

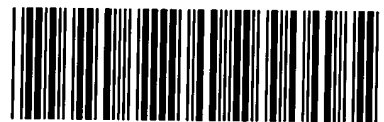
UKTV Media Limited

Directors' report and financial statements

Registered number 04266373

31 December 2015

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Strategic report

Principal activity

The principal activity of the Company during the year continued to be to operate eleven TV brands: Dave, Gold, Watch, Alibi, Drama, Yesterday, Really, Good Food, Eden, Home and UKTV Play, broadcasting across pay, free-to-air and digital platforms.

Results and business review

The Company is a 100% owned trading subsidiary of UKTV Media Holdings Limited.

The aim of the Company is to maximise shareholder value, measured as operating profit, as well as to increase audiences, measured as Share of Commercial Impacts (SOCI) which is inherently linked to financial targets.

Detailed results of the Company for the year ended 31 December 2015 are set out on page 7. Measurement of the Company performance is against operating profit and SOCI.

Key performance indicators

	2015	2014
	£'000	£'000
Operating profit	79,605	4,010
Share of commercial impacts	9.32%	2.22%

On 30 November 2014 the UKTV Group undertook a legal entity reduction to simplify the group structure. The trade, net assets and employees of fellow joint venture undertakings UK Channel Management Limited and UK Gold Holdings Limited and its subsidiaries were transferred into the Company at book value. The Company is now the sole trading company of the UKTV group of companies.

Operating profit and SOCI has increased year-on-year largely due to the group restructuring described above. The accounts for the parent company, UKTV Media Holdings Limited, show the consolidated results of the UKTV group and are available from Companies House.

Strategic report *(continued)*

Principal risks and uncertainties

The major risks for the Company in the short to medium term are:

- 1) Competition. The Company operates in a highly competitive environment. The Company is committed to obtaining the best programming content available in order to retain its strong market share, despite a challenging advertising market.
- 2) Substitutes. Technological advances are changing the way people access and view content resulting in a shift in viewing habits away from traditional linear broadcast TV. The Company continues to invest in and expand its business beyond the linear broadcasting environment.
- 3) Reliance on key revenue streams. The Company's key revenue streams come from subscription and advertising revenues. Therefore a shift in market parameters or supplier relations could have a significant impact (positive or negative) on the business. Senior management is aware of this and seek to identify ways to diversify and lessen the exposure.

Future outlook

In 2016 the Company plans to continue to invest in content and promoting its channels, whilst looking to further expand its business beyond the linear broadcasting environment.

By order of the board



P Edmondson
Company Secretary

10 Hammersmith Grove
London
W6 7AP
Registered number: 4266373
23 March 2016

Directors' report

The directors present their annual report and the audited financial statements of UKTV Media Limited (the 'Company') for the year ended 31 December 2015.

Going concern

After reviewing the Company's forecasts and projections, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

The results for the year ended 31 December 2015 and the financial position of the Company at that date are set out on pages 7 and 8 of the financial statements.

Dividends

During the year, ordinary dividends of £48,500,000 (2014: £12,000,000), being equivalent to £48,452 (2014: £11,988) per ordinary share were proposed and paid.

Directors

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

T Davie	
A Bott	(resigned 1 December 2015)
D Childs	(resigned 25 February 2015)
S Nardi	
D Moody	(appointed 1 December 2015)
M Arthur	
J NeCastro	(resigned 5 February 2016)
J Samples	
P Luff	(appointed 5 February 2016)

Political and charitable contributions

During the year, the Company made charitable donations of £16,950 (2014: £42,755) and did not make any political contributions (2014: £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 director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is 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

10 Hammersmith Grove
London
W6 7AP
Registered number: 4266373
23 March 2016

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

The directors are responsible for preparing the Strategic Report, 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), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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 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 the 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent Auditor's Report to the Members of UKTV Media Limited

We have audited the financial statements of UKTV Media Limited (the 'Company') for the year ended 31 December 2015 as set out on pages 7 to 21. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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 5, 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.

