

UK Gold Holdings Limited

Directors' report and financial statements

Registered number 03298738

31 December 2013



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Strategic report

Principal activity

The Company is a wholly owned subsidiary of UKTV Media Limited.

The principal activity of UK Gold Holdings Limited is to operate as the holding company of UKTV Interactive Limited, UK Gold Services Limited, UK Gold Satellite Investments Limited and its subsidiary undertakings, and mainly holds investments and inter-company balances.

Results and business review

The Company is the holding company for UKTV Interactive Limited, UK Gold Services Limited, UK Gold Satellite Investments Limited and its subsidiary undertakings.

Detailed results of the Company for the year ended 31 December 2013 are set out on page 6.

By order of the board



P Edmondson
Company Secretary

245 Hammersmith Road
London
W6 8PW
Registered number: 3298738
13 June 2014

Directors' report

The directors present their annual report and the audited financial statements of UK Gold Holdings Limited (the 'Company') for the year ended 31 December 2013.

Going Concern

The Company's business activities, together with the factors likely to affect its future development and position, are set out in this report. One of the Company's wholly owned subsidiaries, UK Gold Services Limited, is expected to continue to generate positive cash flows on its own account for the foreseeable future and all available cash within this subsidiary company is paid up to UK Gold Holdings Limited by way of ordinary dividend.

After 1 January 2013, the Company can be required by Scripps Networks Interactive Inc. ("Scripps") to seek external finance to facilitate repayment of all sums owed by the Company to Scripps. The directors have considered this position and are confident that sufficient external finance can be secured should Scripps choose to require repayment of the Company's debt during 2014 or in the foreseeable future. Should the Company be unable to secure sufficient external finance, the debt becomes repayable only out of 'available cash'. On this basis, and on their assessment of the Company's financial position, the directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future.

Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Dividends

During the year, ordinary dividends of £37,500,000 (2012: £25,600,000), being equivalent to £18,750,000 (2012: £12,800,000) per ordinary shareholder were proposed and paid. Preference dividends of £50,000 (2012: £50,000) were payable to Southbank Media Ltd, a subsidiary of Scripps.

Post balance sheet events

On 1st April 2014, the Company's dormant wholly owned subsidiaries, UK Gold Satellite Investments Limited, UK Gold Broadcasting Limited and UK Gold Television Limited were placed into member's voluntary liquidation.

Directors

The directors who held office during the year and up to the date of this report are as follows:

P J Vincent	(resigned 20 December 2013)
P Dempsey	(appointed 1 January 2013; resigned 1 April 2013)
T Davie	(appointed 1 April 2013)
A Bott	(appointed 20 December 2013)
D Childs	(appointed 25 March 2014)
K W Lowe	(resigned 11 April 2014)
S Nardi	(appointed 11 April 2014)
M Arthur	
J G NeCastro	
J Samples	

Mrs Sophia Pryor resigned as Company Secretary to the Company on 22 November 2013. Mrs Patricia Edmondson was appointed as Company Secretary to the Company on 25 March 2014.

Political and charitable contributions

The company did not make any political or charitable contributions during the year (2012: £nil).

Directors' report *(continued)*

Disclosure of information to auditor

The directors who held office at the date of approval of the Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware and each Director has taken all steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditor

Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be re-appointed and KPMG LLP will therefore continue in office.

By order of the board



P Edmondson
Company Secretary

245 Hammersmith Road
London
W6 8PW
Registered number: 3298738
13 June 2014

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

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 their profit or loss for the period.

In preparing these 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.

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 its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Independent Auditor's Report to the Members of UK Gold Holdings Limited

We have audited the financial statements of UK Gold Holdings Limited (the 'Company') for the year ended 31 December 2013 set out on pages 6 to 17. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 4, 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.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.cfm.

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 2013 and of its profit for the year then ended;
- have been properly prepared in accordance with UK 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.



Steve Masters (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
15 Canada Square
London, E14 5GL

17 June 2014

Profit and loss account

for the year ended 31 December 2013

	<i>Note</i>	2013 £'000	2012 £'000
Turnover		-	-
Cost of sales		-	-
		<hr/>	<hr/>
Gross profit		-	-
Distribution costs		-	-
Administration expenses		-	-
		<hr/>	<hr/>
Operating profit		-	-
Interest payable and similar charges	5	(2,519)	(2,561)
Preference Dividends	5	(50)	(50)
Ordinary Dividends received from UK Gold Services Ltd		36,297	40,783
		<hr/>	<hr/>
Profit on ordinary activities before taxation	6	33,728	38,172
Tax on profit on ordinary activities	7	-	-
		<hr/>	<hr/>
Profit for the financial year		33,728	38,172
		<hr/> <hr/>	<hr/> <hr/>

All the above results arose from continuing operations.

There is no difference between the result on a historical cost basis and that shown in the profit and loss account.

