

**NORTHERN & SHELL TELEVISION GROUP LIMITED
(FORMERLY CHANNEL 5 TELEVISION GROUP LIMITED)**

ANNUAL REPORT & FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

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NORTHERN & SHELL TELEVISION GROUP LIMITED

ANNUAL REPORT

For the year ended 31 December 2014

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NORTHERN & SHELL TELEVISION GROUP LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Mr R Sanderson
Mr M S Ellice

SECRETARY

Mr R Sanderson

COMPANY NUMBER

3012148 (England)

AUDITORS

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

BANKERS

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

REGISTERED OFFICE

The Northern & Shell Building
Number 10 Lower Thames Street
London, EC3R 6EN
United Kingdom

NORTHERN & SHELL TELEVISION GROUP LIMITED

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. On 16 January 2014, the Company changed its name from Channel 5 Television Group Limited to Northern & Shell Television Group Limited.

PRINCIPAL ACTIVITIES

The principal activity of the Company is the holding of shares in group companies.

RESULTS AND DIVIDENDS

After a profit on sale of subsidiary undertakings of £246.5 million (note 4) and dividends received of £69.1 million (note 5), the Company recorded a profit for the financial year before taxation of £316.9 million (2013: loss of £790,000).

During the year, the Company paid interim dividends of £400.2 million (2013: £nil) (note 13). The directors do not recommend the payment of a final dividend for the year.

REVIEW OF THE YEAR AND FUTURE PROSPECTS

The profit and loss account is set out on page 8.

The directors consider the result for the year to be satisfactory. During the year, the Company sold its entire shareholding in Channel 5 Broadcasting Limited for a profit on sale of subsidiary undertakings of £246.5 million (note 4).

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 Strategic Report of Northern & Shell Media Group Limited, the ultimate parent of the Company.

The Company's net assets were £121.1 million as at 31 December 2014 (2013: £204.4 million).

DIRECTORS

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

FINANCIAL RISK MANAGEMENT

The Company's operations expose it to a variety of financial risks that include interest rate risk. 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.

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.

NORTHERN & SHELL TELEVISION GROUP LIMITED

DIRECTORS' REPORT

For the year ended 31 December 2014

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

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office

By order of the Board

A handwritten signature in black ink, appearing to be 'R Sanderson', written in a cursive style.

Mr R Sanderson
Secretary

Date 13 April 2015

The Northern & Shell Building
Number 10 Lower Thames Street
London, EC3R 6EN
United Kingdom

NORTHERN & SHELL TELEVISION GROUP LIMITED

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

For the year ended 31 December 2014

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 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 Company and of their profit or loss for that period. In preparing each of the Company 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,
- 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 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 Company and to prevent and detect fraud and other irregularities.



15 Canada Square
London
E14 5GL
United Kingdom

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

NORTHERN & SHELL TELEVISION GROUP LIMITED

For the year ended 31 December 2014

We have audited the financial statements of Northern & Shell Television Group Limited for the year ended 31 December 2014 set out on pages 8 to 15. 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 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 AUDITORS

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 Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

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 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

NORTHERN & SHELL TELEVISION GROUP 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 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 not prepare a strategic report, in accordance with the small companies exemption

Adrian Wilcox (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
KPMG LLP
15 Canada Square
London, E14 5GL
United Kingdom

Date 24 April 2015

NORTHERN & SHELL TELEVISION GROUP LIMITED

PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2014

	Notes	2014 £000	2013 £000
Administrative expenses		<u>(2)</u>	<u>(15)</u>
OPERATING LOSS	2	(2)	(15)
Profit on sale of subsidiary undertakings	4	246,490	-
Income from shares in group undertakings	5	<u>69,113</u>	<u>-</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE INTEREST AND TAXATION		315,601	(15)
Interest receivable and similar income	6	1,333	2,302
Interest payable and similar charges	7	<u>-</u>	<u>(3,077)</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		316,934	(790)
Tax on profit/(loss) on ordinary activities	8	<u>(75)</u>	<u>127</u>
PROFIT/(LOSS) FOR THE FINANCIAL YEAR	14	<u>316,859</u>	<u>(663)</u>

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/(loss) on ordinary activities before taxation and the profit/(loss) for the year stated above and their historical cost equivalents

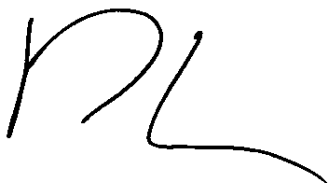
The notes on pages 10 to 15 form part of these financial statements