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 2015 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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic report and the Directors' report:

- we have not identified material misstatements in those reports; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

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.



Hugh Green (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
15 Canada Square
London, E14 5GL

24 March 2016

Profit and loss account

for the year ended 31 December 2015

	Note	2015 £'000	2014 £'000
Turnover	2	319,157	50,950
Cost of sales		(162,890)	(31,856)
Gross profit		156,267	19,094
Distribution costs		(56,103)	(11,094)
Administration expenses		(20,559)	(3,990)
Operating profit		79,605	4,010
Interest receivable and similar income	3	2	90
Interest payable and similar charges	4	(3,745)	(1,057)
Profit on ordinary activities before taxation	5	75,862	3,043
Tax on profit on ordinary activities	8	(14,963)	(1,840)
Profit for the financial year		60,899	1,203

All turnover and operating profit arose from continuing operations.

There is no difference between profit 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 comprehensive income has been prepared.

The notes on pages 10-21 form a part of these financial statements.

Balance sheet

at 31 December 2015

	Note	2015 £'000	2014 £'000
Fixed Assets			
Intangible fixed assets	9	3,523	2,717
Tangible fixed assets	10	3,434	3,041
		<u>6,957</u>	<u>5,758</u>
Current assets			
Programming stock	12	122,942	104,856
Debtors: amounts falling due within one year	13	76,737	68,395
Cash at bank and in hand		8,764	11,288
		<u>208,443</u>	<u>184,539</u>
Creditors: amounts falling due within one year	14	<u>(141,958)</u>	<u>(129,877)</u>
Net current assets		<u>66,485</u>	<u>54,662</u>
Total assets less current liabilities		<u>73,442</u>	<u>60,420</u>
Creditors: amounts falling due after more than one year	15	<u>(53,968)</u>	<u>(53,345)</u>
Net assets/ (liabilities)		<u>19,474</u>	<u>7,075</u>
Capital and reserves			
Called up share capital	16	1	1
Profit and loss account	17	74,897	62,498
Merger reserve	17	(55,424)	(55,424)
Shareholders' funds/ (deficit)		<u>19,474</u>	<u>7,075</u>

The notes on pages 10-21 form part of these financial statements.

These financial statements were approved by the board of directors on **23 March 2016** and were signed on its behalf by:

S Nardi
Director



Statement of changes in equity

for the year ended 31 December 2015

	Called-up Share Capital £'000	Share Premium account £'000	Merger Reserve £'000	Profit & Loss Account £'000	Total £'000
At 1 January 2014	1	-	-	(8,854)	(8,853)
Profit for the year	-	-	-	1,203	1,203
Dividends paid (note 11)	-	-	-	(12,000)	(12,000)
Share issue (note 17)	-	82,149	-	-	82,149
Elimination of share premium account (note 17)	-	(82,149)	-	82,149	-
Merger reserve (note 17)	-	-	(55,424)	-	(55,424)
At 31 December 2014	1	-	(55,424)	62,498	7,075
Profit for the year	-	-	-	60,899	60,899
Dividends paid (note 11)	-	-	-	(48,500)	(48,500)
At 31 December 2015	1	-	(55,424)	74,897	19,474

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 financial statements, except as noted below.

Basis of preparation

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS102'), and with the Companies Act 2006. The financial statements have been prepared on the historical cost basis.

This is the first year in which the financial statements have been prepared under FRS 102. This had led to a reduction in shareholders' funds of £66,000 at 31 December 2014 and a reduction of £66,000 in profit for the year then ended. Refer to note 22 for an explanation of the transition.

