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**NORTHERN & SHELL BROADCASTING (CI) LIMITED  
(Formerly CLT-UFA HOLDINGS LIMITED)**

**REPORT & FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2010**

TUESDAY



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**NORTHERN & SHELL BROADCASTING (CI) LIMITED**

**ANNUAL REPORT**

**For the year ended 31 December 2010**

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**NORTHERN & SHELL BROADCASTING (CI) LIMITED**

**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

Mr D A Menet	<i>resigned 23 July 2010</i>
Ms D Airey	<i>resigned 23 July 2010</i>
Mr D Hockley	<i>resigned 23 July 2010</i>
Mr R C Desmond	<i>appointed 23 July 2010</i>
Mr R Sanderson	<i>appointed 23 July 2010</i>
Mr S Myerson	<i>appointed 23 July 2010</i>
Mr M S Ellice	<i>appointed 23 July 2010</i>
Dr P Ashford	<i>appointed 23 July 2010</i>

**SECRETARY**

State Street (Jersey) Limited (formerly Maurant & Co Secretaries Limited)

**COMPANY NUMBER**

FC027840 (Jersey – Channel Islands)

**REGISTERED OFFICE**

22 Greenville Street  
St Helier  
Jersey, JE4 8PX  
Channel Islands

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**NORTHERN & SHELL BROADCASTING (CI) LIMITED**

**DIRECTORS' REPORT**

**For the year ended 31 December 2010**

The directors present their report and the audited financial statements of the Company for the year ended 31 December 2010

**PRINCIPAL ACTIVITIES**

The Company's principle activity is a holding company

**RESULTS AND DIVIDENDS**

The Company recorded a profit before taxation of £64,954,000 (2009 loss of £103,463,000)

The directors do not recommend the payment of a dividend (2009 £nil)

**REVIEW OF THE YEAR AND FUTURE PROSPECTS**

On 23 July 2010, the entire share capital of the Company was acquired by Northern & Shell Broadcasting Limited

The profit and loss account is set out on page 6

The directors consider the result for the year to be satisfactory. It is the intention of the Company to continue in its principal activity for the foreseeable future.

The risks, uncertainties and key performance indicators pertaining to the Company are consistent with those experienced by the Company's fellow subsidiaries. These are discussed in the "Review of the year and future prospects" section in the Directors' Report of Northern & Shell Media Group Limited, the ultimate parent of the Company.

The Company's net assets were £101,063,000 as at 31 December 2010 (2009 £36,109,000)

**DIRECTORS**

The membership of the board during the year is set out on page 2

**FINANCIAL RISK MANAGEMENT**

The management of the business and the execution of the Company's strategy are subject to a number of risks.

The key business risks and uncertainties affecting the Company's subsidiaries are considered to relate to competition from other broadcasters and the performance of the advertising market.

**NORTHERN & SHELL BROADCASTING (CI) LIMITED**

**DIRECTORS' REPORT**

**For the year ended 31 December 2010**

**ELECTIVE RESOLUTIONS – AUDITORS AND AGM**

The Company has passed an elective resolution under article 87(4) of Companies (Jersey) Law 1991 whereby it has dispensed with the holding of an Annual General Meeting until such time as the election is revoked

Further elective resolutions passed at the same time dispense with

- a) Laying of the annual report and financial statements before the Company in General Meeting, and
- b) Appointment of auditors as the company does not satisfy the requirements of article 109(1) of Companies (Jersey) Law 1991

By order of the Board



Mr R Sanderson  
Director

Date 10 May 2011

22 Greenville Street  
St Helier  
Jersey, JE4 8PX  
Channel Islands

**NORTHERN & SHELL BROADCASTING (CI) LIMITED**

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS**

**For the year ended 31 December 2010**

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 judgments 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.

**NORTHERN & SHELL BROADCASTING (CI) LIMITED**

**PROFIT AND LOSS ACCOUNT**

**For the year ended 31 December 2010**

	Notes	2010 £000	2009 £000
Impairment of fixed asset investment	3	<b>64,954</b>	(103,463)
<b>PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>64,954</b>	(103,463)
Tax on profit on ordinary activities	2	-	-
<b>PROFIT/(LOSS) FOR THE FINANCIAL YEAR</b>		<b>64,954</b>	(103,463)

There are no recognised gains and losses other than those stated above and therefore no separate statement of total recognised gains and losses has been presented

There are no material differences between the profit on ordinary activities before taxation and the profit for the year stated above and their historical cost equivalents

The notes on pages 8 to 11 form part of these financial statements

**NORTHERN & SHELL BROADCASTING (CI) LIMITED**

**BALANCE SHEET as at 31 December 2010**

	Notes	2010 £000	2009 £000
<b>FIXED ASSETS</b>			
Investment	3	<u>101,063</u>	<u>36,109</u>
<b>NET ASSETS</b>		<u>101,063</u>	<u>36,109</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	4	-	-
Profit and loss account	5	<u>101,063</u>	<u>36,109</u>
<b>TOTAL SHAREHOLDERS' FUNDS</b>		<u>101,063</u>	<u>36,109</u>

These financial statements were approved by the Board of Directors and signed on its behalf by



Mr R Sanderson

Date 1 May 2011

Company registered number FC027840



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**NORTHERN & SHELL BROADCASTING (CI) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 31 December 2010**

**1 PRINCIPAL ACCOUNTING POLICIES**

**( a ) Basis of accounting**

The financial statements are prepared on a going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards. The principal accounting policies are set out below.

