

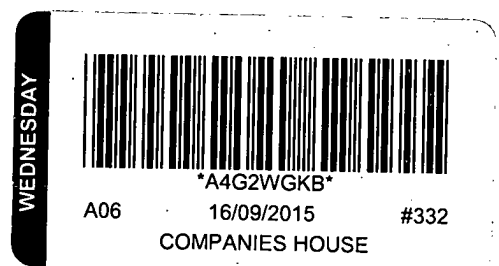
UKTV Media Holdings Limited

(formerly UKTV Media Limited)

Directors' report and financial statements

Registered number 07596400

31 December 2014



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Strategic report

Principal activity

The principal activity of the Group during the year was the operation of TV channels which broadcast via pay, free-to-air and digital platforms and interactive media operations. UKTV Media Holdings Limited (the 'Company'), formally UKTV Media Limited, is the holding company of UK Channel Management Limited, UKTV Media Limited (formally UKTV New Ventures Limited), UK Gold Holdings Limited and its subsidiary undertakings, and mainly holds investments in subsidiary undertakings. At 31 December 2014, the joint venture partners of the Company 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% of the ordinary share capital.

Results and business review

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

Detailed results of the Group for the year ended 31 December 2014 are set out on page 7. Performance for the Group is based on the results from UK Channel Management Limited, UKTV Media Limited (formally UKTV New Ventures Limited), UK Gold Holdings Limited and its subsidiary undertakings and is measured against operating profit, operating cash flow and SOCI.

Key performance indicators

	2014	2013
	£'000	£'000
Operating profit	72,203	66,159
Operating cash flow	68,152	73,095
Share of commercial impacts	9.00%	8.23%

Operating profit has increased year-on-year largely due to increased advertising revenues. During the year there was significant growth in commercial viewing, with share of commercial impacts growing from 8.23% to 9.00%, driven by investment in programming content and channels. Operating cash flow has decreased year-on-year mainly due to an increased working capital position at the year-end as a result of timing differences.

Significant events

During the year the Group launched a new digital-only, non-linear brand 'UKTV Play', renewed the majority of its DTT Spectrum contracts and moved offices, securing a long term lease on new premises in Hammersmith, London.

On 30 November 2014 the Group undertook a legal entity reduction to simplify the Group structure. The trade, net assets and employees of UK Channel Management Limited and UK Gold Holdings Limited and its subsidiaries were transferred into UKTV Media Limited (formally UKTV New Ventures Limited) at book value. UKTV Media Limited is now the only trading company within the Group. UK Channel Management Limited and UK Gold Holdings Limited and its subsidiaries will be placed into members' voluntary liquidation during 2015. The name of the Company changed from UKTV Media Limited to UKTV Media Holdings Limited on 28 November 2014.

Strategic report *(continued)*

Principle risks and uncertainties

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

- 1) Competition. The Group operates in a highly competitive environment. The Group 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 Group continues to invest in and expand its business beyond the linear broadcasting environment.
- 3) Reliance on key revenue streams. The Group'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 seeks to identify ways to diversify and lessen the exposure.

Future outlook

In 2015 the Group 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: 7596400
1 April 2015

Directors' report

The directors present their annual report and the audited consolidated financial statements of UKTV Media Holdings Limited (the 'Company') and subsidiaries (the 'Group') for the year ended 31 December 2014.

Going concern

The Group's business activities, together with the factors likely to affect its future development and position, are set out earlier in this report. The Group has net assets of £7,156,000 (2013: *net liabilities of £320,000*) and is expected to continue to generate positive operating cash flows for the foreseeable future. On this basis, and on their assessment of the Group's financial position, the directors have a reasonable expectation that the Group will be able to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Dividends

During the year, ordinary dividends of £46,500,000 (2013: £43,059,236), being equivalent to £23,250,000 (2013: £21,529,618) per ordinary shareholder were proposed and paid. Preference dividends of £50,000 (2013: £50,000) were payable by subsidiary companies UK Gold Holdings Limited and UKTV Media Limited (formally UKTV New Ventures Limited) to Southbank Media Limited, a subsidiary of Scripps Networks Interactive Inc.

