

# **CBS UK Channels Limited**

**Directors' report and financial statements**

**Registered number 06972345**

**For the year ended 31 December 2014**

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## Directors' report

The directors present their directors' report and financial statements for the year ended 31 December 2014.

### Principal activities

Commencing on the 1<sup>st</sup> of January 2013 the Company has a forty-nine percent (49%) economic interest in CBS UK Channels Partnership, originally a joint venture with Zone Media Broadcasting Limited to broadcast CBS content in the UK). Until the 31<sup>st</sup> of December 2012 the Company held a 50% participating interest in CBS Chellozone UK Channels Partnership. There have been no changes in the company's principal activities during 2014.

### 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

The Company has interest bearing assets and liabilities. These are 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.

### Business review

The results of the company show a loss before tax of £311,358 (2013: *profit before tax of £201,593*). As at 31 December 2014, the company had net liabilities of £6,127,050 (31 December 2013: *liabilities £6,088,767*).

During the period the company performed in line with management's expectations.

### Dividends

The directors do not recommend the payment of a dividend (2013: *£nil*).

### Directors

The directors who held office during the year were as follows:

Richard M Jones

Stephen Tague

## **Directors' report** *(continued)*

### **Political and charitable contributions**

The Company made no political or charitable donations or incurred any political expenditure during the year (2013: *£nil*).


### **Disclosure of information to auditors**

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 auditors are 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 auditors are aware of that information.

### **Auditors**

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board

  
Stephen Tague  
Director

Cannon Place, 78 Cannon Street, London EC4N 6AF  
Registered number 06972345  
30 October 2015

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

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of 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.



## **KPMG LLP**

Chartered Accountants  
Gateway House,  
Tollgate,  
Chandlers Ford,  
SO53 3TG  
United Kingdom

### **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 2014 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).

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](http://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 2014 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*  
*Southampton*

**5** November 2015

**Profit and Loss Account**  
*for the year ended 31 December 2014*

	<i>Note</i>	Year ended 31 December 2014 £	Year ended 31 December 2013 £
<b>Turnover</b>		-	-
<b>Gross profit</b>		-	-
Administrative expenses		(17,804)	(19,208)
<b>Profit on partial sale of investment</b>		-	519,995
<b>Operating (loss)/ profit</b>	2	(17,804)	500,787
Interest payable and similar charges	4	(293,554)	(299,194)
<b>(Loss)/profit on ordinary activities before taxation</b>		(311,358)	201,593
Tax on (loss)/ profit on ordinary activities	5	273,075	(376,176)
<b>Loss for the financial period</b>	12	(38,283)	(174,583)

All of the above results are from continuing operations. There is no difference between the above results and those calculated on a historical cost basis.

The company has no recognised gains or losses other than those in the profit and loss account and therefore no separate statement of recognised gains and losses has been presented.

The accompanying notes on pages 8 to 14 are an integral part of these financial statements.


CBS UK Channels Limited  
Directors' report and financial statements  
For the year ended 31 December 2014

**Balance Sheet**  
*At 31 December 2014*

	<i>Note</i>	31 December 2014		31 December 2013	
		£	£	£	£
<b>Non current assets</b>					
Investments	6		4,375,526		3,787,526
Deferred tax asset	9		954,517		1,087,259
<b>Current assets</b>					
Debtors	7	564,882		159,065	
Cash at bank and in hand		6,289		7,249	
		<u>571,171</u>		<u>166,314</u>	
<b>Creditors: amounts falling due within one year</b>	8	<u>(12,028,264)</u>		<u>(11,129,866)</u>	
<b>Net current liabilities</b>			<u>(11,457,093)</u>		<u>(10,963,552)</u>
<b>Net liabilities</b>			<u>(6,127,050)</u>		<u>(6,088,767)</u>
<b>Capital and reserves</b>					
Called up share capital	10		1		1
Profit and loss account	11		<u>(6,127,051)</u>		<u>(6,088,768)</u>
<b>Shareholders' deficit</b>	12		<u>(6,127,050)</u>		<u>(6,088,767)</u>

The accompanying notes on pages 8 to 14 are an integral part of these financial statements.

These financial statements were approved by the board of directors on 30 October 2015 and were signed on its behalf by:



Stephen Tague  
Director

Company registered number: 06972345

## 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 accounting standards and under the historical cost accounting rules.