There were no recognised gains and losses other than that recognised in the profit and loss account. Accordingly, no statement of total recognised gains and losses has been prepared.

Notes on pages 8 to 17 form an integral part of these financial statements.

Balance sheet

at 31 December 2013

	Note	2013		2012	
		£'000	£'000	£'000	£'000
Fixed assets					
Investments	10		135,733		135,733
Current assets					
Debtors: amounts falling due within one year	11	358		358	
		<u>358</u>		<u>358</u>	
Creditors: amounts falling due within one year	12	(41,463)		(41,463)	
Net current liabilities			(41,105)		(41,105)
Total assets less current liabilities			<u>94,628</u>		<u>94,628</u>
Creditors: amounts falling due after more than one year	13		(38,168)		(34,396)
Net assets			<u>56,460</u>		<u>60,232</u>
Total shareholders' funds					
Equity share capital	14		3		3
Share capital redemption reserve	15		13,750		13,750
Profit and loss account	15		42,707		46,479
Shareholders' funds	16		<u>56,460</u>		<u>60,232</u>

The notes on pages 8 to 17 form part of these financial statements.

These financial statements were approved by the board of directors on 13 June 2014 and were signed on its behalf by:



A Bott
Director

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements, except as noted below.

Basis of preparation

The financial statements have been prepared, on a going concern basis, in accordance with applicable accounting standards and under the historical cost accounting conventions.

Going Concern

One of the Company's wholly owned subsidiaries, UK Gold Services Limited, is expected to continue to generate positive cash flows on its own account for the foreseeable future and all available cash within this subsidiary company is paid up to UK Gold Holdings Limited by way of ordinary dividend.

After 1 January 2013, the Company can be required by Scripps Networks Interactive Inc. ("Scripps") to seek external finance to facilitate repayment of all sums owed by the Company to Scripps. The directors have considered this position and are confident that sufficient external finance can be secured should Scripps choose to require repayment of the Company's debt during 2014 or in the foreseeable future. Should the Company be unable to secure sufficient external finance, the debt becomes repayable only out of 'available cash'. On this basis, and on their assessment of the Company's financial position, the directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future.

Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Cash flow statement

The Company is exempt from the requirement of Financial Reporting Standard No.1 (Revised) to prepare a cash flow statement as it is a wholly owned subsidiary of UKTV Media Limited and its cash flows are included within the consolidated cash flow statement of that company.

Related parties

As the Company is a wholly owned subsidiary of UKTV Media Limited, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of this group. The consolidated financial statements of UKTV Media Limited, within which this company is included, can be obtained from Companies House.

Taxation

The charge for taxation is based on the profit or loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Operating leases

Rentals payable relating to assets under operating lease are taken to the profit and loss account evenly over the period of the lease.

Notes (continued)

1 Accounting policies (continued)

Investments

In the Company financial statements, investments in subsidiary undertakings have initially been stated at fair value. It is the intention going forward to maintain these assets at historical cost and test for impairment, as appropriate.

Classification of financial instruments issued by the Group

Following the adoption of FRS 25, financial instruments issued by the Company are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions:

- a) they include no contractual obligations upon the Company, or Group as the case may be, to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company or Group; and
- b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital exclude amounts in relation to those shares.

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges.

2 Segmental reporting

The principal activity of the Company is to operate as the holding company of UKTV Interactive Limited, UK Gold Services Limited, UK Gold Satellite Investments Limited and its subsidiary undertakings, and mainly holds investments and inter-company balances.

In both the current and prior years, the Company generated no turnover or operating profit and so accordingly no segmental analysis is shown.

3 Staff numbers and costs

The Company did not employ any staff (excluding directors) during the year and therefore no payroll costs were incurred (2012: £nil). Staff costs are incurred by UK Channel Management Limited and recharged to companies within the UKTV Media Limited group of companies. These costs are disclosed in the financial statements for UK Channel Management Limited, which are available from Companies House.

4 Remuneration of directors

The directors did not receive remuneration from the company during the year (2012: £nil) as their services provided to the company are incidental to their duties to joint venture parents.

Notes (continued)

5 Interest payable and similar charges

	2013 £'000	2012 £'000
Redeemable unsecured loan stock (<i>note 17</i>)	2,247	2,268
Revolving credit facility (<i>note 17</i>)	-	18
Variable rate loan stock issued by UK Channel Management Ltd	226	275
Variable rate loan stock issued by UKTV New Ventures Ltd	46	-
Finance costs on shares classified as liabilities (<i>note 17</i>)	50	50
	<u>2,569</u>	<u>2,611</u>

6 Profit on ordinary activities before taxation

In the current and prior year the auditor's remuneration of £7,000 was borne by another group company.

