Channel 5 Television Group Limited

Annual report and consolidated financial statements

for the year ended 31 December 2009

Registered number: 3012148

Channel 5 Television Group Limited

Registered number: 3012148

Directors and advisers

Directors
D Airey (Chairperson)
R Sautter
A Buckhurst
O Zacharia
T Valentin

Company secretary
P Chinnery

Independent auditors
PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
1 Embankment Place
London
WC2N 6RH

Bankers
HSBC Bank PLC
69 Pall Mall
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SW1Y 5EY

Solicitors
Travers Smith Braithwaite
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Directors' report

for the year ended 31 December 2009

Registered number 3012148

The directors present their report and the audited consolidated financial statements of Channel 5 Television Group Limited (the "Company") and its subsidiaries (hereafter collectively referred to as "the Group") for the year ended 31 December 2009

Results and dividends

The results for the year ended 31 December 2009 show a loss, after taxation, of £37,096,000 (2008 profit of £101,427,000) The directors do not recommend the payment of a dividend (2008 £nil)

Principal activities and review of the business

The Group's principal activities are commercial television broadcasting

As a result of the declining UK economic climate, the Company commissioned an efficiency and effectiveness review of the business On 5 March 2009, the Company announced the findings of this business review, which lead to a restructuring of its business including a number of redundancies This led to an additional £7,816,000 operating cost being incurred

In addition, in the current financial year, the Company performed a review of the carrying value of its programme rights in light of the deterioration of the UK advertising market The review concluded that an impairment charge of £19,850,000 was required to write down certain programme rights to their net realisable values

Future developments

The Company seeks to increase its share of the market through the commissioning and purchasing of content designed to support the targeted levels of growth This will be supported by marketing campaigns that continue to drive the business forward

Principal risks and uncertainties

The management of the business and the execution of the Group's strategy are subject to a number of risks

The key business risks and uncertainties affecting the Group are considered to relate to competition from other broadcasters and the performance of the television advertising market

Financial risk management

The Group's financial management operates within defined treasury and finance policies determined by the Group's management and its shareholders Details of the Group's foreign currency, cash and treasury matters are disclosed in note 16, including information on the Group's exposure to foreign currency, interest rate, liquidity and credit risk

The Group's principal financial instruments, other than derivatives, comprise loans, finance leases, cash and short-term deposits The main purpose of these financial instruments is to raise finance for the Group's operations The Group has various other financial instruments, such as trade receivables and trade payables that arise directly from its operations

Key performance indicators (KPIs)

The Group seeks to increase its share of the television advertising market and the Directors are satisfied that this target is reasonable in the long term given the current competitive environment

Directors' report

for the year ended 31 December 2009 (continued)

Employee involvement

The board values two-way communication between senior management and employees at all levels In order to achieve this, regular meetings are held with employees at departmental level and Company meetings are held periodically with senior management Employees are encouraged to present their suggestions and views on the Group's performance in these meetings The Company seeks to achieve a common awareness with all employees by communicating financial and economic factors that affect the performance of the Company

Donations

Payments to charitable organisations during the year amounted to £10,408 (2008 £13,238)
No donations were made to political parties during the year (2008 £nil)

Disabled employees

The Group gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person Where existing employees become disabled it is the Group's policy, wherever practicable, to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees where appropriate

Directors

The directors of the Company who served during the year ended 31 December 2009 and up to the date of signing the consolidated financial statements are listed below

D Airey
R Sautter
A Buckhurst
O Zacharia (appointed 28 February 2009)
T Valentin

Directors' Indemnity

The Company maintains liability insurance for its directors and officers The Company also provided an indemnity for its directors and the secretary, which is a qualifying third party indemnity provision for the purposes of the Companies Act 2006

Directors' report

for the year ended 31 December 2009 (continued)

Statement of directors' responsibility

The directors are responsible for preparing the Annual 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 elected to prepare the group and parent Company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union 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 group and the Company and of the profit or loss of the group 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 IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

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 the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Disclosure of information to the auditors

The directors, who held office at the date of approval of the directors' report confirm that, so far as they are aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has 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

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006

On behalf of the board

D Airey
Director
18 March 2010

Independent auditors' report

to the members of Channel 5 Television Group Limited

We have audited the group and parent Company financial statements (the "financial statements") of Channel 5 Television Group Limited for the year ended 31 December 2009 which comprise the Group income statement, the Group and Company balance sheets, the Group and Company statements of changes in equity, the Group and Company cash flow statements and the related notes The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006

Respective responsibilities of directors and auditors

As explained more fully in the Statement of directors' responsibilities, 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 group's and parent 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 group's and of the parent Company's affairs as at 31 December 2009 and of the group's loss and group's and parent Company's cash flows for the year then ended,

- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union,

- the parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006, and

- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006

Independent auditors' report

to the members of Channel 5 Television Group Limited (continued)

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

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 by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company 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

Mark Hughes.

Mark Hughes (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

London

18 March 2010

Group income statement

for the year ended 31 December 2009

	Note	2009 £000	2008 £000
Revenue	3	268,678	341,540
Cost of sales	3	(268,536)	(308,671)
Gross profit		142	32,869
Administrative expenses	3	(38,601)	(35,416)
Operating loss		(38,459)	(2,547)
Analysed as:			
Operating (loss)/profit before exceptional items		(10,793)	635
Exceptional items - programme write down	10	(19,850)	–
- restructuring	3	(7,816)	(3,182)
Operating loss		(38,459)	(2,547)
Finance income	3	14	125,187
Finance expense	3	(8,011)	(12,303)
(Loss)/profit before tax		(46,456)	110,337
Income tax credit/(expense)	6	9,360	(8,910)
(Loss)/profit for the year attributable to equity holders of the Company		(37,096)	101,427

The results above relate to continuing operations

No statement of comprehensive income has been presented because there is no other comprehensive income.

The notes on pages 14 to 41 form an integral part of these consolidated financial statements

Group balance sheet

as at 31 December 2009

Assets	*Note*	*2009* *£000*	*2008* *£000*
Non-current assets			
Property, plant and equipment	7	**6,714**	6,334
Intangible assets	8	**41,376**	50,938
Investments	9	**25**	25
Forward currency contracts	16	**5,401**	3,282
		53,516	60,579
Current assets			
Programme rights	10	**175,163**	156,489
Trade and other receivables	11	**46,489**	38,402
Cash and cash equivalents	12	**881**	33,186
Forward currency contracts	16	**4,484**	5,493
		227,017	233,570
Total assets		**280,533**	294,149
Equity and liabilities			
Non-current liabilities			
Trade and other payables	13	**68,538**	71,970
Interest-bearing loans	14	**49,903**	56,141
		118,441	128,111
Current liabilities			
Cash and cash equivalents	12	**619**	–
Trade and other payables	13	**192,270**	156,924
Interest-bearing loans	14	**6,877**	13,199
		199,766	170,123
Total liabilities		**318,207**	298,234
Equity attributable to equity holders of the parent			
Share capital	15	**1**	1
Share premium		**392,289**	392,289
Cash flow hedge reserve		**10,587**	7,080
Retained earnings		**(440,551)**	(403,455)
Total deficit		**(37,674)**	(4,085)
Total equity and liabilities		**280,533**	294,149

The notes on pages 14 to 41 form an integral part of these consolidated financial statements

The financial statements were approved by the board on 18 March 2010 and signed on its behalf by·

D Airey
Director
18 March 2010

Company balance sheet

as at 31 December 2009

	Note	2009 £000	2008 £000
Assets			
Non-current assets			
Investments	9	101,063	230,623
Current assets			
Trade and other receivables	11	87,775	73,589
Cash and cash equivalents	12	-	27,543
		87,775	101,132
Total assets		188,838	331,755
Equity and liabilities			
Non-current liabilities			
Interest-bearing loans	14	49,903	56,141
		49,903	56,141
Current liabilities			
Cash and cash equivalents	12	619	-
Trade and other payables	13	98,799	138,444
Interest-bearing loans	14	6,877	13,199
		106,295	151,643
Total liabilities		156,198	207,784
Equity attributable to equity holders of the parent			
Share capital	15	1	1
Share premium		392,289	392,289
Retained earnings		(359,650)	(268,319)
Total equity		32,640	123,971
Total equity and liabilities		188,838	331,755

The notes on pages 14 to 41 form an integral part of these consolidated financial statements

The financial statements were approved by the board on 18 March 2010 and signed on its behalf by.

