

CBS International Television (UK) Limited

(Registered Number: 00715593)

**Annual report and financial statements
31 December 2010**

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CBS International Television (UK) Limited

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CBS International Television (UK) Limited

Registered Number: 00715593

Directors' report for the year ended 31 December 2010

The directors present their report and the audited financial statements of CBS International Television (UK) Limited ("the Company") for the year ended 31 December 2010

Principal activity, review of the business and future developments

The Company's principal activity is to hold shares and provide financial and administrative services in the UK to other CBS group companies

Going concern

CBS Corporation Inc has provided the Company with an undertaking that it will, for at least 12 months from the date of approval of these financial statements, continue to make available such funds as are needed by the Company. This includes providing funding for the redemption of preference shares which become due on 31 March 2012. This should enable the Company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. Based on this undertaking the directors believe that it remains appropriate to prepare the financial statements on a going concern basis.

Principal risks and uncertainties

The management of the Company and execution of the Company's strategy are subject to a number of risks. The directors have identified the need to manage the Company's material financial risks, including foreign exchange, liquidity, credit and interest rate risks. These risks are monitored through a Group Treasury management function which invests surplus funds, mitigates foreign exchange exposure and manages borrowings for CBS Corporation group companies (the 'Group').

Group Treasury also seeks to limit counter-party risk by conducting all of its banking and dealing activities with a limited number of major international banks, whose status is kept under review.

Liquidity risk

The Company finances its operations through a combination of intercompany payables, issued ordinary share capital, preference shares and a commitment of financial support from the parent.

Interest rate risk

The Company has interest bearing assets and liabilities. These are group receivables and payables subject to the floating interest rates based upon 1M USD LIBOR + 0.5%, 1M GBP LIBOR + 0.3%, 1M GBP LIBOR + 2% and 1M CAD LIBOR + 0.5%. Interest on preference shares liabilities are fixed at 6% per annum. To the extent that the Company enters into banking arrangements, the Company's exposure to interest risk arises on the surplus cash bank accounts on which the interest income is based on UK LIBOR - 0.375 basis points. The Company does not participate in interest rate hedging. The directors keep these measures under constant review.

CBS International Television (UK) Limited

Registered Number: 00715593

Directors' report for the year ended 31 December 2010 (continued)

Foreign exchange risk

To the extent that the Company enters into banking arrangements and intercompany agreements in currencies different to that of the Company's functional currency, there is an exposure to movements in exchange rates. The Company does not participate in cross-currency hedging.

Key performance indicators (KPI)

Given the straightforward nature of the business, the Company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

Results and dividends

The financial statements for the year disclose a loss after taxation of £ 132,116 (2009 £7,794,077). The directors do not recommend the payment of an ordinary dividend (2009 £nil).

Directors and their interests

The directors listed below held office during the whole of the period from 1 January 2010 to the date of this report, unless stated below.

Richard Jones
Stephen Tague

CBS International Television (UK) Limited

Registered Number: 00715593

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

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 the 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 and loss of the company 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,
- 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 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

Auditors and disclosure of information to auditors

In accordance with Section 418, directors' reports shall include a statement, in the case of each director in office at the date the director's report is approved, that

(a) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and

(b) he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

By order of the board



Stephen Tague
Director

16 September 2011

CBS International Television (UK) Limited

Independent auditors' report to the members of CBS International Television (UK) Limited

We have audited the financial statements of CBS International Television (UK) Limited for the year ended 31 December 2010 which comprise the Profit and Loss Account, the Balance Sheet and the notes to the financial statements. 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 Director's 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 and to 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.

This report, including the opinion, 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 this opinion, 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 2010 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.

