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NORTHERN & SHELL BROADCASTING (CI) LIMITED

ANNUAL REPORT & FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

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NORTHERN & SHELL BROADCASTING (CI) LIMITED

ANNUAL REPORT

For the year ended 31 December 2015

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NORTHERN & SHELL BROADCASTING (CI) LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Mr R Sanderson
Mr M S Ellice

SECRETARY

Sanne Secretaries Limited

COMPANY NUMBER

FC027840 (Jersey – Channel Islands)

REGISTERED OFFICE

13 Castle Street
St Helier
Jersey, JE4 5UT
Channel Islands

AUDITOR

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

NORTHERN & SHELL BROADCASTING (CI) LIMITED

DIRECTORS' REPORT

For the year ended 31 December 2015

The directors present their report and the audited financial statements of the Company for the year ended 31 December 2015

PRINCIPAL ACTIVITIES

The Company's principal activity is a holding company

RESULTS AND DIVIDENDS

The Company recorded a loss before taxation of £2,000 (2014 a profit of £309.9 million). In 2014, the Company received dividends of £400.2 million from Northern & Shell Enterprises Limited (formerly Northern & Shell Television Group Limited) and recorded the related return of cost on investment of £90.3 million (notes 4 and 6).

During the year, the company paid interim dividends of £nil (2014 £400.2 million) (note 10). The directors do not recommend the payment of a final dividend (2014 £nil).

REVIEW OF THE YEAR AND FUTURE PROSPECTS

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

The directors consider the results for the year to be satisfactory.

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 £120.7 million as at 31 December 2015 (2014 £120.7 million).

DIRECTORS

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

FINANCIAL RISK MANAGEMENT

The Company has not implemented specific measures to mitigate financial risks, because the directors believe that the nature of the Company's operations are such that it is not exposed to financial risks that might impact adversely on the financial performance of the Company. The directors keep this position under constant review.

POLITICAL AND CHARITABLE DONATIONS

There were no charitable donations made during the year (2014 £nil).

The Company made no political donations or incurred any political expenditure during the year (2014 £nil).

GOING CONCERN

The Company has net current liabilities. A letter of support has been received from the ultimate parent Company, Northern & Shell Media Group Limited, stating that this Company will provide financial support as necessary to enable the Company to meet its obligations as and when they fall due. Accordingly, the directors are satisfied that it is appropriate to prepare the financial statements on a going concern basis.

NORTHERN & SHELL BROADCASTING (CI) LIMITED

DIRECTORS' REPORT

For the year ended 31 December 2015

DISCLOSURE OF INFORMATION TO AUDITOR

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 auditor is 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 auditor is aware of that information

AUDITOR

KPMG LLP, the auditors, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the next annual general meeting

By order of the Board



Mr R Sanderson
Director

Date 21 April 2016

13 Castle Street
St Helier
Jersey, JE4 5UT
Channel Islands

NORTHERN & SHELL BROADCASTING (CI) LIMITED

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

For the year ended 31 December 2015

The directors are responsible for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland

Company law requires the directors to prepare financial statements for each financial year which 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 year. 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies (Jersey) Law 1991. 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



15 Canada Square
London
E14 5GL
United Kingdom

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

NORTHERN & SHELL BROADCASTING (CI) LIMITED

For the year ended 31 December 2015

We have audited the financial statements of Northern & Shell Broadcasting (CI) Limited for the year ended 31 December 2015 which comprise the Profit and Loss Account and Other Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

This report is made solely to the company's members, as a body, in accordance with Article 113A of the Companies (Jersey) Law 1991. 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 Statement of Directors' Responsibilities set out on page 5, the directors are responsible for the preparation of financial statements which 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

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 Financial Statements 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, in accordance with UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* of the state of the company's affairs as at 31 December 2015 and of its loss for the year then ended, and
- have been properly prepared in accordance with the Companies (Jersey) Law 1991

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

NORTHERN & SHELL BROADCASTING (CI) LIMITED

For the year ended 31 December 2015

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies (Jersey) Law 1991 requires us to report to you if, in our opinion

- proper accounting records have not been kept by the Company, or
- proper returns adequate for our audit have not been received from branches not visited by us, or
- the Company financial statements are not in agreement with the accounting records and returns, or
- we have not received all the information and explanations we require for our audit

Adrian Wilcox
for and on behalf of KPMG LLP
Chartered Accountants
15 Canda Square,
London,
E14 5GL
United Kingdom

Date **22** April 2016

NORTHERN & SHELL BROADCASTING (CI) LIMITED

PROFIT AND LOSS ACCOUNT AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2015

	Notes	2015 £000	2014 £000
Administrative expenses		(2)	-
OPERATING (LOSS)/RESULT	3	<u>(2)</u>	<u>-</u>
Income from shares in group undertakings	4	<u>-</u>	<u>309,885</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(2)	309,885
Tax on (loss)/profit on ordinary activities	5	<u>1</u>	<u>-</u>
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		<u>(1)</u>	<u>309,885</u>