NORTHERN & SHELL TELEVISION GROUP LIMITED

BALANCE SHEET as at 31 December 2014

	Notes	2014 £000	2013 £000
FIXED ASSETS			
Fixed asset investments	9	80	203,590
CURRENT ASSETS			
Debtors	10	415	1,273
Cash at bank		121,065	-
		121,480	1,273
CREDITORS: amounts falling due within one year	12	(436)	(417)
NET CURRENT ASSETS		121,044	856
NET ASSETS		121,124	204,446
CAPITAL AND RESERVES			
Called up share capital	13	109,950	109,950
Share premium	14	-	392,289
Profit and loss account	14	11,174	(297,793)
TOTAL SHAREHOLDERS' FUNDS	14	121,124	204,446

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



Mr R Sanderson
Director

Date 23 April 2015
Company registered number 3012148

NORTHERN & SHELL TELEVISION GROUP LIMITED

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 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 cash flows 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

Fixed asset investments are recorded at cost, adjusted for any permanent diminution in value. Any diminution in value is reflected in the profit and loss account when the diminution is identified

(e) 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

(f) Borrowings

All borrowings are initially stated at the fair value of the consideration received after deduction of issue costs. Issue costs together with finance costs are charged to the profit and loss account over the term of the borrowings. Accrued finance costs attributable to borrowings where the maturity at the date of issue is less than one year are included within current liabilities. For all other borrowings, accrued finance charges and issue costs are included within Creditors due after more than one year

(g) 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%)

NORTHERN & SHELL TELEVISION GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

2 NOTES TO THE PROFIT AND LOSS ACCOUNT

Audit services

	2014 £000	2013 £000
Fees payable to the Company's auditor for the audit of the Company	<u>5</u>	<u>7</u>

Auditor's remuneration of £5,000 (2013 £7,000) in respect of these financial statements was borne by Northern & Shell Plc, a fellow group undertaking Auditor's remuneration in the comparative year was borne by Channel 5 Broadcasting Limited, a subsidiary undertaking

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

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

Directors' emoluments are borne by Northern & Shell Plc, a fellow group undertaking The directors do not receive any fees or emoluments from the Company as their duties are incidental to their main duties to other subsidiaries of Northern & Shell Media Group Limited

The Company had no employees in the year (2013 nil)

4. PROFIT ON SALE OF SUBSIDIARY UNDERTAKINGS

	2014 £000	2013 £000
Profit on sale of subsidiary undertakings	<u>246,490</u>	<u>-</u>

During the year, the Company sold its entire shareholding in Channel 5 Broadcasting Limited to a subsidiary of Viacom Inc, for a total consideration of £463.3 million and a profit on sale of £246.5 million The consideration included the repayment of an amount of £13.3 million owed by Channel 5 Broadcasting Limited to a fellow group undertaking of the Company

5. INCOME FROM SHARES IN GROUP UNDERTAKINGS

	2014 £000	2013 £000
Dividend income	<u>69,113</u>	<u>-</u>

During the year, the Company received dividends from Channel 5 Broadcasting Limited, comprising amounts owed by fellow group undertakings for an amount of £69.1 million (2013 £nil)

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	2014 £000	2013 £000
Bank interest receivable	248	-
Group interest receivable	<u>1,085</u>	<u>2,302</u>
	<u>1,333</u>	<u>2,302</u>

NORTHERN & SHELL TELEVISION GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2014 £000	2013 £000
Group interest payable	<u>-</u>	<u>3,077</u>

8. TAXATION ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

	2014 £000	2013 £000
Current taxation		
UK corporation tax at 21 5% (2013 23 25%) – amounts receivable from group companies in respect of group relief	-	(127)
Adjustments in respect of previous periods	<u>127</u>	<u>-</u>
Total current tax charge/(credit)	<u>127</u>	<u>(127)</u>
Deferred tax		
Origination and reversal of timing differences	267	-
Adjustments in respect of previous periods	<u>(319)</u>	<u>-</u>
Total deferred tax credit (note 11)	<u>(52)</u>	<u>-</u>
Tax charge on profit/(loss) on ordinary activities	<u>75</u>	<u>(127)</u>

The tax assessed for the year differs from the rate of 21 5% (2013 23 25%) and the differences are explained below

	2014 £000	2013 £000
Profit/(loss) on ordinary activities before tax	<u>316,934</u>	<u>(790)</u>
Profit/(loss) on ordinary activities multiplied by the rate of 21 5% (2013 23 25%)	68,141	(184)
Profit on sale of subsidiary undertaking not subject to tax	(52,995)	-
Dividends not subject to UK tax	(14,859)	-
Utilisation of losses	(287)	-
Group relief surrendered not paid for	-	57
Adjustments to tax charge in respect of previous periods	<u>127</u>	<u>-</u>
Current tax credit for the year	<u>127</u>	<u>(127)</u>

The Company has tax losses of £260,000 (2013 £nil) available to carry forward against future profits and expects to be able to benefit from tax losses carried forward in future years

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 as 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.

