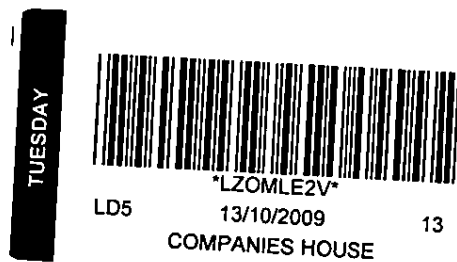


**Company Registration No. 3324932**

**Channel Network (UK) Limited ✓  
(formerly NGC Network (UK) Limited)**

**Report and Financial Statements**

**Year ended 30 June 2008**



**Channel Network (UK) Limited (formerly NGC Network (UK) Limited)**

**Report and financial statements 2008**

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# **Channel Network (UK) Limited**

## **Report and financial statements 2008**

### **Shareholders and professional advisers**

#### **Director**

D Haslingden

#### **Secretary**

J Bond

#### **Shareholders**

Channel Network (UK) Limited is a UK based company owned equally by the following:

TV Docchannel UK Limited	50% equity
NGC UK Holdings Company Limited	50% equity

#### **Registered Office**

Shepherds Building East  
Richmond Way  
London  
W14 0DQ

#### **Bankers**

Barclays Bank PLC  
54 Lombard Street  
London  
EC3V 9DA

#### **Auditors**

Ernst & Young LLP  
1 More London Place  
London  
SE1 2AF

# **Channel Network (UK) Limited**

## **Director's report**

The director presents his annual report on the affairs of the company together with the financial statements and auditors' report for the year ended 30 June 2008.

### **Principal activity and business review**

The company is a joint venture between TV Docchannel UK Limited and NGC UK Holdings Company Limited formed for the purpose of holding an investment in NGC UK Partnership and NGC Overseas Holding Limited. The company is a non-operating entity through which the shareholders invest funds in, and receive returns from, the Partnership. The partnership operates and transmits the documentary programme channels National Geographic Channel, National Geographic Channel HD, Nat Geo Wild and Nat Geo Adventure within its territories. The principal territories in which the partnership operates are the United Kingdom, the Netherlands, Scandinavia, Africa, Israel and Eastern Europe. The Partnership is consolidated with its wholly owned subsidiary, NGC Networks (Australia) Pty Limited.

During the year the company changed its name from NGC Network (UK) Limited to Channel Network (UK) Limited.

### **Future developments**

The directors aim to maintain the management policies which have resulted in the company's growth in recent years.

### **Results and dividend**

During the year £9,491,000 was paid as a dividend (18 months ended 30 June 2007: £1,440,000). This was paid via a non-cash distribution of £7,971,000 (18 months ended 30 June 2007: nil) and a cash distribution of £1,520,000 (18 months ended 30 June 2007: £1,440,000). The profit for the year is shown on page 7.

### **Directors and director's interests**

The directors who held office during the period and subsequently (except as noted), were as follows:

T Kelly (resigned 11 December 2007)

A Grima (resigned 11 December 2007)

E Prince (resigned 11 December 2007)

D Haslingden (appointed 11 December 2007)

At no time during the year did any of the directors hold any interest requiring disclosure under Schedule 7 of the Companies Act 1985 in the shares of the company or shares in any other group company.

# Channel Network (UK) Limited

## Director's report

### Financial risk management objectives and policies

The director does not believe that the company is exposed to any credit risk, cash flow risk, price risk or liquidity risk. The company currently has sufficient cash to fund its activities, however in the event that additional liquidity was required sufficient funds are available for ongoing operations and future developments.

### Auditors

The director at the date of approval of this report confirms that:

- During the year, TV Docchannel UK Limited removed Deloitte LLP as auditor, and appointed Ernst & Young LLP.
- so far as the director is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the company's auditors are unaware; and
- the director has taken all the steps that he ought to have taken as a director in order to make himself 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 Sole Director  
and signed on behalf of the Board



D Haslingden  
Director

6 October 2009

# **Channel Network (UK) Limited**

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

The director is responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 these financial statements, the director is 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable him to ensure that the financial statements comply with the Companies Act 1985. He is also responsible for the system of internal control, 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' report to the members of Channel Network (UK) Limited**

We have audited the financial statements of Channel Network (UK) Limited for the period ended 30 June 2008 which comprises the Profit and Loss account, the Balance Sheet, the Statement of Recognised Gains and Losses and the related notes 1 to 16. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditors' 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 director and auditors**

The director's responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Director's Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 report to you, whether in our opinion, the information given in the Director's Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 director's remuneration and other transactions is not disclosed.