CBS International Television (UK) Limited

Independent auditors' report to the members of CBS International Television (UK) 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



C Pettitt (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
16 September 2011

CBS International Television (UK) Limited

Profit and loss account for the year ended 31 December 2010

| | Notes | 2010 £ | 2009 £ |
|--|-------|-------------|-------------|
| Turnover | 3 | - | 888,213 |
| Cost of sales | | - | (754,981) |
| Gross profit | | - | 133,232 |
| Administrative income/(expenses) | | 814,579 | (8,295,103) |
| Operating profit/(loss) | 4 | 814,579 | (8,161,871) |
| Interest receivable and similar income | 7 | 323,600 | 536,884 |
| Interest payable and similar expenses | 8 | (1,270,295) | (1,665,555) |
| Loss on ordinary activities before taxation | | (132,116) | (9,290,542) |
| Taxation on loss on ordinary activities | 9 | - | 1,496,465 |
| Loss for the financial year | 16 | (132,116) | (7,794,077) |

All results derive from continuing operation

The company has not recognised gains and losses other than those included in the results above, and therefore no separate statement of total recognised gains and losses has been presented

There is no difference between the loss on ordinary activities before taxation and the retained loss for the year stated above and their historic cost equivalents

The notes on pages 8 to 14 form part of these financial statements

CBS International Television (UK) Limited

Registered Number: 00715593

Balance sheet as at 31 December 2010

| | Notes | 2010 £ | 2009 £ |
|---|-------|--------------|--------------|
| Fixed assets | | | |
| Investments | 10 | - | - |
| Current assets | | | |
| Debtors | 11 | 2,912,177 | 53,173,695 |
| Cash at bank and in hand | | 9,784,903 | - |
| | | 12,697,080 | 53,173,695 |
| Creditors: amounts falling due within one year | 12 | (1,591,812) | (42,836,311) |
| Net current assets | | 11,105,268 | 10,337,384 |
| Preference shares | 13 | (15,000,000) | (15,000,000) |
| Accumulated interest payment on preference shares | 13 | (17,100,000) | (16,200,000) |
| Net liabilities | | (20,994,732) | (20,862,616) |
| Capital and reserves | | | |
| Called up share capital | 14 | 133,733 | 133,733 |
| Share premium account | 15 | 449,700 | 449,700 |
| Profit and loss account | 15 | (21,578,165) | (21,446,049) |
| Shareholders deficit | 16 | (20,994,732) | (20,862,616) |

The notes on pages 8 to 14 form part of these financial statements

The financial statements on pages 6 to 14 were approved by the board of directors on ¹⁶September 2011 and were signed on its behalf by



Stephen Tague
Director

16 September 2011

CBS International Television (UK) Limited

Notes to the financial statements for the year ended 31 December 2010

1. Accounting policies

a) Basis of preparation

The financial statements have been 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, adopting the accounting policies set out below

CBS Corporation Inc has provided the Company with an undertaking that it will, for at least 12 months from the date of approval of these financial statements, continue to make available such funds as are needed by the Company. This includes providing funding for the redemption of preference shares which become due on 31 March 2012. This should enable the Company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. Based on this undertaking the directors believe that it remains appropriate to prepare the financial statements on a going concern basis.

b) Foreign currencies

Transactions denominated in foreign currencies are translated at the rate applicable at the transaction date. Monetary assets or liabilities denominated in foreign currencies are recorded at the rate applicable at the accounting date. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as a foreign exchange gain or loss in the profit and loss account.

c) Taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

The current tax expense is based on the results for the year as adjusted for items that are not taxable or not deductible. Current tax is calculated using tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

Tax deferred or accelerated by the effect of timing differences is accounted for to the extent that a transaction or an event that has occurred at the balance sheet date gives rise to an obligation to pay more tax in the future or a right to pay less tax in the future.

However, deferred tax assets are only recognised to the extent that, based on all available evidence, it is more likely than not that suitable taxable profits will arise from which the reversal of the underlying timing differences can be deducted.

