ANNUAL REPORT & FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014



11/09/2015 COMPANIES HOUSE

#55

ANNUAL REPORT

For the year ended 31 December 2014

CONTENTS

	<u>Page</u>
Officers and Professional Advisers	2
Strategic Report	3
Directors' report	4 - 5
Statement of Directors' Responsibilities in Respect of the Strategic Report and the Directors' Report and the Financial Statements	6
Independent Auditor's Report to the Members of RHF Productions Limited	7 - 8
Profit and Loss Account	9
Balance Sheet	10
Notes to the Financial Statements	11 - 18

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Mr C Ratcliff

Mr R Sanderson (appointed 13 August 2014)

Mr M Lee (resigned 13 August 2014)

SECRETARY

Mr C Ratcliff

COMPANY NUMBER

77483 (Jersey)

AUDITORS

KPMG LLP 15 Canada Square London, E14 5GL United Kingdom

BANKERS

Barclays Bank 27 Soho Square London, W1D 3QR United Kingdom

REGISTERED OFFICE

18 Esplanade St Helier Jersey, JE4 8RT

STRATEGIC REPORT

For the year ended 31 December 2014

PRINCIPAL ACTIVITIES

The Company is principally engaged in television broadcasting. It is the intention of the Company to continue trading in this area for the foreseeable future.

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

The profit and loss account is set out on page 9

In an increasingly competitive market, the Company has continued to maintain a sizeable base of registered customers during the year. The directors consider the result for the year to be satisfactory

The Company's net assets were £2 0 million as at 31 December 2014 (2013 £1 9 million)

KEY PERFORMANCE INDICATORS

The company uses a range of key performance indicators (KPI's) to monitor performance and progress towards strategic objectives. The principal KPI's include subscriber and pay per night numbers, profitability, year on year variance analysis and cash flows.

PRINCIPLE RISKS AND UNCERTAINTIES

The Company's operations expose it to a variety of financial risks that include credit, liquidity, interest rate, foreign exchange and market risks. The Company has mechanisms in place that seek to limit the impact of the adverse effects of these risks on the financial performance of the Company.

Credit rısk

The Company has implemented policies that require appropriate credit checks to be performed on potential customers before sales are made

Liquidity risk

The Company actively manages its finances to ensure that the Company has sufficient funds available for its operations

Interest rate cash flow risk

The Company has interest bearing assets. The interest bearing assets are cash balances subject to floating interest rates. The directors keep these measures under constant review.

Foreign exchange risk

The Company has foreign currency assets and liabilities. The Company does not use financial instruments to manage the risk of fluctuating exchange rates and as such no hedge accounting is applied. The directors keep these measures under constant review.

Market risk

The Company actively looks to maintain and improve product quality and customer offerings, which together with established strong customer relationships combine to mitigate market risk

By order of the Board

Mr C Ratcliff Secretary

Date 23 April 2015

DIRECTORS' REPORT

For the year ended 31 December 2014

The directors present their report and the audited financial statements of the Company for the year ended 31 December 2014

INCORPORATION

The Company is incorporated in Jersey, Channel Islands

RESULTS AND DIVIDENDS

The Company recorded a profit before taxation of £74,000 (2013 £207,000)

The directors do not recommend payment of a final dividend (2013 £nil)

DIRECTORS

The membership of the board during the year is set out on page 2. These directors, and no others, held office throughout the year.

EMPLOYEE INVOLVEMENT

During the year, the Company maintained its practice of keeping employees informed about current activities and progress of the business using various methods, including formal briefings and emails. Consultation with employees or their representatives has continued at all levels, with the aim of ensuring their views are taken into account where decisions are likely to affect their interests. This practice is reviewed regularly

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Company continues and the appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability

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

DIRECTORS' REPORT

For the year ended 31 December 2014

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 C Ratcliff Secretary

Date 23 April 2015

18 Esplanade St Helier Jersey JE4 8RT

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

For the year ended 31 December 2014

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

Company law requires the directors to prepare financial statements for each financial year which 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 year In preparing those 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 that 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 are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

