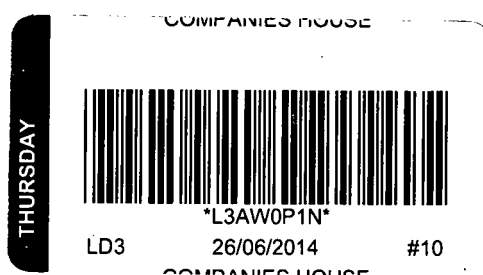


Nickelodeon U.K. Limited

(Registered number: 02797365)

**Annual report and financial statements for the
year 1 October 2012 to 30 September 2013**



Nickelodeon U.K. Limited

Annual report and financial statements for the year 1 October 2012 to 30 September 2013

Company information

Directors	R Bakish M Darcey (resigned 18 February 2013) P Gazzolo D Lynn S Robson (appointed 4 September 2013) M Winterbottom S Murphy (appointed 18 February 2013, resigned 4 September 2013)
Company secretary	A Jones
Registered number	02797365
Registered office	17-29 Hawley Crescent Camden London NW1 8TT
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 1 Embankment Place London WC2N 6RH
Bankers	Barclays Bank 7 th Floor United Kingdom House 180 Oxford Street London W1D 1EA

Nickelodeon U.K. Limited

Annual report and financial statements for the year 1 October 2012 to 30 September 2013

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Nickelodeon U.K. Limited

Strategic Report

The principal activity of the Company is to operate as 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, Nickelodeon+1, Nicktoons, Nick Jr., Nick Jr.+1 and Nick Jr.2. The Company's revenues arise from advertising impacts, pay TV distribution, consumer products, and digital revenue streams.

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

Business review

The results for the Company show a profit on ordinary activities before taxation of £32.7m (2012: £30.8m) and turnover of £73.5m (2012: £70.6m). The Company has net assets of £40.0m (2012: £36.0m). Net cash inflow from operating activities for 2013 was £19.3 (2012: £37.4m). See page 9 for Profit and Loss account and page 10 for Balance sheet and page 11 for cash flow statement. Revenue has grown year on year due to growth in share of viewing and price increases.

The children's TV market in the UK and Ireland is highly competitive. As at 30 September 2013 there were 5 free-to-air children channels and 29 pay TV children channels available in multi-channel homes. In addition, the traditional terrestrial channels ITV and Five broadcast blocks of dedicated children programmes.

Within this competitive environment the Company has had a strong year and has increased its share of audience viewing by 7% and total viewing by 1%. Further growth is forecast in 2014. Our success is driven by understanding and super serving our audiences. We have differentiated ourselves from our competitors by:

- 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.
- Creating engaging and interactive multi-platform digital environments to deepen children's relationship with our content and brands
- Maintaining a significant programme of market research to ensure that all content, marketing, digital and channel activity is appealing and appropriate for the audience.
- Engaging staff in experiential activity with children including regular immersion days to ensure that the company continues its high level of audience focus.
- Conducting Phonics workshop teaching employees how to read phonetically and partnering with local schools with employee volunteers reading in school
- Working with the Prince's trust to host a "get started in media" course for disadvantaged out of work young people.

Key performance indicators ("KPIs")

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

Nickelodeon U.K. Limited

	Year ended 30 September 2013 £'000	Year ended 30 September 2012 £'000
Turnover	73,461	70,573
Operating profit	32,687	30,813
Operating margin %	44%	44%
Share of children's viewing in cable & satellite homes	7%	7%
Share of children's commercial impacts in & satellite homes	13%	12%

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:

Business risks

Competition

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

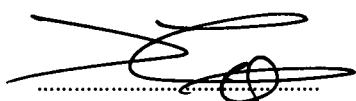
The Company may be exposed to changes in legislation and regulation within the children's TV industry. To mitigate this risk, we receive regular updates from Ofcom and other regulatory bodies such as the Advertising Standards Authority (ASA) and Broadcast Committee of Advertising Practice (BCAP) concerning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

Employees

Nickelodeon UK, as a holder of an Ofcom broadcast licence and as an employer of more than twenty people, has an obligation to put in place arrangements for the promotion of training and equal opportunities. Nickelodeon UK's compliance with such obligations is evidenced by the following:

- Nickelodeon UK operates an equal opportunities policy and all staff are shown this on induction.
- Nickelodeon UK has worked with, and offered, career counselling to charities for disadvantaged young people and has worked with them to apply for internships.
- All manager level employees and above are required to attend diversity and employment law training.
- A mentoring programme is in place and is available to all staff
- Nickelodeon UK has installed new appraisal software that ensures all individuals' development is tracked and assessed.
- Professional qualifications achievement (CPD) is supported where relevant.
- General management development training is provided for all those with managerial responsibility.
- All those to whom the above is relevant are notified of such opportunities and appraisals, and development is duly tracked.