Directors

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

T Davie	
A Bott	
D Childs	(appointed 25 March 2014; resigned 25 February 2015)
K W Lowe	(resigned 11 April 2014)
S Nardi	(appointed 11 April 2014)
M Arthur	
J G NeCastro	
J Samples	

Political and charitable contributions

During the year, the Group made charitable donations of £66,785 (2013: £15,633) and did not make any political contributions (2013: *£nil*).

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 a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Directors' report *(continued)*

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: 7596400
1 April 2015

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 group and parent company 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 group and parent company and of their profit or loss for the period.

In preparing each of the group and parent company 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 parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its 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 group and to prevent and detect fraud and other irregularities.

Independent Auditor's Report to the Members of UKTV Media Holdings Limited (formerly UKTV Media Limited)

We have audited the financial statements of UKTV Media Holdings Limited (the 'Company'), formerly UKTV Media Limited, for the year ended 31 December 2014 set out on pages 7 to 26. 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 Group'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.cfm.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and parent Company's affairs as at 31 December 2014 and of the Group's 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.

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

2 April 2015

Consolidated profit and loss account

for the year ended 31 December 2014

	<i>Note</i>	2014 £'000	2013 £'000
Turnover	2	282,550	277,771
Cost of sales		(147,690)	(149,437)
		<hr/>	<hr/>
Gross profit		134,860	128,334
Distribution costs		(44,385)	(45,502)
Administration expenses		(18,272)	(16,673)
		<hr/>	<hr/>
Operating profit		72,203	66,159
Interest receivable and similar income	3	15	8
Interest payable and similar charges	4	(3,711)	(3,802)
		<hr/>	<hr/>
Profit on ordinary activities before taxation	5	68,507	62,365
Tax on profit on ordinary activities	8	(14,531)	(14,888)
		<hr/>	<hr/>
Profit for the financial year		53,976	47,477
		<hr/>	<hr/>

All the results above arose from continuing operations.

The Group has no recognised gains or losses for the current or prior financial years other than those included in the profit and loss account and therefore no separate statement of total recognised gains and losses has been prepared.

There is no difference between profit on a historical cost basis and that shown in the profit and loss account.

Notes on pages 11 to 26 form an integral part of these financial statements.

Consolidated balance sheet

at 31 December 2014

	Note	2014 £'000	2013 £'000
Fixed assets			
Tangible fixed assets	9	5,758	2,819
		<u>5,758</u>	<u>2,819</u>
Current assets			
Programming stock	12	104,856	97,481
Debtors: amounts falling due within one year	13	68,395	67,009
Cash at bank and in hand		11,288	11,373
		<u>184,539</u>	<u>175,863</u>
Current assets		184,539	175,863
Creditors: amounts falling due within one year	14	(129,796)	(148,507)
		<u></u>	<u></u>
Net current assets		54,743	27,356
		<u></u>	<u></u>
Total assets less current liabilities		60,501	30,175
		<u></u>	<u></u>
Creditors: amounts falling due after more than one year	15	(53,345)	(30,495)
		<u></u>	<u></u>
Net assets/(liabilities)		7,156	(320)
		<u></u>	<u></u>
Total shareholders' funds			
Equity share capital	16	10	10
Profit and loss account	17	7,146	(14,080)
Share capital redemption reserve	17	-	13,750
		<u></u>	<u></u>
Shareholders' funds/ (deficit)	18	7,156	(320)
		<u></u>	<u></u>

The notes on pages 11 to 26 form an integral part of these financial statements.

This balance sheet was approved by the board of directors on 1 April 2015 and was signed on its behalf by:



A Bott
Director


Company balance sheet

at 31 December 2014

	Note	2014 £'000	2013 £'000
Fixed assets			
Investments	10	550,000	550,000
Current assets			
Debtors due within one year	13	10	10
		<u>10</u>	<u>10</u>
Net current assets		<u>10</u>	<u>10</u>
Total assets less current liabilities		<u>550,010</u>	<u>550,010</u>
Net assets		<u>550,010</u>	<u>550,010</u>
Total shareholders' funds			
Equity share capital	16	10	10
Profit and loss account	17	550,000	550,000
		<u>550,010</u>	<u>550,010</u>
Shareholders' funds	18	<u>550,010</u>	<u>550,010</u>

The notes on pages 11 to 26 form part of these financial statements.

