

A&E Television Networks (UK) Limited

Report and Financial Statements

30 June 2006

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COMPANIES HOUSE

A&E Television Networks (UK) Limited

Registered No: 3113371

Directors

Riccardo Canonaco
Steven Ronson

Secretary

Riccardo Canonaco

Auditors

Ernst & Young LLP
1 More London Place
London
SE1 2AF

Registered office

400 Capability Green
Luton
Bedfordshire
LU1 3AE

Directors' report

The directors present their report and financial statements for the year ended 30 June 2006.

Results and dividends

The loss for the year amounted to £1,213,916 (2005 - profit of £1,508,081). A dividend amounting to £1,729,420 was declared and paid during the year. The directors do not recommend the payment of a final dividend.

Principal activities and review of the business

The company's principal activity during the year ended 30 June 2006 was that of an investment holding company. The company continued to own 50% of the joint venture with BSkyB Limited in The History Channel (UK).

On 9 December 2004, the authorised share capital of the Company was increased through the creation of 619,258 preference shares of £1 each. On the same date, £619,258 was transferred from other reserves to share capital, reflecting the issue of 619,258 preference shares of £1 each.

On 27 June 2005, the Company re-purchased the 619,258 preference shares of £1 each.

Future developments

The directors expect the general level of activity in the joint venture to increase.

Directors

The directors who served the company during the year were as follows:

Riccardo Canonaco
Steven Ronson

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.

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

On behalf of the board

Director



20 JAN 2009

Statement of directors' responsibilities

The directors are responsible for preparing the annual 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). The financial statements are required by law to give a true and fair view of the state of affairs of the company and group and of the profit or loss of the group 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditor's report

to the members of A&E Television Networks (UK) Limited

We have audited the company's financial statements for the year ended 30 June 2006 which comprise the Profit and Loss Account, the Balance Sheet and the Statement of Total Recognised Gains and Losses and the related notes 1 to 13. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 auditors' 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

The directors' responsibilities for preparing the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Independent auditor's report

to the members of A&E Television Networks (UK) Limited

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 June 2006 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.

Ernst & Young LLP

Ernst & Young LLP
Registered auditor
London

22 January 2009

Profit and loss account
for the year ended 30 June 2006

	<i>Notes</i>	2006 £	2005 £
Dividend income		500,000	1,500,000
Interest receivable	4	22,148	32,740
Interest payable to parent undertaking	5	–	(24,659)
Profit on ordinary activities before taxation		<u>522,148</u>	<u>1,508,081</u>
Tax on profit on ordinary activities	6	6,644	–
Profit on ordinary activities after taxation		<u>515,504</u>	<u>1,508,081</u>

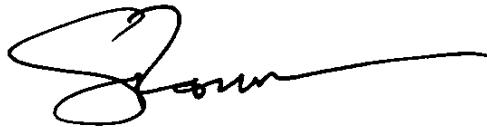
Statement of total recognised gains and losses

There are no recognised gains or losses other than the profit of £515,504 attributable to the shareholders for the year ended 30 June 2006 (2005 - profit of £1,508,081).

Balance sheet
at 30 June 2006

	<i>Notes</i>	2006 £	2005 £
Fixed assets			
Investments	7	<u>50,000</u>	<u>50,000</u>
Current assets			
Cash at bank		857	1,208,129
Creditors: amounts falling due within one year	8	<u>(6,644)</u>	<u>-</u>
Net current (liabilities)/assets		<u>(5,787)</u>	<u>1,208,129</u>
Total assets less current liabilities		<u>44,213</u>	<u>1,258,129</u>
Capital and reserves			
Called up share capital	11	100	100
Profit and loss account	12	<u>44,113</u>	<u>1,258,029</u>
Equity shareholders' funds	12	<u>44,213</u>	<u>1,258,129</u>

Director



20 JAN 2009

Notes to the financial statements

at 30 June 2006

1. Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention.

Going concern

The financial statements have been prepared on a going concern basis.

Cash flow statement

The company has taken advantage of the concession in FRS 1 "Cash Flow Statements" which exempts a company from the requirement to prepare a statement of cash flows on the grounds that the company is small as defined in companies' legislation.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign currencies

Transactions in foreign currencies are recorded at the 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.

All differences are taken to the profit and loss account.

Investments

The investments are valued at cost unless, in the director's opinion, there is an impairment in the value of the investments. The carrying values of fixed asset investments are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

2. Staff costs

There were no employees in the company, other than the directors. None of the directors received any remuneration for services to the company during the current and prior year.

3. Auditor's remuneration

Auditor's remuneration has been borne by the parent undertaking in both the current and prior years.