Deferred tax is recognised on an undiscounted basis.

d) Investments

Investments are stated at cost. Provision is made where in the opinion of the directors there has been a permanent diminution in value. Dividends are recognised as income in the profit and loss account, when the right to receive payment is established.

CBS International Television (UK) Limited

Notes to the financial statements for the year ended 31 December 2010

1. Accounting policies (continued)

e) Revenue recognition

The Company's revenue comprises licence fees (excluding value added tax) which are recognised as revenue when the rights to the television program or film usage have been passed onto its customers in accordance with the licence agreements

f) Interest

Interest receivable and payable are recorded in the profit and loss account as they accrue

g) Financial instruments

Financial instruments are classified as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement. The instruments are recorded at cost including any attributable transactions costs. All related transactions that affect the profit and loss (such as interest or dividends) are recognised based on the substance of the underlying financial instrument.

2 Cash flow statement and related party disclosures

The Company is a wholly owned subsidiary undertaking within the CBS Corporation group and its financial statements are included in the consolidated financial statements of that 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 from disclosing related party transactions with other group companies of the CBS Corporation group and investees of the group qualifying as related parties (see note 17).

3 Turnover

There was no turnover in 2010. In 2009, turnover of the Company principally comprises revenue arising from the distribution of filmed product, stated net of VAT. Turnover is predominately derived in the United Kingdom. There is only one principal class of business.

Since 1 January 2005 no new contracts were signed by the Company, and the Company only derived revenue from existing contracts concluded before 1 January 2005.

Other income comprises rent recharges to a fellow group undertaking.

4 Operating profit/(loss)

Operating profit/(loss) for the financial year is stated after charging/ (crediting)

| | 2010 | 2009 |
|--|-----------|-----------|
| | £ | £ |
| Foreign exchange gain/(loss) | (828,274) | 8,271,943 |
| Auditors' remuneration for audit services | 13,000 | 20,000 |
| Office rent recharged to fellow group undertakings | 197,323 | 195,202 |
| Office rental income | (197,323) | (195,202) |

CBS International Television (UK) Limited

Notes to the financial statements for the year ended 31 December 2010

5 Directors' emoluments

None of the directors received any remuneration in respect of their services to the Company or under a Long Term Incentive Scheme or a defined benefit scheme during the year (2009 nil) No directors were granted share options in the Company or other group companies of the CBS Corporation (2009 nil) No directors exercised share options in the Company or other group companies of the CBS Corporation group during the year (2009 nil)

6 Staff costs

The company has no employees (2009 nil)

7 Interest receivable and similar income

| | 2010 £ | 2009 £ |
|---------------------------|----------------|----------------|
| Bank interest receivable | - | 27,334 |
| HMRC interest receivable | 1,671 | 34,203 |
| Group interest receivable | 321,929 | 475,347 |
| | 323,600 | 536,884 |

8 Interest payable and similar expenses

| | 2010 £ | 2009 £ |
|---|------------------|------------------|
| £1 redeemable preference shares (see Note 13) | 900,000 | 900,000 |
| HMRC interest payable | 167 | - |
| Group interest payable | 144,206 | 633,893 |
| Bank interest payable | 225,922 | 131,662 |
| | 1,270,295 | 1,665,555 |

9 Taxation on loss on ordinary activities

The taxation charge based on the profit on ordinary activities comprises

| | 2010 £ | 2009 £ |
|---|-----------|--------------------|
| Current Tax | | |
| UK Corporation Tax on loss for the financial year at 28% (2009 28%) | - | - |
| Adjustment in respect of previous years | - | (547,051) |
| Corporation tax credit | - | (949,414) |
| Total current tax charge/(credit) | - | (1,496,465) |