Going concern

After reviewing the Company's forecasts and projections, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

Cash flow statement

The Company is exempt under FRS 102 from the requirement to present a statement of cash flows as it is a wholly-owned subsidiary of UKTV Media Holdings 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 Holdings Limited, the Company has adopted the exemption allowed under FRS 102 and has not disclosed transactions or balances with entities which form part of this group. The consolidated financial statements of UKTV Media Holdings Limited, within which this Company is included, can be obtained from Companies House.

Turnover

Turnover represents net advertising revenue, subscription revenue and other commercial revenue. All turnover is stated net of valued added tax and is recognised on delivery.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Derivative financial instruments

Derivative financial instruments, such as foreign exchange forward contracts, are recognised at fair value with any gains or losses included in the profit and loss account.

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.

Notes (continued)

1 Accounting policies (continued)

Taxation (continued)

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. A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of 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.

Programming stock

Programming stock is stated at the lower of cost, being purchase price, and the value in use. Programming stock is the amount payable under licence agreements on agreed purchases and is transferred to cost of sales on a straight line basis over the number of transmission days or the number of transmission weeks, as appropriate.

Pensions

The Company does not operate a pension scheme but pays defined contributions into individual pension schemes. The amount charged against profits represents the contributions payable to those schemes in respect of the accounting period.

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.

Intangible fixed assets

Intangible fixed assets are measured at cost less accumulated amortisation and any accumulated impairment losses. Intangible assets are tested for impairment when there is an indication that the asset may be impaired. Amortisation is provided to write off the cost less the estimated residual value of intangible assets by equal instalments over their estimated useful economic lives as follows:

- Software development costs – 33% per annum

Tangible fixed assets

Tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses. Tangible assets are assessed for impairment at each reporting date. Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

- Furniture & Fittings – Integral features 7% per annum, in line with original lease term. Furniture and moveable fittings 33% per annum.
- IT Hardware – 33% per annum

Notes (continued)

2 Segmental reporting

The Company's operations are all considered to fall into a single class of business, namely the operation of TV channels which broadcast via pay, free-to-air and digital platforms. The revenue is derived from the geographical areas below.

	2015 £'000	2014 £'000
UK	314,101	50,447
Republic of Ireland	5,056	503
	<u>319,157</u>	<u>50,950</u>

3 Interest receivable and similar income

	2015 £'000	2014 £'000
Interest on amounts owed by fellow joint venture companies	-	85
Interest on bank deposits	2	5
	<u>2</u>	<u>90</u>

4 Interest payable and similar charges

	2015 £'000	2014 £'000
Interest on variable rate unsecured loan stock (note 19)	1,448	862
Interest on redeemable unsecured loan stock (note 19)	2,247	191
Finance costs on shares classified as liabilities (note 19)	50	4
	<u>3,745</u>	<u>1,057</u>

5 Profit on ordinary activities before taxation

	2015 £'000	2014 £'000
<i>Profit on ordinary activities before taxation is stated after charging:</i>		
Auditor remuneration:		
Audit of these financial statements	79	82
Tax services	20	10
Other non-audit fees	23	12
Amortisation of programming inventory	115,292	22,301
Operating lease rentals in respect of rent	1,204	178
Operating lease rentals in respect of plant and machinery	31,511	8,706
Amortisation of intangible fixed assets	1,701	426
Depreciation of fixed assets	649	138
	<u></u>	<u></u>

In the current and prior year, the auditor's remuneration relating to UKTV Media Holdings Limited, the Group's holding company, was incurred by the Company.

Notes (continued)

6 Staff numbers and costs

The average number of persons employed by the Company at the end of the year (including directors and employees of BBC contracted to work for the Company) was as follows:

	Number of employees	
	2015	2014
Administration	250	212

The aggregate payroll costs of these persons charged to the Company during the year were as follows:

	2015 £'000	2014 £'000
Wages and salaries	17,296	3,192
Social security costs	1,305	219
Other pension costs (note 18)	930	163
	<u>19,531</u>	<u>3,574</u>

7 Remuneration of directors

The aggregate directors' remuneration was as follows:

	2015 £'000	2014 £'000
Directors' remuneration	126	145
Company contribution to money purchase pension scheme	8	7
	<u>134</u>	<u>152</u>

The remuneration of the highest paid director was £126,000 (2014: £145,000) and Company pension contributions of £8,000 (2014: £7,000) were made to a money purchase scheme.

