receives a number of services from, shareholder companies or members of their groups

Services provided by wholly owned subsidiaries of British Sky Broadcasting Group Plc include providing promotional services for a cost of £158,000 (2009 £225,000) The Company also received revenue of £12,260,000 (2009 £16,501,000) in respect of direct to home subscriptions The Company paid £687,750 for leasing a digital transponder and for uplink costs (2009 £966,000) and £36,750 (2009 £84,000) for interactive services, the lease of IT lines, and other sundry costs At 30 September 2010, the outstanding payables balance was £66,000 (2009 £60,000), and there was an outstanding receivables balance of £1,519,000 (2009 £1,415,000)

Services provided by the Viacom group of companies include acting as the selling agent for airtime and consumer product revenues with a value of £17,693,000 (2009 £33,055,000) The Company also paid Viacom group £296,000 (2009 £378,000) as a trademark and on-line licence fee and £2,265,000 (2009 £4,625,000) for the provision of marketing services, including sales commissions At 30 September 2010, the outstanding payables balance was £3,902,000 (2009 £2,529,000), and the outstanding receivables balance was £7,078,000 (2009 £10,175,000)

24 Ultimate controlling party

The directors consider the ultimate controlling party to be National Amusements Inc , a company incorporated in the United States of America

The parent company that heads up the largest and smallest group of undertakings for which consolidated statements are prepared is Viacom Inc Copies of Viacom Inc's consolidated financial statements can be obtained from the Company secretary at 1515 Broadway, New York, NY 10036