By order of the Board



D Lynn
Director

23 June 2014

Nickelodeon U.K. Limited

Directors' report for the year ended 30 September 2013

The directors present the directors' report and the audited financial statements of Nickelodeon U.K. Limited (the "Company") for the year ended 30 September 2013.

Future developments

Following modest growth in the TV advertising market in 2012 and initial caution over 2013 confidence has increased and a number of market commentators are predicting market growth of up to 5% in 2014.

The UK Licensed consumer products market is had modest declines in 2013 in the Toy, DVD and Electronic categories as consumers disposal income is put under pressure by increases in household and utility bills. However the Company has increased its share of the spend with the launch of the Teenage Mutant Ninja Turtles Franchise which is the number one new property launch in the UK and is expected to drive further share growth in 2014.

The on Demand (VOD) market has continued to benefit from new market entrants which have significantly driven up the value of VOD rights. There has been a proliferation of second screen viewing in the last year impacting viewing patterns and revenues from this type of media consumption.

The Company is well placed to deal with the market challenges and benefit from the new VOD opportunities. Improvements to operating efficiencies achieved in prior years continue to drive operational cost savings, allowing scope for investment in content and new developments during the year. The Company continues to benefit from diversified revenue streams including advertising impacts, consumer products, pay TV distribution and new digital revenues.

The programme pipeline is strong with a mix of premiere live-action series, including Sam and Cat (from Dan Schneider the creator of hit shows iCarly and Victorious), The Haunted Hathaways, The Thundermans, animation such as Sanjay and Craig, Rabbids and Monster v Aliens, and pre-school with Paw Patrol, Zack and Quack, Wanda and the Alien, Blaze and the Monster Machine and UK commission Driftwood Bay. Returning series includes, Life with Boys, Teenage Mutant Ninja Turtles, Kung Fu Panda and Fairly Odd Parents, Bubble Guppies, Pajanimals and Dora. We also have high expectations for our two new movies Swindle and Jinxed. Looking to 2015, we have great additions to the live action slate from Dan Schneider, and a new show 100 Things To Do Before Highschool, plus new Sam and Cat episodes. Our animation line-up is bolstered by the launch of Bread Winners and Get Blake and our preschool schedules will continue to grow in strength with the launch of Nella the Knight and Dora and Friends and our two UK commissions, Puffin Rock and Digby the Dragon.

Dividends

The following dividends were paid in 2013:

- A dividend of £46,154 per ordinary share, amounting to £12m was paid in December 2012.
- A dividend of £19,231 per ordinary share, amounting to £5m was paid in March 2013.
- A dividend of £11,538 per ordinary share, amounting to £3m was paid in July 2013.
- A dividend of £3,846 per ordinary share, amounting to £1m was paid in September 2013.

The following dividends were paid in 2012:

- A dividend of £53,846 per ordinary share, amounting to £14m was paid in December 2011.
- A dividend of £16,923 per ordinary share, amounting to £4.4m was paid in March 2012.
- A dividend of £25,385 per ordinary share, amounting to £6.6m was paid in June 2012.

In December 2013, the company paid a dividend of £58,252.43 per ordinary share, amounting to £12m. In March 2014, the company paid a dividend of £24,271.84 per ordinary share amounting to £5m.

Nickelodeon U.K. Limited

Charitable donations

During the year, donations totalling £4,050 (2012: £4,359) were made to children's charitable organisations.

Directors

The Directors of the Company are detailed within Company Information.

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors.

Financial risk management

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 exposure to movements in exchange rates. The Company does not currently participate in cross-currency hedging.

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, 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 the directors have prepared 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 year. 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.

