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NORTHERN & SHELL BROADCASTING (CI) LIMITED

REPORT & FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012

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NORTHERN & SHELL BROADCASTING (CI) LIMITED

ANNUAL REPORT

For the year ended 31 December 2012

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NORTHERN & SHELL BROADCASTING (CI) LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Mr R C Desmond
Mr R Sanderson
Mr S Myerson
Mr M S Ellice
Dr P Ashford

SECRETARY

State Street (Jersey) Limited

COMPANY NUMBER

FC027840 (Jersey – Channel Islands)

REGISTERED OFFICE

Lime Grove House
Green Street
St Helier
Jersey, JE1 2ST
Channel Islands

AUDITORS

KPMG LLP
8 Salisbury Square
London, EC4Y 8BB
United Kingdom

NORTHERN & SHELL BROADCASTING (CI) LIMITED

DIRECTORS' REPORT

For the year ended 31 December 2012

The directors present their report and the audited financial statements of the Company for the year ended 31 December 2012

PRINCIPAL ACTIVITIES

The Company's principle activity is a holding company

RESULTS AND DIVIDENDS

The Company has not presented a profit and loss statement as the Company was dormant throughout the 2012 and 2011 accounting periods

The directors do not recommend the payment of a dividend (2011 £nil)

REVIEW OF THE YEAR AND FUTURE PROSPECTS

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 £101.1 million as at 31 December 2012 (2011 £101.1 million)

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 2012

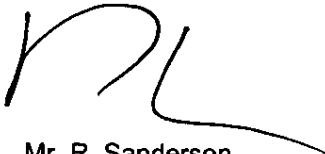
DISCLOSURE OF INFORMATION TO AUDITORS

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

KPMG LLP, the auditors, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the next annual general meeting

By order of the Board



Mr R Sanderson
Director

Date 18 April 2013

Lime Grove House
Green Street
St Helier
Jersey, JE1 2ST
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 2012

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 the directors have prepared the financial statements in accordance with UK Accounting Standards and applicable law. The financial statements are required by law to 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 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies (Jersey) Law 1991. 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

NORTHERN & SHELL BROADCASTING (CI) LIMITED

For the year ended 31 December 2012

We have audited the financial statements of Northern & Shell Broadcasting (CI) Limited for the year ended 31 December 2012, which comprise the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards.

This report is made solely to the company's members, as a body, in accordance with Article 113A of the Companies (Jersey) Law 1991. 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 AUDITORS

As explained more fully in the Statement of Directors' Responsibilities 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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report and Financial Statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 2012,
- have been properly prepared in accordance with UK Accounting Standards,
- have been prepared in accordance with the requirements of the Companies (Jersey) Law 1991

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

NORTHERN & SHELL BROADCASTING (CI) LIMITED

For the year ended 31 December 2012

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies (Jersey) Law 1991 requires us to report to you if, in our opinion

- adequate accounting records have not been kept by the company, or
- the financial statements are not in agreement with the accounting records and returns, or
- we have not received all the information and explanations we require for our audit

Adrian Wilcox
for and on behalf of KPMG LLP
Chartered Accountants
8 Salisbury Square,
London,
EC4Y 8BB
United Kingdom

Date **19** April 2013

NORTHERN & SHELL BROADCASTING (CI) LIMITED

BALANCE SHEET as at 31 December 2012

	Notes	2012 £000	2011 £000
FIXED ASSETS			
Investment	4	<u>101,063</u>	<u>101,063</u>
NET ASSETS		<u>101,063</u>	<u>101,063</u>
CAPITAL AND RESERVES			
Called up share capital	5	-	-
Share Premium	6	352,000	352,000
Profit and loss account	6	<u>(250,937)</u>	<u>(250,937)</u>
TOTAL SHAREHOLDERS' FUNDS		<u>101,063</u>	<u>101,063</u>

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



Mr R Sanderson

Date 18 April 2013

Company registered number FC027840

NORTHERN & SHELL BROADCASTING (CI) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2012

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 applicable accounting standards. The principal accounting policies are set out below.

The Statement of Channel Islands Accounting Practice allows exemptions granted by UK accounting standards to subsidiaries of companies incorporated in the European Union to be applied to countries outside the EU provided the same conditions are met.

(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.

2 INFORMATION REGARDING DIRECTORS AND EMPLOYEES

Directors' emoluments are borne by Northern & Shell Plc, a fellow subsidiary.

The directors do not receive any fees or emoluments from the Company as their duties are incidental to their main duties to other subsidiary undertakings of Northern & Shell Media Group Limited.

The Company had no employees in the year (2011: nil).

NORTHERN & SHELL BROADCASTING (CI) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2012

3. NOTES TO THE PROFIT AND LOSS ACCOUNT

Audit Services

Fees paid to the Company's auditor, KPMG LLP, and its associates for services other than the statutory audit of the Company are not disclosed in Northern & Shell Broadcasting (CI) Limited's accounts since the consolidated accounts of Northern & Shell Broadcasting (CI) Limited's ultimate parent, Northern & Shell Media Group Limited, are required to disclose other services on a consolidated basis

Auditors' remuneration of £3,000 in respect of the audit of these financial statements for the year ended 31 December 2012 (2011 £3,000) is borne by Channel 5 Broadcasting Limited, a fellow subsidiary

4. FIXED ASSET INVESTMENT

	2012 £000	2011 £000
Cost at 1 January	352,000	352,000
Permanent impairment write down At 1 January	(250,937)	(250,937)
At 31 December	(250,937)	(250,937)
Net book value at 31 December	101,063	101,063

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

5 SHARE CAPITAL

	2012 £	2011 £
Authorised The Company is authorised to issue an unlimited number of ordinary shares of no par value	-	-
Allotted and fully paid 3 ordinary shares of no par value	-	-

NORTHERN & SHELL BROADCASTING (CI) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2012

6 RESERVES AND SHAREHOLDERS' FUNDS

	Share Capital £000	Share Premium £000	Profit and loss account £000	Total shareholders' funds £000
At 1 January 2012 and 31 December 2012	-	352,000	(250,937)	101,063

7 GUARANTEES AND CONTINGENT LIABILITIES

The Company is part of the Northern & Shell Media Group Limited group. At 31 December 2012, 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 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.

The company previously jointly and severally guaranteed bank loans entered into by the ultimate parent undertaking, Northern & Shell Media Group Limited, amounting to £nil as at 31 December 2012 (2011: £67.5 million).

8. 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.

9 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.