

# **Penguin Television Limited**

**(Registered number 3029140)**

**Directors' report and financial statements**

**For the year ended 31 December 2008**

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# **Penguin Television Limited**

## **Directors' report**

The directors present their annual report on Penguin Television Limited together with the audited financial statements for the year ended 31 December 2008.

### **Principal Activity**

Up until 31<sup>st</sup> October 2004, the Company's principal area of business was television production and distribution worldwide. On this date the decision was made to cease any new production and the Company stopped trading.

### **Results and dividends**

The profit for the year amounted to £793,000 (2007: profit of £754,000) as shown in the profit and loss account. The directors do not recommend the payment of a dividend (2007: nil) and the profit has been transferred to reserves.

### **Directors**

The current directors of the company and those who held office during the year and up to the date of the signing of the financial statements are as follows:

N D Portwood - Resigned 9<sup>th</sup> July 2009  
B C Fisher - Resigned 8<sup>th</sup> July 2009  
C Williams - Appointed 9<sup>th</sup> July 2009

### **Statement of director's responsibilities**

The directors are responsible for preparing this 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 financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **Independent Auditors**

Elective resolutions to dispense with holding of Annual General Meeting, the laying of financial statements before the company in general meetings and the appointment of auditors are currently in force. The auditors, PricewaterhouseCooper LLP, will therefore be deemed to be re-appointed for the next financial year.

# **Penguin Television Limited**

## **Directors' report (continued)**

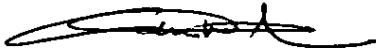
### **Disclosure of information to auditors**

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

- (1) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- (2) the 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 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 s234ZA of the Companies Act 1985.

Approved by the board of directors and signed on behalf of the board



C Williams  
Director  
21st July 2009

# **Penguin Television Limited**

## **Independent auditors' report to members of Penguin Television Limited**

We have audited the financial statements of Penguin Television Limited for the year ended 31 December 2008 which comprise the Profit and Loss Account, the Balance Sheet, and the related notes. These financial statements have been prepared under the accounting policies set out therein.

### **Respective responsibilities of directors and auditors**

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

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### **Opinion**

In our opinion the financial statements:

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31<sup>st</sup> December 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

*PricewaterhouseCoopers LLP*

PricewaterhouseCoopers LLP  
Chartered Accountants and Registered Auditors  
London

Date *22 JULY 2009*

# Penguin Television Limited

## Profit and loss account for the year ended 31 December 2008

	Notes	2008 £'000	2007 £'000
<b>Turnover</b>			
Discontinued operations		-	-
		-	-
<b>Cost of sales</b>		-	-
		-	-
<b>Gross profit</b>		-	-
<b>Operating expenses</b>			
Discontinued operations		-	(16)
		-	(16)
<b>Operating loss</b>		-	(16)
Interest receivable and similar income		1,142	1,093
<b>Profit on ordinary activities before taxation</b>		1,142	1,077
Tax on profit/ on ordinary activities	5	(349)	(323)
<b>Profit for the financial year</b>	9	793	754

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

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 notes on pages 6 to 9 form an integral part of these financial statements.

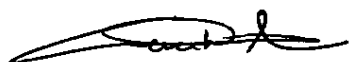
# Penguin Television Limited

## Balance Sheet as at 31 December 2008

	Notes	2008 £'000	2007 £'000
Debtors	6	18,411	19,323
Cash at bank and in hand		3,595	2,245
		<u>22,006</u>	<u>21,568</u>
Creditors: amounts falling due within one year	7	(515)	(870)
<b>Net current assets</b>		<u>21,491</u>	<u>20,698</u>
<b>Capital and reserves</b>			
Called up share capital	8	35,000	35,000
Profit and loss account	9	(13,509)	(14,302)
<b>Total shareholders' funds</b>	10	<u>21,491</u>	<u>20,698</u>

The notes on pages 6 to 9 form an integral part of these financial statements.

The financial statements on pages 4 to 9 were approved by the board of directors on and signed on its behalf by:



C Williams  
Director  
21st July 2009

# Penguin Television Limited

## Notes to the financial statements for the year ended 31 December 2008

### 1 Principal accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom and the Companies Act 1985.

The company is a wholly owned subsidiary of Pearson plc and the cash flows of the company are included in the consolidated group cash flow statement of Pearson plc. Consequently the company is exempt under the terms of Financial Reporting Standard No. 1 (revised 1996) "Cash Flow Statements" from publishing a cash flow statement. The company is also exempt under the terms of Financial Reporting Standard No. 8 "Related Party Disclosures" from disclosing the related party transactions (but not balances) with entities that are part of the Pearson plc group or investees of the Pearson plc group (note 10).

A summary of the more important accounting policies, which have been applied consistently, is set out below.

#### a) Basis of accounting

The financial statements are prepared on the going concern basis under the historical cost convention. Group financial statements have not been prepared, as permitted by section 228 of the Companies Act 1985, as the company is a wholly owned subsidiary undertaking of another undertaking registered in England and Wales.

#### b) Deferred taxation

Provision is made in full for deferred tax that arises from timing differences that have originated but not reversed by the balance sheet date on transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that there will be taxable profits from which the underlying timing differences can be deducted. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax assets and liabilities are not discounted. No deferred tax is provided in respect of any future remittance of earnings of foreign subsidiaries or associates where no commitment has been made to remit such earnings.