This balance sheet was approved by the board of directors on 1 April 2015 and was signed on its behalf by:



A Bott
Director

Consolidated cash flow statement

for the year ended 31 December 2014

	Note	2014 £'000	2013 £'000
Net cash inflow from operating activities	19	68,152	73,095
Return on investments and servicing of finance			
Interest paid		(3,111)	(3,154)
Interest received		15	-
Net cash outflow from returns on investment and servicing of finance		(3,096)	(3,154)
Taxation paid		(13,814)	(14,518)
Capital expenditure		(4,827)	(1,997)
Equity dividends paid		(46,500)	(43,059)
Net cash (outflow) /inflow before financing	20	(85)	10,367
Financing			
Repayment of loans & shares classified as loans		-	(6,059)
Net cash outflow from financing		-	(6,059)
(Decrease)/ Increase in cash in the year		(85)	4,308

Reconciliation of net cash flow to movement in net debt

for the year ended 31 December 2014

	Note	2014 £'000	2013 £'000
(Decrease)/Increase in cash in the year		(85)	4,308
Cash flow from movement in debt		-	6,059
Other non-cash changes		(598)	(571)
Movement in net debt in the year	20	(683)	9,796
Net debt at beginning of the year		(82,834)	(92,630)
Net debt at end of the year	20	(83,517)	(82,834)

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 Group's financial statements, except as noted below.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards (UK GAAP) and under the historical cost accounting conventions. The Company has taken advantage of the exemption under section 408 of the Companies Act 2006 and is not presenting its own profit and loss account. The profit of the Company for the year is disclosed in note 17 to the financial statements.

Going concern

As stated in the Directors' Report, the Group has net assets of £7,156,000 (2013: net liabilities of £320,000) and is expected to continue to generate positive operating cash flows for the foreseeable future. On this basis, and on their assessment of the Group's financial position, the directors have a reasonable expectation that the Group will be able to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Group accounts

Consolidated financial statements have been prepared for the Group which incorporate the financial statements of UK Channel Management Limited, UKTV Media Limited (formally UKTV New Ventures Limited), UK Gold Holdings Limited and its subsidiary undertakings. These consolidated accounts have been prepared in line with merger accounting principles of Financial Reporting Standard 6. The carrying value of the subsidiary companies was initially included at fair value within the parent company financial statements.

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 or, if hedged forward, at the rate of exchange under the related forward currency contract. 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.

Notes (continued)

1 Accounting policies (continued)

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. 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, except as otherwise required by FRS 19.

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 group 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, adjusted for any lease incentives.

Tangible fixed assets and depreciation

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 & Software – 33% per annum.

Investments

In the Company financial statements, investments in subsidiary undertakings were initially stated at fair value. It is the intention to maintain these assets at historical cost and test for impairment each year, as appropriate.

Classification of financial instruments issued by the Group

Financial instruments issued by the Group are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions:

- a) they include no contractual obligations upon the Company, or Group as the case may be, to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company or Group; and
- b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

Notes (continued)

1 Accounting policies (continued)

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital exclude amounts in relation to those shares.

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges.

2 Segmental reporting

The Group's operations are all considered to fall into a single class of business, namely the operation of TV channels which broadcast via pay and direct-to-home sources and interactive media operations. The revenue is derived from the geographical areas below.

<i>Turnover by geographical location:</i>	2014 £'000	2013 £'000
UK	277,475	273,200
Republic of Ireland	5,075	4,571
	<hr/> 282,550 <hr/>	<hr/> 277,771 <hr/>

3 Interest receivable and similar income

	2014 £'000	2013 £'000
Interest on bank deposits	12	-
Other interest receivable	3	8
	<hr/> 15 <hr/>	<hr/> 8 <hr/>

4 Interest payable and similar charges

	2014 £'000	2013 £'000
Interest on redeemable unsecured loan stock (note 21)	2,247	2,247
Interest on revolving credit facility (note 21)	1	-
Interest on variable rate unsecured loan stock (note 21)	1,408	1,429
Finance costs on shares classified as liabilities (note 21)	50	50
Other interest	5	76
	<hr/> 3,711 <hr/>	<hr/> 3,802 <hr/>