**( b ) Going Concern**

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

**( c ) Consolidated financial statements and cash flow statement**

The Company is a wholly owned subsidiary of Northern & Shell Media Group Limited and is included in the consolidated financial statements of Northern & Shell Media Group Limited, and is therefore exempt from the obligation to prepare and deliver group accounts in accordance with Section 400 of the Companies Act 2006.

Northern & Shell Media Group Limited prepares and files consolidated financial statements which include the cashflows of the Company. The Company has therefore relied on the exemption provided by FRS1 from preparing its own cash flow statement.

**( d ) Fixed asset investments**

Investments are held at cost less provision for any permanent diminution in value. Their value is reviewed annually by the Directors, and provision is made, where appropriate for any permanent diminution of value.

**NORTHERN & SHELL BROADCASTING (CI) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 31 December 2010**

**2 TAXATION ON PROFIT ON ORDINARY ACTIVITIES**

	<b>2010 £000</b>	<b>2009 £000</b>
<b>Current taxation</b>		
UK corporation tax on profit of the year at 28% (2009 28%)	-	-
Total current taxation charge	-	-

The tax assessed for the year differs from the rate of 28% (2009 28%) and the differences are explained below

	<b>2010 £000</b>	<b>2009 £000</b>
Profit on ordinary activities before tax	<b>64,954</b>	<b>(103,463)</b>
Profit on ordinary activities multiplied by the rate of 28% (2009 28%)	<b>18,187</b>	<b>(28,970)</b>
Effects of		
Net effect of expenses not deductible for tax and income not subject to tax	<b>(18,187)</b>	<b>28,970</b>
Current tax charge for the year	-	-

**Deferred taxation**

On 22 June 2010, the Chancellor announced that the main rate of UK corporation tax will reduce from 28% to 27% with effect from 1 April 2011. On 23 March 2011, the Chancellor announced a further reduction in the main rate of UK corporation tax to 26% with effect from 1 April 2011.

The Company has no deferred tax assets, either recognised or unrecognised (2009 £nil)

# **NORTHERN & SHELL BROADCASTING (CI) LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 31 December 2010**

### **3 FIXED ASSET INVESTMENT**

	<b>2010 £000</b>	<b>2009 £000</b>
Cost at 1 January	352,000	352,000
Temporary impairment provision		
At 1 January	(315,891)	(212,428)
Impairment charge	<u>315,891</u>	<u>(103,463)</u>
	-	(315,891)
Permanent impairment write down		
At 1 January	-	-
Impairment charge	<u>(250,937)</u>	<u>-</u>
	<u>(250,937)</u>	<u>-</u>
At 31 December	<u>101,063</u>	<u>36,109</u>

The fixed asset investment is stated at cost and represents the interest in Channel 5 Television Group Limited, whose principle activity is the holding of investments

Prior to the acquisition of the Company by Northern & Shell Broadcasting Limited on 23 July 2010, the Company tested its investments annually for impairment and booked movements through a temporary impairment provision. When testing for impairment, recoverable amounts were measured at their fair value in use by discounting the future expected cash flows from the investments.

The 2009 valuation uses cash flow projections based on management approved budgets and the Company's five year plan. Cash flows beyond the initial five year period were extrapolated using a long term growth rate of 3%. The cash flows were discounted at a pre-tax discount rate of 8.40%, the Company's current cost of capital.

Subsequent to the acquisition of the Group, the Company changed its accounting policy in line with the ultimate parent to no longer temporarily impair investments. The investment in Channel 5 Television Group Limited was then permanently impaired.

### **4. SHARE CAPITAL**

	<b>2010 £</b>	<b>2009 £</b>
<i>Authorised</i>		
The Company is authorised to issue an unlimited number of ordinary shares of no par value	<u>-</u>	<u>-</u>
<i>Allotted and fully paid</i>		
3 ordinary shares of no par value	<u>2</u>	<u>2</u>

**NORTHERN & SHELL BROADCASTING (CI) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 31 December 2010**

**5. RESERVES AND SHAREHOLDERS' FUNDS**

	<b>Share Capital £000</b>	<b>Profit and loss account £000</b>	<b>Total shareholder funds £000</b>
At 31 December 2009	-	36,109	36,109
Profit for the year	-	64,954	64,954
As at 31 December 2010	-	<b>101,063</b>	<b>101,063</b>

**6 GUARANTEES AND CONTINGENT LIABILITIES**

The Company is part of the Northern & Shell Media Group Limited group. At 31 December 2010, certain claims in the normal course of business were pending against the Group and certain tax computations were still subject to agreement with the relevant taxation authorities. Although there is uncertainty regarding the final outcome of these matters, the directors believe, based on professional advice received, that an adequate provision has been made in the financial statements for anticipated liabilities and the probable ultimate resolution of such matters will not have a material effect on the financial statements of the Company.

**7 RELATED PARTY TRANSACTIONS**

The Company is exempt under the terms of FRS 8 from disclosing related party transactions with entities that are part of the Northern & Shell Media Group Limited group.

**8. ULTIMATE PARENT UNDERTAKING**

The immediate parent undertaking is Northern & Shell Broadcasting Limited and the ultimate parent undertaking is Northern & Shell Media Group Limited. The ultimate controlling party is Richard Desmond, the Chairman of Northern & Shell Media Group Limited.

The largest and smallest group into which these accounts are consolidated is Northern & Shell Media Group Limited respectively. Northern & Shell Media Group Limited is registered in England. The consolidated financial statements of Northern & Shell Media Group Limited can be obtained from The Northern & Shell Building, Number 10 Lower Thames Street, London, EC3R 6EN, United Kingdom.