

COMPANY REGISTRATION NUMBER 03030087

# **CLT-UFA UK Television Limited**

**Annual report and financial statements**

**for the year ended 31 December 2010**



---

**CLT-UFA UK Television Limited**

**Financial statements  
for the year ended 31 December 2010**

<b>CONTENTS</b>	<b>PAGE</b>
Directors' report	<b>1</b>
Independent auditor's report	<b>3</b>
Profit and loss account	<b>5</b>
Balance sheet	<b>6</b>
Notes to the financial statements	<b>7</b>

## **CLT-UFA UK Television Limited**

### **Directors' report for the year ended 31 December 2010**

The directors present their report and the audited financial statements of the company for the year ended 31 December 2010

#### **Principal activities and business review**

The principal activity of the company during the year was that of a holding company for the investments in the UK television operations of RTL Group S A and provision of research into the UK television market

During the year the company's investment in Channel 5 Television Group Limited was disposed, resulting in a loss on disposal of £36,109,000

The company continues to provide research on the UK television market to other group companies

#### **Results and dividends**

The loss for the year, after taxation, amounted to £42,505,000 (2009 £109,568,000) The directors have not recommended a dividend (2009 £nil) The loss for the year has been transferred to reserves

#### **Financial risk management**

The company's financial management operates within defined treasury and financial operations policies determined by the company's management and its shareholders

The company's principal financial instruments are cash, the main purpose of which is to finance the company's operations The company has other financial instruments, such as trade receivables and trade payables that arise directly from its operations

#### **Directors**

The directors, who held office for the year and up to the date of signing the financial statements, are outlined below

A Buckhurst	
R Mannelli	(Appointed 20 October 2010)
D Menet	(Resigned 20 October 2010)
D Hockley	(Resigned 23 July 2010)

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

#### **Going concern**

The company has net liabilities and has incurred a loss in the year ended 31 December 2010 The financial statements have been prepared on a going concern basis as the company has received confirmation from RTL Group S A of its intention to provide continuing financial support to the company for a period of not less than twelve months from the date of approval of these financial statements

## **Directors' report for the year ended 31 December 2010 (continued)**

### **Statement of directors' responsibilities**

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial 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). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing 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,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.


The directors who held office at the date of approval of this directors' report confirm that, so far as they are aware

- there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

### **Small company provisions**

This report has been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006

By order of the Board



A Buckhurst

Director

1 Stephen Street  
London  
W1T 1AL

Approved by the directors on ~~27~~ September 2011

## **CLT-UFA UK Television Limited**

### **Independent auditor's report to the members of CLT-UFA UK Television Limited**

We have audited the financial statements of CLT-UFA UK Television Limited for the year ended 31 December 2010 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 statement of directors' responsibilities set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and 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 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 2010 and of its loss 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 matters 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.

**CLT-UFA UK Television Limited**


**Independent auditor's report**

**to the members of CLT-UFA UK Television Limited (continued)**

**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, or
- the directors were not entitled to take advantage of the small companies' exemption in preparing the directors' report



Mark Hughes (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants & Statutory Auditors  
London

28 September 2011

# CLT-UFA UK Television Limited

## Profit and loss account

for the year ended 31 December 2010

	Note	2010 £000	2009 £000
Administrative expenses		(6,287)	(778)
Other operating income	2	4,095	1,604
<b>Operating (loss)/profit</b>	3	(2,192)	826
Loss on disposal of discontinued operations	8	(36,109)	—
Amounts written off investments	8	—	(103,463)
Interest receivable and similar income		1	—
Interest payable and similar charges	5	(4,761)	(6,688)
<b>Loss on ordinary activities before taxation</b>		(43,061)	(109,325)
Tax on loss on ordinary activities	6	556	(243)
<b>Loss for the financial year</b>		<u>(42,505)</u>	<u>(109,568)</u>

The above results were derived entirely from continuing operations

The company has no recognised gains or losses during either year other than those reflected in the profit and loss account above and therefore no separate statement of total recognised gains and losses has been presented

There is no material difference between the loss on ordinary activities before taxation and the loss for the financial years stated above and their historical cost equivalents

The notes on pages 7 to 12 form part of these financial statements

# CLT-UFA UK Television Limited

## Balance sheet

as at 31 December 2010

	Note	2010 £000	2009 £000
<b>Fixed assets</b>			
Tangible assets	7	16	–
Investments	8	–	36,109
		<u>16</u>	<u>36,109</u>
<b>Current assets</b>			
Debtors	9	442	818
Cash at bank		723	707
		<u>1,165</u>	<u>1,525</u>
<b>Creditors. Amounts falling due within one year</b>	10	(295,306)	(289,254)
<b>Net current liabilities</b>		<u>(294,141)</u>	<u>(287,729)</u>
<b>Total assets less current liabilities</b>		<u>(294,125)</u>	<u>(251,620)</u>
<b>Capital and reserves</b>			
Called-up share capital	11	22,028	22,028
Share premium account	12	255,184	255,184
Profit and loss account	12	(571,337)	(528,832)
<b>Total shareholders' deficit</b>	13	<u>(294,125)</u>	<u>(251,620)</u>

The financial statements on pages 5 to 12 were approved by the directors and authorised for issue on 27 September 2011, and are signed on their behalf by



A Buckhurst  
Director

Company Registration Number 03030087

The notes on pages 7 to 12 form part of these financial statements



## **Notes to the financial statements**

**for the year ended 31 December 2010**

### **1. Accounting policies**

#### **Basis of preparation**

These financial statements are prepared on a going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies are set out below and have been applied consistently.