Under FRS 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements.

As the Company is a wholly owned subsidiary of CBS Corporation Inc., the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with wholly owned subsidiaries which form part of the group.

Until 2012 the company held a 50% participating interest in CBS Chellozone UK Channels Partnership. This partnership was not an entity and therefore the company accounted for its share of the profit and loss, assets and liabilities of the partnership in the prior year financial statements.

As per note 6, the investment in the partnership is now held at cost.

#### *Investments*

Investments in subsidiary undertakings, associates and joint ventures are stated at cost (less amounts written off).

#### *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 to continue to trade. 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. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

#### *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 gains or losses on translation are included in the profit and loss account.

#### *Taxation*

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

Deferred tax is recognised in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

#### *Interest Rate Risk*

The Company has interest bearing liabilities. These are group payables subject to the floating interest rates based upon GBP LIBOR + 2.50%. The Company does not participate in interest rate hedging. The directors keep these measures under constant review.

**Notes (continued)**

**2 Operating (loss)/profit**

	Year ended 31 December 2014 £	Year ended 31 December 2013 £
<i>Operating (loss)/ profit is stated after charging:</i>		
<i>Auditors' remuneration</i>		
Audit fees in respect of these financial statements	17,804	13,000
	<u>17,804</u>	<u>13,000</u>

**3 Remuneration of directors**

None of the directors received any remuneration in respect of their services to the Company during the year (2013: *none*). The directors were paid by another group undertaking.

**4 Interest payable and similar charges**

	Year ended 31 December 2014 £	Year ended 31 December 2013 £
Net exchange loss	-	9,575
Payable to other Group undertakings	293,554	289,619
	<u>293,554</u>	<u>299,194</u>

## Notes (continued)

### 5 Taxation on loss on ordinary activities

	Year ended 31 December 2014 £	Year ended 31 December 2013 £
The charge for the year is based on the results for the year and is comprised of the following:		
Corporation Tax on (loss)/profit of the year at 21.5% (2013: 23.25%)	-	-
Total current tax charge	-	-
Deferred tax (note 9)		
Origination and reversal of timing differences	(259,731)	182,925
Changes in tax rates and laws		186,953
Adjustment in respect of previous periods	(13,344)	6,298
Total deferred tax	(273,075)	376,176
Total tax (credit)/charge	(273,075)	376,176

The tax assessed for the year varied from the amount computed by applying the standard rate of corporation tax in the UK (21.5%) (2013: 23.25%) to the (loss) /profit on ordinary activities before tax. The differences were attributed to the following factors::

	Year ended 31 December 2014 £	Year ended 31 December 2013 £
(Loss)/Profit on ordinary activities before tax	(311,358)	201,593
(Loss)/Profit on ordinary activity multiplied by standard rate in the UK of 21.5% (2013: 23.25%)	(66,942)	46,870
Effects of:		
Expenses not deductible for tax purposes	-	2,226
Taxable (loss)/profit in excess of accounting expense	-	169,297
Non-taxable income	(275,383)	-
Increase in non trading tax losses	63,114	67,337
Group relief received for nil payment	-	(100,817)
Tax losses (utilised)/carried forward	279,211	(184,913)
Current tax charge for the year	-	-

A number of changes to the UK Corporation tax system were announced in the November 2012 Autumn Statement and the March 2013 Budget Statement. Finance Act 2013 was enacted on 17 July 2013 and included legislation to reduce the main rate of corporation tax to 21% with effect from 1 April 2014 and 20% with effect from 1 April 2015.

The July 2015 Summer Budget further proposed to reduce the main rate of corporation tax to 19% from 1 April 2017 and 18% from 1 April 2020. The changes had not been substantively enacted at the balance sheet date and, therefore are not included in these financial statements.

## Notes (continued)

### 5 Taxation on loss on ordinary activities (continued)

Deferred tax is measured on a non-discounted basis at the tax rate which is expected to apply in the periods in which timing differences reverse, based on tax rates and laws substantively enacted at the balance sheet date. The deferred tax asset recognised as at 31 December 2013 and 31 December 2014 have therefore been stated at the enacted rate of 20% in accordance with FRS 19.

