CLT-UFA UK Television Limited

Registered Number 3030087

Annual report and financial statements

for the year ended 31 December 2009

Directors' report
for the year ended 31 December 2009

Registered Number 3030087

The directors present their report and audited financial statements of CLT-UFA UK Television Limited ('the Company') for the year ended 31 December 2009

Principal activity and review of the business

The principal activity of the Company during the year was that of a holding company for the investments in the UK television operations of RTL Group S A

Review of the business and future developments

The results of the Company for the year ended 31 December 2009 are set out on page 6 of the financial statements

As a result of significant slowdown in television advertising growth in the short term and decline in market share in an increasingly fragmented UK television market, the Company performed a review of its investment in CLT-UFA Holdings Limited Following this review the Company's investment in Channel 5 Television Group Limited was written down to £36,109,000, resulting in an impairment charge of £103,463,000

Principal risks and uncertainties

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 subsidiaries are considered to relate to competition from other broadcasters and the performance of the television advertising market

Financial risk management

The Company's financial management operates within defined treasury and financial operations policies determined by the Company's management and its shareholders

The Company's principal financial instruments are cash The main purpose of which is to finance the Company's operations The Company has other financial instruments, such as trade receivables and trade payables that arise directly from its operations

Key performance indicators (KPIs)

The Company seeks to increase its return on investment of its subsidiaries in the UK television market The directors are satisfied that this target is reasonable in the long term given the current competitive environment

Results and dividends

The loss for the year, after taxation, amounted to £109,568,000 (2008 £229,919,000) The directors do not recommend the payment of a dividend (2008 £nil) The loss for the year has been transferred to reserves

Directors' report
for the year ended 31 December 2009 (continued)

Directors and their interests

The directors, who held office for the year and up to the date of signing the financial statements, are outlined below

A Buckhurst
S Tingay (resigned 1 September 2009)
D Hockley (appointed 1 September 2009)
D Menet (appointed 1 September 2009)

Directors' Indemnity

The Company maintains liability insurance for its directors and officers The Company also provides an indemnity for its directors and the secretary, which is a qualifying third party indemnity provision for the purposes of the Companies Act 2006

Going concern

The Company has net liabilities and has incurred a loss in the year ended 31 December 2009 The financial statements have been prepared on a going concern basis as the Company has received confirmation from RTL Group S A of its intention to provide continuing financial support to the Company for a period of not less than twelve months from the date of approval of these financial statements

Employees

The board values two-way communication between senior management and employees at all levels In order to achieve this, regular meetings are held with employees at departmental level and company meetings are held periodically with senior management Employees are encouraged to present their suggestions and views on the Company's performance in these meetings

Statement of directors' responsibilities

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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting 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

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

Directors' report
for the year ended 31 December 2009 (continued)

Statement of disclosure of information to auditors

The directors, who held office at the date of approval of the directors' report confirm that, so far as they are aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information

On behalf of the board

22 Long Acre
London
WC2E 9LJ

D Hockley
Director

30 March 2010

Independent auditors' report

to the members of CLT-UFA UK Television Limited

We have audited the financial statements of CLT-UFA UK Television Limited ('the Company') for the year ended 31 December 2009 which comprise the Profit and loss account, Balance sheet and the related notes 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)

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities, 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 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

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing

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

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 2009 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

Independent auditors' report

to the members of CLT-UFA UK Television Limited (continued)

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

Mark Hughes (Senior Statutory Auditor)

For and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

London

~~20~~ March 2010

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Profit and loss account

for the year ended 31 December 2009

	Note	2009 £000	2008 £000
Operating income	4	1,604	-
Administrative expenses		(778)	(162)
Operating profit/(loss)		826	(162)
Interest receivable and similar income	5	-	2
Amounts written off investments	8	(103,463)	(212,428)
Interest payable and similar charges	6	(6,688)	(17,377)
Loss on ordinary activities before taxation		(109,325)	(229,965)
Tax (expense)/credit on loss on ordinary activities	7	(243)	46
Loss for the financial year		(109,568)	(229,919)

The above results were derived entirely from continuing operations

The Company has no recognised gains or losses during either year other than those reflected in the profit and loss account above and therefore no separate statement of total recognised gains and losses has been presented

There is no material difference between the loss on ordinary activities before taxation and the loss for the financial years stated above and that historical cost equivalents