7 Taxation

	2013 £'000	2012 £'000
Current tax charge	-	-

Factors affecting the tax charge for the current period:

The current tax charge for the period is lower (2012: lower) than the standard rate of corporation tax in the UK. The differences are explained below.

	2013 £'000	2012 £'000
Profit on ordinary activities before taxation	33,728	38,172
Tax on profit for the year at 24% to 1 April 2013 and 23% thereafter (2012: 24.5%)	7,842	9,352
<i>Effects of:</i>		
Dividend income deductible for tax purposes	(8,439)	(9,992)
Expenses not deductible for tax purposes	12	13
Losses surrendered for group relief	585	627
Total charge	-	-

Factors affecting future tax charge:

The UK corporation tax rate will reduce to 21% effective from 1 April 2014. This will reduce the Company's future current tax charge accordingly.

However there will be no effect noted due to there being no deferred tax asset recognised as at 31 December 2013.

Notes (continued)

8 Remuneration of directors

The directors did not receive any remuneration from the Company during the year (2012: £nil) as their services provided to the Group are incidental to their duties to joint venture parents.

9 Dividends

	2013 £'000	2012 £'000
Equity shares		
Ordinary dividends proposed and paid	(37,500)	(25,600)
	<u> </u>	<u> </u>

10 Fixed asset investments

	Other investments other than loans £'000
<i>Cost</i>	
At beginning and end of the year	135,733
	<u> </u>
<i>Net book value</i>	
At 31 December 2013	135,733
	<u> </u>
At 31 December 2012	135,733
	<u> </u>

Subsidiary undertakings

The following companies were subsidiaries at 31 December 2013:

	Business	Class of shares	Group Holding	Country of incorporation
UK Gold Television Limited	Dormant	Ordinary	100%	England and Wales
UK Gold Services Limited	Broadcasting Entertainment TV Channels	Ordinary	100%	England and Wales
UK Gold Broadcasting Limited	Dormant	Ordinary	100%	England and Wales
UK Gold Satellite Investments Limited	Dormant	Ordinary	100%	England and Wales
UKTV Interactive Limited	Non-trading	Ordinary	100%	England and Wales

Notes (continued)

10 Fixed asset investments (continued)

UK Gold Satellite Investments Limited, UK Gold Services Limited and UKTV Interactive Limited are wholly owned subsidiaries of the Company. UK Gold Television Limited is a wholly owned subsidiary of UK Gold Satellite Investments Limited. UK Gold Broadcasting Limited is a wholly owned subsidiary of UK Gold Television Limited.

In the opinion of the directors, the investments in, and amounts due from, the Company's subsidiary undertakings are worth at least the amounts at which they are stated in the balance sheet.

11 Debtors

	2013 £'000	2012 £'000
Amounts falling due within one year		
Amounts owed by fellow joint venture undertakings	358	358
	<u>358</u>	<u>358</u>

12 Creditors: amounts falling due within one year

	2013 £'000	2012 £'000
Amounts owed to fellow joint venture undertakings	3	3
Shares classified as liabilities (note 14, 17)	20,000	20,000
Redeemable unsecured loan stock (note 17)	21,460	21,460
	<u>41,463</u>	<u>41,463</u>

Redeemable unsecured loan stock was repayable after 1 January 2013 on shareholder request in accordance with the terms of the Shareholders' Agreement and subsequent Deed of Variation of a Shareholders' Agreement between the Company and the shareholders dated 10 December 2008. As at date of signing, this request had not taken place. Interest is payable at the higher of 10.5% per annum and the National Westminster bank base rate.

Shares classified as liabilities were redeemable after 1 January 2013 on shareholder request in accordance with the terms of the Shareholders' Agreement and subsequent Deed of Variation of a Shareholders' Agreement between the Company and the shareholders dated 10 December 2008. As at date of signing, this request had not taken place.

Notes (continued)

13 Creditors: amounts falling due after more than one year

	2013 £'000	2012 £'000
Amounts owed to fellow joint venture undertakings	24,608	24,608
Variable rate unsecured loan stock owed to fellow joint venture undertakings	12,166	8,666
Interest on variable rate unsecured loan stock owed to fellow joint venture undertakings	1,394	1,122
	<u>38,168</u>	<u>34,396</u>

The variable rate unsecured loan stock owed to fellow joint venture undertakings relates to variable rate loan stock issued by UK Channel Management Limited on 10 December 2008 and variable rate loan stock issued by UKTV New Ventures on 26 June 2013. The loans are repayable only if unanimous shareholder agreement is passed. Both loans bear interest at 2% above the six month London Interbank Offered Rate for sterling deposits, as published in the Financial Times.