D Airey
Director
18 March 2010

Group statement of changes in equity

for the year ended 31 December 2009

	Attributable to equity holders of the parent				
			Cash flow		
	Share capital	*Share premium*	*hedge reserve*	*Retained earnings*	*Total equity*
	£000	*£000*	*£000*	*£000*	*£000*
At 1 January 2009	**1**	**392,289**	**7,080**	**(403,455)**	**(4,085)**
Loss for the year	**–**	**–**	**–**	**(37,096)**	**(37,096)**
Movement on cash flow hedge reserve	**–**	**–**	**3,507**	**–**	**3,507**
At 31 December 2009	**1**	**392,289**	**10,587**	**(440,551)**	**(37,674)**

	Attributable to equity holders of the parent				
			Cash flow		
	Share capital	*Share premium*	*hedge reserve*	*Retained earnings*	*Total equity*
	£000	*£000*	*£000*	*£000*	*£000*
At 1 January 2008	1	392,289	(1,779)	(504,882)	(114,371)
Profit for the year	–	–	–	101,427	101,427
Movement on cash flow hedge reserve	–	–	8,859	–	8,859
At 31 December 2008	1	392,289	7,080	(403,455)	(4,085)

The notes on pages 14 to 41 form an integral part of these consolidated financial statements.

Company statement of changes in equity

for the year ended 31 December 2009

	Share capital £000	*Share premium £000*	*Retained earnings £000*	*Total £000*
At 1 January 2009	1	392,289	(268,319)	123,971
Loss for the year	–	–	(91,331)	(91,331)
At 31 December 2009	1	392,289	(359,650)	32,640

	Share capital £000	*Share premium £000*	*Retained earnings £000*	*Total £000*
At 1 January 2008	1	392,289	(64,763)	327,527
Loss for the year	–	–	(203,556)	(203,556)
At 31 December 2008	1	392,289	(268,319)	123,971

The notes on pages 14 to 41 form an integral part of these consolidated financial statements

Group cash flow statement

for the year ended 31 December 2009

	Note	2009 £000	2008 £000
Cash flows from operating activities			
(Loss)/profit before tax		**(46,456)**	110,337
Adjustments for			
Depreciation and amortisation	7,8	**12,059**	11,797
Fixed assets write down		**223**	-
Stock provision and write down	10	**17,640**	-
Net foreign exchange loss		**962**	497
Finance income		**(14)**	(125,187)
Finance costs		**8,011**	12,303
Operating profit before working capital changes		**(7,574)**	9,747
Decrease/(increase) in trade and other receivables		**(1,344)**	6,877
(Increase)/decrease in programme rights		**(36,314)**	(6,794)
Increase/(decrease) in trade and other payables		**(3,829)**	(845)
Net cash generated from operating activities		**(49,060)**	8,985
Interest received		**14**	187
Interest paid		**(14,332)**	(6,789)
Group relief received		**1,573**	5,161
Net cash from operating activities		**(61,805)**	7,544
Cash flows from investing activities			
Purchase of intangible assets		**(644)**	(1,718)
Purchase of property, plant and equipment		**(1,349)**	(1,162)
Net cash used in investing activities		**(1,993)**	(2,880)
Cash flows from financing activities			
Repayment of loan borrowings		**(14,325)**	(13,564)
Net cash used in financing activities		**(14,325)**	(13,564)
Net decrease in cash and cash equivalents		**(78,123)**	(8,900)
Cash and cash equivalents at 1 January	12,13	**(16,069)**	(7,169)
Cash and cash equivalents at 31 December	12,13	**(94,192)**	(16,069)

In the cash flow statement, cash and cash equivalents are presented net of cash pooling facilities with the parent entity The cash pooling facilities with the parent entity as at 31 December 2009 are £94,453,719 (2008 £49,254,000)

The notes on pages 14 to 41 form an integral part of these consolidated financial statements

Company cash flow statement

for the year ended 31 December 2009

	Note	2009 £000	2008 £000
Cash flows from operating activities			
Loss before tax		**(92,104)**	(207,645)
Adjustments for.			
Impairment		**129,560**	323,457
Finance income		**(2,389)**	(128,630)
Finance costs		**4,850**	12,818
Operating profit before working capital changes		**39,917**	-
Increase in trade and other receivables		**(11,035)**	(32,581)
(Decrease)/increase in trade and other payables		**(86,549)**	28,583
Net cash used in operating activities		**(57,667)**	(3,998)
Interest received		**12**	138
Interest paid		**(11,042)**	(2,415)
Group relief received		**1,573**	-
Net cash used in operating activities		**(67,124)**	(6,275)
Cash flows from financing activities			
Repayment of loan borrowings		**(6,238)**	(6,110)
Net cash used in financing activities		**(6,238)**	(6,110)
Net decrease in cash and cash equivalents		**(73,362)**	(12,385)
Cash and cash equivalents at 1 January	12,13	**(21,711)**	(9,326)
Cash and cash equivalents at 31 December	12,13	**(95,073)**	(21,711)

In the cash flow statement, cash and cash equivalents are presented net of the cash pooling facilities with the parent entity The cash pooling facility with parent entity balances as at 31 December 2009 are £94,453,719 (2008 - £49,254,000).

The notes on pages 14 to 41 form an integral part of these consolidated financial statements.

Notes to the Group financial statements

for the year ended 31 December 2009

1. Corporate information

Channel 5 Television Group Limited (the "Company") is a limited Company, incorporated and domiciled in the United Kingdom The Group's principal activities are commercial television broadcasting

The consolidated financial statements are authorised for issue in accordance with a resolution of the directors on 18 March 2010

2. Summary of significant accounting policies

Basis of preparation

These financial statements have been prepared in accordance with EU Endorsed International Financial Reporting Standards (IFRS) and IFRIC interpretations and the Companies Act 2006 applicable to companies reporting under IFRS The financial statements have been prepared under the historical cost convention, except in respect of derivative financial instruments that have been measured at fair value The principal accounting policies have been applied consistently throughout the period

The consolidated financial statements have been prepared on a going concern basis The group is dependent on continuing finance being made available by its shareholders to enable it to continue trading and meet its obligations as they fall due The shareholders have agreed to provide sufficient funds for the Company for these purposes for at least the next twelve months from the date of signing these financial statements The directors believe that it is therefore appropriate to prepare the financial statements on a going concern basis

The consolidated financial statements are presented in pounds sterling and all values are rounded to the nearest thousand (£000) except when otherwise stated

Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union, at 31 December 2009

Basis of consolidation

The consolidated financial statements comprise the financial statements of Channel 5 Television Group Limited and all its subsidiaries The financial statements of subsidiaries are prepared for the same reporting year as the parent Company, using consistent accounting policies

Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group

The full consolidation method is used, whereby the assets, liabilities, income and expenses are fully incorporated The proportion of the net assets and net income attributable to minority shareholders is presented separately as a minority interest in the consolidated balance sheet and in the consolidated income statement

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest The excess of the cost of acquisition over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement

All intercompany balances, transactions, income and expenses have been eliminated in full

Notes to the Group financial statements

for the year ended 31 December 2009 (continued)

2. Summary of significant accounting policies (continued)

Basis of consolidation (continued)

No income statement is presented for Channel 5 Television Group Limited as permitted by section 408 of the Companies Act 2006 The Company loss for the year was £5,692,000 (2008 £203,556)

Current/non-current distinction

Current assets are assets expected to be realised or consumed in the normal course of the Group's operating cycle Trade and other receivables are classified as current assets Cash and cash equivalents are recognised within current assets unless they are restricted from being used to settle a liability for at least 12 months after the balance sheet date, in which case they are recognised within non-current assets

Current liabilities are liabilities expected to be settled by use of cash generated in the normal course of the Group's operating cycle or liabilities due to be settled within 12 months after the balance sheet date All other liabilities are classified as non-current liabilities

Programme rights

Programme rights are acquired with the primary intention to be broadcast in the normal course of the Group's operating cycle The term "programme rights" covers acquired programme rights and commissioned programmes

Programme rights are stated at the lower of cost and net realisable value

Where programme rights are surplus to Group requirements or where the programme will not be broadcast for any other reason, a write-down to the income statement is made within cost of sales Reversals of programme rights write-downs are recognised as reductions in cost of sales