Notes (continued)

5 Profit on ordinary activities before taxation

	2014 £'000	2013 £'000
<i>Profit on ordinary activities before taxation is stated after charging :</i>		
Auditor remuneration:		
Audit of the Company's financial statements	8	8
Audit of the Company's subsidiaries	<u>82</u>	<u>87</u>
Total audit fees	90	95
Tax services	63	43
Other non-audit services	<u>204</u>	<u>28</u>
Total non-audit fees	267	71
Amortisation of programming inventory	102,941	104,330
Operating lease rentals in respect of land and buildings	944	355
Operating lease rentals in respect of hire of plant and machinery	25,011	25,349
Depreciation of fixed assets	1,889	1,178
	<u><u> </u></u>	<u><u> </u></u>

The Company audit fee of £8,000 was borne by subsidiary undertakings. The 2014 non-audit fees largely comprise group restructuring fees and pension auto enrolment fees.

6 Staff numbers and costs

Prior to 30 November 2014, all staff costs relating to the Group were incurred by UK Channel Management Limited and recharged to companies within the Group according to the work they undertook. On 30 November 2014 all employees of the Group were transferred to UKTV Media Limited (formally UKTV New Ventures Limited). All staff costs from this date are incurred wholly by UKTV Media Limited and are disclosed in the financial statements for UKTV Media Limited, which are available from Companies House.

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

	Number of employees 2014	2013
Administration	212	207
	<u><u> </u></u>	<u><u> </u></u>

The aggregate payroll costs of these persons were as follows:

	2014 £'000	2013 £'000
Wages and salaries	15,428	15,063
Social security costs	1,303	1,279
Other pension costs (note 23)	867	745
	<u><u>17,598</u></u>	<u><u>17,087</u></u>

Notes (continued)

7 Remuneration of directors

The aggregate directors' remuneration was as follows (2013: £nil):

	2014 £'000
Directors' remuneration	631
Group contribution to money purchase pension scheme	33
	<u>664</u>

The remuneration of the highest paid director was £631,000 (2013: £nil) and Group pension contributions of £33,000 (2013: £nil) were made to a money purchase scheme.

The Group paid defined contributions into the money purchase scheme of one director (2013: nil).

8 Taxation

Analysis of charge in period:

	2014 £'000	2013 £'000
UK Corporation tax		
Current tax on income for the period	14,041	13,510
Adjustments in respect of prior periods	5	(30)
Total current tax charge	14,046	13,480
Deferred tax	485	1,408
Total deferred tax	485	1,408
Tax on profit on ordinary activities	14,531	14,888

Factors affecting tax charge for the current period.

The current tax charge for the period is lower (2013: lower) than the standard rate of corporation tax in the UK. The differences are explained below.

	2014 £'000	2013 £'000
Current tax reconciliation		
Profit on ordinary activities before tax	68,507	62,365
Current tax at 23% to 1 April 2014, and 21% thereafter (2013: 23.25%)	14,729	14,500
Effects of:		
Utilisation of tax losses	(750)	(1,158)
Expenses not deductible for tax purposes	147	215
Differences between capital allowances & depreciation	70	127
Group relief received	(155)	(174)
Adjustments to tax charge in respect of prior periods	5	(30)
Total current tax charge	14,046	13,480

Notes (continued)

8 Taxation (continued)

Deferred tax	2014 £'000	2013 £'000
Carried forward tax losses	1,290	2,040
Timing differences	265	-
	<hr/>	<hr/>
Deferred tax asset	1,555	2,040
	<hr/>	<hr/>
At beginning of the year	2,040	3,448
Utilised during the year	(750)	(1,158)
Timing differences	265	-
Adjustment for change in 2015 corporation tax rate to 20%	-	(182)
Adjustment in respect of prior periods	-	(68)
	<hr/>	<hr/>
At the end of the year (note 13)	1,555	2,040
	<hr/>	<hr/>

As at 31 December 2014, the Company has £nil (2013: £nil) unrecognised tax losses available to relieve against future profits.