### 2 Interest receivable and similar income

	2008 £000	2007 £000
Interest receivable from group undertakings	1,142	1,093
	1,142	1,093

### 3 Director's emoluments

The directors received no emoluments in respect of their services to the company in 2008 and 2007.

All directors participate in a long term incentive scheme, whereby shares are receivable in the ultimate parent undertaking if certain performance conditions are met.



# Penguin Television Limited

## Notes to the Financial Statements For the year ended 31 December 2008 (Continued)

### 4 Employees

No staff were deemed to be employed by the company during the year (2007: nil)

### 5 Tax on profit on ordinary activities

	2008 £'000	2007 £'000
The Tax charge comprises:		
Current tax:		
UK Corporation tax on profit in the year	(349)	(323)
Total current tax	(349)	(323)
Tax charge on profit on ordinary activities	(349)	(323)

The tax assessed for the year is higher (2007: equal to) than the standard rate of corporation tax in the UK. The differences are explained below:

	2008 £'000	2007 £'000
Profit on ordinary activities before tax	1,142	1,077
Profit on ordinary activities multiplied by the standard rate in the UK 28.5% (2007: 30%)	325	323
Effects of:		
Other timing differences	-	-
Notional interest for UK to UK transfer pricing	(24)	-
Current tax charge for the year	(349)	(323)

### 6 Debtors

	2008 £'000	2007 £'000
Amounts owed by group undertakings	18,411	19,039
Prepayments and accrued income	-	284
	18,411	19,323

Interest is receivable on loan amounts owed by related parties at a rate of LIBOR, plus 25 points, is unsecured and repayable on demand.

# Penguin Television Limited

## Notes to the Financial Statements For the year ended 31 December 2008 (Continued)

### 7 Creditors: amounts falling due within one year

	2008 £'000	2007 £'000
Amounts due to group undertakings	358	365
Corporation tax creditor	157	505
	515	870

Balances owed to group undertakings are unsecured, interest free and payable on demand

### 8 Called up Share Capital

	2008 £'000	2007 £'000
Authorised, allotted and fully paid		
Ordinary shares of £1 each	35,000	35,000

### 9 Profit and loss account

	£000
At 1 January 2008	(14,302)
Profit for the financial year	793
At 31 December 2008	(13,509)

### 10 Reconciliation of movement in equity shareholders' funds

	2008 £000	2007 £000
Opening shareholders' funds	20,698	19,944
Profit / (loss) for the financial year	793	754
Closing shareholders' funds	21,491	20,698

### 11 Related party transactions

The company is a wholly owned subsidiary within Pearson plc and utilises the exemption contained in Financial Reporting Statement No 8 "Related Party Disclosures" not to disclose any transactions with entities that are part of the Pearson plc group.

### 12 Ultimate Parent Company

The immediate and ultimate parent undertaking is Pearson plc, a company that is registered in England and Wales. Copies of the consolidated financial statements of Pearson plc may be obtained from the company secretary, Pearson plc, 80 Strand, London WC2R 0RL.

# **Penguin Television Limited**

## **Notes to the Financial Statements**

**For the year ended 31 December 2008** (Continued)

### **13 Pension Costs**

The Company participates in the Pearson Group Pension Scheme, which is a hybrid with both defined benefit contribution and defined contribution sections but, predominantly, consisting of defined benefit liabilities. The Company is unable to identify its share of the underlying assets and liabilities of the Pearson Group Pension Scheme owing to information regarding non-active members, and changes to the group structure including acquisitions and disposals. Accordingly, the Company accounts for its participation in the scheme as defined contribution under the multi-employer rules of FRS 17. The sponsoring entity to this scheme is Pearson Services Limited.

The profit and loss charge for the Company in respect of its participation in the scheme, representing regular contributions paid was £nil (2007: £nil).

The total market value of assets in the Pearson Group Pension Scheme was £1,478 million as at 31 December 2008 (2007: £1,747 million) and the value of liabilities calculated in accordance with FRS 17 was £1,420 million as at 31 December 2008 (2007: £1,671 million). Hence the total Financial Reporting Standard 17 surplus for Pearson Group Pension Scheme was £58 million (2007: £76 million surplus). This was determined by an actuarial valuation using the projected unit method.

### **14 Contingent Liabilities**

#### **Bank Guarantees**

The company participates in an arrangement with HSBC Bank plc whereby the accounts of Pearson plc and 33 of its subsidiaries, "the guarantors", are combined, with cleared debit and credit balances being offset for interest calculation purposes. In order to comply with banking regulations, each guarantor to this arrangement has provided a multilateral guarantee in respect of the overdraft obligations (but no other debts due to the bank) of each of the other participants. The net balance under this arrangement at 31 December 2008 was a credit balance of £306,079. (31 December 2007: credit balance £1,794,375)

The maximum amount of this guarantee is limited to a net overdraft of £50,000,000.

As at 31 December 2008 the potential liability arising from these guarantee arrangements amounted to £50,000,000 for the parent undertaking and fellow subsidiary undertakings and £nil (2007: £nil) for the subsidiary undertakings of the company.