

# **Penguin Television Limited**

**(Registered number 03029140)**

**Annual report and financial statements**  
**For the year ended 31 December 2009**

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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 2009

### **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 £826,000 (2008 profit of £793,000) as shown in the profit and loss account. The directors do not recommend the payment of a dividend (2008 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 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# **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 S418 of the Companies Act 2006

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



C Williams  
Director

Date 18<sup>th</sup> June 2010

# **Penguin Television Limited**

## **Independent Auditors' report to the members of Penguin Television Ltd**

We have audited the financial statements of Penguin Television Ltd for the year ended 31 December 2009 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

As explained more fully in the Directors' Responsibilities Statement set out on page 1 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2009 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

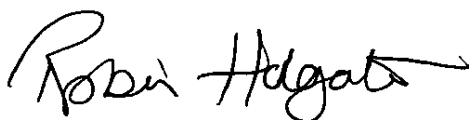
### **Opinion on other matter prescribed by the Companies Act 2006**

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, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Robin Holgate (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors London

Date 18 June 2010.

## **Penguin Television Limited**

### **Profit and loss account for the year ended 31 December 2009**

	<b>Notes</b>	<b>2009 £'000</b>	<b>2008 £'000</b>
Interest receivable and similar income	3	1,147	1,142
<b>Profit on ordinary activities before taxation</b>		<b>1,147</b>	<b>1,142</b>
<u>Tax on profit on ordinary activities</u>	<u>6</u>	<u>(321)</u>	<u>(349)</u>
<b>Profit for the financial year</b>	<b>10</b>	<b>826</b>	<b>793</b>

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

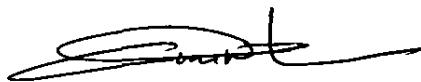
# Penguin Television Limited

## Balance Sheet as at 31 December 2009

	Notes	2009 £'000	2008 £'000
Debtors	7	18,412	18,411
Cash at bank and in hand		4,473	3,595
		<u>22,885</u>	<u>22,006</u>
Creditors amounts falling due within one year	8	(568)	(515)
<b>Net current assets</b>		<u>22,317</u>	<u>21,491</u>
<b>Capital and reserves</b>			
Called up share capital	9	35,000	35,000
Profit and loss account	10	(12,683)	(13,509)
<b>Total shareholders' funds</b>	11	<u>22,317</u>	<u>21,491</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

Date 18<sup>th</sup> June 2010

Company Number 03029140

# **Penguin Television Limited**

## **Notes to the financial statements for the year ended 31 December 2009**

### **1 Principal accounting policies**

The financial statements have been prepared on the going concern basis, under the historical costs convention, in accordance with applicable Accounting Standards in the United Kingdom and the Companies Act 2006

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 11)

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 400 of the Companies Act 2006, 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 Auditors' remuneration**

The auditors' remuneration for 2009 and 2008 was borne by Penguin Books Limited

### **3 Interest receivable and similar income**

	2009 £000	2008 £000
Pearson Plc interest	1,106	1,121
Bank interest	23	21
Other	18	-
	<b>1,147</b>	<b>1,142</b>



# Penguin Television Limited

## Notes to the Financial Statements For the year ended 31 December 2009 (Continued)

### 4 Director's emoluments

The directors received no emoluments in respect of their services to the company in 2009 and 2008

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

### 5 Employees

No staff were deemed to be employed by the company during the year (2008 nil)

### 6 Tax on profit on ordinary activities

	2009 £'000	2008 £'000
<b>The Tax charge comprises</b>		
<b>Current tax:</b>		
UK Corporation tax on profit in the year	(321)	(349)
<b>Total current tax</b>	<b>(321)</b>	<b>(349)</b>
<b>Tax charge on profit on ordinary activities</b>	<b>(321)</b>	<b>(349)</b>

The tax assessed for the year is equal to (2008 higher than) the standard rate of corporation tax in the UK. The differences are explained below

	2009 £'000	2008 £'000
<b>Profit on ordinary activities before tax</b>	<b>1,147</b>	<b>1,142</b>
Profit on ordinary activities multiplied by the standard rate in the UK 28% (2008 28.5%)	321	325
Effects of		
Other timing differences	-	-
Notional interest for UK to UK transfer pricing	-	(24)
<b>Current tax charge for the year</b>	<b>(321)</b>	<b>(349)</b>

### 7 Debtors

	2009 £'000	2008 £'000
Amounts owed by group undertakings	18,411	18,411
Prepayments and accrued income	1	-
	<b>18,412</b>	<b>18,411</b>

Amounts owed by group undertakings are interest bearing at a rate of LIBOR, plus 300 points (2008 plus 25 points), are unsecured and repayable on demand

# Penguin Television Limited

## Notes to the Financial Statements For the year ended 31 December 2009 (Continued)

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

	2009 £'000	2008 £'000
Amounts due to group undertakings	-	358
Corporation tax creditor	568	157
	<b>568</b>	<b>515</b>

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

### 9 Called up Share Capital

	2009 £'000	2008 £'000
Authorised, allotted and fully paid Ordinary shares of £1 each	35,000	35,000

### 10 Profit and loss account

	£000
At 1 January 2009	(13,509)
Profit for the financial year	826
<b>At 31 December 2009</b>	<b>(12,683)</b>

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

	2009 £000	2008 £000
Opening shareholders' funds	21,491	20,698
Profit / (loss) for the financial year	826	793
<b>Closing shareholders' funds</b>	<b>22,317</b>	<b>21,491</b>

### 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 2009** (Continued)

#### **13 Contingent Liabilities**

##### **Bank Guarantees**

The company participates in an arrangement with HSBC Bank plc whereby the accounts of Pearson plc and 34 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 2009 was a debit balance of £4,238,177.

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

As at 31 December 2009 the potential liability arising from these guarantee arrangements amounted to £50,000,000 for the parent undertaking and fellow subsidiary undertakings and £nil (2008: £nil) for the subsidiary undertakings of the company.