The Company paid defined contributions into the money purchase scheme of one director in 2015 and 2014.

8 Taxation

Analysis of charge in period:

	2015		2014	
	£'000	£'000	£'000	£'000
UK Corporation tax				
Current tax on income for the period	13,431		-	
Tax on income generated by fellow joint venture company prior to acquisition	-		1,369	
Adjustments in respect of prior periods	195		5	
Adjustments in respect of the transition to FRS 102	-		(19)	
	<u></u>		<u></u>	
Total current tax charge		13,626		1,355
Deferred tax	1,337		485	
	<u></u>		<u></u>	
Total deferred tax		1,337		485
		<u></u>		<u></u>
Tax on profit on ordinary activities		14,963		1,840

Notes (continued)

8 Taxation (continued)

Factors affecting tax charge for the current period.

The current tax charge for the period is lower (2014: higher) than the standard rate of corporation tax in the UK. The differences are explained below.

	2015 £'000	2014 £'000
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	75,862	3,043
Current tax at 21% to 1 April 2015, and 20% thereafter (2014: 21.5%)	15,362	654
<i>Effects of:</i>		
Utilisation of tax losses	(1,290)	(750)
Expenses not deductible for tax purposes	142	27
Differences between capital allowances & depreciation	128	50
Group relief	(911)	-
Tax on income generated by fellow joint venture companies prior to acquisition	-	1,369
Adjustments to tax charge in respect of prior periods	195	5
Total current tax charge	13,626	1,355

Factors affecting future tax charges

In 2015, the UK Government substantively enacted legislation to reduce the main rate of UK Statutory Corporation Tax to 19% effective from 1 April 2017, with a further reduction to 18% effective 1 April 2020.

This will reduce the Company's future tax charge accordingly.

The deferred tax asset is measured at the rate of 20% reflecting the expected timing of its realisation.

Deferred tax

	2015 £'000	2014 £'000
Carried forward tax losses	-	1,290
Timing differences	218	265
Deferred tax asset	218	1,555
At beginning of the year	1,555	2,040
Utilised during the year	(1,290)	(750)
Timing differences	(47)	265
At the end of the year (note 13)	218	1,555

As at 31 December 2015, the Company has £nil (2014: £nil) unrecognised tax losses available to relieve against future profits.

Notes (continued)

9 Intangible fixed assets

	Software development costs £'000
Cost	
At 1 January 2015	5,179
Additions	2,507
	<hr/>
At 31 December 2015	7,686
	<hr/>
Amortisation	
At 1 January 2015	2,462
Provided during the year	1,701
	<hr/>
At 31 December 2015	4,163
	<hr/>
Net book value at 31 December 2015	3,523
	<hr/>
Net book value at 31 December 2014	2,717
	<hr/>

As part of the transition to FRS 102, software development costs are now classified as intangible fixed assets whereas they were previously classified as tangible fixed assets. Refer to note 22 for an explanation of the transition.

10 Tangible fixed assets

	Furniture & Fittings £'000	IT Hardware £'000	Total £'000
Cost			
At 1 January 2015	3,197	1,138	4,335
Additions	835	207	1,042
	<hr/>	<hr/>	<hr/>
At 31 December 2015	4,032	1,345	5,377
	<hr/>	<hr/>	<hr/>
Depreciation			
At 1 January 2015	1,095	199	1,294
Provided during the year	249	400	649
	<hr/>	<hr/>	<hr/>
At 31 December 2015	1,344	599	1,943
	<hr/>	<hr/>	<hr/>
Net book value at 31 December 2015	2,688	746	3,434
	<hr/>	<hr/>	<hr/>
Net book value at 31 December 2014	2,102	939	3,041
	<hr/>	<hr/>	<hr/>

Notes (continued)

11 Dividends

	2015 £'000	2014 £'000
<i>Equity Shares</i>		
Ordinary dividends proposed and paid	48,500	12,000

Dividends were paid at the end of every calendar quarter.