We read the director's 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 United Kingdom auditing standards 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 judgements made by the director 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.

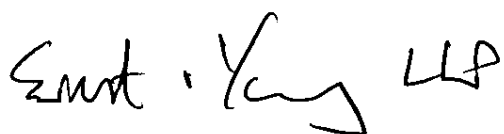
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity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

## **Independent auditors' report to the members of Channel Network (UK) Limited (continued)**

### **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 30 June 2008 and of the company's profit for the period then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Director's Report is consistent with the financial statements.



**Ernst & Young LLP**  
Registered Auditors  
London

10/10/09



## Channel Network (UK) Limited

### Profit and loss account Year ended 30 June 2008

		Year ended 30 June 2008 £'000	Restated – 18 months ended 30 June 2007 £'000
	Notes		
Operating expenses, net	2	(73)	(200)
<b>Operating profit</b>		<b>(73)</b>	<b>(200)</b>
Share of profit in associates	3	8,619	7,077
Interest receivable	4	20	155
<b>Profit on ordinary activities before taxation</b>	5	<b>8,566</b>	<b>7,032</b>
Taxation on profit on ordinary activities	6	(2,488)	(1,946)
<b>Profit on ordinary activities after taxation and retained profit for the year</b>	12	<b>6,078</b>	<b>5,086</b>

All activities relate to continuing operations.

## **Channel Network (UK) Limited**

### **Statement of total recognised gains and losses Year ended 30 June 2008**

	<b>Year ended 30 June 2008 £'000</b>	<b>Restated - 18 months ended 30 June 2007 £'000</b>
Profit for the financial period	6,078	5,086
Prior period adjustment (see note 14)	(7)	(981)
Movement in FX Reserves	(7)	-
Total Recognised Gains and Losses since the last annual report	<u>6,064</u>	<u>4,105</u>

# Channel Network (UK) Limited

## Balance sheet 30 June 2008

	Notes	30 June 2008 £'000	30 June 2007 £'000
<b>Fixed assets</b>			
Investments	7	<u>12,357</u>	<u>11,716</u>
<b>Current assets</b>			
Debtors	8	56	140
Cash at bank and in hand		<u>85</u>	<u>3,256</u>
		141	3,396
<b>Creditors: amounts falling due within one year</b>	9	<u>(5,200)</u>	<u>(4,394)</u>
<b>Net current liabilities</b>		<u>(5,059)</u>	<u>(998)</u>
<b>Total assets less current liabilities</b>		<u>7,298</u>	<u>10,718</u>
<b>Net assets</b>		<u>7,298</u>	<u>10,718</u>
<b>Capital and reserves</b>			
Called up share capital	11	3,646	3,646
Profit and loss account	12	<u>3,652</u>	<u>7,072</u>
<b>Shareholders' funds</b>	13	<u>7,298</u>	<u>10,718</u>

These financial statements were approved by the Sole Director on  
Signed by the Sole Director

6 October 2009.

  
D Haslingden  
Director

# **Channel Network (UK) Limited**

## **Notes to the financial statements Year ended 30 June 2008**

### **1. Accounting policies**

The financial statements are prepared in accordance with applicable United Kingdom laws and accounting standards. The particular accounting policies adopted are summarised below. They have all been applied consistently throughout the current and the preceding year.

#### **Basis of preparation**

The financial statements have been prepared under the historical cost convention and in accordance with applicable financial reporting and accounting standards.

The Company has taken advantage of the exemption under FRS 1 (revised) not to prepare a statement of cash flows as a subsidiary which is at least 90% owned by the ultimate parent undertaking.

#### **Taxation**

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided in full on all timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset. Deferred tax assets and liabilities are not discounted.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

#### **Foreign currency**

Trading activities denominated in foreign currencies are recorded in sterling at actual exchange rates as of the date of the transaction or at the contracted rate if the transaction is covered by a forward foreign exchange contract or other hedging instrument. Monetary assets and liabilities denominated in foreign currencies at the year end are reported at the rates of exchange prevailing at the year end or, if hedged, at the appropriate hedged rate. All differences are taken to the profit and loss account.

#### **Investments**

In accordance with Financial Reporting Standard 9 "Associates and Joint Ventures" ("FRS 9"), the company's share of the income, expenditure, assets and liabilities and cash flows of NGC UK Partnership and NGC Overseas Holdings Limited have been included in the financial statements of the company on an equity basis.

#### **Going concern**

The director has assessed the going concern status of the Company and has satisfied himself that there are reasonable grounds to conclude that the Company will continue to be profitable and will not cease to trade within twelve months from the date of approval of the financial statements. The director has made this assessment after giving due consideration to the current economic climate and the continuing support of the shareholders.