Programme rights are recognised according to the following criteria

- Acquired programme rights are recognised at the level of payments made until the rights are available for transmission, whereupon the full cost of the rights is recognised within programme rights in current assets For the majority of programmes transmitted on the Five core channel, costs are recognised over the first two transmissions The exception to this is major films, for which costs are recognised over three transmissions Acquired programme costs for programmes transmitted on multi-channel are recognised over up to six transmissions

- The cost of commissioned programmes is recognised as costs are incurred (for fully funded programmes) or when completed episodes are available from the production Company The total cost is expensed to the income statement on the date of first transmission

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses

Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition and intended use

Depreciation is calculated on a straight line basis over the estimated useful life of the asset as follows

Leasehold improvements	–	10 years
Equipment, fixtures and fittings	–	5 to 10 years
Computer hardware	–	3 to 5 years

The residual values and useful lives of the assets are reviewed and adjusted if appropriate at each balance sheet date

Notes to the Group financial statements

for the year ended 31 December 2009 (continued)

2 Summary of significant accounting policies (continued)

Property, plant and equipment (continued)

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the year the item is derecognised

Assets under construction are held at historical cost until they are brought into use at which point they are depreciated at a rate dependant upon the nature of the asset

Intangible assets

Intangible assets acquired separately are stated at cost less accumulated amortisation and any accumulated impairment losses

Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition and intended use The videostream asset is the investment in Top Up TV 1 Limited which is amortised over its finite life This asset reflects the two videostreams used to broadcast the Group's digital channels

Amortisation is calculated on a straight-line basis over the estimated useful life of the asset as follows

Computer software	–	5 years
Videostream assets	–	7 years
Website development	–	3 years

An item of intangible assets is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the year the item is derecognised

Assets under construction are held at historical cost until they are brought into use at which point they are depreciated at a rate dependant upon the nature of the asset

Impairment

The Group assesses at each reporting date whether there is an indication that an asset may be impaired If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value, less costs to sell and its value in use, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset Impairment losses of continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased If such indication exists, the recoverable amount is estimated A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised If that is the case, the carrying amount of the asset is increased to its recoverable amount That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for the asset in prior years Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase

Notes to the Group financial statements

for the year ended 31 December 2009 (continued)

2. Summary of significant accounting policies (continued)

Impairment (continued)

After such a reversal the amortisation/depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life

Loans and investments

All investments have been categorised as non-current assets and are initially recognised at cost, being the fair value of the consideration given and including acquisition charges associated with the investment

After initial recognition, equity instruments whose fair value cannot be reliably measured are held at cost, less provision for permanent diminution in value, where applicable If there is objective evidence that an impairment loss has been incurred on an equity instrument, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset

Loans are recognised initially at proceeds received net of direct issue costs After initial recognition, loans are stated at amortised cost using the effective yield method Any difference between initial value and redemptive value is recognised in the income statement over the period of the loan

Trade and other receivables

Trade receivables arise from the sale of goods and services related to the Group's operating activities Other receivables include value added tax recoverable and prepaid expenses

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment A provision for impairment of trade receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments are considered indicators that the trade receivable is impaired The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables Subsequent recoveries of amounts previously written off are credited against the income statement

Trade and other payables

Trade accounts payable arise from the purchase of goods and services relating to the Company's operating activities Other payables comprise intercompany payables, bank overdrafts, value added tax and other taxes and social security costs as well as accrued expenses Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method

Derivative financial instruments

The Group uses a limited number of derivative financial instruments to manage currency risks arising from the Group's operating activities The Group does not hold derivative financial instruments for speculation purposes

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently remeasured at fair value The fair value of foreign currency forward contracts is determined by using forward exchange market rates at the balance sheet date

In relation to cash flow hedges that do not qualify for hedge accounting, changes in the fair value of any derivative instruments are recognised immediately in the income statement

Notes to the Group financial statements

for the year ended 31 December 2009 (continued)

2. Summary of significant accounting policies (continued)

Derivative financial instruments (continued)

In relation to cash flow hedges that do qualify for hedge accounting, the change in fair value of the derivative instrument that is determined to be an effective hedge is recognised directly in equity and the ineffective portion is recognised in the income statement

Leases

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease period

International Financial Reporting Interpretations Committee (IFRIC) 4 'Determining whether an arrangement contains a lease' provides guidance on determining whether arrangements which convey the right to use an asset in return for a series of payments should be accounted for in accordance with IAS 17 'Leases' Implementation of this Interpretation does not have a material impact on the Group's results or assets and liabilities in this or prior periods

Pensions

The Group participates in defined contribution plans which are legally independent from the Group The pension plans are funded by payments from employees and by the Group The Group pays contributions into employees' individual group personal pension schemes at various rates up to a maximum of 13% of their gross salary

Pension costs relating to defined contribution plans are recognised when an employee has rendered service in exchange for the contributions due by the employer

Current and deferred income tax and value added tax

The Group's liability for current tax is based on taxable profits for the year, and is calculated using tax rates that have been enacted or substantively enacted at the balance sheet date

Deferred income tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses, can be utilised

Deferred income tax assets and liabilities are measured at the average tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date

The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet

Foreign currency transactions and balances

The functional and presentation currency of the Group is the pound sterling (£) Transactions in foreign currencies are initially recorded using the functional currency rate ruling at the date of the transaction Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated at the exchange rate ruling at that date Foreign exchange differences arising on retranslation are recognised in the income statement Non-monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are translated using the foreign exchange rate as at the date of the initial transaction

Notes to the Group financial statements

for the year ended 31 December 2009 (continued)

2 Summary of significant accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost and include cash in hand and at bank, cash in transit, balances receivable on demand and deposits with an original maturity of three months or less Cash pooling facilities with the parent entity, where applicable, are included within current liabilities

Restricted bank-guaranteed deposits in respect of transactions for the sale and leaseback of television programme rights have been netted off against the related future lease payments as described in note 17

Interest-bearing loans

Interest-bearing liabilities are recognised initially at cost After initial recognition, interest-bearing liabilities are stated at amortised cost with any difference between cost and redemption value being recognised in the consolidated income statement over the period of the borrowings on an effective interest basis

Interest charged on interest-bearing loans is recognised as an expense in the consolidated income statement in the period in which they are incurred

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation to transfer economic benefits as a result of past events The amounts recognised represent management's best estimate of the expenditures that will be required to settle the obligation as of the balance sheet date Provisions are measured by discounting the expected future cash flows to settle the obligation at a pre-tax rate that reflects current market assessments of the time value of money, and, where appropriate, the risks specific to the obligation

Share capital

Ordinary shares are classified as equity Share premium reserve is made up of capitalisation of shareholder loans

Dividends on ordinary shares are recorded in the consolidated financial statements in the period in which they are approved by the Group's shareholders No dividends were recorded in the period

Revenue

Revenue includes amounts invoiced for advertisements transmitted, programme rights sold, internet advertising, premium rate telephone revenues associated with programmes broadcast, programme book sales and other sales Revenue is stated exclusive of value added tax and net of agency commissions

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured The following specific recognition criteria must also be met before revenue is recognised

- Advertising sales are recognised when the related advertisement is broadcast

- Sales of programme rights under licence are recognised when the licence period commences and the sale is unconditional

- Premium rate telephone revenues are recognised when the related programme is broadcast

Notes to the Group financial statements

for the year ended 31 December 2009 (continued)

2 Summary of significant accounting policies (continued)

Exceptional items

Exceptional items, as disclosed on the face of the income statement, are items which due to their material and non-recurring nature have been classified separately in order to draw them to the attention of the reader of the accounts and to show more accurately the underlying profits of the Group These exceptional costs are made up of restructuring costs including severance payments Exceptional items only relate to operating activities

Standards, amendments and interpretations effective in 2009 but not relevant

The following standards amendments and interpretations are mandatory for accounting periods beginning on or after 1 January 2009 but are not relevant to the Company's operations