#### **Cash flow and related party transactions**

The company is a wholly owned subsidiary of the RTL Group S A and is included in the consolidated financial statements of the RTL Group which are publicly available. Consequently, the company is exempt under the terms of Financial Reporting Standard 8, Related Party Disclosures, from disclosing transactions with members of RTL Group S A. The company is also exempt under the terms of Financial Reporting Standard 1 (Revised 1996), Cash flow statements, from preparing a cash flow statement.

#### **Fixed assets**

All fixed assets are initially recorded at cost. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

#### **Depreciation**

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Motor Vehicles - 3 years straight line

#### **Operating lease agreements**

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

#### **Fixed asset investments**

Fixed asset investments are stated at cost less provision for any permanent diminution of value. Their value is reviewed annually by the directors and provision is made, where appropriate, for any permanent diminution of value.

#### **Pension costs**

Contributions in respect of the company's defined contribution pension scheme are charged to the profit and loss account for the year in which they are payable to the scheme. Differences between contributions payable and contributions actually paid in the year are shown as either accruals or prepayments at the year end.

#### **Taxation**

The charge for taxation is based on the profit for the year and takes into account taxation deferred or accelerated because of timing differences between the treatment of certain items for accounting and taxation purposes. Full provision is made for deferred taxation resulting from timing differences computed for taxation purposes and profits stated in the financial statements to the extent that there is an obligation to pay more tax in the future as a result of the reversal of those timing differences. Deferred tax assets are recognised to the extent that they are expected to be recoverable. Deferred tax is calculated on a non-discounted basis at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse.

#### **Interest**

Interest income and expense is recognised on a time proportion basis using the effective interest method.

# CLT-UFA UK Television Limited

## Notes to the financial statements

for the year ended 31 December 2010

### 2. Other operating income

	2010 £000	2009 £000
Other operating income	4,095	1,604

Other operating income during the year relates to the waiving of group loans (2009. recharges of professional fees and service charges)

### 3. Operating (loss)/profit

Operating (loss)/profit is stated after charging

	2010 £000	2009 £000
Depreciation of owned fixed assets	2	—
Auditor's remuneration	3	3
- as auditor	473	—
Bad debts written off	3,755	—
Other transaction costs		

'Other transaction costs' relates to transaction bonuses and change of control payments made to employees of a former subsidiary

### 4. Employee information and directors' emoluments

The average number of staff employed by the company during the financial year amounted to

	2010 No	2009 No
Other	2	1

The aggregate payroll costs of the above were

	2010 £000	2009 £000
Wages and salaries	1,817	690
Social security costs	72	88
Other pension costs	29	—
	1,918	778

### 5. Interest payable and similar charges

	2010 £000	2009 £000
Interest payable to group undertakings	4,761	6,688

# CLT-UFA UK Television Limited

## Notes to the financial statements

for the year ended 31 December 2010

### 6. Tax on loss on ordinary activities

#### (a) Analysis of (credit)/expense in the year

	2010 £000	2009 £000
Current tax		
UK group relief receivable at 28% (2009 28%) on the loss for the year	(421)	61
Adjustments in respect of previous periods	(135)	182
Tax (credit)/expense on loss on ordinary activities	<u>(556)</u>	<u>243</u>

There are no deferred tax charges in either the current or previous period

#### (b) Factors affecting the tax (credit)/expense for the year

The tax assessed on the loss on ordinary activities for the year differs from the standard rate of corporation tax in the UK of 28% (2009 28%) The differences are explained below

	2010 £000	2009 £000
Loss on ordinary activities before tax	<u>(43,061)</u>	<u>(109,325)</u>
Loss on ordinary activities by rate of tax	(12,057)	(30,611)
Expenses not deductible for tax purposes	11,636	30,842
Utilisation of tax losses	-	(170)
Adjustments in respect of previous periods	(135)	182
Total current tax (note 6(a))	<u>(556)</u>	<u>243</u>

During the year, the UK main corporation tax rate has been decreased from 28% to 27% which was substantively enacted on 20 July 2010 and became effective from 1 April 2011