NORTHERN & SHELL TELEVISION GROUP LIMITED**NOTES TO THE FINANCIAL STATEMENTS****For the year ended 31 December 2014****9. FIXED ASSET INVESTMENTS**

	2014 £000	2013 £000
Shares in group undertakings		
Cost		
At 1 January 2014	731,515	628,988
Additions	-	102,527
Disposals	(731,435)	-
At 31 December 2014	80	731,515
Impairment provision		
At 1 January 2014	527,925	527,925
Disposals	(527,925)	-
At 31 December 2014	-	527,925
Net book value	80	203,590

Investments in group undertakings are stated at cost less any provision for permanent diminution in value

In the opinion of the directors the value of the interest in the subsidiary undertaking is not less than the amount at which it is stated in the balance sheet

The immediate subsidiary undertakings and their percentage holdings are

Company name	Principal activity	Ordinary shares
Northern & Shell Engineering Services Limited	Dormant	100%
Northern & Shell Music Limited	Dormant	100%
Northern & Shell Text Limited	Dormant	100%
5 Direct Limited	Dormant	100%

All of the above investments are direct subsidiaries of the Company and are registered in England

During the year, the Company sold its entire shareholding in Channel 5 Broadcasting Limited to a subsidiary of Viacom Inc , for a total consideration of £463.3 million (note 4)

10. DEBTORS

	2014 £000	2013 £000
Amounts owed by group undertakings with respect to group relief	-	127
Amounts owed by group undertakings	187	1,146
Prepayments and accrued income	176	-
Deferred tax asset (note 11)	52	-
	415	1,273

Amounts owed by group undertakings carry interest of 2% above base rate, are unsecured and repayable on demand. Amounts owed by dormant group undertakings, included in amounts owed by group undertakings, and amounts owed by group undertakings with respect to group relief, are non-interest bearing

NORTHERN & SHELL TELEVISION GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

11. DEFERRED TAX ASSET

	£000	
At 1 January 2014	-	
Credited to profit and loss account (note 8)	<u>52</u>	
At 31 December 2014	<u>52</u>	
Analysed as		
	2014 £000	2013 £000
Losses	<u>52</u>	<u>-</u>
Asset	<u>52</u>	<u>-</u>

12. CREDITORS. amounts falling due within one year

	2014 £000	2013 £000
Amount owed to group undertakings	309	402
Amount owed to group undertakings with respect to group relief	127	-
Accruals and deferred income	<u>-</u>	<u>15</u>
	<u>436</u>	<u>417</u>

Amounts owed by group undertakings carry interest of 2% above base rate or LIBOR, are unsecured and repayable on demand. Amounts owed by dormant group undertakings, included in amounts owed by group undertakings and amounts owed to group undertakings with respect to group relief are non interest bearing.

13. SHARE CAPITAL

	2014 £000	2013 £000
Allotted, called up and fully paid		
10,994,962,811 ordinary shares of £0.01 each	<u>109,950</u>	<u>109,950</u>

All ordinary shares carry the same voting rights, preferences and restrictions. All shares are fully paid.

14. RESERVES AND SHAREHOLDERS' FUNDS

a) Reserves

	Share premium £000	Profit and loss account £000
At 1 January 2014	392,289	(297,793)
Profit for the year	-	316,859
Dividends paid	-	(400,181)
Transfer to profit and loss account	<u>(392,289)</u>	<u>392,289</u>
At 31 December 2014	<u>-</u>	<u>11,174</u>

NORTHERN & SHELL TELEVISION GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

14 RESERVES AND SHAREHOLDERS' FUNDS (Continued)

a) Reserves (continued)

During the year, the Company undertook a capital reduction to cancel and extinguish the Company's entire share premium account in the amount of £392.3 million, crediting the total amount arising on the capital reduction to the profit and loss account.

Subsequently, the Company paid interim dividends of £400.2 million to Northern & Shell Broadcasting (CI) Limited, its immediate parent undertaking, comprising amounts owed by fellow group undertakings for an amount of £70.2 million and the sum of £330.0 million paid in cash.

b) Reconciliation of movements in shareholders' funds

	2014 £000	2013 £000
Opening shareholders' funds	204,446	95,160
Profit/(loss) for the year	316,859	(663)
Dividends paid	(400,181)	-
Share issue	-	109,949
Closing shareholders' funds	<u>121,124</u>	<u>204,446</u>

In 2013, the Company issued 10,994,882,900 ordinary shares of £0.01 each in the capital of the Company for an aggregate subscription price of £109.9 million.

15. 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.

16. 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.

17. ULTIMATE PARENT UNDERTAKING

The immediate parent undertaking is Northern & Shell Broadcasting (CI) 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. 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.