There are no recognised gains and losses other than those stated above and therefore no separate statement of other comprehensive income has been prepared

There are no material differences between the (loss)/profit on ordinary activities before taxation and the (loss)/profit for the year stated above and their historical cost equivalents

The notes on pages 11 to 15 form an integral part of these financial statements

NORTHERN & SHELL BROADCASTING (CI) LIMITED

BALANCE SHEET as at 31 December 2015

	Notes	2015 £000	2014 £000
FIXED ASSETS			
Investment	6	<u>120,716</u>	<u>120,716</u>
CURRENT ASSETS			
Debtors	7	1	-
CREDITORS amounts falling due within one year	8	<u>(2)</u>	<u>-</u>
NET CURRENT LIABILITIES		<u>(1)</u>	<u>-</u>
NET ASSETS		<u>120,715</u>	<u>120,716</u>
CAPITAL AND RESERVES			
Called up share capital	9	-	-
Share premium		61,768	61,768
Profit and loss account		<u>58,947</u>	<u>58,948</u>
TOTAL SHAREHOLDERS' FUNDS		<u>120,715</u>	<u>120,716</u>

The notes on pages 11 to 15 form an integral part of these financial statements

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



Mr R Sanderson
Director

Date 21 April 2016
Company registered number FC027840

NORTHERN & SHELL BROADCASTING (CI) LIMITED

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2015

	Called up Share capital £000	Share Premium account £000	Profit and loss account £000	Total equity £000
Balance at 1 January 2014	-	461,949	(250,937)	211,012
Effect of change in accounting policy	-	-	-	-
Balance at 1 January 2014	-	461,949	(250,937)	211,012
Total comprehensive income for the year				
Profit for the year	-	-	309,885	309,885
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	309,885	309,985
Dividends paid (note 10)	-	(400,181)	-	(400,181)
Total transactions recognised directly in equity	-	(400,181)	-	(400,181)
Balance at 31 December 2014	-	61,768	58,948	120,716

	Called up Share Capital £000	Share Premium account £000	Profit and loss account £000	Total equity £000
Balance at 1 January 2015	-	61,768	58,948	120,716
Total comprehensive income for the year				
Loss for the year	-	-	(1)	(1)
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	(1)	(1)
Balance at 31 December 2015	-	61,768	58,947	120,715

The notes on pages 11 to 15 form an integral part of these financial statements

NORTHERN & SHELL BROADCASTING (CI) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

1 PRINCIPAL ACCOUNTING POLICIES

These financial statements are prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("FRS 102") as issued in August 2014

In the transition to FRS 102 from old UK GAAP, the Company has not made any measurement and recognition adjustments

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements. On first time adoption of FRS 102, the Company has not retrospectively changed its accounting under old UK GAAP for derecognition of financial assets and liabilities before the date of transition, accounting estimates or discontinued operations

(a) Basis of accounting

The financial statements are prepared on a going concern basis, under the historical cost convention and in accordance with applicable accounting standards. The principal accounting policies are set out below

(b) Going Concern

The Company is trading at a loss and has net current liabilities. A letter of support has been received from the ultimate parent Company, Northern & Shell Media Group Limited, stating that this company will provide financial support as necessary to enable the Company to meet its obligations as and when they fall due. Accordingly, the directors are satisfied that it is appropriate to prepare the financial statements on a going concern basis

(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 available under FRS 102 from preparing its own cash flow statement

(d) Fixed asset investments

Investments are held at cost less provision for any permanent diminution in value. Their value is reviewed annually by the Directors, and provision is made, where appropriate for any permanent diminution of value

(e) 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

2 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 subsidiary undertakings of Northern & Shell Media Group Limited

The Company had no employees in the year (2014 nil)

NORTHERN & SHELL BROADCASTING (CI) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

3. NOTES TO THE PROFIT AND LOSS

Audit Services

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

Auditor's remuneration of £3,000 in respect of the audit of these financial statements for the year ended 31 December 2015 (2014 £3,000) is borne by Northern & Shell Plc, a fellow subsidiary undertaking

4. INCOME FROM SHARES IN GROUP UNDERTAKINGS

	2015 £000	2014 £000
Dividend income	<u>-</u>	<u>400,181</u>

In 2014, the Company received a dividend of £400.2 million from Northern & Shell Enterprises Limited (formerly Northern & Shell Television Group Limited), a subsidiary undertaking, comprising the sum of £330.0 million received in cash and amounts owed by fellow group undertakings in the sum of £70.2 million

Dividend income in the above table is presented by way of a return of cost on investment of £nil (2014 £90.3 million) (note 6) and dividend income of £nil (2014 £309.9 million) in the profit and loss account

NORTHERN & SHELL BROADCASTING (CI) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