Balance sheet

for the year ended 31 December 2009

	Note	2009 £000	2008 £000
Fixed assets			
Investments	*8*	36,109	139,572
Current assets			
Debtors	*9*	818	100
Cash at bank and in hand		707	92
		1,525	192
Current liabilities			
Creditors – amounts falling due within one year	*10*	(289,254)	(281,816)
Net current liabilities		(287,729)	(281,624)
Total assets less current liabilities		(251,620)	(142,052)
Net liabilities		(251,620)	(142,052)
Capital and reserves			
Called up share capital	*11*	22,028	22,028
Share premium account	*12*	255,184	255,184
Profit and loss account	*12*	(528,832)	(419,264)
Total shareholders' deficit	*13*	(251,620)	(142,052)

The financial statements on pages 6 to 13 were approved by the board of directors on 30 March 2010 and signed on its behalf by

D Hockley
Director
30 March 2010

COMPANY NUMBER: 3030087

Notes to the financial statements

for the year ended 31 December 2009

1 Accounting policies

a) Basis of preparation

These 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 in the United Kingdom The principal accounting policies are set out below and have been applied consistently

The Company is a wholly owned subsidiary of the RTL Group S A and is included in the financial statements of the RTL Group which are publicly available Consequently the Company has taken advantage of the exemption provided by section 400 of the Companies Act 2006 not to prepare group accounts Therefore these accounts include financial information about the Company as an individual undertaking rather than as a group

b) Going concern

The Company has net liabilities and has incurred a loss in the year ended 31 December 2009 The financial statements have been prepared on a going concern basis as the company has received confirmation from RTL Group S A of its intention to provide continuing financial support to the Company for a period of not less than twelve months from the date of approval of these financial statements

c) Fixed asset investments

Fixed asset investments are stated at cost less provision for any permanent diminution of value Their value is reviewed annually by the directors and provision is made, where appropriate, for any permanent diminution of value

d) Foreign currencies

Transactions denominated in foreign currencies during the period are translated at rates ruling at the dates of the transactions At the balance sheet date all monetary assets and liabilities denominated in foreign currencies are translated at period end rates Exchange gains and losses are taken to the profit and loss account

e) Taxation

The charge for taxation is based on the profit or loss for the year

f) Interest

Interest income and expense is recognised on a time proportion basis using the effective interest method

g) Cash and cash equivalents

Cash and cash equivalents include cash in hand and call account deposits with banks Bank overdrafts are shown within borrowings in current liabilities on the balance sheet

h) Trade creditors

Trade creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method

i) Operating Income

Revenue for the period reflects recharges of professional fees and service charges

Notes to the financial statements

for the year ended 31 December 2009 (continued)

2 Cashflow and related party disclosures

The Company is a wholly owned subsidiary of the RTL Group S A and is included in the consolidated financial statements of the RTL Group which are publicly available Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (Revised 1996) The Company is also exempt under the terms of Financial Reporting Standard 8, Related Party Disclosures, from disclosing related party transactions with members of RTL Group S A

3 Employee information and directors' emoluments

The average monthly number of employees of the Company during the year was as follows

By Activity	*2009 Number*	*2008 Number*
Sales and marketing	-	-
Programming	-	-
Technical	-	-
Other	1	-
	1	-

	2009 £000	*2008 £000*
Wages and salaries	690	-
Social security costs	88	-
	778	-

None of the directors received any fees or emoluments in respect of their service to the company during the year ended 31 December 2009 (2008 £nil)

4 Loss on ordinary activities before interest and tax

Loss on ordinary activities before interest and tax includes operating income of £1,604,000 (2008 £nil) which relates to recharges of professional fees and service charges

	2009 £'000	*2008 £'000*
Loss on ordinary activities before interest and taxation is stated after charging		
Professional advisory fees	-	157
Impairment on investments (note 8)	103,463	212,428
Auditors' remuneration – audit services	3	3

5. Interest receivable and similar income

	2009 £'000	*2008 £'000*
Bank interest receivable	-	2

Notes to the financial statements

for the year ended 31 December 2009 (continued)

6. Interest payable and similar charges

	2009 £'000	2008 £'000
Interest payable to group undertakings	(6,688)	(17,377)

7. Tax on loss on ordinary activities

	2009 £'000	2008 £'000
a) Analysis of expense/(credit) in the year		
Current tax expense/(credit)		
UK group relief receivable at 28% (2008 28 5%) on the loss for the year	61	(46)
Adjustments in respect of previous periods	182	-
Tax expense/(credit) on loss on ordinary activities (note 7(b))	243	(46)

There was no deferred tax in either year

b) Factors affecting the tax expense/(credit) for the year

The tax for the year differs from the standards rate of corporation tax in the UK of 28% (2008 28 5%) The differences are explained below