- IAS 19 (Amendment), 'Employee benefits'
- IAS 21 (Amendment), Net investment in a foreign operation
- IAS 39 (Amendment), Cash flow hedge accounting of forecast intragroup transactions
- IAS 39 (Amendment), The fair value option
- IAS 39 and IFRS 4 (Amendment), Financial guarantee contracts
- IFRS 1 (Amendment), First-time Adoption of International Financial Reporting Standards
- IFRS 4, 'Insurance Contracts'
- IFRS 6 (Amendment), Exploration for and evaluation of mineral resources
- IFRS 6, Exploration for and evaluation of mineral resources
- IFRIC 4, Determining whether an arrangement contains a lease
- IFRIC 5, Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds
- IFRIC 6 Liabilities arising from participating in a specific market – Waste electrical and electronic equipment
- IFRIC 7, Financial reporting in hyperinflationary economies
- IFRIC 8, Transactions involving the issuance of equity instruments
- IFRIC 9, Reassessment of embedded derivatives
- IFRIC 10, Interim Financial Reporting and Impairment

Standards and amendments and interpretation to published standards effective on or after 1 January 2009

- IAS 1 (revised), 'Presentation of financial statements' The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity It requires non-owner changes in equity to be presented separately from owner changes in equity All non-owner changes in equity are required to be shown in an income statement but entities can choose whether to present one income statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income) Where entities restate or reclassify comparative information, they are required to present a restated statement of financial position as at the beginning comparative period, in addition to the current requirement to present statements of financial position at the end of the current period and comparative period The Company has applied IAS 1 (revised) from 1 January 2009 The adoption of this revised standard has not resulted in a significant change to the presentation of the Company's financial statements, as the Company has no elements of other comprehensive income

Notes to the Group financial statements

for the year ended 31 December 2009 (continued)

2. Summary of significant accounting policies (continued)

Standards and amendments and interpretation to published standards effective on or after 1 January 2009 (continued)

- IAS 39 (amendment), 'Financial instruments Recognition and measurement The amendment was part of the IASB's annual improvements project published in May 2008 The definition of financial asset or financial liability at fair value through profit or loss as it relates to items that are held for trading was amended This clarifies that a financial asset or liability that is part of a portfolio of financial instruments managed together with evidence of an actual recent pattern of short-term profit taking is included in such a portfolio on initial recognition Adoption did not have a significant impact on the Company's financial statements

- IFRS 7 (amendment) 'Financial instruments Disclosures' The amendment requires enhanced disclosures about fair value measurement and liquidity risk In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy Adoption did not have a significant impact on the Company's financial statements

- IAS 32 (amendment), 'Financial instruments Presentation', and IAS 1 (amendment), Presentation of financial statements – Puttable financial instruments and obligations arising on liquidation' The amended standards require entities to classify puttable financial instruments, or components of instruments that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation as equity, provided the financial instruments have particular features and meet specific conditions, including that all financial instruments in the class of instruments that is subordinate to all other instruments have identical features Adoption did not have a significant impact on the Company's financial statements

- IAS 23 (Amendment), 'Borrowing costs' (effective from 1 January 2009) The amendment to the standard is still subject to endorsement by the European Union It requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset The option of immediately expensing these borrowing costs have been removed The Company has applied IAS 23 (Amended) from 1 January 2009, subject to endorsement by the EU but is currently not applicable to the group or Company as there are no qualifying assets

- IFRS 8, 'Operating segments ' (effective from 1 January 2009) The standard is still subject to endorsement by the European Union IFRS 8 replaces IAS 14 and aligns segment reporting with the requirements of the US standard SFAS 131, 'Disclosures about segments of an enterprise and related information' The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes As the Company is not a listed entity, the Company will not be required to present segment information

Notes to the Group financial statements

for the year ended 31 December 2009 (continued)

2 Summary of significant accounting policies (continued)

Interpretations to published standards that are not yet effective and have not been early adopted by the Group

The following standards, amendments and interpretations to published standards are mandatory for the Company's accounting periods beginning on or after 1 July 2009 or later periods, but the Company has not early adopted them

- IAS 1 (amendment), 'Presentation of financial statements',
- IAS 24 (revised), 'Related party disclosures' (effective from 1 January 2011),
- IAS 27 (revised), 'Consolidated and separate financial statements' (effective from 1 July 2009),
- IAS 32 (amendment), 'Classification of right issues' (effective from 1 February 2010),
- IAS 39 (amendments), 'Financial instruments Recognition and measurement – Eligible hedged items' (effective from 1 July 2009),
- IFRS 1 (amendment), 'Additional exemptions for first-time adopters' (effective from 1 January 2010),
- IFRS 2 (amendment), 'Group cash-settled share-based payment transactions' (effective from 1 January 2010),
- IFRS 3 (revised), 'Business combinations' (effective from 1 July 2009),
- IFRS 9, 'Financial instruments' (effective from 1 January 2013),
- IFRIC 17, 'Distributions of non-cash assets to owners' (effective from 1 July 2009),
- IFRIC 18, 'Transfers of assets from customers' (effective from 1 July 2009), and
- IFRIC 19, 'Extinguishing financial liabilities with equity instruments' (effective from 1 July 2010)

Improvements to IFRS' were issued in May 2008 and April 2009 respectively and contain numerous amendments to IFRS, which the IASB considers non-urgent but necessary 'Improvements to IFRS comprise amendments that result in accounting changes for presentation, recognition or measurement purposes as well as terminology or editorial amendments relating to a variety of individual standards Most of the amendments are effective for annual periods beginning on or after 1 January 2009 and 1 January 2010 respectively, with earlier application permitted No material changes to accounting policies are expected as result of these amendments

Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances The principal areas affected by estimates and judgements are as follows

a) Impairment The Group assesses at each reporting date the need for asset impairment If such an indication exists, the Group makes an estimate of the asset's recoverable amount When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (Refer to note 9)

b) Programme rights valuation Programme rights are stated at the lower of cost and net realisable value They are consumed based on the expected number of transmissions Where programme rights are surplus to Company requirements or where the programme will not be broadcast for any other reason, a write-down to the income statement is made This assessment of net realisable value requires the group to estimate the viewing performance the programmes are likely to achieve Reversals of programme rights write-downs are recognised as reductions in cost of sales (Refer to note 10)

c) Fair value of derivatives The Group enters into foreign currency contracts in order to minimise foreign currency risk in respect of the purchase of programme rights denominated in US dollars The fair value of these foreign currency contracts is estimated by marking them to market at the balance sheet date (Refer note 16)

Notes to the Group financial statements

for the year ended 31 December 2009 (continued)

3. Revenues and expenses

	Note	2009 £000	2008 £000
Revenue			
Net advertising sales		**235,196**	307,594
Other revenue		**33,482**	33,946
Total revenue		**268,678**	341,540
Cost of sales			
Cost of programme rights recognised as an expense		**(188,736)**	(228,644)
Minimum lease payments			
- operating leases and other commitments expense		**(50,145)**	(46,636)
Employee benefits expense	5	**(12,865)**	(15,023)
Foreign exchange gains		**1,449**	2,753
Foreign exchange losses		**(2,411)**	(3,251)
Other		**(15,828)**	(17,870)
		(268,536)	(308,671)
Administrative expenses			
Depreciation	7	**(1,535)**	(1,295)
Amortisation	8	**(10,524)**	(10,502)
Fixed asset write off		**(223)**	-
Auditors' remuneration - audit services		**(92)**	(123)
- other services		**(114)**	(5)
Minimum lease payments recognised as an operating lease expense		**(1,504)**	(2,526)
Employee benefits expense	5	**(8,997)**	(9,878)
Restructuring costs		**(7,816)**	(3,182)
Other		**(7,796)**	(7,905)
		(38,601)	(35,416)
Finance income			
Bank interest receivable		**14**	187
Income from forgiveness of loan		**-**	125,000
		14	125,187
Finance expense			
Interest payable on interest-bearing loans		**(4,387)**	(8,046)
Unwinding of discount on loan notes		**(3,624)**	(4,257)
		(8,011)	(12,303)

Auditors' remuneration - other services comprises accounting advice provided during the financial year

Income from forgiveness of loan in the prior year represents the forgiveness of amounts outstanding under a non-current loan with RTL Group SA

Restructuring costs of £7,816 000 were incurred in the year, this includes £3,175,000 relating to redundancy costs (note 5) and £4,641,000 relating to contract termination costs and consultancy fees.