#### **Prior Year Adjustment**

A prior year adjustment has been recognised decreasing shareholders funds and profit by £7,000. This reflects the change in accounting policy necessitated following the change in ownership in the year to 30 June 2008. This resulted in Channel Network (UK) Limited recording their investment in NGC UK Partnership on a consolidated basis with NGC Network Australia Pty Ltd. In addition Channel Network consolidated NGC Overseas Holdings Limited into these results.

# Channel Network (UK) Limited

## Notes to the financial statements Year ended 30 June 2008

### 2. Operating expenses, net

	Year ended 30 June 2008 £'000	Restated- 18 months ended 30 June 2007 £'000
Administrative expenses	<u>73</u>	<u>200</u>

### 3. Share of profit in associates

	Year ended 30 June 2008 £'000	Restated- 18 months ended 30 June 2007 £'000
NGC UK Partnership	8,248	7,077
NGC Overseas Holdings Limited	371	-
	<u>8,619</u>	<u>7,077</u>

### 4. Interest receivable and similar income

	Year ended 30 June 2008 £'000	Restated- 18 months ended 30 June 2007 £'000
Bank interest receivable	<u>20</u>	<u>155</u>

### 5. Profit on ordinary activities before taxation

No director received remuneration during the year (18 months ended 30 June 2007: £nil) in respect of their services to the company. The company employs no staff (18 months ended 30 June 2007: none).

Audit fees for the company for the period ended 30 June 2008 were £7,750 (18 months ended 30 June 2007: £72,788). No other fees were paid to the auditors (18 months ended 30 June 2007: £nil).

# Channel Network (UK) Limited

## Notes to the financial statements Year ended 30 June 2008

### 6. Taxation

#### (a) Analysis of tax charge in the year:

	Year ended 30 June 2008 £'000	Restated- 18 months ended 30 June 2007 £'000
<i>Current tax</i>		
Current year corporation tax	1,813	2,186
Double tax relief	(349)	(382)
Adjustment in respect of prior years	672	(313)
Overseas withholding tax	349	382
Current tax charge for the year	2,485	1,873
<i>Deferred tax</i>		
Deferred tax credit	(21)	(21)
Adjustment in respect of prior years	24	94
Profit and loss account charge/(credit)	3	73
Total profit and loss account charge	2,488	1,946

#### (b) Factors affecting the tax charge for the year:

	Year ended 30 June 2008 £'000	Restated- 18 months ended 30 June 2007 £'000
Profit on ordinary activities before taxation	8,566	7,032
UK corporation tax at 29.5% (2007 30%) thereon	2,526	2,110
Permanent differences	16	-
Depreciation in excess of capital allowances	22	24
Additional (non taxable) / taxable partnership profits	(74)	52
Group relief claimed for nil payment	(677)	-
Prior year adjustment	672	(313)
Current tax charge for year	2,485	1,873

# Channel Network (UK) Limited

## Notes to the financial statements Year ended 30 June 2008

### 6. Taxation (continued)

#### (c) Factors that may affect future tax charges

The UK corporation tax rate decreased from 30% to 28% from 1 April 2008. This rate change will affect the amount of future cash tax payments to be made by the company.

#### (d) Deferred tax asset

Deferred tax asset at 1 July 2007	59
Current year deferred tax credit	21
Deferred tax charge in respect of prior years	(24)
	<hr/>
Deferred tax asset at 30 June 2008	56
	<hr/>

### 7. Investments

The company has one share, being 50% of the issued share capital, in NGC Overseas Holdings Limited, a company incorporated in Great Britain. The principal activity of NGC Overseas Holdings Limited is a holding company of NGC Netherlands BV and NGC Israel Limited Partnership

Through its 50% interest in National Geographic UK Partnership, the company also has an interest in NGC Network Australia Pty Ltd, incorporated in Australia, all of the issued share capital of which is owned by NGC UK Partnership. Foreign exchange differences on these investments are taken to reserves.

