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

### **Report and Financial Statements**

30 June 2009

WEDNESDAY



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21/07/2010  
COMPANIES HOUSE

**Director**

D Haslingden

**Secretary**

J Bond

**Auditors**

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

**Bankers**

Barclays Bank PLC  
54 Lombard Street  
London EC3V 9DA

**Solicitors**

Taylor Wessing  
Carmelite  
50 Victoria Embankment  
Blackfriars  
London EC4Y 0OX

**Registered Office**

Shepherds Building East 3rd Floor  
Richmond Way  
London W14 0DQ

## Director's report

The director presents his report and financial statements for the year ended 30 June 2009

### Results and dividends

During the year £3,800,000 was paid as a dividend (2008 £9,491,000). This was made via a distribution of £3,800,000 (2008 7,971,000) and a cash distribution of £nil (2008 £1,440,000). The profit for the year is shown on page 7.

### Principal activities and review of the business

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 ("The 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.

### Future developments and Going Concern

The NGC UK Holdings group of companies of which Channel Network (UK) Limited is a subsidiary has committed to a group simplification process and as part of this the company will become non trading and will be liquidated within twelve months of the date of approval of the financial statements. Consequently the company is not considered to be a going concern and the accounts have been prepared on a break up basis.

### Principal risks and uncertainties

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.

### Directors

The director who held office during the period and subsequently was as follows:

D Haslingden

### Disclosure of information to the auditors

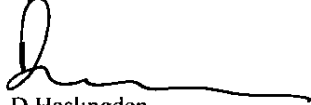
So far as the director at the date of approving this report is aware, there is no relevant audit information being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. The director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

## Director's report

### Auditors

Ernst & Young LLP have been appointed auditors for the year ending 2009. In accordance with section 487 (2) of the companies Act 2006, the company has passed a resolution electing to dispense with the obligation to appoint auditors annually.

By order of the Board



D Haslingden  
Director

19/7/10

## 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). Under company law the director must not approve the financial statements unless he is 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 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, 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 director is responsible for keeping proper 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. He is 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' report**

**to the members of Channel Network (UK) Limited**

We have audited the financial statements of Channel Network (UK) Limited for the year ended 30 June 2009 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 15. 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).

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 auditors**

As explained more fully in the Director's Responsibilities Statement set out on page 4, the director is 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 (APB's) Ethical Standards for Auditors.

## **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 director, 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 30 June 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 Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## Independent auditors' report

to the members of Channel Network (UK) Limited

### 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



Philip Young (Senior Statutory Auditor)  
For and on behalf of Ernst & Young LLP  
London

Date 21/7/10

## Profit and loss account

for the year ended 30 June 2009

	Notes	2009 £	2008 £
Net Operating expenses	2	27	(73)
<b>Operating profit</b>		27	(73)
Share of profit in associates	3	14 032	8,619
Interest receivable	4	–	20
<b>Profit on ordinary activities before taxation</b>	5	14 059	8,566
Taxation	6	(1,843)	(2,488)
<b>Profit for the financial year</b>	12	12,216	6,078

All activities relate to continuing operations

## Statement of total recognised gains and losses

for the year ended 30 June 2009

	2009 £	2008 £
Profit for the financial period	12 216	6,078
Prior period adjustment	–	(7)
Movement in foreign exchange reserves	20	(7)
<b>Total recognised gains and losses since the last annual report</b>	12,236	6,064




## Balance sheet

at 30 June 2009

	Notes	2009 £	2008 £
<b>Current assets</b>			
Investments	7	20 169	12,357
Debtors	8	52	56
Cash at bank and in hand		—	85
		<u>20,221</u>	<u>12,498</u>
<b>Creditors</b> amounts falling due within one year	9	(4,487)	(5 200)
<b>Net current liabilities</b>		<u>15 734</u>	<u>7 298</u>
<b>Total assets less current liabilities</b>		<u>15 734</u>	<u>7,298</u>
<b>Net assets</b>		<u>15,734</u>	<u>7,298</u>
<b>Capital and reserves</b>			
Called up share capital	11	3,646	3,646
Profit and loss account	12	12 088	3 652
<b>Equity shareholders' funds</b>	13	<u>15,734</u>	<u>7 298</u>

The financial statements on page 7 to 14 were approved and authorised for issue by the board of directors on the date below and were signed on its behalf by

  
 D Haslingden  
 Director  
 19 July 2010

## Notes to the financial statements

at 30 June 2009

### 1 Accounting policies

#### *Basis of preparation*

The financial statements are prepared in accordance with applicable accounting standards

#### *Going Concern*

The financial statements have been prepared on a break-up basis reflecting the director's intention to liquidate the company. Accordingly, adjustments have been made to provide for the diminution in value of all fixed assets so as to reduce their carrying value to their estimated realisable amount, to provide for any further liabilities which will arise, and to reclassify fixed assets and long-term liabilities as current assets and liabilities.

In accordance with Financial Reporting Standard 9 'Associates and Joint Ventures' ('FRS 9'), entities in which the Company has a participating interest and over whose operating and financial policies the group exercises a significant influence are treated as associates. In the financial statements, associates are accounted for using the equity method.