Nickelodeon U.K. Limited

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

Each of the persons who is a director at the date of approval of this report confirms that:

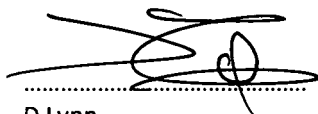
- a) so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- b) each director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Independent 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



D Lynn
Director
23 June 2014

Nickelodeon U.K. Limited

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

Report on the financial statements

Our opinion

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the company's affairs as at 30 September 2013 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The financial statements, which are prepared by Nickelodeon U.K. Limited, comprise:

- Balance Sheet as at 30 September 2013;
- Profit and loss account for the year then ended;
- Cash flow statement for the year then ended;
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

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).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). 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.

In addition, we read all the financial and non-financial information in the Annual report and financial statements (the "Annual Report") to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on other matter prescribed by the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' report for the financial year 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 (continued)

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

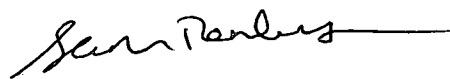
Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of directors' responsibilities set out on page 5 and 6, 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 and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & 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.



.....
Samuel Tomlinson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors London
23 June 2014

Nickelodeon U.K. Limited

Profit and loss account for the year ended 30 September 2013

	Note	Year ended 30 September 2013 £'000	Period ended 30 September 2012 £'000
Turnover	2	73,461	70,573
Cost of sales		(35,694)	(32,954)
Gross profit		37,767	37,619
Administrative expenses		(5,080)	(6,806)
Operating profit	4, 19	32,687	30,813
Interest receivable and similar income	3	14	11
Profit on ordinary activities before taxation		32,701	30,824
Tax on profit on ordinary activities	6	(7,686)	(7,739)
Profit for the financial year	17	25,015	23,085

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 year stated above, and their historical cost equivalents.

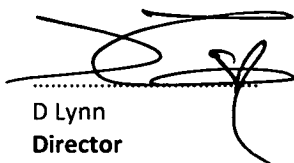
The Company has no recognised gains and losses other than the profits reported above and therefore no separate statement of total recognised gains and losses has been presented.

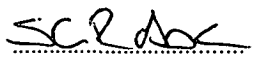
Nickelodeon U.K. Limited

Balance sheet as at 30 September 2013

	Note	At 30 September 2013 £'000	At 30 September 2012 £'000
Fixed assets			
Intangible assets	8	1,274	1,752
Tangible assets	9	701	317
Investments		4	-
		1,979	2,069
Current assets			
Stocks (including £17,437k expected to be utilised after one year 2012: £15,790k)	10	28,170	26,570
Debtors	11	25,133	20,291
Cash at bank and in hand		5,463	16,170
		58,766	63,031
Creditors: amounts falling due within one year	12	(20,125)	(28,281)
Net current assets		38,641	34,750
Total assets less current liabilities		40,620	36,819
Creditors: amounts falling due after more than one year	13	(616)	(830)
Net assets		40,004	35,989
Capital and reserves			
Called up share capital	15	-	-
Share premium account	17	4,778	4,778
Profit and loss account	17	35,226	31,211
Total shareholders' funds	16	40,004	35,989

The financial statements on pages 9 to 26 were approved by the Board of directors on 23 June 2014 and were signed on its behalf by:


D Lynn
Director


S Robson
Director

Nickelodeon U.K. Limited

Cash flow statement for the year ended 30 September 2013

		Year ended 30 September 2013 £'000	Period ended 30 September 2012 £'000
	Note		
Net cash inflow from operating activities	19	19,278	37,376
Returns on investments and servicing of finance			
Interest received		14	12
Interest paid		-	(1)
Net cash inflow from returns on investments and servicing of finance		14	11
Taxation			
UK corporation tax paid		(8,314)	(7,258)
Capital expenditure and financial investment			
Purchase of tangible fixed assets	9	(764)	(44)
Proceeds from disposal of tangible fixed assets		79	-
Net cash outflow from capital expenditure and financial investment		(685)	(44)
Equity dividends paid	7	(21,000)	(25,000)
(Decrease)/Increase in cash	20	(10,707)	5,085
Cash at bank and in hand at 1 October 2012		16,170	11,085
Cash at bank and in hand at 30 September 2013		5,463	16,170

Nickelodeon U.K. Limited

Notes to the financial statements for the year ended 30 September 2013

1. Principal accounting policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the year 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 historical 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)

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 on 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.

Programme costs for own productions are amortised on a straight-line basis, either within the financial year of first transmission, or on a straight line basis over 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 18.