Notes (continued)

14 Called up share capital

	2013 £'000	2012 £'000
<i>Authorised, allotted and fully paid:</i>		
Equity share capital		
3,000 ordinary shares of £1 each (divided into 1,500 'A' shares and 1,500 'B' shares), (2012: 3,000 divided into 1,500 'A' shares and 1,500 'B' shares)	3	3
	<hr/>	<hr/>
	3	3
	<hr/>	<hr/>
	2013 £'000	2012 £'000
Shares classified as liabilities		
20,000,000 non-cumulative redeemable 0.25% preference shares of £1 each	20,000	20,000
	<hr/>	<hr/>
	20,000	20,000
	<hr/>	<hr/>

Rights attaching to each class of share are summarised below:

Save as summarised below, the holders of the 'A' ordinary shares and the 'B' ordinary shares rank *pari passu* in all respects.

Only the holders of the 'A' ordinary shares and the 'B' ordinary shares are entitled to voting rights at meetings of the members. The holders of a majority of 'A' ordinary shares also have the right to appoint and remove 'A' shareholder directors and the holders of a majority of 'B' ordinary shares have the rights to appoint and remove 'B' shareholder directors.

To the extent that there are profits available for distribution, the holders of the non-cumulative redeemable 0.25% preference shares ("non-cumulative preference shares") shall be entitled to a fixed non-cumulative cash dividend ("non-cumulative preference dividend") at the rate inclusive of any associated tax credit of 0.25 pence per share per annum.

The non-cumulative preference shares were redeemable after 1 January 2013 on shareholder request or on 1 January 2030 in accordance with the terms of the Shareholders' Agreement and subsequent Deed of Variation of a Shareholders' Agreement between the Company and the shareholders dated 10 December 2008 and per the loan novation agreement with Scripps Networks Interactive Inc. dated 1 October 2011. No premium will be payable on redemption of these shares.

Notes (continued)

15 Reserves

	Profit & Loss Account	Share Capital Redemption Reserve
	£'000	£'000
At 1 January 2013	46,479	13,750
Profit for the year	33,728	-
Equity dividends paid (<i>note 9</i>)	(37,500)	-
At 31 December 2013	42,707	13,750

16 Reconciliation of movement in equity shareholders' funds

	2013	2012
	£'000	£'000
Profit for the year	33,728	38,172
Dividends paid (<i>note 9</i>)	(37,500)	(25,600)
	(3,772)	12,572
Opening equity shareholders' funds	60,232	47,660
Closing equity shareholders' funds	56,460	60,232

Notes (continued)

17 Related party transactions

	2013 £'000	2012 £'000
Interest charged on redeemable loan stock to Scripps Networks Interactive Inc. and its subsidiaries.	(2,247)	(2,268)
Interest paid on redeemable loan stock to Scripps Networks Interactive Inc. and its subsidiaries.	(2,247)	(2,834)
Interest charged and paid on Revolving Credit Facility to Scripps Networks Interactive Inc. and its subsidiaries.	-	(18)
Repayment of Revolving Credit Facility to Scripps Networks Interactive Inc. and its subsidiaries.	-	(940)
Preference dividend payable to Scripps Networks Interactive Inc. and its subsidiaries.	(50)	(50)
	<u> </u>	<u> </u>

Balances outstanding at the year-end in respect of related parties are as follows:

	2013 £'000	2012 £'000
Amounts owed to Scripps Networks Interactive Inc. and its subsidiaries:		
Redeemable unsecured loan stock	(21,460)	(21,460)
Preference shares classified as liabilities	(20,000)	(20,000)
	<u> </u>	<u> </u>

Notes (continued)

18 Commitments

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

	Land & Buildings		Other		Total	
	2013	2012	2013	2012	2013	2012
	£'000	£'000	£'000	£'000	£'000	£'000
Operating leases which expire:						
In less than one year	-	-	3,353	-	3,353	-
In two to five years	-	-	-	4,119	-	4,119
Over five years	-	-	-	-	-	-

These commitments also include operating leases held by the Company on behalf of other related parties, by which lease costs are incurred and subsequently recharged to fellow group companies.

19 Ultimate joint venture parents

The Company is a wholly owned subsidiary of UKTV Media Limited. At 31 December 2013, the joint venture partners of UKTV Media Limited were BBC Worldwide Limited (a wholly owned subsidiary of the BBC) and Southbank Media Ltd (a wholly owned subsidiary of Scripps, a company incorporated in the state of Ohio, United States of America), each holding 50% respectively.

The accounts of both of these companies are available to the public and may be obtained from the following addresses:

Scripps Networks Interactive Inc.
312 Walnut Street
Cincinnati
Ohio
45202
United States

BBC Trust
180 Great Portland Street
London
W1W 5QZ

On 12 March 2013, the name of the parent company changed from Newincco 1112 Limited to UKTV Media Limited.

20 Post balance sheet events

On 1st April 2014, the Company's dormant wholly owned subsidiaries, UK Gold Satellite Investments Limited, UK Gold Broadcasting Limited and UK Gold Television Limited were placed into member's voluntary liquidation.