CBS International Television (UK) Limited

Notes to the financial statements for the year ended 31 December 2010

The tax assessed for the year varied from the amount computed by applying the standard rate of corporation tax in the UK (28%) (2009 28%) to the profit on ordinary activities before tax. The differences were attributed to the following factors:

| | 2010 £ | 2009 £ |
|--|-----------|--------------------|
| Loss on ordinary activities before taxation | (132,116) | (9,290,542) |
| Loss on ordinary activities multiplied by standard UK rate at 28% (2009 28%) | (36,992) | (2,601,352) |
| <u>Effects of</u> | | |
| Expenses not deductible for tax purposes | 252,105 | 252,000 |
| Losses surrendered to group for nil payment | 669,789 | 290,782 |
| Losses carried back for nil benefit | | 1,172,450 |
| Other short term timing differences | (884,902) | - |
| Adjustment in respect of prior periods | - | (547,051) |
| Effect of change in statutory tax rate | - | (63,294) |
| Current tax charge/(credit) for the year | - | (1,496,465) |

A number of changes to the UK Corporation tax system were announced in the June 2010 Budget Statement. The Finance (No 2) Act 2010 includes legislation to reduce the main rate of corporation tax from 28% to 27% from 1 April 2011. This change became substantively enacted on 20 July 2010. The March 2011 Budget Statement further proposed to reduce the main rate of corporation tax to 26% from 1 April 2011. Further reductions to the main rate are proposed to reduce the rate by 1% per annum to 23% by 1 April 2014. The changes had not been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements.

The deferred tax asset not recognised as at 31 December 2009 has therefore been stated at the enacted rate of 28% in accordance with FRS 19. The future proposed changes to the tax rates are not considered to have a material effect on the company's reported tax position at the balance sheet date.

Deferred tax is measured on a non discounted basis at the tax rate which is expected to apply in the periods in which timing differences reverse, based on tax rates and laws substantively enacted at the balance sheet date.

A deferred tax asset of £0 (2009 £884,902) has not been recognised in respect of related party interest payable not paid within 12 months of the year end as there is uncertainty over the company's future profitability.

CBS International Television (UK) Limited

Notes to the financial statements for the year ended 31 December 2010

10 Fixed asset investments

| | 2010 £ | 2009 £ |
|--------------------------|--------------|--------------|
| At 1 January | 26,776,787 | 26,776,787 |
| Provision for impairment | (26,776,787) | (26,776,787) |
| At 31 December | - | - |

The following was the investment as at 31 December 2010

| | Country of incorporation | Principal activity | % ordinary shares holding | % preference shares holding |
|-------------------------|-----------------------------|--------------------------|------------------------------|--------------------------------|
| Other investment | | | | |
| CBS Outdoor Limited | England and Wales | Outdoor advertisement | - | 23 91% |

11 Debtors

| | 2010 £ | 2009 £ |
|-------------------------------------|------------------|-------------------|
| Amounts due from group undertakings | 2,761,887 | 52,176,899 |
| Other debtors | 34,023 | 24,046 |
| Prepayments | 116,267 | - |
| Corporation tax refundable | - | 972,750 |
| | 2,912,177 | 53,173,695 |

As at 31 December 2010, £2,665,649 (2009 £2,642,955) of the amounts due from fellow group undertakings accrue interest at 1 month GBP LIBOR + 0.30%, £0 (2009 £43,427,012) of the amounts due from fellow group undertakings accrue interest at 1 month USD LIBOR + 0.50%, £86,298 (2009 £84,123) of the amounts due from fellow group undertakings accrue interest at 1 month GBP LIBOR + 2% and the remaining balance is interest free. The loans are unsecured and repayable on demand.

12 Creditors: amounts falling due within one year

| | 2010 £ | 2009 £ |
|------------------------------------|------------------|-------------------|
| Amounts owed to group undertakings | 1,578,812 | 16,802,184 |
| Bank overdraft | - | 25,989,261 |
| Accruals | 13,000 | 44,866 |
| | 1,591,812 | 42,836,311 |

As at 31 December 2010, £1,463,123 (2009 £7,870,459) of the amounts owed to fellow group undertakings accrue interest at 1 month GBP LIBOR + 2%, £115,689 (2009 £7,735,392) of the amounts owed to fellow group undertakings accrue interest at 1 month CAD Libor + 0.50%.