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 year ended 30 September 2013

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 year 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 year 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 year.

(h) Leases

The rental costs arising from operating leases are charged to the profit and loss account in the year 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 year ended 30 September 2013

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. Interest receivable and similar income

	Year ended 30 September 2013 £'000	Year ended 30 September 2012 £'000
Bank interest receivable	14	11

4. Operating profit

Operating profit is stated after charging:

	Year ended 30 September 2013 £'000	Period ended 30 September 2012 £'000
Amortisation of intangible fixed assets (note 8)	478	478
Depreciation of tangible fixed assets (note 9)	305	330
Amortisation of programme rights	11,488	11,068
Net foreign currency losses	352	205
Operating lease rentals		
- plant and machinery	2,053	1,888
- land and buildings	399	535
Auditors' remuneration		
- audit fees	45	44
Profit on Disposal of fixed Assets	(4)	-

Nickelodeon U.K. Limited

Notes to the financial statements for the year ended 30 September 2013

5. Staff costs

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

	Year ended 30 September 2013 £'000	Year ended 30 September 2012 £'000
Wages and salaries	4,411	4,702
Social security costs	529	545
Other pension costs (note 21)	299	323
	5,239	5,570

None of the directors received any remuneration in respect of their qualifying services to the Company during the year (2012: £nil). The directors' salaries are borne by the Company's shareholder companies.

The average monthly number of persons employed by the Company during the year was as follows:

	Year ended 30 September 2013	Year ended 30 September 2012
By activity		
Programming	27	31
Technical	7	11
Marketing	18	18
Administration	41	46
	93	106

Prior year figures have been restated to match current year presentation.

Nickelodeon U.K. Limited

Notes to the financial statements for the year ended 30 September 2013

6. Taxation on profit on ordinary activities

	Year ended 30 September 2013 £'000	Year ended 30 September 2012 £'000
Current tax:		
UK corporation tax on profits for the year	7,762	7,770
Adjustment in respect of prior years	(117)	(20)
Total current tax	7,645	7,750
Deferred tax:		
Origination and reversal of timing differences	41	(11)
Total deferred tax (note 14)	41	(11)
Tax on profit on ordinary activities	7,686	7,739

The tax assessed for the year differs from the amount computed by applying the standard rate of corporation tax in the UK 23.5% (2012: 25%) to the profit on ordinary activities before taxation. The differences were attributed to the following factors:

	Year ended 30 September 2013 £'000	Year ended 30 September 2012 £'000
Profit on ordinary activities before taxation	32,701	30,824
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK – 23.5% (2012: 25%)	7,685	7,706
Effects of:		
Expenses not deductible for tax purposes	77	44
Capital allowances in excess of depreciation	-	20
Adjustment in respect of prior years	(117)	(20)
Total current tax charge for the year	7,645	7,750

The standard rate of corporation tax in the UK changed from 24% to 23% with effect from 1 April 2013. Accordingly, the company profits for this accounting period are taxed at an effective rate of 23.5%. The Finance Bill 2013 includes a further reduction to the main rate of corporation tax to reduce the rate to 21% from 1 April 2014 and to 20% from 1 April 2015. None of these expected rate reductions have been substantively enacted at the balance sheet date and therefore, are not included in these financial statements.

Nickelodeon U.K. Limited

Notes to the financial statements for the year ended 30 September 2013

The deferred tax debit for the year relates to the following timing differences:

	Year ended 30 September 2013 £'000	Year ended 30 September 2012 £'000
Accelerated capital allowances	39	(8)
Other timing differences	2	(3)
Total deferred tax debit/(credit)	41	(11)

Nickelodeon U.K. Limited

Notes to the financial statements for the year ended 30 September 2013

7. Dividends

	Year ended 30 September 2013 £'000	Year ended 30 September 2012 £'000
Dividends declared and paid during the year:		
Interim dividend paid of £46,154 (2012: £53,846) per 1p 'A and B' ordinary share	12,000	14,000
Interim dividend paid of £19,230 (2012: £16,923) per 1p 'A and B' ordinary share	5,000	4,400
Interim dividend paid of £11,538 (2012: £25,385) per 1p 'A and B' ordinary share	3,000	6,600
Final dividend paid of £3,846 (2012: £0) per 1p 'A and B' ordinary share	1,000	-
	21,000	25,000