5 TAXATION ON PROFIT/RESULT ON ORDINARY ACTIVITIES

	2015 £000	2014 £000
Current taxation		
UK corporation tax at 20 25% (2014 21 5%) – amounts receivable from group companies in respect of group relief	<u>(1)</u>	<u>-</u>
Total tax income	<u>(1)</u>	<u>-</u>

Analysis of total tax

	Current Tax £000	2015 Deferred Tax £000	Total Tax £000	Current Tax £000	2014 Deferred Tax £000	Total Tax £000
Recognised in profit and loss account	<u>(1)</u>	<u>-</u>	<u>(1)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total tax income	<u>(1)</u>	<u>-</u>	<u>(1)</u>	<u>-</u>	<u>-</u>	<u>-</u>

The tax assessed for the year differs from the rate of 20 25% (2014 21 5%) and the differences are explained below

	2015 £000	2014 £000
(Loss)/profit on ordinary activities before tax	<u>(2)</u>	<u>309,885</u>
(Loss)/profit on ordinary activities multiplied by the rate of 20 25% (2014 21 5%)	<u>(1)</u>	<u>66,625</u>
Effects of		
Dividends not subject to UK tax	<u>-</u>	<u>(66,625)</u>
Total tax income for the year	<u>(1)</u>	<u>-</u>

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015. This will reduce the Company's future current tax charge accordingly. An additional reduction to 17% (effective from 1 April 2020) was announced in the Budget on 16 March 2016. This will reduce the Company's future current tax charge accordingly.

The Company has no deferred tax assets, either recognised or unrecognised (2014 £nil)

NORTHERN & SHELL BROADCASTING (CI) LIMITED**NOTES TO THE FINANCIAL STATEMENTS****For the year ended 31 December 2015****6 FIXED ASSET INVESTMENT**

	2015 £000	2014 £000
Cost at 1 January	371,653	461,949
Return of cost on investment	-	(90,296)
At 31 December	371,653	371,653
Permanent impairment write down At 1 January and 31 December	(250,937)	(250,937)
Net book value at 31 December	120,716	120,716

At 31 December 2015, the Company held interests in the following subsidiary undertakings

Company Name	Class of shares	Holding (%)	Country of incorporation	Principal Activity
Northern & Shell Enterprises Limited (formerly Northern & Shell Television Group Limited)	Ordinary	100	United Kingdom	Holding company
Northern & Shell Engineering Services Limited	Ordinary	100	United Kingdom	Dormant
Northern & Shell Music Limited	Ordinary	100	United Kingdom	Dormant
Northern & Shell Text Limited	Ordinary	100	United Kingdom	Dormant
5 Direct Limited	Ordinary	100	United Kingdom	Dormant

The fixed asset investment is stated at cost and represents the interest in Northern & Shell Enterprises Limited, whose principal activity is the holding of investments

In 2014, the Company received dividend income of £400.2 million from Northern & Shell Enterprises Limited, its immediate subsidiary undertaking (note 4). The dividend income is presented in the financial statements by way of a return of cost on investment of £nil (2014: £90.3 million) and dividend income of £nil (2014: £309.9 million) in the profit and loss account. The return of cost on investment represents the permanent diminution of value generated by the payment of the dividend from its subsidiary undertaking.

Impairment testing

The Company's policy is to carry out annual reviews of its investments. Based on operating results for the subsidiary undertakings, future forecasts and their net assets, the directors consider that the investment's recoverable amount is greater than its carrying amount and consequently no impairment is considered necessary.

7. DEBTORS

	2015 £000	2014 £000
Amount owed by group undertakings with respect to group relief	1	-

Amounts owed by group undertakings with respect to group relief are non interest bearing

NORTHERN & SHELL BROADCASTING (CI) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

8. CREDITORS: amounts falling due within one year

	2015	2014
	£000	£000

Amount owed to group undertakings

2

-

Amounts owed by group undertakings carry interest at 2.0% above base rate, are unsecured and repayable on demand

9. SHARE CAPITAL

	2015	2014
	£	£

Authorised

The Company is authorised to issue an unlimited number of ordinary shares of no par value

-

-

Allotted and fully paid

5 (2014: 5) ordinary shares of no par value

-

-

10. DIVIDENDS

	2015	2014
	£000	£000

Dividends paid

-

400,181

During the year, the Company paid an interim dividend of £nil (2014: £400.2 million) to Northern & Shell Properties Limited, its immediate parent undertaking

11. GUARANTEES AND CONTINGENT LIABILITIES

The Company is part of the Northern & Shell Media Group Limited Group. At 31 December 2015, 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.

12. RELATED PARTY TRANSACTIONS

The Company is exempt from disclosing related party transactions with entities that are part of the Northern & Shell Media Group Limited group.

13. ULTIMATE PARENT UNDERTAKING

The immediate parent undertaking is Northern & Shell Properties 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 are 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.