Factors affecting future tax charge for the period:

The UK corporation tax rate will reduce to 20% effective from 1 April 2015.

This will reduce the Group's future current tax charge accordingly. The deferred tax asset at 31 December 2014 has been calculated based on the rate of 20% substantively enacted at the balance sheet date.

Notes (continued)

9 Tangible fixed assets

Cost	Furniture & Fittings £'000	IT Hardware & Software £'000	Total £'000
At 1 January 2014	1,048	3,638	4,686
Additions	2,149	2,679	4,828
At 31 December 2014	3,197	6,317	9,514
Depreciation			
At 1 January 2014	783	1,084	1,867
Provided during the year	312	1,577	1,889
At 31 December 2014	1,095	2,661	3,756
Net book value at 31 December 2014	2,102	3,656	5,758
Net book value at 31 December 2013	265	2,554	2,819

10 Fixed asset investments

Company investments in subsidiary undertakings

	£'000
Cost and net book value at beginning of the year	550,000
Movements in the year	
Return of capital from subsidiary undertakings	(82,149)
Share subscription to UKTV Media Limited	82,149
Net movement in the year	-
Cost and net book value at end of the year	550,000

Notes (continued)

10 Fixed asset investments (continued)

Subsidiary undertakings

The following companies were subsidiaries at 31 December 2014:

	Business	Class of shares	Group Holding	Country of incorporation
UK Channel Management Limited	Non-trading	Ordinary	100%	England and Wales
UK Gold Holdings Limited	Investment Holding Company	Ordinary	100%	England and Wales
UKTV Media Limited	Broadcasting Entertainment TV Channels	Ordinary	100%	England and Wales
UK Gold Services Limited*	Non-trading	Ordinary	100%	England and Wales
UKTV Interactive Limited*	Non-trading	Ordinary	100%	England and Wales

* *indirect shareholdings.*

UK Channel Management Limited, UKTV Media Limited (formally UKTV New Ventures Limited) and UK Gold Holdings Limited are wholly-owned subsidiaries of the Company. UK Gold Services Limited and UKTV Interactive Limited are wholly-owned subsidiaries of UK Gold Holdings Limited.

On 30 November 2014 the trade of UK Channel Management Limited and UK Gold Holdings Limited and its subsidiaries was transferred into UKTV Media Limited (formally UKTV New Ventures Limited) at book value. UKTV Media Limited is now the only trading company within the Group.

In the opinion of the directors, the investments in, and amounts due from, the Company's subsidiary undertakings are worth at least the amounts at which they are stated in the balance sheet.

Notes (continued)

11 Dividends

	2014 £'000	2013 £'000
Equity shares		
Ordinary dividends proposed and paid	46,500	43,059

12 Programming stock

	Group		Company	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000
Licence fees	104,856	97,481	-	-

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

13 Debtors: amounts falling due within one year

	Group		Company	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000
Trade debtors	32,278	33,545	-	-
Amounts owed by joint venture parent and its subsidiaries (note 21)	259	66	-	-
Amounts owed by fellow joint venture undertakings	-	-	10	10
Prepayments	14,572	10,081	-	-
Accrued income	19,699	19,593	-	-
Net deferred tax asset (note 8)	1,555	2,040	-	-
Other debtors	32	1,684	-	-
	68,395	67,009	10	10

Notes (continued)

14 Creditors: amounts falling due within one year

	Group		Company	
	2014	2013	2014	2013
	£'000	£'000	£'000	£'000
Trade creditors	2,619	8,091	-	-
Amounts owed to joint venture parent and its subsidiaries (note 21)	13,218	15,589	-	-
Other creditors including taxation and social security	9,219	8,372	-	-
Shares classified as liabilities (note 16, 20, 21)	20,000	20,000	-	-
Accruals and deferred income	62,187	51,834	-	-
Redeemable unsecured loan stock (note 21)	21,460	21,460	-	-
Other creditors	1,093	909	-	-
Variable rate loan stock (note 15, 21)	-	14,737	-	-
Capitalised interest on variable rate unsecured loan stock (note 15, 21)	-	7,515	-	-
	<u>129,796</u>	<u>148,507</u>	<u>-</u>	<u>-</u>

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

	Group		Company	
	2014	2013	2014	2013
	£'000	£'000	£'000	£'000
Variable rate loan stock (note 21)	45,232	30,495	-	-
Capitalised interest on variable rate unsecured loan stock (note 21)	8,113	-	-	-
	<u>53,345</u>	<u>30,495</u>	<u>-</u>	<u>-</u>

The variable rate 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. During the year the terms of the loan stock were renegotiated.