#### *Consolidated Accounts*

Consolidated accounts have not been prepared as Channel Network (UK) Limited was, at 30 June 2009, a wholly-owned subsidiary of News Corporation, a company registered in the United States of America, which prepares group accounts. Consequently these accounts only include information about the company as an individual undertaking and not about the group, as the exemption in section 401 of the Companies Act 2006 has been claimed.

#### *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.

#### *Deferred taxation*

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax, with the following exceptions:

- Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, or gains on disposal of fixed assets that have been rolled over into replacement.

## Notes to the financial statements

at 30 June 2009

assets only to the extent that, at the balance sheet date there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.

- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

### 1 Accounting policies (Continued)

#### *Foreign currencies*

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All differences are taken to the profit and loss account.

### 2 Net Operating expenses

	2009	2008
	£	£
Administrative expenses	(27)	73

### 3 Share of profit in associates

	2009	2008
	£	£
NGC UK Partnership	13,566	8,248
NGC Overseas Holdings Limited	466	371

## Notes to the financial statements

at 30 June 2009

	14,032	8 619
	<u>          </u>	<u>          </u>
<b>4 Interest receivable and similar income</b>		
	2009	2008
	£	£
Bank interest receivable	-	20
	<u>          </u>	<u>          </u>

### 5. Profit on ordinary activities before taxation

No director received remuneration during the year (2008 – £nil) in respect of their services to the company. The company employs no staff (2008 – none)

Audit fees for the company for the year ended 30 June 2009 were £10,000 (2008 – £7,750). No other fees were paid to the auditors (2008 – £nil). The fees were borne by the NGC UK Partnership.

## Notes to the financial statements

at 30 June 2009

### 6. Tax

#### (a) Tax on profit on ordinary activities

The tax charge is made up as follows

	2009	2008
	£	£
<i>Current tax</i>		
UK corporation tax on the profit for the year	2,753	1,813
Double tax relief	(554)	(349)
Adjustment in respect of prior years	(913)	672
Overseas withholding tax	554	349
Total current tax (note 6(b))	1,840	2,485
<i>Deferred tax</i>		
Deferred tax charge / (credit)	1	(21)
Adjustment in respect of prior years	2	24
Profit and loss account charge/(credit)	3	3
Total profit and loss account charge	1,843	2,488

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

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 28% (2008 – 29.5%). The differences are explained below

	2009	2008
	£	£
Profit on ordinary activities before tax	14,059	8,566
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2008 – 29.5%)	3,937	2,526
<i>Effects of</i>		
Permanent differences	20	16
Depreciation (less than) / in excess of capital allowances	(1)	22
Non taxable income	(139)	(74)
Group relief claimed for nil payment	(1,064)	(677)

## Notes to the financial statements

at 30 June 2009

Adjustments to tax charge in respect of previous years	(913)	672
	<hr/>	<hr/>
Current tax for the year (note 6(a))	1 840	2 485
	<hr/>	<hr/>

## Notes to the financial statements

at 30 June 2009

### 6 Tax (continued)

(c) Deferred tax asset

Deferred tax asset at 1 July 2008	56
Current year deferred tax credit	(4)
	<hr/>
Deferred tax asset at 30 June 2009	52
	<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 main trading entity of the UK NGC group, 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.

	2009	2008
	£	£
Investment in NGC UK Partnership	19,639	12,298
Investment in NGC Overseas Holdings Limited	530	59
	<hr/>	<hr/>
	20,169	12,357
	<hr/>	<hr/>

### 8 Debtors

	2009	2008
	£	£
Deferred tax	52	56
	<hr/>	<hr/>
	52	56
	<hr/>	<hr/>

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

2009	2008
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## Notes to the financial statements

at 30 June 2009

	£	£
Shareholder loans (see note 10)	3 979	3,979
Other creditors and accruals	—	45
Corporation tax	508	1,176
	<hr/>	<hr/>
	4,487	5,200
	<hr/>	<hr/>



## Notes to the financial statements

at 30 June 2009

### 10. Shareholder loans

	2009	2008
	£	£
Senior loan – Fox Entertainment Group	3,979	3 979
The loan is unsecured and has no fixed repayment date		

### 11. Issued share capital

		2009		2008
<i>Allotted, called up and fully paid</i>	<i>No</i>	<i>£</i>	<i>No</i>	<i>£</i>
Ordinary shares of £1 each	3,646,680	3 646,680	3,646,680	3,646,680

### 12. Movement on reserves

	<i>Profit and loss account</i>
At 1 July 2008	3,652
Retained profit for the period	12,216
Movement in foreign exchange reserves	20
Dividends paid	(3,800)
At 30 June 2009	12,088

### 13. Reconciliation of shareholders' funds

	2009	2008
	£	£
Profit for the financial year	12,216	6 078
Dividends paid	(3,800)	(9 491)
Net addition to shareholders' funds	8,416	(3,413)
Opening shareholders' funds	7,298	10,718
Movement in foreign exchange reserves	20	(7)
Closing shareholders' funds	15,734	7,298

## Notes to the financial statements

at 30 June 2009

### 14 Related party transactions

The company has taken advantage of the exemption afforded by FRS8, 'Related Party Disclosures', not to disclose transactions between 100% owned subsidiary within The NGC UK Holdings Company group

There are no other related party transactions

### 15. Ultimate parent undertaking and controlling party

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 2008 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