Notes to the Group financial statements

for the year ended 31 December 2009 (continued)

4 Directors' emoluments

None of the directors are paid by the Company Certain directors of the Company received emoluments from another Group undertaking for services to the Group as a whole It is not practicable to apportion these amounts between fees for services as a director of the Company and as a director of the fellow subsidiary undertakings The total remuneration paid and accrued to these directors was £846,422 (2008 £1,864,000), excluding pension contributions Pension contributions provided in relation to these directors were £100,000 (2008 £88,000)

The remaining directors of the Company are remunerated by the parent undertaking

The amounts in respect of the highest paid director are as follows

	2009	*2008*
	£000	*£000*
Aggregate emoluments (including compensation for loss of office)	**846**	1,569
Company contributions paid to individual's personal pension scheme	**100**	54
	946	1,623

The Group operates long-term incentive arrangements for executive directors The payments under these arrangements are dependent on the Company performance criteria as well as the individual continuing to be employed by the Group at certain relevant dates No charge has been credited in 2009 under this scheme (2008 £100,000)

5. Employee benefits expense

	2009	*2008*
	£000	*£000*
Wages and salaries	**18,438**	21,193
Social security costs	**2,088**	2,369
Other pension costs	**1,336**	1,342
Redundancy costs	**3,175**	3,182
	25,037	28,086

The average monthly number of employees of the Group during the year (including directors) was as follows

	2009	*2008*
By activity	*Number*	*Number*
Sales and marketing	**127**	129
Programming	**60**	47
Administration	**110**	161
	297	337

At the end of the year the Group employed 274 full time staff members (2008 342) The parent company does not have any employees (2008 none)

Notes to the Group financial statements

for the year ended 31 December 2009 (continued)

6 Income tax

(a) Major components of income tax credit/(expense) for the year are

	2009	*2008*
	£000	*£000*
Group relief – current year	**9,354**	1,573
Group relief – prior year	**6**	1,039
Reduction in deferred tax asset	**–**	(11,522)
Income tax credit/(charge) for the year	9,360	(8,910)

(b) A reconciliation of income tax credit/(expense) at the Group's effective income tax rate for the years ended 31 December 2009 and 31 December 2008 is as follows

	2009	*2008*
	£000	*£000*
(Loss)/Profit before tax	**(46,456)**	110,337
At United Kingdom statutory income tax rate of 28 0% (2008 28 5%)	**13,008**	(31,446)
Expenses not allowable for tax purposes	**(3,654)**	31,584
Utilisation of deferred tax asset	**–**	(11,522)
Prior year group relief adjustment	**6**	1,039
Utilisation of brought forward losses	**–**	1,435
Total tax credit/(charge) for the year	9,360	(8,910)

The statutory income tax rate of 30% applied from 1 January 2008 until 31 March 2008 The statutory income tax rate was decreased to 28% from 1 April 2008 for the remainder of the year Hence, the effective tax rate applied above for the prior year is 28 5% The rate applied for 2009 was the statutory income tax rate of 28 0%

Tax for future accounting periods will be calculated using the appropriate corporate tax rates as prescribed by Her Majesty's Revenue and Customs (UK), which is currently charged at 28%

(c) Deferred taxation

As at 31 December 2009, a deferred tax asset of £nil (2008 £nil) has been recognised in the balance sheet in respect of unused tax losses No tax losses are to be recovered in less than one year (2008 £nil)

The Group is not recognising a deferred tax asset at 31 December 2009 on the basis that in the current economic climate there is uncertainty regarding the ability of the Company to utilise these tax losses carried forward

As at 31 December 2009, the Company has unutilised carry forward tax losses of £181,560,000 (2008 £182,631,000)

Notes to the Group financial statements

for the year ended 31 December 2009 (continued)

7. Property, plant and equipment

Group	*Leasehold improvements*	*Equipment, fixtures and fittings*	*Computer hardware*	*Assets under construction*	*Total*
	£000	*£000*	*£000*	*£000*	*£000*
At 1 January 2009, net of accumulated depreciation	**2,106**	**1,743**	**880**	**1,605**	**6,334**
Additions	**150**	**1,209**	**316**	**444**	**2,119**
Fixed asset write off	**(203)**	**–**	**(1)**	**–**	**(204)**
Transfers from assets under construction	**–**	**600**	**–**	**(600)**	**–**
Depreciation charge for the year	**(389)**	**(681)**	**(465)**	**–**	**(1,535)**
At 31 December 2009, net of accumulated depreciation	**1,664**	**2,871**	**730**	**1,449**	**6,714**
At 1 January 2009					
Cost	**5,724**	**5,499**	**5,460**	**1,605**	**18,288**
Accumulated depreciation	**(3,618)**	**(3,756)**	**(4,580)**	**–**	**(11,954)**
Net carrying amount	**2,106**	**1,743**	**880**	**1,605**	**6,334**
At 31 December 2009					
Cost	**5,874**	**7,308**	**5,776**	**1,449**	**20,407**
Accumulated depreciation	**(4,007)**	**(4,437)**	**(5,045)**	**–**	**(13,489)**
Fixed asset write off	**(203)**	**–**	**(1)**	**–**	**(204)**
Net carrying amount	**1,664**	**2,871**	**730**	**1,449**	**6,714**

Group	*Leasehold improvements*	*Equipment, fixtures and fittings*	*Computer hardware*	*Assets under construction*	*Total*
	£000	*£000*	*£000*	*£000*	*£000*
At 1 January 2008, net of accumulated depreciation	2,145	1,551	1,070	1,811	6,577
Additions	159	896	(3)	–	1,052
Transfers from assets under construction	104	(253)	355	(206)	–
Depreciation charge for the year	(302)	(451)	(542)	–	(1,295)
At 31 December 2008, net of accumulated depreciation	2,106	1,743	880	1,605	6,334
At 1 January 2008					
Cost	5,461	4,856	5,107	1,811	17,235
Accumulated depreciation	(3,316)	(3,305)	(4,037)	–	(10,658)
Net carrying amount	2,145	1,551	1,070	1,811	6,577
At 31 December 2008					
Cost	5,724	5,499	5,460	1,605	18,288
Accumulated depreciation	(3,618)	(3,756)	(4,580)	–	(11,954)
Net carrying amount	2,106	1,743	880	1,605	6,334

Notes to the Group financial statements

for the year ended 31 December 2009 (continued)

8. Intangible assets

Group

	Computer software	*Videostream assets*	*Assets under construction*	*Total*
	£000	*£000*	*£000*	*£000*
At 1 January 2009, net of accumulated amortisation	**5,212**	**45,352**	**374**	**50,938**
Additions	**883**	**–**	**99**	**982**
Fixed asset write off	**(19)**	**–**	**–**	**(19)**
Amortisation charge for the year	**(1,603)**	**(8,922)**	**–**	**(10,525)**
At 31 December 2009, net of accumulated amortisation	**4,473**	**36,430**	**473**	**41,376**
At 1 January 2009				
Cost	**25,350**	**65,426**	**374**	**91,150**
Accumulated amortisation	**(20,138)**	**(20,074)**	**–**	**(40,212)**
Net carrying amount	**5,212**	**45,352**	**274**	**50,938**
At 31 December 2009				
Cost	**26,233**	**65,426**	**473**	**92,132**
Accumulated amortisation	**(21,741)**	**(28,996)**	**–**	**(50,737)**
Fixed asset write off	**(19)**	**–**	**–**	**(19)**
Net carrying amount	**4,473**	**36,430**	**473**	**41,376**

Group	*Computer software*	*Videostream assets*	*Assets under construction*	*Total*
	£000	*£000*	*£000*	*£000*
At 1 January 2008, net of accumulated amortisation	5,074	54,274	263	59,611
Additions	1,829	–	–	1,829
Transfers from assets under construction	(111)	–	111	–
Amortisation charge for the year	(1,580)	(8,922)	–	(10,502)
At 31 December 2008, net of accumulated amortisation	5,212	45,352	374	50,938
At 1 January 2008				
Cost	23,630	65,426	263	89,319
Accumulated amortisation	(18,556)	(11,152)	–	(29,708)
Net carrying amount	5,074	54,274	263	59,611
At 31 December 2008				
Cost	25,350	65,426	374	80,585
Accumulated amortisation	(20,138)	(20,074)	–	(29,647)
Net carrying amount	5,212	45,352	374	50,938

Notes to the Group financial statements

for the year ended 31 December 2009 (continued)