RHF PRODUCTIONS LIMITED

For the year ended 31 December 2014

We have audited the financial statements of RHF Productions Limited for the year ended 31 December 2014, which comprise the Profit and Loss Account, 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 6, the directors are responsible for the preparation of the financial statements which 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit 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, in accordance with UK Accounting Standards of the state of the company's affairs as at 31 December 2014 and of its profit for the year then ended, and
- have been prepared in accordance with the requirements of the Companies (Jersey) Law 1991

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

RHF PRODUCTIONS LIMITED

For the year ended 31 December 2014

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

- · proper accounting records have not been kept by the Company, or
- · proper returns adequate for our audit have not been received from branches not visited by us, or
- the Company 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 (Senior Statutory Auditor) for and on behalf of KPMG LLP, Statutory Auditor Chartered Accountants 15 Canada Square London, E14 5GL United Kingdom

Date 24 April 2015

PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2014

	Notes	2014 £000	2013 £000
TURNOVER Cost of sales	2	6,154 (1,236)	6,744 (1,217)
GROSS PROFIT		4,918	5,527
Administrative expenses		(4,895)	(5,481)
OPERATING PROFIT	3	23	46
Interest receivable and similar income Interest payable and similar charges	5 6	547 (496)	675 (514)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		74	207
Tax on profit on ordinary activities	7	(1)	(173)
PROFIT FOR THE FINANCIAL YEAR	15/16	73	34_

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

Turnover and operating profits are wholly attributable to continuing operations

The notes on pages 11 to 18 form part of these financial statements

BALANCE SHEET as at 31 December 2014

	Notes	2014 £000	2013 £000
FIXED ASSETS			
Intangible assets	8	36	43
Tangible assets	9	23	73
		59	116
CURRENT ASSETS			
Debtors	10	24,919	25,586
Cash at bank		157	98
		25,076	25,684
CREDITORS: amounts falling due within one year	12	(23,137)	(23,875)
NET CURRENT ASSETS		1,939	1,809
NET ASSETS		1,998	1,925
CAPITAL AND RESERVES			
Called up share capital	14	•	•
Share premium	15	151	151
Warrants reserves	15	1,000	1,000
Other reserves	15	13,000	13,000
Profit and loss account	15	(12,153)	(12,226)
TOTAL SHAREHOLDERS' FUNDS	16	1,998	1,925

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

Mr C Ratcliff Director

Date 23 April 2015

Company registered number 77483 (Jersey)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

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

Northern & Shell Media Group Limited prepares and files consolidated financial statements which include the cash flows of the Company The Company has therefore relied on the exemption provided by FRS1 from preparing its own cash flow statement, as extended by the statement of Channel Island Accounting Practice

(d) Revenue recognition

Turnover represents the invoiced amount of services provided stated net of value added tax and trade discounts. Turnover is recognised on the date the service is provided. Subscription revenue is recognised evenly over the period of subscription and pay per view revenue is recognised in the period in which the broadcast occurs.

(e) Foreign currencies

Transactions denominated in foreign currencies are recorded at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date with any differences being taken to the profit and loss account

(f) Intangible fixed assets

Amortisation is provided on all intangible fixed assets to write off the cost of each asset, less any estimated residual value, evenly over its expected useful life or period expected to derive turnover benefits, as follows

Trademarks and web domain names

Trademark and web domain names comprise the cost of registering trademarks and purchasing web domain names. They are amortised over 20 years which is considered to be economic life of the trademarks and web domain names.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

1. PRINCIPAL ACCOUNTING POLICIES (continued)

Programming rights

Programming rights are stated at cost less accumulated amortisation. The cost of the programming rights represents the purchase cost together with any incidental costs of acquisition.