12 Programming stock

	2015 £'000	2014 £'000
Programming licence fees and production costs	122,942	104,856

There is no material difference between the replacement cost of stocks and their carrying value.

13 Debtors

	2015 £'000	2014 £'000
Amounts falling due within one year		
Trade debtors	38,213	32,278
Other debtors	31	32
Amounts owed by joint venture parent (<i>note 19</i>)	1,289	259
Prepayments	17,494	14,572
Accrued income	19,492	19,699
Net deferred tax asset (<i>note 8</i>)	218	1,555
	<u>76,737</u>	<u>68,395</u>

Notes (continued)

14 Creditors: amounts falling due within one year

	2015	2014
	£'000	£'000
Trade creditors	1,083	2,619
Amounts owed to joint venture parent (<i>note 19</i>)	2,278	13,218
Amounts owed to fellow joint venture undertakings	15	15
Taxation and social security	11,001	9,201
Accruals and deferred income	85,603	62,931
Other creditors	518	433
Redeemable unsecured loan stock (<i>note 19</i>)	21,460	21,460
Shares classified as liabilities (<i>note 16, 19</i>)	20,000	20,000
	141,958	129,877

Redeemable unsecured loan stock is repayable on shareholder request in accordance with the terms of the Shareholders' Agreement. 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 are redeemable on shareholder request in accordance with the terms of the Shareholders' Agreement. As at date of signing, this request had not taken place.

15 Creditors: amounts falling due after more than one year

	2015	2014
	£'000	£'000
Variable rate unsecured loan stock (<i>note 19</i>)	45,232	45,232
Capitalised interest on variable rate unsecured loan stock (<i>note 19</i>)	8,736	8,113
	53,968	53,345

The variable rate unsecured loan stock is repayable out of "available cash" in accordance with the terms of the Shareholders' Agreement between the Company and the shareholders. Interest is payable at 2% above the six month London Interbank Offered Rate for sterling deposits, as published in the Financial Times.

Notes (continued)

16 Called up share capital

	2015 £	2014 £
<i>Authorised, allotted and fully paid</i>		
1,001 ordinary shares of £1 each	1,001	1,001
	2015 £'000	2014 £'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/>

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

The non-cumulative preference shares are redeemable on shareholder request or on 1 January 2030 in accordance with the terms of the Shareholders' Agreement between the Company and the shareholders. No premium will be payable on redemption of these shares.

17 Reserves

Called up share capital – represents the nominal value of shares that have been issued.

Share premium account – includes any premiums received on the issue of share capital. On the 15th December 2014 the Company issued one ordinary share of £1 to UKTV Media Holdings Limited for a subscription price of £82,148,929 being the nominal value of £1 and a premium of £82,148,928. The Directors of the Company then approved a capital reduction and the share premium account was eliminated and credited to distributable reserves.

Merger reserve - On 30 November 2014, the Company acquired the trade and net assets of fellow joint venture undertakings UK Channel Management Limited and UK Gold Holdings Limited and its subsidiaries at book value. The trade and net assets of UK Gold Services Limited, a wholly-owned subsidiary of UK Gold Holdings Limited, were transferred at a value equal to UK Gold Holdings Limited's cost of investment in UK Gold Services Limited which was higher than the book value of the net assets of UK Gold Services Limited. The difference was charged to the merger reserve.

Profit and loss account – includes all current and prior period retained profits and losses.

18 Pension scheme

The Company pays defined contributions into individual pension schemes. The amount charged against profits represents the contributions payable for these schemes in respect of the accounting period and amounted to £929,836 (2014: £162,556). There were outstanding contributions as at 31 December 2015 of £69,350 (2014: £60,529).