9. Investments

Group

	2009 £000	2008 £000
Unlisted shares		
At 1 January, net of provision for impairment	**25**	25
At 31 December, net of provision for impairment	**25**	25
At 1 January,		
Cost	**2,046**	2,046
Provision for impairment	**(2,021)**	(2,021)
Net carrying amount	**25**	25
At 31 December,		
Cost	**2,046**	2,046
Provision for impairment	**(2,021)**	(2,021)
Net carrying amount	**25**	25

These investments represent equity stakes in unlisted companies, and therefore have no fixed maturity date or coupon rate These investments represent non-strategic holdings, which are considered non-core to the broadcasting business

Company

	2009 £000	2008 £000
Cost	**628,988**	628,988
Provision for impairment	**(527,925)**	(398,365)
Net carrying amount	101,063	230,623

The investment is stated at cost and represents the interest in Channel 5 Broadcasting Limited The company hold 100% of ordinary shares issued in Channel 5 Broadcasting Limited The Company assesses at each balance sheet date whether there is an indication that the investment may be impaired If such an indication exists the Company makes an estimate of the investments recoverable amount Recoverable amounts are measured at their fair value in use by discounting the future expected cash flows from the investments These calculations use cash flow projections based on management approved budgets Cash flows beyond the initial five year period are extrapolated using a long term growth rate of 3% (2008 3%) The cash flows have been discounted at a pre-tax discount rate of 8 40% (2008 9 15%), the Company's current cost of capital The impairment charges in 2009 of £129,560,000 (2008 £323,457,000) relates to the impairment of the underlying investments in Channel 5 Broadcasting Limited

The impairment is principally a reflection of the following

a) A significant slowdown in television advertising growth rates in the short term, and

b) A decline in the share of the UK TV advertising market

In the opinion of the directors the value of the interest in the subsidiary undertaking is not less than the amount at which it is stated in the balance sheet

Notes to the Group financial statements

for the year ended 31 December 2009 (continued)

9. Investments (continued)

Details of the investments in which the Group holds 20% or more of the nominal value of any class of share capital are as follows

Name of Company	*Nature of business*	*Proportion of rights and shares held*
Subsidiary undertakings		
Channel 5 Broadcasting Limited	Television broadcasting	100%
Channel 5 Engineering Services Limited	Technical engineering services	100%
Top Up TV 1 Limited	Broadcasting services	100%
Channel 5 Music Limited	Dormant	100%
Channel 5 Text Limited	Dormant	100%
5 Direct Limited	Dormant	100%
Channel 5 Interactive Limited	Dormant	100%

All of the above investments are subsidiaries of the Company and are incorporated in the United Kingdom, with the exception of Top Up TV 1 Limited, which is a subsidiary of Channel 5 Broadcasting Limited and is incorporated in Jersey

10. Programme rights

Group

	2009 Cost £000	*2009 Provision/ Impairment £000*	*2009 Net value £000*	*2008 Net value £000*
Acquired programmes				
Available for broadcast	156,089	(29,334)	126,755	112,128
Advance payments	21,089	–	21,089	19,151
Commissioned programmes	30,787	(3,468)	27,319	25,210
	207,965	(32,802)	175,163	156,489

Movements on the company provision programme rights are as follows

	2009 £000	*2008 £'000*
At 1 January	(15,162)	(18,219)
Additional acquired and commissioned stock provision	(19,850)	–
Unused amounts reversed	2,210	3,057
At 31 December	(32,802)	(15,162)

Notes to the Group financial statements

for the year ended 31 December 2009 (continued)

11 Trade and other receivables

	Group		Company	
	2009	2008	2009	2008
	£000	£000	£000	£000
Trade receivables	31,361	31,983	-	-
Prepayments and accrued income	5,510	4,755	-	-
Other taxation and social security	-	-	1,099	455
Amounts owed by fellow subsidiary undertakings (note 18)	9,538	1,573	689	1,573
Amounts owed by subsidiary undertakings (note 18)	-	-	85,987	71,561
Other receivables	80	91	-	-
	46,489	38,402	87,775	73,589

All of the group's trade and other receivables are in pound sterling

Trade receivables as at 31 December 2009 are shown net of provisions for impairment of £651,000 (2008 £1,692,000) Airtime sales receivables are due on day 25 of the month following transmission All other trade receivables are generally on 30 day terms Trade receivables are non-interest bearing Interest is charged on intra-group balances at a rate of LIBOR (Bank base rate) + 2 5% Intra-group balances are unsecured and repayable on demand

Movements on the group provision for impairment of trade receivables are as follows

	2009	2008
	£000	£000
At 1 January	1,692	1,725
Provision for receivables impairment	-	-
Bad debts written off	(1,028)	-
Unused amounts reversed	(13)	(33)
At 31 December	651	1,692

12. Cash and cash equivalents

	Group		Company	
	2009	2008	2009	2008
	£000	£000	£000	£000
Current assets				
Cash in hand and at bank	881	32,186	-	26,543
Money market deposits	-	1,000	-	1,000
	881	33,186	-	27,543

Cash in hand and at bank earns interest at floating rates based on daily bank deposit rates Short-term deposits are made for varying periods of between one day and one month depending on the immediate cash surpluses of the Group, and earn interest at the respective short-term deposit rates

	Group		Company	
	2009	2008	2009	2008
	£000	£000	£000	£000
Current liabilities				
Bank overdraft	619	-	619	-

The bank overdraft facility is charged at the Bank's base rate plus 1 25%, has a limit of £10,000,000 and is repayable on demand

Notes to the Group financial statements

for the year ended 31 December 2009 (continued)

13. Trade and other payables

	Group		Company	
	2009	*2008*	*2009*	*2008*
	£000	*£000*	*£000*	*£000*
Non-current				
Trade payables	36,505	31,163	-	-
Other payables	32,033	40,807	-	-
	68,538	71,970	-	-
Current				
Cash pooling facility with parent entity	94,454	49,254	94,454	49,254
Trade payables	68,822	67,392	-	-
Other taxation and social security	4,114	9,183	-	-
Amounts owed to fellow subsidiary undertakings	681	-	4,345	89,190
Other payables	9,016	8,170	-	-
Accruals and deferred income	15,183	22,925	-	-
	192,270	156,924	98,799	138,444
	260,808	228,894	98,799	138,444

Interest is charged on intra-group balances at a rate of LIBOR (Bank base rate) + 2 5% Intra-group balances are unsecured and repayable on demand. The cash pooling facility with parent entity is an internal current account credit line with RTL Group SA. Interest is charged at a rate of LIBOR (1 month) + 1%

Other payables include loan notes issued upon the acquisition of Top Up TV 1 Limited These are payable as follows·

Group

	2009	*2008*
	£000	*£000*
Within 1 year	8,774	8,087
After 1 year but not more than 5 years	32,033	39,831
More than 5 years	-	976
	40,807	48,894

Notes to the Group financial statements

for the year ended 31 December 2009 (continued)

14 Interest-bearing loans

	Effective interest rate %	*Maturity*	*Group 2009 £000*	*Group 2008 £000*	*Company 2009 £000*	*Company 2008 £000*
Non-current						
Shareholder loans and interest	LIBOR (3M) + 2 5%	2 Dec 2013	**49,903**	56,141	**49,903**	56,141
Current						
Shareholder loans and interest	LIBOR (3M) + 2 5%	On demand	**6,877**	13,199	**6,877**	13,199
			56,780	69,340	**56,780**	69,340

Sale and leaseback transactions

The Group sold programme rights and simultaneously leased back the assets under finance lease arrangements The cash received was placed in a "restricted bank-guaranteed deposit account" in order to satisfy the lease payments

The Group presents these transactions in line with the requirements of SIC-27 ('Evaluating the substance of transactions in the legal form of a lease') and nets off the asset and the related liability The impact of applying SIC-27 as at 31 December 2009 is that both assets and liabilities are lower by £3,526,000 (2008 £3,864,000)

15. Share capital

	2009 Number	*2008 Number*	*2009 £*	*2008 £*
Authorised				
Ordinary shares of 1p each	**100,000**	100,000	**1,000**	1,000
Allotted and fully paid				
Ordinary shares of 1p each – voting	**79,911**	79,911	**799**	799

All ordinary shares carry the same voting rights, preferences and restrictions All shares are fully paid

Notes to the Group financial statements

for the year ended 31 December 2009 (continued)

16 Financial risk management objectives and policies

The Group's principal financial instruments, other than derivatives, comprise loans, cash and short-term deposits The main purpose of these financial instruments is to raise finance for the Group's operations The Group has various other financial instruments, such as trade receivables and trade payables that arise directly from its operations