Notes (continued)

16 Called up share capital

	Group		Company	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000
10,000 ordinary shares of £1 each (divided into 5000 'A' shares and 5000 'B' shares)	10	10	10	10
20,000,000 non-cumulative redeemable 0.25% preference shares of £1 each	20,000	20,000	-	-
	<u>20,010</u>	<u>20,010</u>	<u>10</u>	<u>10</u>
Shares classified as liabilities	(20,000)	(20,000)	-	-
	<u>10</u>	<u>10</u>	<u>10</u>	<u>10</u>

On 10 December 2014, 20,000,000 £1 non-cumulative preference shares were fully redeemed at par by UK Gold Holdings Limited to Southbank Media Limited and 20,000,000 new £1 non-cumulative preference shares were issued by UKTV Media Limited (formally UKTV New Ventures Limited) to Southbank Media Limited.

Rights attaching to each class of share are summarised below:

Save as summarised below, the holders of the 'A' ordinary shares and the 'B' ordinary shares rank pari passu in all respects.

Only the holders of the 'A' ordinary shares and the 'B' ordinary shares are entitled to voting rights at meetings of the members. The holders of a majority of 'A' ordinary shares also have the right to appoint and remove 'A' shareholder directors and the holders of a majority of 'B' ordinary shares have the right to appoint and remove 'B' shareholder directors.

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.

Notes (continued)

17 Reserves

Group	Profit and Loss Account £'000	Share Capital Redemption Reserve £'000
At 1 January 2014	(14,080)	13,750
Profit for the year	53,976	-
Equity dividend (note 11)	(46,500)	-
Redemption of non-cumulative preference shares (note 16)	(20,000)	20,000
Elimination of share capital redemption reserve	33,750	(33,750)
	<hr/>	<hr/>
At 31 December 2014	7,146	-
	<hr/> <hr/>	<hr/> <hr/>

On 10 December 2014 the directors of UK Gold Holdings Limited approved a capital reduction and the share capital redemption reserve was eliminated and credited to distributable reserves.

Company	Profit and Loss Account £'000
At 1 January 2014	550,000
Equity dividends received	128,649
Equity dividends paid (note 11)	(46,500)
Return of capital from subsidiary undertakings	(82,149)
	<hr/>
	-
At 31 December 2014	550,000
	<hr/> <hr/>

On the 15 December 2014, the Company received dividends in specie of the remaining assets from subsidiary undertakings UK Channel Management Limited and UK Gold Holdings Limited equal to the remaining distributable reserves thus eliminating the Company's cost of investment in these subsidiaries.

18 Reconciliation of movement in equity shareholders' (deficit) / funds

	Group £'000	Company £'000
Profit for the year	53,976	46,500
Dividends paid	(46,500)	(46,500)
	<hr/>	<hr/>
	7,476	-
Opening equity shareholders' (deficit) / funds	(320)	550,010
	<hr/>	<hr/>
Closing equity shareholders' funds	7,156	550,010
	<hr/> <hr/>	<hr/> <hr/>

Notes (continued)

19 Reconciliation of operating profit to net cash inflow from operating activities

	2014 £'000	2013 £'000
Operating profit	72,203	66,159
(Increase) in programming stock	(7,375)	(7,320)
Depreciation	1,889	1,178
(Increase) / decrease in debtors	(1,870)	6,887
Increase in creditors	3,305	6,191
Net cash inflow from operating activities	68,152	73,095

20 Analysis of changes in net debt

	At 1 January 2014 £'000	Cash Flows £'000	Other Non- Cash Changes £'000	At 31 December 2014 £'000
Cash in hand	11,373	(85)	-	11,288
Redeemable unsecured loan stock (<i>note 14</i>)	(21,460)	-	-	(21,460)
Variable rate unsecured loan stock (<i>note 14, 15</i>)	(45,232)	-	-	(45,232)
Capitalised interest on variable rate unsecured loan stock (<i>note 14, 15</i>)	(7,515)	-	(598)	(8,113)
Redemption of shares classified as liabilities (<i>note 14, 16</i>)	(20,000)	-	20,000	-
Issues of shares classified as liabilities (<i>note 14, 16</i>)	-	-	(20,000)	(20,000)
Total	(82,834)	(85)	(598)	(83,517)

Notes (continued)

21 Related party transactions

Income from the BBC and BBC Worldwide Limited relates to commercial revenue.

