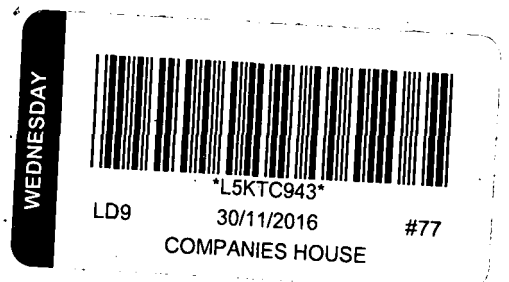


CBS UK Channels Limited

Annual report and financial statements

Registered number 06972345

31 December 2015



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Directors' report

The directors present their annual report and the audited financial statements of CBS UK Channels Limited ("the Company") for the year ended 31 December 2015.

Principal activities

The Company has a 49% economic interest in CBS UK Channels Partnership, originally a joint venture with AMC Networks (UK) Limited (Formerly Zone Media Broadcasting Limited), to broadcast CBS content in the UK. There have been no changes in the Company's principal activities during 2015.

Going concern

CBS Corporation Inc. has provided the Company with an undertaking that it will, for at least 12 months from the date of approval of these financial statements, continue to make available such funds as are needed by the Company. This should enable the Company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. Based on this undertaking the directors believe that it remains appropriate to prepare the financial statements on a going concern basis.

Principal risks and uncertainties

The management of the Company and execution of the Company's strategy are subject to a number of risks. The directors have identified the need to manage the Company's material financial risks, including foreign exchange, liquidity and interest rate risks. These risks are monitored through a Group Treasury management function which invests surplus funds, mitigates foreign exchange exposure and manages borrowings for CBS Corporation group companies (the 'Group').

Group Treasury also seeks to limit counter-party risk by conducting all of its banking and dealing activities with a limited number of major international banks, whose status is kept under review.

Liquidity Risk

The Company finances its operations through a combination of intercompany payables, issued ordinary share capital and a commitment of financial support from the parent entity.

Foreign Exchange Risk

To the extent that the Company enters into banking arrangements and intercompany agreements in currencies different to that of the Company's functional currency, there is an exposure to movements in exchange rates. The Company does not participate in cross-currency hedging.

Interest Rate Risk

In the financial year 2015, the Company has no interest bearing assets and liabilities. In 2014 the company had interest bearing assets and liabilities. These were group receivables and payables subject to the floating interest rates based upon GBP LIBOR + 0.5%. The Company does not participate in interest rate hedging. The directors keep these measures under constant review.

Key performance indicators (KPI)

Given the straightforward nature of the business, the Company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

Results and Dividends

The results for the year are set out on page 6. The Company made a loss before tax of £29,362 (2014: £311,358). The directors do not recommend the payment of a dividend (2014: £nil).

The results are in line with expectations of the directors.

Directors' report *(continued)*

The directors who held office during the year and up to the date of signing these financial statements were as follows:

Richard Jones
Stephen Tague

Certain directors benefit from qualifying third party indemnity provisions in place and qualifying pension scheme indemnity provisions during the financial year and at the date of this report. The Company provided qualifying third party indemnity provisions to certain directors of associated companies during the financial year and at the date of this report.

Political contributions

The Company made no political or charitable donations during the year (2014: £nil).

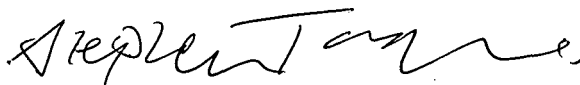
Disclosure of information to auditor

The directors who held office at the date of approval of this 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 the steps that he ought to have taken as a director to make himself 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 reappointed and KPMG LLP will therefore continue in office.

By order of the board



Stephen Tague
Director

CBS UK Channels Limited
Cannon Place
78 Cannon Street
London
EC4N 6AF

24 November 2016

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), 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.



Independent auditor's report to the members of CBS UK Channels Limited

We have audited the financial statements of CBS UK Channels Limited for the year ended 31 December 2015 set out on pages 6 to 14. 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 3, 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 loss 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.