In addition to the changes in rates of Corporation tax disclosed above a number of further changes to the UK Corporation tax system were announced in the March 2011 UK Budget Statement A resolution passed by Parliament on 29 March 2011 reduced the main rate of corporation tax to 26% from 1 April 2011 Legislation to reduce the main rate of corporation tax from 26% to 25% from 1 April 2012 is expected to be included in the Finance Act 2011 Further reductions to the main rate are proposed to reduce the rate by 1% per annum to 23% by 1 April 2014 None of these expected rate reductions had been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements

# CLT-UFA UK Television Limited

## Notes to the financial statements

for the year ended 31 December 2010

### 7 Tangible fixed assets

	Motor Vehicles £000
<b>Cost</b>	
Additions	18
<b>At 31 December 2010</b>	<u>18</u>
<b>Depreciation</b>	
Charge for the year	2
<b>At 31 December 2010</b>	<u>2</u>
<b>Net book value</b>	
<b>At 31 December 2010</b>	<u>16</u>
At 31 December 2009	<u>-</u>

### 8 Investments

	Subsidiary undertakings £000
<b>Cost</b>	
At 1 January 2010	503,587
Disposals	(503,587)
<b>At 31 December 2010</b>	<u>-</u>
<b>Provision</b>	
At 1 January 2010	467,478
Written off in prior years written back	(467,478)
<b>At 31 December 2010</b>	<u>-</u>
<b>Net book value</b>	
<b>At 31 December 2010</b>	<u>-</u>
At 31 December 2009	36,109

The fixed asset investment, which was stated at cost less provision for impairment, represented the company's 100% interest in CLT-UFA Holdings Limited (incorporated in Jersey, Channel Islands) which was sold on 23 July 2010. The consideration for the sale of the shares was £1. Accordingly, a loss on disposal of £36,109,000 has been recognised in these financial statements. The principal activity of CLT-UFA Holdings Limited was the holding of investments.

In 2009 the company assessed whether there was an indication that its investments might be impaired. The Company made an estimate of the investments recoverable amount. Recoverable amounts were measured at their fair value in use by discounting the future expected cash flows from the investments. These calculations used cash flow projections based on management approved budgets. Cash flows beyond the initial five year period were extrapolated using a long term growth rate of 3%. The cash flows were discounted at 8.40%. The impairment charge in 2009 of £103,463,000 related to the impairment of the underlying investments held by CLT-UFA Holdings Limited, solely Five Group.

# CLT-UFA UK Television Limited

## Notes to the financial statements

for the year ended 31 December 2010

### 8. Investments (continued)

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

### 9. Debtors

	2010 £000	2009 £000
Amounts owed by group undertakings	421	817
Other debtors	8	1
Prepayments and accrued income	13	–
	<u>442</u>	<u>818</u>

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

### 10. Creditors: Amounts falling due within one year

	2010 £000	2009 £000
Trade creditors	5	3
Amounts owed to group undertakings	294,060	288,456
Other taxation and social security	208	–
Other creditors	1,022	795
Accruals and deferred income	11	–
	<u>295,306</u>	<u>289,254</u>

Included in amounts owed to group undertakings in 2010 are loan balances which incurred interest between 1.84% and 2.03% (2009 1.74% and 3.96%) during the year. All other amounts owed to group undertakings are repayable on demand.

### 11. Called up share capital

	2010 £000	2009 £000
<i>Authorised</i>		
100,000,000 (2009 100,000,000) ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>
<i>Allotted and fully paid</i>		
22,027,726 (2009 22,027,726) ordinary shares of £1 each	<u>22,028</u>	<u>22,028</u>

# CLT-UFA UK Television Limited

## Notes to the financial statements

for the year ended 31 December 2010

### 12. Reserves

	Share premium account £000	Profit and loss account £000
As at 1 January	255,184	(528,832)
Loss for the financial year	-	(42,505)
<b>As at 31 December</b>	<b>255,184</b>	<b>(571,337)</b>

### 13. Reconciliation of movements in shareholders' deficit

	2010 £000	2009 £000
Loss for the financial year	(42,505)	(109,568)
Shareholders' deficit as at 1 January	(251,620)	(142,052)
<b>Shareholders' deficit as at 31 December</b>	<b>(294,125)</b>	<b>(251,620)</b>

### 14. Ultimate parent undertaking and controlling party

The immediate parent undertaking is CLT-UFA S A , a company registered in Luxembourg

The smallest group to consolidate these accounts is RTL Group S A , a company registered in Luxembourg. Copies of the RTL Group S A accounts can be obtained from the General Counsel at RTL Group S A , 45 Boulevard Pierre Frieden, L-1543 Luxembourg

The ultimate parent undertaking and controlling party is Bertelsmann AG, a company registered in Germany which is the largest group to consolidate these accounts. Copies of the Bertelsmann AG accounts can be obtained from the General Counsel at Bertelsmann AG, Carl-Bertelsmann-Straße 270, 33311 Gutersloh, Germany

### 15. Pension commitments

The company makes contributions to defined contribution pension schemes on behalf of employees

The cost of these contributions in the year amounted to £29,000 (2009 £nil)