A&E Television Networks (UK) Limited

Report and Financial Statements

30 June 2011

Directors
S Ronson
S Benson

Secretary
S Benson

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 2011

Results and dividends

The profit for the year amounted to £1,249,520 (2010 – profit of £699,035) An Interim dividend of £1,250,000 was paid during the year

Principal activity and review of the business

The company's principal activity during the year ended 30 June 2011 was that of an investment holding company The company continued to own 50% of the joint venture with BSkyB History Limited in AETN UK

Directors

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

S Ronson
S Benson

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is 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

Small companies' exemption

In preparing this Directors' report, the directors have taken advantage of the small companies' exemption under section 415(A) of the Companies Act 2006

On behalf of the Board

S Benson
Director

27 MAR 2012

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) 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 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 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 A&E Television Networks (UK) Limited

We have audited the financial statements of A&E Television Networks (UK) Limited for the year ended 30 June 2011 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 11 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)

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 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 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 Directors' Report to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on the financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 June 2011 and of its profit 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 auditor's report

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

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 take advantage of the small companies' exemption in preparing the directors' report

Ernst & Young LLP

Michael Wansbury (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor
London

29 MAR 2012

Profit and loss account

for the year ended 30 June 2011

	Notes	*2011* £	*2010* £
Administration expenses		(480)	(965)
Dividend income		1,250,000	700,000
Profit on ordinary activities before taxation		1,249,520	699,035
Tax on profit on ordinary activities	4	–	–
Profit for the financial year	9	1,249,520	699,035

Statement of total recognised gains and losses

for the year ended 30 June 2011

There are no recognised gains or losses other than the profit attributable to the shareholders of the company of £1,249,520 for the year ended 30 June 2011 (2010 – profit of £699,035)

Balance sheet

at 30 June 2011

	Notes	2011 £	2010 £
Fixed assets			
Investments	5	50,000	50,000
Current assets			
Cash at bank		2,721	201
Creditors: amounts falling due within one year	6	(12,415)	(9,415)
Net current liabilities		(9,694)	(9,214)
Total assets less current liabilities		40,306	40,786
Capital and reserves			
Called up share capital	8	100	100
Profit and loss account	9	40,206	40,686
Shareholders' funds	9	40,306	40,786

S Benson
Director

27 MAR 2012

Notes to the financial statements

at 30 June 2011

1. Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards

Going concern

The financial statements have been prepared on a going concern basis The directors have no reason to believe that the company will not have sufficient resources to meet its liabilities in the future as and when they fall due

Statement of cash flows

The company has taken advantage of the concession in FRS 1 'Statement of cash flows' 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

Investments

The investments are valued at cost unless, in the directors' opinion, there is any impairment in the carrying value

The carrying value of fixed asset investments are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable

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 exception

- 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

2. Auditor's remuneration

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

3. 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

Notes to the financial statements

at 30 June 2011

4. Tax

(a) Tax on profit on ordinary activities

The tax charge is made up as follows

	2011	*2010*
	£	*£*
Current tax		
UK corporation tax on the profit for the year	–	–
Tax on profit on ordinary activities (note 4(b))	–	–

(b) Factors affecting current tax for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 27 5% (2010 – 28%) The differences are explained below

	2011	*2010*
	£	*£*
Profit on ordinary activities before tax	1,249,520	699,035
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 27 5% (2010 – 28%)	343,618	195,730
Effects of		
Expenses not deductible for tax purposes	–	110
Non taxable income	(343,750)	(196,000)
Losses carried forward	132	160
Total current tax charge (note 4(a))	–	–

(c) Deferred tax

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

	2011	*2010*
	£	*£*
Tax losses available	30,428	31,143

The deferred tax asset, which has been calculated at 26% (2010 – 27%) 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 2011

5. Investments

	Investments
	£
Cost	
At 1 July 2010 and 30 June 2011	50,000

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

AETN UK made a profit, after tax, of £4,694,000 in the year ended 30 June 2011 (2010 – profit of £3,492,000) Its aggregate capital and reserves at 30 June were as follows

	2011	*2010*
	£	*£*
Share capital – equity	100,000	100,000
Profit and loss account	8,761,000	6,567,000
	8,861 000	6,667,000

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

	2011	*2010*
	£'000	*£'000*
Profit and loss account		
Share of turnover	21,303	18,252
Share of profit before tax	3,266	2,413
Share of taxation	(919)	(667)
Share of profit after tax	2,347	1,746
Balance sheet		
Share of fixed assets	338	213
Share of current assets	11,666	8,654
Share of liabilities due within one year	(7,574)	(5,534)

6. Creditors amounts falling due within one year

	2011	*2010*
	£	*£*
Amount due to parent undertaking	12,415	9,415

Notes to the financial statements

at 30 June 2011

7. Contingent liability

The directors have confirmed that they will make further funding available to AETN 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

8. Issued share capital

		2011		2010
Allotted, called up and fully paid	*No*	*£*	*No*	*£*
Ordinary shares of £1 each	100	100	100	100

9. Reconciliation of shareholders' funds and movement on reserves

	Share capital £	*Profit and loss account* £	*Total share holders' funds* £
At 1 July 2009	100	541,651	541,751
Profit for the year	–	699,035	699,035
Dividends paid – interim	–	(1,200,000)	(1,200,000)
At 1 July 2010	100	40,686	40,786
Profit for the year	–	1,249,520	1,249,520
Dividends paid – interim	–	(1,250,000)	(1,250,000)
At 30 June 2011	100	40,206	40,306

10. Related party transactions

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 received funding of £3,000 (2010 – £1,000) from its parent undertaking The amount due at the year end is disclosed in note 6 to the financial statements

11. Ultimate parent undertaking and controlling party

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

The company's ultimate parent undertaking and controlling party is A&E Television Networks LLC, incorporated and 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