Notes (continued)

19 Related party transactions

Income from the BBC and BBC Worldwide Limited relates to program sales and other commercial revenue. Expenses from BBC Worldwide Limited relate to BBC archive programming and channel management costs.

Expenses from Scripps Networks Interactive Inc. and its subsidiaries relate to interest payable and consortium tax relief payable.

	Income		Expenses	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
BBC and BBC Worldwide Limited	2,179	275	(51,994)	(9,570)
Scripps Networks Interactive Inc. and its subsidiaries	-	-	(8,301)	(1,130)

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

	Receivables outstanding		Creditors outstanding	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
BBC and BBC Worldwide Limited	1,289	259	-	(12,771)
Scripps Networks Interactive Inc. and its subsidiaries	-	-	(97,706)	(95,252)

Transactions with key management personnel

Total compensation of key management personnel in the year amounted to £3,521,000 (2014: 459,000).

20 Commitments

The Company's future minimum operating lease payments are as follows:

	Land & Buildings		Other		Total	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Within one year	1,474	1,455	32,133	31,744	33,607	33,199
Between two and five years	5,895	5,819	99,789	109,666	105,684	115,485
Over five years	12,408	13,703	23,647	44,444	36,055	58,147

	2015 £'000	2014 £'000
Commitments with regard to the purchase of programming licences and other non-cancellable contracts	194,368	86,114

As at 31 December 2015, the Company had forward commitments to purchase €4,428,744 in 2016 for £3,296,486

Notes (continued)

21 Ultimate parent company

The Company is a wholly-owned subsidiary of UKTV Media Holdings Limited. At 31 December 2015, the joint venture partners of UKTV Media Holdings Limited were BBC Worldwide Limited (a wholly-owned subsidiary of the BBC) and Southbank Media Limited (a wholly-owned subsidiary of Scripps Networks Interactive Inc., 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.
 9721 Sherrill Boulevard
 Knoxville
 Tennessee
 37932
 United States

BBC Trust
 180 Great Portland Street
 London
 W1W 5QZ

22 Transition to FRS 102

The Company has adopted FRS 102 for the year ended 2015 and has restated the comparative prior year amounts.

Changes for FRS 102 adoption

1. Foreign exchange forward contracts are now recognised at fair value at the end of the year with changes in fair value recognised in profit or loss. Previously foreign exchange forward contracts were not recognised on the balance sheet.
2. An accrual for holiday pay has been recognised for annual leave accrued by employees as a result of services rendered in the year, and which employees are entitled to carry forward and use within the next 12 months.
3. Software development costs are now classified as intangible fixed assets whereas they were previously classified as tangible fixed assets.

Transition to FRS 102 - reconciliations

	31 December 2014 £'000	1 January 2014 £'000
Restated Balance Sheet		
Original shareholders' funds/ (deficit)	7,141	(8,853)
<i>Adjustments:</i>		
Financial instruments at fair value	(14)	-
Accrued holiday pay	(71)	-
Intangible fixed assets	2,717	564
Tangible fixed assets	(2,717)	(564)
Taxation	19	-
Restated shareholders' funds/ (deficit)	7,075	(8,853)

Notes (continued)

23 Transition to FRS 102 (continued)

	£'000
Restated profit and loss for the year ended 31 December 2014	
Original profit on ordinary activities before tax	3,128
Financial instruments at fair value	(14)
Accrued holiday pay	(71)
	<hr/>
Restated profit on ordinary activities before tax	3,043
Original tax on profit on ordinary activities	(1,859)
Amendment due to financial instruments at fair value	4
Amendment due to accrued holiday pay	15
	<hr/>
Restated tax on profit on ordinary activities	(1,840)
Restated profit for the financial year	<hr/>
	1,203
	<hr/> <hr/>