Cost of sales purchases from BBC Worldwide Limited relate to BBC archive programming and channel management costs.

	2014 £'000	2013 £'000
Income from the BBC and BBC Worldwide Limited	1,348	1,081
Cost of sales purchases from BBC Worldwide Limited	(48,754)	(51,015)
Taxation charged on group relief due to Scripps Networks Interactive Inc. and its subsidiaries.	(777)	(2,286)
Taxation paid on group relief due to Scripps Networks Interactive Inc. and its subsidiaries.	(796)	(404)
Repayment of loan due to Scripps Networks Interactive Inc. and its subsidiaries.	-	(6,059)
Interest charged on loan stock due to Scripps Networks Interactive Inc. and its subsidiaries.	(1,408)	(1,429)
Interest paid on loan stock due to Scripps Networks Interactive Inc. and its subsidiaries.	(810)	(857)
Interest charged on Revolving Credit Facility to Scripps Networks Interactive Inc. and its subsidiaries.	(1)	-
Interest paid on Revolving Credit Facility to Scripps Networks Interactive Inc. and its subsidiaries.	(1)	-
Interest charged on redeemable unsecured loan stock to Scripps Networks Interactive Inc. and its subsidiaries.	(2,247)	(2,247)
Interest paid on redeemable unsecured loan stock to Scripps Networks Interactive Inc. and its subsidiaries.	(2,247)	(2,247)
Ordinary dividends paid to BBC Worldwide Limited	(23,250)	(21,530)
Ordinary dividends paid to Scripps Networks Interactive Inc. and its subsidiaries.	(23,250)	(21,530)
Preference dividend payable to Scripps Networks Interactive Inc. and its subsidiaries.	(50)	(50)

Notes (continued)

21 Related party transactions (continued)

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

	2014 £'000	2013 £'000
Amounts owed by BBC Worldwide Limited	259	66
Amounts owed to BBC Worldwide Limited	(12,771)	(13,707)
Amounts owed to Scripps Networks Interactive Inc. and its subsidiaries:		
Variable rate unsecured loan stock	(45,232)	(45,232)
Capitalised interest on variable rate unsecured loan stock	(8,113)	(7,515)
Redeemable unsecured loan stock	(21,460)	(21,460)
Preference shares classified as liabilities	(20,000)	(20,000)
Consortium Group relief	(447)	(1,882)

22 Commitments

Annual commitments under non-cancellable operating leases, programming licence commitments and other non-cancellable contracts are as follows:

	Land & Buildings		Other		Total	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000	2014 £'000	2013 £'000
Operating leases which expire:						
In less than one year	-	235	-	10,060	-	10,295
In two to five years	-	-	11,105	-	11,105	-
Over five years	1,455	-	20,558	11,818	22,013	11,818

	2014 £'000	2013 £'000
Annual commitments with regard to the purchase of programming licences and other non-cancellable contracts	60,018	53,428

As at 31 December 2014, the Group had forward commitments to purchase €4,103,748 in 2015 for £3,210,101.

Notes (continued)

23 Pension scheme

The group 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 and amounted to £867,195 (2013: £745,014). There were outstanding contributions as at 31 December 2014 of £60,529 (2013: £47,456).

24 Ultimate joint venture parents

At 31 December 2014, the joint venture partners of UKTV Media Holdings Limited (formerly UKTV Media Limited) were BBC Worldwide Limited (a wholly-owned subsidiary of the BBC) and Southbank Media Ltd (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

On 28 November 2014, the name of the company changed from UKTV Media Limited to UKTV Media Holdings Limited.