CBS International Television (UK) Limited

Notes to the financial statements for the year ended 31 December 2010

and the remaining balance is interest free. The loans are unsecured and repayable on demand.

13 Preference shares

15,000,000 preference shares are issued at £1 par value and carry an interest rate of 6% per annum. No dividends have been paid since April 1992. An amount of £900,000 is accruing each year. The earliest date on which the Company can redeem the shares is March 31, 2012. There is no limit as to when remaining shares need to be redeemed as long as the redemption occurs "so soon after such date or dates as it lawfully may". The shares must be redeemed in any event. A premium is not payable on redemption. The shares must be redeemed at par, interest and arrears of dividends are payable. The preference shares carry votes at meetings. Under FRS 25 the preference shares are classified as a long term liability together with the accumulated unpaid interest of £17,100,000 (2009: £16,200,000). The shareholders have no option to redeem their shares.

14 Share capital

| | 2010 £ | 2009 £ |
|--|----------------|----------------|
| Authorised | | |
| 50,000,000 ordinary shares at £1 each | 50,000,000 | 50,000,000 |
| 15,000,000 6% preference shares at £1 each | 15,000,000 | 15,000,000 |
| Allotted, called up and fully paid | | |
| 133,733 ordinary shares at £1 each | 133,733 | 133,733 |
| | 133,733 | 133,733 |

15 Reserves

| | Share capital £ | Share premium £ | Profit and loss account £ |
|-----------------------------|-----------------------|-----------------------|---------------------------------|
| At 1 January 2010 | 133,733 | 449,700 | (21,446,049) |
| Loss for the financial year | - | - | (132,116) |
| At 31 December 2010 | 133,733 | 449,700 | (21,578,165) |

CBS International Television (UK) Limited

Notes to the financial statements for the year ended 31 December 2010

16 Reconciliation of movements in reserves and shareholders' funds / (deficit)

| | 2010 £ | 2009 £ |
|--------------------------------------|--------------|--------------|
| Loss for the year | (132,116) | (7,794,077) |
| Net decrease in shareholders funds | (132,116) | (7,794,077) |
| Opening shareholders deficit | (20,862,616) | (13,068,539) |
| Net decrease in shareholders deficit | (132,116) | (7,794,077) |
| Closing shareholders' deficit | (20,994,732) | (20,862,616) |

17 Related party transactions

As permitted by Financial Reporting Standard 8, "Related Party Disclosures", the Company is exempt from disclosing related party transactions with other group companies of the CBS Corporation group and investees of the group qualifying as related parties

As at 31 December 2005 the former parent group was split into two separate entities Viacom Inc and CBS Corporation. Both entities have the same ultimate controlling party, National Amusements Inc which has a holding share of 52% in each entity

The Company conducts business transactions on an arms length basis with other related parties as follows

Included in Turnover, there are several transactions under normal market conditions with related parties

- Sci-Fi Channel Ltd (SFC - a wholly owned subsidiary of Viacom Inc) buys TV products from the Company. The value of the TV revenue in 2010 was nil (2009 £487,563). The balance outstanding from SFC at the balance sheet date amounted to nil (2009 nil)

18 Ultimate parent undertaking

The Company's immediate parent is CBS International (Netherlands) B V. The ultimate parent company is CBS Corporation which is incorporated in the USA

The only group in which the results of CBS International Television (UK) Limited are consolidated is CBS Corporation. The consolidated financial statements for this group are available to the public and can be obtained from 51 West 52 Street, New York, New York 10019-6188, USA

19 Guarantee

The Company is participating in group banking facilities under which all surplus cash balances are held as collateral for bank facilities advanced to group members. In addition, the Company has issued an unlimited guarantee to the bank to support these group facilities