The Group also enters into derivative transactions, principally forward currency contracts The purpose of such transactions is to manage the currency risks arising from the Group's operations It is, and has been throughout the year under review, the Group's policy that no trading in financial instruments shall be undertaken

The main risks arising from the Group's financial instruments are foreign currency risk, interest rate risk, liquidity risk, capital risk and credit risk The policies for managing each of these risks are summarised below The Group's accounting policies in relation to derivatives are set out in note 2

Market risk - Foreign currency risk

The Group s exposure to foreign currency risk is in respect of the purchase of programme rights denominated in US dollars, AUS dollars and Euros The Group seeks to minimise the potential adverse effects of changing the US$/£, AU$/£ and Eur/£ exchange rates through the use of derivative instruments such as foreign currency contracts

The Group's policy is to hedge the recognised monetary foreign currency exposures on all programme rights contracts The Group's foreign currency exposure is monitored on a monthly basis

The Group calculates the impact on profit and loss of changes in foreign currency rates The impact on the income statement of a one per cent shift in the foreign exchange rate in 2009 would have resulted in a maximum impact of £nil as the foreign exchange rates are fully hedged (2008 £nil)

Market risk - Interest rate risk

The treasury exposures faced by the Group are managing interest rates and investing surplus cash in high-quality assets Clear parameters have been established, including levels of authority, on the type and use of derivative financial instruments to manage these exposures Transactions are only undertaken if they relate to underlying exposures Regular reports are provided to senior management and treasury operations are subject to periodic reviews by internal audit There were no interest rate derivative transactions outstanding at 31 December 2009 or 31 December 2008

The Group calculates the impact on profit or loss of changes in interest rates The impact on the income statement of a one per cent shift in the interest rate in 2009 would have resulted in a maximum impact of £1,477,000 (2008 £1,054,000)

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through cash pooling and shareholder funding The Group monitors its liquidity risk on an ongoing basis by undertaking rigorous cash flow forecasting procedures

The consolidated financial statements have been prepared on a going concern basis The group is dependent on continuing finance being made available by its shareholders to enable it to continue trading and meet its obligations as they fall due The shareholders have agreed to provide sufficient funds for the Company for these purposes for at least the next twelve months from the date of signing these financial statements The directors believe that it is therefore appropriate to prepare the financial statements on a going concern basis

Notes to the Group financial statements

for the year ended 31 December 2009 (continued)

16. Financial risk management objectives and policies (continued)

Liquidity risk (continued)

Interest-bearing liabilities are recognised initially at cost After initial recognition, interest-bearing liabilities are stated at amortised cost with any difference between cost and redemption value being recognised in the consolidated income statement over the period of the borrowings on an effective interest basis Interest charged on interest-bearing loans is recognised as an expense in the consolidated income statement in the period in which they are incurred

The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date The amounts disclosed in the table are the contractual discounted cash flows Balances due within 12 months equal their carrying balances as the impact of discounting is not significant

	Less than 1 year £000	Between 1 and 2 years £000	Between 2 and 5 years £000	Over 5 years £000
At 31 December 2009				
Borrowings	**8,774**	**8,720**	**17,968**	**-**
Trade Payables	**183,495**	**25,978**	**6,174**	**457**
At 31 December 2008				
Borrowings	8,087	8,037	23,817	629
Trade and other payables	148,837	23,409	3,902	457

Credit risk

The Group trades only with recognised, credit-worthy third parties It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures Receivable balances are monitored on an ongoing basis and the Group also has credit insurance in place

The group's exposure to credit risk is influenced mainly by the individual characteristics of each customer The demographics of the Group's customer base, including the default risk of the industry and country in which the customers operate, has less of an influence on credit risk Approximately 20% of the Group's revenue is attributable to sales transactions with a single agency group All of the agencies are based in the UK and hence the Group is exposed to geographical risk in the sense that all are therefore exposed to similar economic conditions

Purchase limits are established for each customer, which represents the maximum amount of credit without requiring further approval from a Director These limits are reviewed on a regular basis Customers that fail to meet the Group's benchmark creditworthiness are required to trade with the Group on a prepayment basis

The Group does not require collateral in respect of trade and other receivables

No credit limits were exceeded during the reporting period and management does not expect any losses from non-performance by these counterparties

As at 31 December 2009, trade receivables of £2,576,219 were past due but not impaired These relate to a number of customers for whom there is no recent history of default £224 777 of these trade receivables exceed 60 days

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables (refer note 11)

Notes to the Group financial statements

for the year ended 31 December 2009 (continued)

16 Financial risk management objectives and policies (continued)

Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain optimal capital structure to reduce the cost of capital

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt

The Group reviews capital through the various movements of the retained earnings, cashflow hedge reserve share premium and share capital

Throughout the financial year, the Group was not subjected to any externally imposed capital gearing ratio requirements

Interest rate risk

The following table sets out the carrying amount, by maturity, of the Group's financial instruments that are exposed to interest rate risk

2009	*Total* *£000*	*On demand* *£000*	*<1 year* *£000*	*>1-<2 years* *£000*	*>2-<5 years* *£000*	*>5 years* *£000*
Fixed						
Money market deposits	-	-	-	-	-	-
Floating						
Cash	(619)	(619)	-	-	-	-
Cash pooling facility with parent entity	(94,445)	(94,445)	-	-	-	-
Shareholder loans and interest	(56,781)	(640)	(6,238)	(6,238)	(43,665)	-

2008	*Total* *£000*	*On demand* *£000*	*<1 year* *£000*	*>1-<2 years* *£000*	*>2-<5 years* *£000*	*>5 years* *£000*
Fixed						
Money market deposits	1,000	1,000	-	-	-	-
Floating						
Cash	32,186	32,186	-	-	-	-
Cash pooling facility with parent entity	(49,254)	(49,254)	-	-	-	-
Shareholder loans and interest	(69,340)	(6,961)	(6,238)	(6,238)	(49,903)	-

Interest on financial instruments classified as floating rate is repriced at intervals of less than one year

Interest on financial instruments classified as fixed rate is fixed until the maturity of the instrument The other financial instruments of the Group that are not included in the above table are non-interest bearing and are therefore not subject to interest rate risk

Notes to the Group financial statements

for the year ended 31 December 2009 (continued)

16. Financial risk management objectives and policies (continued)

Fair values

Set out below is a comparison by category of carrying amounts and fair values of the Group's financial instruments

	Carrying amount		*Fair value*	
	2009	*2008*	*2009*	*2008*
	£000	*£000*	*£000*	*£000*
Financial assets				
Cash	**881**	32,186	**881**	32,186
Money market deposits	**-**	1,000	**-**	1,000
Forward currency contracts	**9,885**	8,775	**9,885**	8,775
	10,766	41,961	**10,766**	41,961
Financial liabilities				
Bank overdraft	**(619)**	-	**(619)**	-
Cash pooling facility with parent entity	**(94,454)**	(49,254)	**(94,454)**	(49,254)
Forward currency contracts	**-**	-	**-**	-
Shareholder loans and interest	**(56,781)**	(69,340)	**(56,781)**	(69,340)
	(151,854)	(118,594)	**(151,854)**	(118,594)

Fair values

Restricted cash balances and sale and leaseback creditors are excluded from the above analysis because they are now netted off, as explained in note 14

No disclosure of fair value is required for short-term trade receivables and payables as the carrying amount is a reasonable approximation of fair value

Hedging activities

The table below shows the Group's currency exposures which comprise the monetary liabilities of the Group that are not denominated in the financial currency of the operating unit involved

	2009	*2008*
	£000	*£000*
Sterling equivalent of liabilities denominated in US dollars	**10,212**	11,276
Sterling equivalent of liabilities denominated in Euro	**8,084**	-

Any movement in the value of sterling against other currencies would not reduce or increase the Group's profit before tax because all of the balance sheet foreign denominated liabilities were fully hedged as at 31 December 2009

The fair value of foreign currency contracts associated with monetary assets/(liabilities) of the Group denominated in US dollars is profiled below

	2009	*2008*
	£000	*£000*
1 year or less	**475**	4,379
More than 1 year but not more than 2 years	**190**	812
More than 2 years but not more than 5 years	**(773)**	548
	(108)	5,739

Notes to the Group financial statements

for the year ended 31 December 2009 (continued)