The proposed reductions of the main rate of corporation tax by 1% to 19% by 1 April 2017 and 1% to 18% by 1 April 2020 are expected to be enacted separately each year. The overall effect of the further changes from 20% to 18%, if applied to the deferred tax balance at 31 December 2014, would be to reduce the deferred tax asset by £151,940 (being £75,970 recognised in 2017 and £75,970 recognised in 2020).

No allowance has been made in the accounts for the potential value of non-trade losses carried forward which equate to £116,635 (2013: £57,924). The Directors do not consider recoverability of this asset to be probable.

The deferred tax (credit)/charge was mainly as a result of the tax effect of timing differences as follows:

	Year ended 31 December 2014 £	Year ended 31 December 2013 £
Utilisation of tax losses	(259,731)	369,878
Adjustment in respect of previous periods	(13,344)	6,298
	<hr/>	<hr/>
Total deferred tax charge	(273,075)	376,176
	<hr/>	<hr/>

### 6 Investments

	Associate £
At 1 January 2014	3,787,526
Capital contribution	588,000
Distribution of capital from partnership	<hr/>
At 31 December 2014	4,375,526
	<hr/>

As at 01 January 2013, the Company sold 1% of its investment in the CBS UK Partnership for \$1m (£0.618m) to the Chellozone partner. The Company recognised a gain of £519,995 on this disposal. As a result of this transaction, the Company no longer has joint control over the partnership and as such the investment is treated as an associate and held at cost. The cost assumed is equal to the carrying value of the Company's existing share of net assets within the Partnership, less the 1% disposed.

During the year £588,000 capital funding of was provided to CBS AMC Networks UK Channels Partnership.

## Notes (continued)

### 7 Debtors

	31 December 2014 £	31 December 2013 £
Deferred tax asset (see also note 9)	564,882	159,065
	<u>564,882</u>	<u>159,065</u>

### 8 Creditors: amounts falling due within one year

	31 December 2014 £	31 December 2013 £
Accrued expenses	15,960	15,600
Amounts owed to group undertakings	12,012,304	11,114,266
	<u>12,028,264</u>	<u>11,129,866</u>

As at 31 December 2014, the loan owed to fellow group undertakings accrues interest at 1 month GBP LIBOR + 2.50% (2013: 2.00%). The loan is unsecured and repayable on demand.

### 9 Deferred tax asset

The elements of deferred taxation provided for in the financial statements are as follows:

	31 December 2014 £	31 December 2013 £
Unutilised tax losses carried forward	1,519,399	1,246,324
Total deferred tax asset	<u>1,519,399</u>	<u>1,246,324</u>
	2014 £	2013 £
Deferred tax asset:		
At beginning of year	1,246,324	1,622,500
Utilisation of tax losses	259,731	(369,878)
Adjustment in respect of previous periods	13,344	(6,298)
At end of period	<u>1,519,399</u>	<u>1,246,324</u>

## Notes (continued)

### 9 Deferred tax asset (continued)

	2014 £	2013 £
Recognised as:		
Non current asset	954,517	1,087,259
Current asset	<u>564,882</u>	<u>159,065</u>
Total deferred tax asset	1,519,399	1,246,324

The deferred tax charge (total amount of £273,075) was mainly as a result of the tax effect of timing differences of utilisation of tax losses and adjustment in respect of previous periods.

### 10 Called up share capital

	31 December 2014 £	31 December 2013 £
<i>Allotted, called up and fully paid</i>		
1 Ordinary share of £1 each	<u>1</u>	<u>1</u>

### 11 Reserves

	Profit and loss account £
At 1 January 2014	(6,088,768)
Loss for the period	(38,283)
At 31 December 2014	<u>(6,127,051)</u>

### 12 Reconciliation of movement in shareholders' deficit

	31 December 2014 £	31 December 2013 £
Loss for the financial period	(38,283)	(174,583)
Net addition to shareholders' deficit	(38,283)	(174,583)
Opening shareholders' deficit	(6,088,767)	(5,914,184)
Closing shareholders' deficit	<u>(6,127,050)</u>	<u>(6,088,767)</u>

**Notes** *(continued)*

**13 Ultimate parent company**

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 from 51 West 52 Street, New York, 10019-6188, USA.