Independent auditor's report to the members of CBS UK Channels Limited
(continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

Andrew Turner (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Gateway House
Tollgate
Chandlers Ford
SO53 3TG

28th November, 2016

Profit and Loss Account
for year ended 31 December 2015

	<i>Note</i>	2015 £	2014 £
Administrative expenses		(29,362)	(17,804)
Operating loss	2	(29,362)	(17,804)
Interest payable and similar charges	4	-	(293,554)
Loss on ordinary activities before taxation		(29,362)	(311,358)
Tax on loss on ordinary activities	5	(663,429)	273,075
Loss for the financial year		(692,791)	(38,283)

Balance Sheet
at 31 December 2015

	<i>Note</i>	2015	2014
		£	£
Investments	6	5,257,526	4,375,526
Deferred tax asset	7	855,970	954,517
		<hr/>	<hr/>
Current assets			
Deferred tax asset	7	-	564,882
Cash at bank and in hand		2,690	6,289
		<hr/>	<hr/>
		2,690	571,171
Creditors: amounts falling due within one year	8	(12,936,027)	(12,028,264)
		<hr/>	<hr/>
Net current liabilities		(12,933,337)	(11,457,093)
		<hr/>	<hr/>
Total assets less current liabilities		(6,819,841)	(6,127,050)
		<hr/>	<hr/>
Net liabilities		(6,819,841)	(6,127,050)
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	9	1	1
Profit and loss account		(6,819,842)	(6,127,051)
		<hr/>	<hr/>
Shareholders' deficit		(6,819,841)	(6,127,050)
		<hr/>	<hr/>

These financial statements were approved by the board of directors on 24 November 2016 and were signed on its behalf by:



Stephen Tague

Director

Company registered number: 06972345

Statement of Changes in Equity

	Called up Share capital £	Profit and loss account £	Total equity £
Balance at 1 January 2014	1	(6,088,768)	(6,088,767)
Total comprehensive income for the period			
Loss for the financial year	-	(38,283)	(38,283)
Balance at 31 December 2014	1	(6,127,051)	(6,127,050)
Balance at 1 January 2015	1	(6,127,051)	(6,127,050)
Total comprehensive income for the period			
Loss for the financial year	-	(692,791)	(692,791)
Balance at 31 December 2015	1	(6,819,842)	(6,819,841)

Notes

(forming part of the financial statements)

1 Accounting policies

CBS UK Channels Limited (the "Company") is a company limited by shares and incorporated and domiciled in the UK.

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("FRS 102") as issued in August 2014. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1.

In the transition to FRS 102 from old UK GAAP, the Company has made no measurement and recognition adjustments.

The Company's ultimate parent undertaking, CBS Corporation Inc. includes the Company in its consolidated financial statements. The consolidated financial statements of CBS Corporation Inc. are available to the public and may be obtained from 51 West 52 Street, New York, 10019-6188, USA. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 11.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

1.2 Going concern

CBS Corporation Inc. has provided the Company with an undertaking that it will, for at least 12 months from the date of approval of these financial statements, continue to make available such funds as are needed by the Company. This should enable the Company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. Based on this undertaking the directors believe that it remains appropriate to prepare the financial statements on a going concern basis.

1.3 Foreign currency

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

Notes (continued)

1 Accounting policies (continued)

1.4 Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

1.5 Expenses

Interest receivable and Interest payable

Interest payable and similar charges include interest payable, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy).

Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method.

Foreign currency gains and losses are reported on a net basis.

1.6 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Notes (continued)

2 Expenses and auditor's remuneration

Included in profit/loss are the following:

	2015 £	2014 £
Audit fees in respect of these financial statements	28,785	17,804
	<u>28,785</u>	<u>17,804</u>

3 Directors' remuneration

The services provided by the directors to the Company were not significant compared to their services to the rest of the CBS Group, as such none of the directors received any remuneration in respect of their services to the Company during the year (2014: £nil). The directors were remunerated by another group undertaking.

4 Interest payable and similar charges

	2015 £	2014 £
Interest payable on intercompany borrowings	-	293,554
Total other interest payable and similar charges	<u>-</u>	<u>293,554</u>

5 Taxation

Total tax expense recognised in the profit and loss account

	2015 £	2014 £
<i>Current tax</i>		
Current tax on income for the period	-	-
<i>Deferred tax (see note 7)</i>		
Origination and reversal of timing differences	571,469	(259,731)
Change in tax rate	88,148	-
Adjustment in respect of previous periods	3,812	(13,344)
Total deferred tax	<u>663,429</u>	<u>(273,075)</u>
Total tax charge/(credit)	<u>663,429</u>	<u>(273,075)</u>