16. Financial risk management objectives and policies (continued)

Hedging activities (continued)

The fair value of foreign currency contracts associated with monetary assets/(liabilities) of the Group denominated in EUR is profiled below

	2009 £000	2008 £000
1 year or less	**1,884**	1,114
More than 1 year but not more than 2 years	**1,664**	1,869
More than 2 years but not more than 5 years	**697**	2,128
	4,245	5,111

The fair value of foreign currency contracts associated with monetary assets/(liabilities) of the Group denominated in AUS dollars is profiled below

	2009 £000	2008 £000
1 year or less	**2,125**	-
More than 1 year but not more than 2 years	**1,854**	(828)
More than 2 years but not more than 5 years	**1,769**	(1,247)
	5,748	(2,075)

The Group did not enter into any ineffective hedges during the year (2008 none)

The tables below sets out all the foreign currency contracts at the balance sheet date by maturity and their average contracted exchange rates

	2009 Foreign currency contracts US$000	Average US$/£ rate	2008 Foreign currency contracts US$000	Average US$/£ rate
1 year or less	**11,142**	**1 75**	34,254	1 90
More than 1 year but not more than 2 years	**7,583**	**1.69**	6,343	1 91
More than 2 years but not more than 5 years	**17,441**	**1.49**	4,219	1 88
	36,166	**1 64**	44,816	1 90

	2009 Foreign currency contracts EUR000	Average EUR/£ rate	2008 Foreign currency contracts EUR000	Average EUR/£ rate
1 year or less	**23,661**	**1 23**	11,700	1 25
More than 1 year but not more than 2 years	**28,281**	**1 20**	23,633	1 24
More than 2 years but not more than 5 years	**10,640**	**1.21**	32,665	1 22
	62,582	**1.21**	67,998	1 23

Notes to the Group financial statements

for the year ended 31 December 2009 (continued)

16 Financial risk management objectives and policies (continued)

Hedging activities (continued)

	2009 Foreign currency contracts AU$000	*Average AU$/£ rate*	*2008 Foreign currency contracts AU$000*	*Average AU$/£ rate*
1 year or less	**25,300**	**2 16**	-	-
More than 1 year but not more than 2 years	**25,300**	**2 20**	25,300	2 16
More than 2 years but not more than 5 years	**25,300**	**2 25**	50,600	2 23
	75,900	**2.20**	75,900	2 21

17. Commitments and contingencies

	2009 £000	*2008 £000*
Purchase obligations - Television programme rights	**506,420**	657,624
- Transmission and distribution agreements	**80,776**	91,090
Operating lease obligations	**24,942**	24,694
Other commitments	**38,984**	35,181
	651,122	808,589

Commitments and contingency payments due by period are as follows

	2009 £000	*2008 £000*
Within 1 year	**141,082**	176,500
Between 1 to 5 years	**396,628**	483,521
More than 5 years	**113,412**	148,568
	651,122	808,589

Purchase obligations – Transmission and distribution

Transmission and Distribution agreements are in respect of the infrastructure used for the distribution of the television signal across all of the major analogue and digital platforms The commitments are for periods of up to five years (2008 six years)

Operating leases obligations

At 31 December 2009, the Group's operating lease obligations totalled £24,942,000 (2008 £24,694,000), the majority of which related to property leases and playout facilities

Notes to the Group financial statements

for the year ended 31 December 2009 (continued)

17. Commitments and contingencies (continued)

Operating lease payments due by period are as follows

	2009 £000	2008 £000
Within 1 year	**6,524**	7,431
Between 1 to 2 years	**6,505**	7,078
Between 2 to 5 years	**10,799**	10,076
More than 5 years	**1,114**	109
	24,942	24,694

Other commitments

As at 31 December 2009, the Company has commitments amounting to £6,063,000 (2008 £8,607,000) which related to the analogue broadcasting licence fee which was granted to the Company by the regulator The amount spent in 2009 on the license fee was £1,601,000 (2008 £2,527,000)

The total future minimum rentals receivable under non-cancellable agreements as at 31 December 2009 are £33,126,331 (2008 £1,113,116) Receipts recognised as revenue in this period from these agreements were £6,482,000 (2008 £3,991,000)

The Group has arrangements for a remaining period of 7 years in relation to sale and leaseback transactions for an amount of £3,522,879 (2008 £3,863,882) Under these arrangements, the Group has sold programme rights and simultaneously leased back the assets under a finance lease arrangement The cash received has been placed in a "restricted bank-guaranteed deposit account" in order to satisfy the lease payments Refer to note 14

18 Related party disclosures

The consolidated financial statements include the financial statements of Channel 5 Television Group Limited and its subsidiaries listed in the following table

During the year, the Group entered into the following transactions, in the ordinary course of business, with related parties

Related party	*Interest payable to related parties £000*	*Interest receivable from related parties £000*	*Sales to related parties £000*	*Purchases from related parties £000*	*Consortium relief from related parties £000*	*Amounts owed to related parties £000*	*Amounts owed from related parties £000*
Entities with significant influence over the group							
RTL related Parties							
2009	**4,110**	**-**	**463**	**36,900**	**9,360**	**160,212**	**9,538**
2008	7,918	-	646	34 674	2,612	128,751	1,573

Notes to the Group financial statements

for the year ended 31 December 2009 (continued)

18. Related party disclosures (continued)

During the year, the Company entered into the following transactions, in the ordinary course of business, with related parties

Related party	*Interest payable to related parties £000*	*Interest receivable from related parties £000*	*Sales to related parties £000*	*Purchases from related parties £000*	*Consortium relief from related parties £000*	*Amounts owed to related parties £000*	*Amounts owed from related parties £000*
Entities with Significant influence over the Group							
RTL related Parties							
2009	**2,608**	**–**	**–**	**–**	**3,871**	**151,235**	**689**
2008	5,514	125,000	–	–	4,089	118,593	1,573
Subsidiaries							
Subsidiary undertakings							
2009	**741**	**2,377**	–	–	–	**4,345**	**85,987**
2008	4,889	3,492	–	–	–	89,190	71,561

Ultimate parent

Bertelsmann AG, a Company incorporated in Germany, is the ultimate and controlling parent undertaking and the parent undertaking of the largest group of undertakings of which the Company is a member and for which group financial statements are drawn up Copies of the financial statements of Bertelsmann AG can be obtained from Bertelsmann AG, Carl-Bertelsmann-Straße 270, 33311 Gütersloh, Germany

There were no transactions between the Group and Bertelsmann AG during the year (2008 £nil)

Entities with significant influence

Bertelsmann AG indirectly owns Channel 5 Television Group Limited via its holding in RTL Group SA

RTL Group SA is the parent undertaking of the smallest group of undertakings of which the Company is a member and for which group financial statements are drawn up RTL Group SA is registered in Luxembourg and copies of its financial statements may be obtained from RTL Group SA, 45, boulevard Pierre Frieden, L-1543 Luxembourg

Notes to the Group financial statements

for the year ended 31 December 2009 (continued)

18 Related party disclosures (continued)

Other related parties

The percentage shareholdings in Channel 5 Television Group Limited as at 31 December 2009 and 31 December 2008 were as follows

	Voting shares		*Economic interest*	
	2009	*2008*	*2009*	*2008*
	%	*%*	*%*	*%*
RTL Group SA				
CLT-UFA UK Holdings Limited	**100 00**	100 00	**100 00**	100 00

Terms and conditions of transactions with related parties

Sales to and purchases from related parties are made at normal market prices Outstanding balances at the year end are unsecured and settlement occurs in cash There are no guarantees provided or received for any related party receivables As at 31 December 2009, no provisions have been raised for doubtful debts relating to amounts owed by related parties (2008 £nil)

Transactions with key management personnel

In addition to their salaries, the Group also provides non-cash benefits to its key management personnel, and contributes to a defined contribution plan on their behalf The key management personnel are the directors of Channel 5 Television Group Limited

The key management personnel compensation is as follows

	2009	*2008*
	£000	*£000*
Short-term employee benefits	**4,436**	7,585
Post-employment benefits	**344**	323
Total compensation paid to key management personnel	**4,780**	7,908

One director receives emoluments in relation to their services to the group that are borne by another group undertaking and recharged to the Group

19 Post balance sheet events

The directors disclose there have been no events subsequent to balance date that could materially affect the reader's opinion of these financial statements