Amortisation is provided on all programming rights to write off the cost of each asset less any residual value over its expected useful life of 4 years. Amortisation is charged to the profit and loss account at 25% on the date of first transmission in the first year and then evenly over 3 years. The Company reviews its amortisation policy regularly to take account of changes to transmission of programming and the rights assigned. Where the Company transmits programming, which is owned by a third party, the charge is written off to the profit and loss account over the period the charge relates to

(g) Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation. The cost of tangible fixed assets represents their purchase cost together with any incidental costs of acquisition. Depreciation is provided on all tangible fixed assets to write off the cost of each asset, less any estimated residual value, evenly over its expected useful life, as follows

Fixtures, fittings and broadcasting equipment - 4 years

The Company reviews its depreciation rates regularly to take account of technological changes, intensity of use over the life of the assets and market requirements

(h) Debtors

Debtors are initially stated at fair value. The carrying value of debtors is reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

(I) Leases

Rental costs under operating leases are charged to the profit and loss account in equal annual amounts over the period of the lease

()) Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date

Deferred tax assets are regarded as recoverable and recognised in the financial statements when, on the basis of available evidence, it is more likely than not that there will be suitable taxable profits from which the future reversal of the timing differences can be deducted. The recoverability of tax losses is assessed by reference to forecasts, which have been prepared and approved by the board.

Deferred tax assets and liabilities are not discounted and are calculated at the standard rate of corporation tax in the UK of 20% (2013 20%)

2 TURNOVER

Turnover arises principally from its television broadcasting activities and relates entirely to continuing operations in the United Kingdom and Republic of Ireland

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

3. NOTES TO THE PROFIT AND LOSS ACCOUNT

Profit on ordinary activities before tax is stated after charging	2014 £000	2013 £000
Audit services		
Fees payable to the Company's auditor for the audit of the		
Company	20	19
Amortisation – trademarks	1	1
Amortisation – programming costs	21	52
Foreign exchange loss	5	3
Depreciation	50	53
Operating lease rentals – other	1,422	1,460

Fees paid to the Company's auditors and its associates for services other than the statutory audit of the Company are not disclosed in RHF Productions Limited's accounts since the consolidated accounts of RHF Productions Limited's ultimate parent, Northern & Shell Media Group Limited, are required to disclose other services on a consolidated basis

4 INFORMATION REGARDING DIRECTORS AND EMPLOYEES

Mr M Lee and Mr R Sanderson did not receive fees or emoluments during the year ended 31 December 2014 (2013 £nil) since their duties are incidental to their main duties to other subsidiary undertakings of Northern & Shell Media Group Limited The emoluments of the remaining director are summarised as follows

(a) Directors

	2014 £000	2013 £000
Aggregate emoluments	42_	42
(b) Staff costs (Including Directors)		
	2014 £000	2013 £000
Wages and salaries Social security costs Pension costs	102 11 2	93 10
	115	103
Average number of people employed		
	2014 Number	2013 Number
Administration (including directors)	4	4

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

5 INTEREST RECEIVABLE AND SIMILAR INCOME

	2014 £000	2013 £000
Group interest receivable	547	675
6 INTEREST PAYABLE AND SIMILAR CHARGES		
	2014 £000	2013 £000
Group interest payable	496	514
7. TAXATION ON PROFIT ON ORDINARY ACTIVITIES		
Current tax	2014 £000	2013 £000
UK corporation tax payable to group companies in respect of group relief at 21 5% (2013 23 25%) Adjustments in respect to previous periods	11	61 115
Total current tax charge	11	176
Deferred tax: Origination & reversal of timing differences Adjustments in respect of previous periods	(10)	(9) 6
Total deferred tax credit (note 11)	(10)	(3)
Tax charge on profit on ordinary activities	1	173
The tax assessed for the year differs from the rate of 21 5% (2013 23 2 below	25%) and the difference	es are explained
	2014 £000	2013 £000
Profit on ordinary activities before tax	74	207
Profit on ordinary activities multiplied by the applicable rate at 21 5% (2013 23 25%)	16	48
Effects of Accelerated capital allowances/other timing differences Utilisation of losses Adjustments in respect to previous periods	11 (16)	13 - 115_
Current tax charge for the year	11	176

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

7. TAXATION ON PROFIT ON ORDINARY ACTIVITIES (continued)

On 21 March 2012, the Chancellor announced a reduction in the main rate of UK corporation tax from 24% to 23% with effect from 1 April 2013 On 2 July 2013, further reductions in the UK corporation tax rate from 23% to 21%, with effect from 1 April 2014 and then from 21% to 20%, with effect from 1 April 2015, were substantively enacted