	2009 £'000	2008 £'000
Loss on ordinary activities before tax	(109,325)	(229,965)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2008 28 5%)	(30,611)	(65,540)
Effects of		
Non-deductible interest	1,873	4,952
Other expenses non deductible for tax purposes	28,969	60,542
Adjustments in respect of previous periods	182	-
Utilisation of brought forward losses	(170)	
Current tax expense/(credit) for the year (note 7(a))	243	(46)

The statutory income tax rate of 30% applied from 1 January 2008 until 31 March 2008 The statutory income tax rate was decreased to 28% from 1 April 2008 for the remainder of the year Hence, the effective tax rate applied for 2008 is 28 5% The rate applied for 2009 was the statutory income tax rate of 28 0%

As at 31 December 2009 the company has unutilised carry forward tax losses of NIL (2008 £605,829)

c) Factors affecting the tax charge for future periods

Tax for future accounting periods will be calculated using the appropriate corporate tax rates as prescribed by the Her Majesty's Revenue and Customs (UK), which is currently charged at 28%

Notes to the financial statements

for the year ended 31 December 2009 (continued)

8. Investments

	Subsidiary undertakings £000
Cost	
At 1 January and 31 December 2009	503,587
Provision	
At 1 January 2009	(364,015)
Impairment charge	(103,463)
At 31 December 2009	36,109
Net book value	
At 31 December 2008	139,572
At 31 December 2009	**36,109**

The fixed asset investment is stated at cost and represents the interest in CLT-UFA Holdings Limited (incorporated in Jersey, Channel Islands), whose principal activity is the holding of investments The company hold 100% of ordinary shares issued in CLT-UFA Holdings Limited The Company assesses at each balance sheet date whether there is an indication that the investment may be impaired If such an indication exists the Company makes an estimate of the investments recoverable amount Recoverable amounts are measured at their fair value in use by discounting the future expected cash flows from the investments These calculations use cash flow projections based on management approved budgets Cash flows beyond the initial five year period are extrapolated using a long term growth rate of 3% (2008 3%) The cash flows have been discounted at a pre-tax discount rate of 8 40% (2008 9 15%), the Company's current cost of capital The impairment charges in 2009 of £103,463,000 (2008 £212,428,000) relates to the impairment of the underlying investments held by CLT-UFA Holdings Limited, solely Five Group

The impairment is principally a reflection of the following

a) A significant slowdown in television advertising growth rates in the short term, and

b) A decline in the share of the UK TV advertising market

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

9. Debtors

	2009 £'000	*2008 £'000*
Other debtors	1	55
Amounts owed by group undertakings	817	45
	818	100

The amounts owed by group undertakings are unsecured, interest free and repayable on demand

Notes to the financial statements

for the year ended 31 December 2009 (continued)

10. Creditors – amounts falling due within one year

	2009 £'000	2008 £'000
Trade creditors	3	11
Amounts owed to group undertakings	288,456	281,805
Other creditors	795	-
	289,254	281,816

Included in amounts owed to group undertakings in 2009 are loan balances which incurred interest between 1 74% and 3 96% (2008 6 86% and 7 40%) during the year All other amounts owed to group undertakings are repayable on demand

11 Called up share capital

	2009 £'000	2008 £'000
Authorised		
100,000,000 (2008 100,000,000) ordinary shares of £1 each	100,000	100,000
Allotted and fully paid		
22,027,726 (2008 22,027,726) ordinary shares of £1 each	22,028	22,028

12. Reserves

	Share Premium account £'000	**Profit and loss account** £'000
As at 1 January 2009	255,184	(419,264)
Loss for the financial year	-	(109,568)
As at 31 December 2009	255,184	(528,832)

13. Reconciliation of movements in shareholders' deficit

	2009 £'000	**2008** £'000
Loss for the financial year	(109,568)	(229,919)
	(109,568)	(229,919)
Net reduction from total shareholders' funds	**(109,568)**	**(229,919)**
Shareholders' (deficit) / funds as at 1 January	(142,052)	87,867
Shareholders' deficit as at 31 December	**(251,620)**	**(142,052)**

Notes to the financial statements

for the year ended 31 December 2009 (continued)

14 Ultimate parent undertaking and controlling party

The immediate parent undertaking is CLT-UFA S A , a company registered in Luxembourg

The smallest group to consolidate these accounts is RTL Group S A , a company registered in Luxembourg Copies of the RTL Group S A accounts can be obtained from the General Counsel at RTL Group S A , 45 Boulevard Pierre Frieden, L-1543 Luxembourg

The ultimate parent undertaking and controlling party is Bertelsmann AF, a company registered in Germany which is the largest group to consolidate these accounts Copies of the Bertelsmann AG accounts can be obtained from the General Counsel at Bertelsmann AG, Carl-Bertelsmann-Straβe 270, 33311 Gutersloh, Germany