	30 June 2008 £'000	Restated- 30 June 2007 £'000
Investment in NGC UK Partnership	12,298	11,965
Investment in NGC Overseas Holdings Limited	59	(249)
	<hr/>	<hr/>
	12,357	11,716
	<hr/>	<hr/>

### 8. Debtors

Deferred Tax	56	59
Corporation Tax	-	81
	<hr/>	<hr/>
	56	140
	<hr/>	<hr/>

# Channel Network (UK) Limited

## Notes to the financial statements Year ended 30 June 2008

### 9. Creditors: amounts falling due within one year

	30 June 2008 £'000	Restated- 30 June 2007 £'000
Shareholder loans (see note 10)	3,979	4,358
Other creditors and accruals	45	36
Corporation Tax	1,176	-
	<u>5,200</u>	<u>4,394</u>

### 10. Shareholder loans

	30 June 2008 £'000	Restated- 30 June 2007 £'000
Senior loan - Fox Entertainment Group	<u>3,979</u>	<u>4,358</u>

The loan was unsecured and had no fixed repayment date

### 11. Called up share capital

	30 June 2008 £'000	Restated- 30 June 2007 £'000
<b>Authorised:</b>		
Equity: 4,000,000 ordinary shares of £1 each	<u>4,000</u>	<u>4,000</u>
<b>Allotted, called up and fully paid:</b>		
Equity: 3,646,680 ordinary shares of £1 each	<u>3,646</u>	<u>3,646</u>



# Channel Network (UK) Limited

## Notes to the financial statements Year ended 30 June 2008

### 12. Reserves

	<b>Restated- Profit and loss account £'000</b>
At 1 July 2007	7,072
Retained profit for the period	6,078
Movement in FX Reserves	(7)
Dividends paid	(9,491)
	<hr/>
At 30 June 2008	3,652
	<hr/>

### 13. Reconciliation of movements in equity shareholders' funds

	<b>30 June 2008 £'000</b>	<b>Restated- 30 June 2007 £'000</b>
Profit for the financial year	6,078	5,086
Dividends paid	(9,491)	(1,440)
	<hr/>	<hr/>
Net addition to shareholders' funds	(3,413)	3,646
Opening shareholders' funds	10,718	7,079
Prior Year Adjustment (see note 15)	-	(7)
Movement in FX reserves	(7)	-
	<hr/>	<hr/>
Closing shareholders' funds	7,298	10,718

## Channel Network (UK) Limited

### Notes to the financial statements Year ended 30 June 2008

#### 14. Prior Year Adjustments

Channel Network (UK) Limited has an investment in NGC UK Partnership and NGC Overseas Holdings Limited as detailed in note 7 to these accounts. In the prior year, Channel Network (UK) Limited recorded their investment in NGC UK Partnership on the NGC UK Partnership results alone, excluding the interest in NGC Australia Pty Limited. In addition, the investment in NGC Overseas Holdings Limited was not recorded. A change in accounting policy has led to Channel Network (UK) Limited recording their share of the consolidated NGC UK Partnership as well as their share of NGC Overseas Holdings on an equity basis.

Accordingly the comparative figures in the financial statements have been restated to reflect this change in policy, and the effects are summarised below:

	Year ended 30 June 2008 £'000
<u>Profit and Loss Statement</u>	
Share of profit in associates – NGC Overseas Holdings Limited	248
Share of profit in associates – NGC Australia Pty Limited	(241)
	<hr/>
Decrease in profit for the financial year	7
<u>Balance Sheet</u>	
Investments	(7)
	<hr/>
Decrease in net liabilities for the period	(7)

#### 15. Transactions with related parties and major shareholders

The company has taken advantage of the exemption afforded by FRS8, 'Related Party Disclosures', not to disclose transactions between the Partnership and its wholly owned subsidiary, NGC Network (Australia) Pty Limited. There are no other related party transactions.

## **Channel Network (UK) Limited**

### **Notes to the financial statements Year ended 30 June 2008**

#### **16. Shareholders**

The company is equally owned by TV Docchannel UK Limited and NGC UK Holdings Company Limited

Channel Network (UK) Limited is owned by Fox International Channels (US) Inc (52.2%, held through two subsidiaries), NGT Inc (26.8%) and Sky Ventures Limited (21%). Fox International Channels (US), Inc is owned by News Corporation, a company incorporated in the United States of America.

Further to the change in ownership during the year, with effect from 12 December 2007 the ownership and control of Channel Network (UK) Limited changed as follows it is now owned by Fox International Channels (US) Inc (52.2%, held through two subsidiaries), NGT Inc (26.8%) and Sky Ventures Limited (21%). Fox International Channels (US) Inc is owned by News Corporation, a company incorporated in the United States of America.

The Company's ultimate parent company is News Corporation, a company incorporated in the United States.

The results of Channel Network (UK) Limited and associated undertakings were consolidated in the group headed by News Corporation, whose principal place of business is at 1211 Avenue of the Americas, New York, NY 10036. The consolidated financial statements of this group is available to the public and may be obtained from 1 Virginia Street, London E98 1FN.