Notes to the financial statements

at 30 June 2006

4. Interest receivable

	2006 £	2005 £
Bank interest receivable	22,148	3,946
Interest receivable from joint venture	–	28,729
Other interest receivable	–	65
	<u>22,148</u>	<u>32,740</u>

5. Interest payable to parent undertaking

	2006 £	2005 £
Interest payable to parent undertaking	–	24,659
	<u>–</u>	<u>24,659</u>

6. Taxation

(a) Tax on profit on ordinary activities

	2006 £	2005 £
<i>Current tax</i>		
UK corporation tax on the profit for the year	6,644	–
	<u>6,644</u>	<u>–</u>

(b) Factors affecting current tax

The tax assessed on the profit on ordinary activities for the year differs from the standard rate of corporation tax in the UK of 30% (2005 - 30%). The differences are reconciled below:

	2006 £	2005 £
Profit/(loss) on ordinary activities before taxation	522,148	1,508,078
Profit/(loss) on ordinary activities multiplied by standard rate of tax of 30%	156,644	452,423
Non taxable income	(150,000)	(450,000)
Utilisation of brought forward losses	–	(2,423)
Total current tax (note 6(a))	<u>6,644</u>	<u>–</u>

(c) Deferred tax

The deferred taxation asset not recognised in the financial statements is as follows:

	2006 £	2005 £
Tax losses available	34,285	34,286
	<u>34,285</u>	<u>34,286</u>

The deferred tax asset has not been recognised due to the uncertainty surrounding the availability of future taxable profits to enable its reversal.

Notes to the financial statements

at 30 June 2006

7. Investments

	<i>Investments</i>
	£
Cost:	
At 1 July 2005 and 30 June 2006	<u>50,000</u>

The company holds 50,000 'B' ordinary shares of £1 each, representing 50% of the issued share capital of The History Channel (UK), an unlimited company registered in England and Wales, which operates and transmits an historical programme channel.

The History Channel (UK) made a profit, after tax of £1,781,000 in the year ended 30 June 2006 (2005 - £3,830,000). Its aggregate capital and reserves at 30 June were as follows:

	2006	2005
	£	<i>as restated</i>
		£
Share capital - equity	100,000	100,000
Profit and loss account	2,962,000	2,181,000
	<u>3,062,000</u>	<u>2,281,000</u>

The following is the company's share of joint venture profit and loss account and balance sheet, which would have been included in the consolidated financial statements if prepared:

	2006	2005
	£	<i>as restated</i>
		£
Profit and loss account:		
Share of turnover	8,381,000	9,706,500
Share of profit before tax	1,273,500	2,728,000
Share of taxation	(383,000)	(813,000)
Share of profit after tax	890,500	1,915,000
Balance sheet:		
Share of fixed assets	146,500	111,000
Share of current assets	4,186,000	3,632,500
Share of liabilities due within one year	<u>(2,799,500)</u>	<u>(2,601,000)</u>

8. Creditors: amounts falling due within one year

	2006	2005
	£	£
Corporation tax	<u>6,644</u>	<u>-</u>

9. Contingent liability

The directors have confirmed that they will make further funding available to The History Channel (UK), an unlimited company in which the company holds 50% of the issued share capital, to enable it to meet its third party liabilities as and when they fall due. A&E Television Networks (UK) Limited is potentially liable for its share of any future liabilities or losses incurred.

Notes to the financial statements

at 30 June 2006

10. Related parties

The company conducts business transactions on a normal commercial basis with, and receives a number of services from, shareholder companies and its joint venture.

During the year, the company accumulated interest of £nil (2005 - £28,729) in the normal course of business from The History Channel (UK), its 50% joint venture in respect of inter-company loans. The loan was repaid in full in 2005.

During the year, the company accrued interest of £nil (2005 - £24,659) in the normal course of business to A&E Television Networks, its ultimate parent undertaking, in respect of inter-company loans. The loan was repaid in full in 2005.

11. Share capital

	2006 £	Authorised 2005 £
Ordinary shares of £1 each	2,000,000	2,000,000
Preference shares of £1 each	619,258	619,258
	<u>2,619,258</u>	<u>2,619,258</u>

	<i>Allotted, called up and fully paid</i>			
	2006	2005	2006	2005
	No.	£	No.	£
Ordinary shares of £1 each	100	<u>100</u>	100	<u>100</u>

12. Reconciliation of shareholders' funds and movement on reserves

	<i>Share capital</i> £	<i>Other reserves</i> £	<i>Profit and loss account</i> £	<i>Total share- holders' funds</i> £
At 30 June 2004	100	619,258	(250,052)	369,306
Issue of preference share	619,258	(619,258)	-	-
Repurchase of preference share	(619,258)	-	-	(619,258)
Profit for the year	-	-	1,508,081	1,508,081
At 30 June 2005	100	-	1,258,029	1,258,129
Profit for the year	-	-	515,504	515,504
Dividend – interim paid	-	-	(1,729,420)	(1,729,420)
At 30 June 2006	<u>100</u>	<u>-</u>	<u>44,113</u>	<u>44,213</u>

13. Ultimate parent undertaking

The company's immediate parent undertaking is A&E Television Networks International L.P., registered in the United States of America.

The company's ultimate parent undertaking and controlling party is A&E Television Networks, a general partnership, registered in the United States of America. This is the largest and smallest group of undertakings for which group financial statements are drawn up and of which the company is a member.