UTV CONNECT

UTV CONNECT LIMITED

(formerly UTV Internet Limited)

Report and Accounts

31 December 2014

Registered No. NI032652

DIRECTORS
J McCann
S Taunton
N Robbins (resigned 1 October 2014)
N McKeown

SECRETARY
M Jess

AUDITORS
Ernst & Young LLP
Bedford House
16 Bedford Street
Belfast
BT2 7DT

BANKERS
Bank of Ireland
28 University Road
Belfast
BT7 1NH

SOLICITORS
A&L Goodbody
6th Floor
42-46 Fountain Street
Belfast
BT1 5EF

REGISTERED OFFICE
Havelock House
Ormeau Road
Belfast
BT7 1EB

Registered No. NI 032652

DIRECTORS' REPORT

The directors present their report and accounts for the year ended 31 December 2014.

RESULTS AND DIVIDENDS

The loss for the year, after taxation, amounted to £463,229 (2013: loss of £967,194). The directors do not recommend the payment of a dividend (2013: £nil).

During the year, amounts from group undertakings were waived. In line with accounting guidance, this waiver resulted in a capital contribution of £2,180,000 being recognised in the company's reserves.

PRINCIPAL ACTIVITY

The company's principal activity until 30 June 2014 was the provision of internet services.

The business and business assets of the company were sold, with effect from 30 June 2014, and it is the Directors intention to wind the company up. Consequently the financial statements have therefore been prepared on a break-up basis.

DIRECTORS

The directors of the company during the year were those listed on page 1. N Robbins resigned as a director on 1 October 2014.

DIRECTORS STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

The directors who were members of the board at the time of approving the directors' report are listed on page 1. Having made enquiries of fellow directors and of the company's auditors, each of these directors confirms that:

- To the best of each director's knowledge and belief, there is no information relevant to the preparation of their report of which the company's auditors are unaware; and
- Each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the company's auditors are aware of that information.

DIRECTORS' QUALIFYING THIRD PARTY INDEMNITY PROVISIONS

The Company has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provisions remains in force as at the date of approving the directors' report.

SMALL COMPANY EXEMPTION

This report has been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

STRATEGIC REPORT

The directors have not prepared a strategic report as the company is entitled to the special provisions applicable to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

AUDITORS

Ernst & Young LLP has expressed their willingness to continue in office as auditors and a resolution proposing their re-appointment will be submitted at the Annual General Meeting.

On behalf of the board

N McKeown
Director

28 September 2015

DIRECTORS' RESPONSIBILITIES STATEMENT

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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 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 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 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 UTV CONNECT LIMITED

We have audited the financial statements of UTV Connect Limited for the year ended 31 December 2014 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 18. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The financial statements have been prepared on a break-up basis.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB'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 Accounts 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 of the state of the company's affairs as at 31 December 2014 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in not preparing the Strategic Report and take advantage of the small companies' exemption in preparing the Directors' Report.

Ernst & Young LLP

Michael Kidd (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP
Statutory Auditor
Belfast

Date: 30 September 2015

PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2014

	Notes	2014 £	2013 £
TURNOVER	3	2,574,188	6,192,545
Cost of sales		(2,255,729)	(4,878,251)
GROSS (LOSS)/PROFIT		318,459	1,314,294
Administrative expenses		(1,797,843)	(1,880,128)
OPERATING LOSS	4	(1,479,384)	(565,834)
Exceptional income/(costs)	5	714,036	(572,622)
		(765,348)	(1,138,456)
Interest payable		(1,546)	-
Exchange loss		-	(1,139)
LOSS ON ORDINARY ACTIVITIES BEFORE TAX		(766,894)	(1,139,595)
Tax on loss on ordinary activities	6	303,665	172,401
LOSS FOR THE FINANCIAL YEAR		(463,229)	(967,194)

The amounts reported relate to discontinued activities.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the year ended 31 December 2014

		2014 £	2013 £
Loss for the financial year	15	(463,229)	(967,194)
Exchange difference on reserves	15	11,633	23,138
Total recognised gains and losses for the year		(451,596)	(944,056)

Registered No. NI 032652

BALANCE SHEET
as at 31 December 2014

	Notes	2014 £	2013 £
FIXED ASSETS			
Intangible assets	9	-	-
Tangible assets	10	-	-
		-	-
CURRENT ASSETS			
Debtors: amounts falling due within one year	11	80,935	1,532,975
Financial asset	12	325,000	-
Cash at bank and in hand		12,657	127,244
		418,592	1,660,219
CREDITORS: amounts falling due within one year	13	(403,262)	(3,373,293)
NET CURRENT LIABILITIES		15,330	(1,713,074)
NET LIABILITIES		15,330	(1,713,074)
CAPITAL AND RESERVES			
Equity share capital	14	10,000	10,000
Profit and loss account	15	5,330	(1,723,074)
EQUITY SHAREHOLDERS' DEFICIT		15,330	(1,713,074)

The financial statements of UTV Connect Limited were approved and authorised for issue by the Board of Directors on 28 September 2015 and were signed on its behalf by:

N McKeown
Director

28 September 2015

NOTES TO THE ACCOUNTS
as at 31 December 2014

1. **FUNDAMENTAL ACCOUNTING CONCEPT**

The accounts are prepared under the historical cost convention, and in accordance with applicable UK accounting and financial reporting standards.