8. Intangible fixed assets

	Acquired programme library £'000
Cost	
At 30 September 2013 and 1 October 2012	4,778
Accumulated Amortisation	
At 1 October 2012	3,026
Charge for the year	478
At 30 September 2013	3,504
Net book amount	
At 30 September 2013	1,274
At 30 September 2012	1,752

Nickelodeon U.K. Limited

Notes to the financial statements for the year ended 30 September 2013

9. Tangible fixed assets

	Leasehold improvements £'000	Equipment, fixtures and fittings £'000	Channel management system £'000	Total £'000
Cost				
At 1 October 2012	2	849	392	1,243
Additions	261	503	-	764
Disposals	-	(573)	-	(573)
At 30 September 2013	263	779	392	1,434
Accumulated Depreciation				
At 1 October 2012	1	533	392	926
Charge for the year	24	281	-	305
Disposal	-	(498)	-	(498)
At 30 September 2013	25	316	392	733
Net book amount				
At 30 September 2013	238	463	-	701
At 30 September 2012	1	316	-	317

Nickelodeon U.K. Limited

Notes to the financial statements for the year ended 30 September 2013

10. Stocks

	At 30 September 2013 £'000	At 30 September 2012 £'000
TV programme rights	27,090	24,456
Own productions	1,080	2,114
	28,170	26,570

Included within stocks is £17,437k expected to be utilised after one year (2012: £15,790k).

11. Debtors

	At 30 September 2013 £'000	At 30 September 2012 £'000
Trade debtors	3,957	929
Deferred tax asset (note 14)	179	220
Amounts owed by group undertakings	15,041	11,879
Other debtors	27	475
Prepayments and accrued income	5,929	6,789
	25,133	20,292

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 2013 £'000	At 30 September 2012 £'000
Trade creditors	150	1,037
Programme creditors	1,472	738
Amounts owed to group undertakings	10,715	15,978
Corporation tax	3,672	4,340
Other taxation and social security	670	740
Other creditors	187	167
Accruals and deferred income	3,259	5,281
	20,125	28,281

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 year ended 30 September 2013

13. Creditors: amounts falling due after more than one year

	At 30 September 2013 £'000	At 30 September 2012 £'000
Programme creditors	176	423
Amounts owed to group undertakings	440	407
	616	830

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 2013 £'000	At 30 September 2012 £'000
Accelerated capital allowances	(173)	(212)
Other short term timing differences	(6)	(8)
Total deferred tax asset	(179)	(220)
	2013 £'000	2012 £'000
Deferred tax asset		
At 1 October	(220)	(209)
Debited to the profit and loss account (note 6)	41	(11)
At 30 September	(179)	(220)

There is no unrecognised deferred tax asset (2012: £nil).

Nickelodeon U.K. Limited

Notes to the financial statements for the year ended 30 September 2013

15. Called up share capital

	At 30 September 2013 £'000	At 30 September 2012 £'000
Authorised		
1,000,000 'A' ordinary shares of 1p each (1,000,000 'A' ordinary shares in 2012)	10	10
1,000,000 'B' ordinary shares of 1p each (1,000,000 'B' ordinary shares in 2012)	10	10
	20	20
	At 30 September 2013 £'000	At 30 September 2012 £'000
Allotted and fully paid		
156 'A' ordinary shares of 1p each (156 'A' shares in 2012)	-	-
104 'B' ordinary shares of 1p each (104 'B' Shares in 2012)	-	-
	-	-

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

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

Nickelodeon U.K. Limited

Notes to the financial statements for the year ended 30 September 2013

16. Reconciliation of movements in equity shareholders' funds

	At 30 September 2013 £'000	At 30 September 2012 £'000
Profit for the financial year	25,015	23,085
Dividends paid (note 7)	(21,000)	(25,000)
Net addition/(deduction) to shareholders' funds	4,015	(1,915)
Opening shareholders' funds	35,989	37,904
Closing shareholders' funds	40,004	35,989

17. Reserves

	Share premium account £'000	Profit and loss account £'000	Total £'000
At 1 October 2012	4,778	31,211	35,989
Profit for the financial year	-	25,015	25,015
Dividends (note 7)	-	(21,000)	(21,000)
At 30 September 2013	4,778	35,226	40,004

Nickelodeon U.K. Limited

Notes to the financial statements for the year ended 30 September 2013

18. Financial commitments

(a) Programme rights and other commitments

	At 30 September 2013 £'000	At 30 September 2012 £'000
Programme right commitments are as follows:		
Contracted, but not provided for	1,016	1,979
Other commitments	648	684

The programming commitments are payable in either £GBP or \$USD and relate up to and including August 2017.