The deferred tax balance at 31 December 2014 has been calculated based on the rates of 21% and 20% and the effect of these rate reductions as at 31 December 2014 has been included in the figures above. The Company has tax losses of £427,000 (2013 £500,000) available to carry forward against future profits

8 INTANGIBLE FIXED ASSETS

	Programming		
	Trademarks £000	rights £000	Total £000
Cost At 1 January 2014 Additions Disposals	18 9	1,347 6 (7)	1,365 15 (7)_
At 31 December 2014	27	1,346	1373
Amortisation At 1 January 2014 Charge for the year Disposals	8 1	1,314 21 (7)	1,322 22 (7)
At 31 December 2014	9_	1,328	1,337
Net book amounts At 31 December 2014	18_	18	36
At 31 December 2013	10_	33	43

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

9 TANGIBLE FIXED ASSETS

TAITOIDEET IAED AGOETG	Fixtures, Fittings and Broadcasting Equipment £000	
Cost At 1 January 2014 Disposals	1,084 (822)	
At 31 December 2014	262	
Depreciation At 1 January 2014 Charge for the year Disposals	1,011 50 (822)	
At 31 December 2014	239_	
Net book amounts At 31 December 2014	23_	
At 31 December 2013	73	
10. DEBTORS		
	2014 £000	2013 £000
Trade debtors Amounts owed by group undertaking Prepayments and accrued income Deferred tax asset (note 11)	185 24,449 257 28	234 24,845 489 18

Amounts owed by group undertakings carry interest of 2 0% above base rate, are unsecured and repayable on demand

24,919

25,586

11 DEFERRED TAX ASSET

	2014 £000
At 1 January Credited to the profit and loss account (note 7)	18 10
At 31 December	28

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

11 DEFERRED TAX ASSET (continued)

The deferred taxation provided in these financial statements is as follows	2014 £000	2013 £000
Accelerated capital allowances	28	18
12 CREDITORS: amounts falling due within one year		
	2014 £000	2013 £000
Trade creditors Other creditors Amounts owed to group undertakings Accruals and deferred income Amounts owed to group undertakings with respect to group relief Dividends payable	56 21,823 1,053 205	193 16 19,330 1,142 194 3,000
	23,137	23,875

Amounts owed by group undertakings carry interest of 2 0% above base rate, are unsecured and repayable on demand Amounts owed to group undertakings with respect to group relief are non interest bearing

The dividends payable of £3 0 million were charged to profit and loss account in 2010

13. OPERATING LEASE COMMITMENTS

At 31 December 2014, the Company was committed to making the following annual payments in respect of operating leases which expire

	2014 Other £000	2013 Other £000
Within one year Within two to five years	587	936
	587	936
14 CALLED UP SHARE CAPITAL		
	2014 £	2013 £
Authorised 1,000,000 Ordinary shares of £0 01 each	10,000	10,000
Allotted and fully paid 10,139 Ordinary shares of £0 01 each	101	101

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

15. SHARE PREMIUM AND RESERVES

	Share premium account £000	Warrants Reserves £000	Other reserves £000	Profit and loss account £000
At 1 January 2014 Profit for the year	151 	1,000	13,000	(12,226) 73
At 31 December 2014	151_	1,000	13,000	(12,153)

16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2014 £000	2013 £000
Profit for the year	73	34
Increase in shareholders' funds	73	34
Opening shareholders' funds	1,925	1,891
Closing shareholders' funds	1,998	1,925

17 GUARANTEES AND CONTINGENT LIABILITIES

The Company is part of the Northern & Shell Media Group Limited group. At 31 December 2014, 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

18. RELATED PARTY TRANSACTIONS

The Company is exempt under the terms of FRS8 from disclosing related party transactions with entities that are part of the Northern & Shell Media Group Limited group

19 ULTIMATE PARENT UNDERTAKING

The immediate parent undertaking is NS Jersey Finance 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 Northern & Shell Media Group Limited is registered in England Copies of the 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