The financial statements have been prepared on the break-up basis. Where appropriate, adjustments have been made to reduce the carrying value of assets to their estimated realisable value, to provide for any further liabilities which will arise and to reclassify fixed assets and long term liabilities as current assets and liabilities.

Preparation of financial statements on a break-up basis involves the company making estimates and assumptions that affect the reported amounts of assets and liabilities. Estimates are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances and are continually re-evaluated.

2. **ACCOUNTING POLICIES**

Basis of preparation

The accounts are prepared under the historical cost convention, and in accordance with applicable UK accounting and financial reporting standards.

Revenue Recognition

Revenue is recognised to the extent that the company obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty. Key classes of revenue are recognised on the following basis:

- Provision of internet services - on delivery
- Interest - as interest accrues using the effective interest method

Goodwill

Goodwill arising on the acquisition of trade, being the difference of the consideration paid and the aggregate fair value of its identifiable assets less liabilities, is capitalised, classified as an asset on the balance sheet and amortised on a straight line basis over a period of 5 years. It is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or circumstances indicate that the carrying value may not be recoverable.

Intangible assets

Intangible assets acquired separately are capitalised at cost. Intangible assets are amortised on a straight line basis over their estimated useful lives up to a maximum of 20 years. The carrying value of intangible assets is reviewed for impairment at the end of the first full year following acquisition and in other periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Such cost includes costs directly attributable to making the asset capable of operating as intended. Borrowing costs attributable to assets under construction are recognised as an expense when incurred.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation of each asset evenly over its expected useful life, as follows:

Equipment	- 3 to 5 years
Fixtures and fittings	- 5 years

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

NOTES TO THE ACCOUNTS
as at 31 December 2014

2. ACCOUNTING POLICIES (Continued)

Foreign currencies
The financial results of overseas branches are translated at the rate of exchange ruling at the balance sheet date. The exchange difference arising on the retranslation of opening net assets is taken directly to reserves. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. Exchanges differences arising on the retranslation of monetary assets and liabilities are taken to the profit and loss account.

Pensions
The company is part of a group defined contribution scheme which requires contributions to be made to a separately administered fund. Contributions to the defined contribution scheme are recognised in the income statement in the period in which they become payable.

Cash flow statement
Given that the company is a subsidiary undertaking where at least 90% of the voting rights are controlled within the group and that group accounts which include the subsidiary are publicly available the company is exempt from preparing a cash flow statement.

3. TURNOVER
Turnover represents the amounts derived from the provision of services in the period which fall within the company's ordinary activities, stated net of value added tax. Turnover is attributable to one principal activity, the provision of internet services.

4. OPERATING LOSS

	2014	*2013*
	£	*£*
Operating loss is stated after charging:		
Depreciation of tangible fixed assets	-	5,583
Amortisation of intangible fixed assets	-	11,102
Auditors remuneration	5,550	7,900

5. EXCEPTIONAL INCOME/(COSTS)

	2014	*2013*
	£	*£*
Consideration on disposal of customer base	874,636	-
Disposal cost	(28,163)	-
Redundancy costs	(132,437)	(38,557)
Impairment of fixed assets	-	(126,114)
Impairment of debtors	-	(407,951)
	714,036	(572,622)

The trade and assets of the Company were disposed of in 2014 for a cash consideration of £874,636 of which £325,000 was contingent and remained outstanding at 31 December 2014, as explained further in note 12.

NOTES TO THE ACCOUNTS
as at 31 December 2014

6. TAX ON LOSS ON ORDINARY ACTIVITIES

(a) The taxation credit is made up as follows:

	2014	2013
	£	£
Current tax:		
Current year group relief receivable	(303,665)	(172,401)
Adjustments in respect of previous periods	-	-
Total tax credit	(303,665)	(172,401)

(b) Factors affecting the tax credit for the year

The tax assessed for the year is lower than (2013: higher than) the standard rate of corporation tax in the UK of 21.50% (2013: 23.25%). The differences are explained by:

	2014	2013
	£	£
Loss on ordinary activities before tax	(766,894)	(1,139,595)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 21.50% (2013: 23.25%)	(164,882)	(264,956)
Effects of:		
Short term timing differences	(13,444)	25,929
Disallowed expenses and non taxable income	774	1,395
Accelerated capital allowances	-	24,403
Utilisation of group tax losses	(181,992)	-
Group relief surrendered for nil payment	55,879	40,828
Current tax credit for the year	(303,665)	(172,401)

NOTES TO THE ACCOUNTS
as at 31 December 2014

7. DIRECTORS' EMOLUMENTS

The directors of the company are also directors of the ultimate parent company and fellow subsidiaries. The directors received total remuneration for the year of £1,453,035 (2013: £1,173,117), all of which was paid by the ultimate or immediate parent companies. The directors do not believe that it is practicable to apportion this amount between their services as directors of the company and their services as directors of the ultimate parent company and fellow subsidiary companies.

8. STAFF COSTS

	2014	*2013*
	£	*£*
Wages and salaries	352,674	669,463
Social security costs	44,284	63,371
Other pension costs	11,881	16,688
	408,839	749,522

The average number of employees during the year was as follows:

	2014	*2013*
	No.	*No.*
Administration	9	13
Web resources	14	20
	23	33

9. INTANGIBLE ASSETS

	Goodwill	*Computer software*	*Total*
	£	*£*	*£*
Cost:			
At 1 January 2014	700,000	140,789	840,789
Disposals	(700,000)	(140,789)	(840,789)
At 31 December 2014	-	-	-
Amortisation & Impairment:			
At 1 January 2014	700,000	140,789	840,789
Disposals	(700,000)	(140,789)	(840,789)
At 31 December 2014	-	-	-
Net book value:			
At 1 January and 31 December 2014	-	-	-

NOTES TO THE ACCOUNTS
as at 31 December 2014

10. TANGIBLE FIXED ASSETS

	Office equipment £	*Technical equipment* £	*Total* £
Cost:			
At 1 January 2014	6,043	46,262	52,305
Disposals	(6,043)	(46,262)	(52,305)
At 31 December 2014	-	-	-
Depreciation & Impairment :			
At 1 January 2014	6,043	46,262	52,305
Disposals	(6,043)	(46,262)	(52,305)
At 31 December 2014	-	-	-
Net book value:			
At 1 January and 31 December 2014	-	-	-

11. DEBTORS

	2014 £	*2013* £
Trade debtors	33,933	131,485
Other taxes and social security costs	47,002	-
Prepayments and accrued income	-	169,643
Other debtors	-	98,619
Amounts owed from group undertakings	-	1,133,228
	80,935	1,532,975

12. FINANCIAL ASSET

The trade and assets of the Company were disposed of in 2014 for a cash consideration of £874,636 of which £325,000 was contingent and remained outstanding at 31 December 2014. In January 2015 the Company received the full earn out of £175,000 in respect if the first milestone and in August 2015 the remaining maximum earn out of £150,000 was received having met the second milestone as at 30 June 2015.

13. CREDITORS: amounts falling due within one year

	2014 £	*2013* £
Trade creditors	52,741	481,026
Other taxes and social security costs	-	126,245
Accruals	118,315	258,006
Other creditors	-	3,754
Amounts owed to group undertakings	232,206	2,504,262
	403,262	3,373,293

NOTES TO THE ACCOUNTS
as at 31 December 2014

14. ALLOTTED AND ISSUED SHARE CAPITAL

	2014	*2013*	*2014*	*2013*
	No.	*No.*	*£*	*£*
Allotted, called up and fully paid				
Ordinary shares of £1 each	10,000	10,000	10,000	10,000

15. RECONCILIATION OF SHAREHOLDERS' DEFICIT

	Share capital	*Profit and loss account*	*Total*
	£	*£*	*£*
At 1 January 2014	10,000	(1,723,074)	(1,713,074)
Loss for the year	-	(463,229)	(463,229)
Exchange difference	-	11,633	11,633
Capital contribution	-	2,180,000	2,180,000
At 31 December 2014	10,000	5,330	15,330

16. RELATED PARTY TRANSACTIONS

The company, as a 100% subsidiary, has taken advantage of the exemption under FRS8 Related Party Disclosures not to disclose transactions with other group companies and these transactions form part of the consolidated financial statements prepared by the group.

17. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate parent undertaking of the company is UTV New Media Limited, a company registered in Northern Ireland.

The ultimate parent undertaking and controlling party is UTV Media plc, a company registered in Northern Ireland.

18. GROUP ACCOUNTS

The parent undertaking of the smallest and largest group which prepares consolidated accounts is UTV Media plc. Copies of the consolidated accounts of UTV Media plc for the year ended 31 December 2014 which include the company can be obtained from Ormeau Road, Belfast, BT7 1EB.