Notes (continued)

5. Taxation (continued)

Reconciliation of effective tax rate

	2015 £	2014 £
Loss for the year	(692,791)	(38,238)
Total tax expense/(credit)	663,429	(273,075)
Loss for the year before tax	(29,362)	(311,358)
Tax using the UK corporation tax rate of 20.25 % (2014: 21.5 %)	(5,946)	(66,942)
Reduction in tax rate on deferred tax balances	88,148	-
Tax exempt revenues	-	(255,903)
Recognition of previously unrecognised tax losses	-	63,114
Share of taxable income from the partnership	577,415	-
Adjustment in respect of prior years	3,812	(13,344)
Total tax expense/(income) included in profit or loss	663,429	(273,075)

The Company has tax losses of £4,755,390 (2014: £8,180,167) available to carry forward against future profits and expects to be able to benefit from tax losses carried forward in future years.

Reductions in the UK corporation rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantially enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantially enacted on 26 October 2015. This will reduce the Company's future current tax charge accordingly. The deferred tax balance at 31 December 2015 has been calculated based on these rates. An additional reduction to 17% (effective from 1 April 2020) was announced in the budget on 16 March 2016. This will reduce the Company's future current tax charge accordingly and would reduce the deferred tax asset at 31 December 2015 by £47,554.

6 Fixed asset investments

	Associates 2015 £
Balance at 1 January 2015	4,375,526
Capital contributions to partnership	882,000
Balance at 31 December 2015	5,257,526

At 31 December 2015 the company held the following investments in associated companies:

Company	Country of incorporation	Principal activity	Class and percentage of shares held
CBS AMC Networks UK Channels Partnership	United Kingdom	Distribution of filmed product for television viewing	49% of ordinary shares

Notes (continued)

7 Deferred tax assets

Deferred tax assets are attributable to the following (all movements recognised through Profit & Loss):

	2015 £	2014 £
Unused tax losses	855,970	1,519,399
Recognised as:		
Non-current asset	855,970	954,517
Current asset	-	564,882
	855,970	1,519,399

In addition to the deferred tax assets above, the Company has additional unrecognised gross tax losses of £nil (2014: £538,173).

8 Creditors: amounts falling due within one year

	2015 £	2014 £
Amounts owed to group undertakings	12,907,194	12,012,304
Accruals and deferred income	28,833	15,960
	12,936,027	12,028,264

The amount owed to group company has not been secured, has no maturity, is payable on demand and attracts no interest (2014: GBP LIBOR + 0.5% per annum).

9 Capital and reserves

Share capital

	2015 £	2014 £
<i>Allotted, called up and fully paid</i>		
1 ordinary shares of £1 each	1	1

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

10 Ultimate parent company and parent company of larger group

The Company is a subsidiary undertaking of CBS Corporation based in the USA, which is the ultimate parent company. The ultimate controlling party of CBS UK Channels Limited is National Amusements Inc., the beneficial owner of the majority of CBS Corporation voting shares.

The largest group in which the results of the Company are consolidated is that headed by CBS Corporation, USA. No other group financial statements include the results of the Company.

The consolidated financial statements of these groups are available to the public and can be obtained from 51 West 52 Street, New York, 10019-6188, USA

Notes (continued)

11 Accounting estimates and judgments

Key sources of estimation uncertainty

The preparation of the financial statements requires management to make estimates and key assumptions that influence the application of principles and the reported values of assets and liabilities and of income and expenditure. The actual results may differ from these estimates. The estimates and the underlying key assumptions are constantly assessed. Revisions of estimates are recognised in the period in which the estimate is revised and in future periods for which the revision has consequences.

Key assumptions, concerning the future and other key sources of estimation at the balance sheet date, that may cause material adjustment to the carrying amounts of assets or liabilities within the next financial year, such as the recoverability of certain assets/impairment calculations, are constantly assessed.

Critical accounting judgements in applying the Company's accounting policies

Investments valuation

The most critical estimates, assumptions and judgements relate to the determination of carrying value of unlisted investments in the Company's investments. The nature, facts and circumstance of the investment are taken into account on assessing whether there are any indications of a further impairment.

The following key assumptions were used in the impairment testing:

- Sales growth and EBITDA margins – as per the latest available partnership forecasts
- Long-term growth rate – 2% (2014: 2%)
- Discount rate – 14% (2014: 14%)