Other commitments are shareholder, trademark and cross promotional fees in either £GBP or \$USD.

(b) Operating lease commitments

Annual commitments under non-cancellable operating leases are as follows:

	2013		2012	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Operating leases which expire				
-within 1 year	-	-	-	-
-within 2 - 5 years	-	1,787	-	1,467
	-	1,787	-	1,467

Nickelodeon U.K. Limited

Notes to the financial statements for the year ended 30 September 2013

19. Reconciliation of operating profit to net cash inflow from operating activities

	Year ended 30 September 2013 £'000	Year ended 30 September 2012 £'000
Operating profit	32,687	30,813
Depreciation of tangible fixed assets	305	330
Amortisation of intangible fixed assets	478	478
Amortisation of programme rights	11,488	11,068
Changes in working capital:		
(Increase) in stock	(13,087)	(12,069)
(Increase) in debtors	(4,883)	(4,395)
(Decrease)/Increase in creditors	(7,710)	11,151
Net cash inflow from operating activities	19,278	37,376

20. Reconciliation of net cash flow to movement in net funds

	Year ended 30 September 2013 £'000	Year ended 30 September 2012 £'000
(Decrease)/Increase in cash in the year	(10,707)	5,085
Movement in net (debt)/funds in the year	(10,707)	5,085
Net funds at beginning of year	16,170	11,085
Net funds at end of year	5,463	16,170

21. Pension obligations

The Company provides pensions to eligible employees through the B SkyB pension plan, which is a defined contribution plan. The Company's pension cost for the year was £299k (2012: £264k). Included in other creditors is £164k (2012: £167k) in respect of contributions payable to the scheme.

Notes to the financial statements for the year ended 30 September 2013

22. 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 £281k (2012: £241k). The Company also received revenue of £18,023k (2012: £17,827k) in respect of direct to home subscriptions. The Company paid £897k for leasing a digital transponder and for uplink costs (2012: £897k) and £48k (2012: £48k) for interactive services, the lease of IT lines, and other sundry costs. At 30 September 2013, the outstanding payables balance was £390k (2012: £169k), and there was an outstanding receivables balance of £5,520k (2012: £3,058k).

Services provided by the Viacom group of companies include: acting as the selling agent for airtime and consumer product revenues with a value of £37,051k (2012: £34,242k). The Company also paid Viacom group £1,703k (2012: nil) for rent, technology and office support at Hawley Crescent, £418k (2012: £418k) as a trademark and on-line licence fee and £5,231k (2012: £4,863k) for the provision of marketing services, including sales commissions. At 30 September 2013, the outstanding payables balance was £10,801k (2012: £16,215k), and the outstanding receivables balance was £9,521k (2012: £8,820K).

23. 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.

NICKELODEON U.K. LIMITED
(the "Company")

Minutes of a meeting of the Board of Directors held by telephone
on 23 June 2014

Present:	Mr D Lynn	('A' Director) (Chairman)
	Mr S Robson	('B' Director)

ANNUAL REPORT AND ACCOUNTS

The Annual Report and Accounts for the fiscal year ended 30 September 2013 (the "Accounts") were presented to the meeting for Board approval. It was noted that the Accounts had been reviewed by both shareholders' finance teams.

IT WAS RESOLVED that the Accounts be signed on behalf of the Board of Directors by David Lynn and Simon Robson.

IT WAS FURTHER RESOLVED that the Directors' Report be signed on behalf of the Board of Directors by David Lynn.

The Management Representation Letter in relation to the Accounts was presented to the meeting.

IT WAS RESOLVED that the Management Representation Letter in the form produced to the meeting be and is hereby approved and that it be signed by David Lynn.

.....
D Lynn Chairman

NICKELODEON U.K. LIMITED
(the "Company")

A certified extract of the minutes of a meeting of the Board of Directors
held by telephone on 23 June 2014

ANNUAL REPORT AND ACCOUNTS

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.....
David Lynn
Chairman