

Registered number
04887821

CYCLING TELEVISION LIMITED
DIRECTORS' REPORT AND AUDITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

THURSDAY



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26/09/2013
COMPANIES HOUSE

CYCLING TELEVISION LIMITED

COMPANY INFORMATION

Directors

G S Paterson
R E Reichbach
A J McCarthy

Secretary

R E Reichbach

Auditor

Spofforths LLP
9 Donnington Park
85 Birdham Road
Chichester
West Sussex
PO20 7AJ

Registered office

34 Warple Way
London
W3 0RG

Registered number

04887821

Exchange rates

2012 1 GBP = 1 5840 USD
2011 1 GBP = 1 5861 USD

CYCLING TELEVISION LIMITED

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CYCLING TELEVISION LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2012

REGISTERED NUMBER: 04887821

The directors present their report and financial statements for the year ended 31 December 2012

Directors' report small company exemption

In preparing the Directors' report advantage has been taken of the small company exemption available under s415A of the Companies Act 2006

Principal activities

The company's principal activity during the year continued to be that of an on-line digital cycling magazine providing dedicated broadband television channels for cycling fans around the world

Directors

The directors who served during the year were as follows

G S Paterson
R E Reichbach
A J McCarthy

Directors' responsibilities

The directors are responsible for preparing the report and 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,
- 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.

Disclosure of information to the auditor

Each person who was a director at the time this report was approved confirms that

- so far as he is aware, there is no relevant audit information of which the company's auditor is unaware, and
- 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 auditor is aware of that information

This report was approved by the board on 19 September 2013 and signed on its behalf by


A J McCarthy
Director

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF CYCLING TELEVISION LIMITED

We have audited the financial statements of CYCLING TELEVISION LIMITED for the year ended 31 December 2012 which comprise the Profit and Loss Account, the 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).

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 the auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 1, 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 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

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 director, 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.

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
- the financial statements are not in agreement with the accounting records, 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.

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 31 December 2012 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 matters 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 SHAREHOLDER OF
CYCLING TELEVISION LIMITED**

Emphasis of matter - Going concern

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosures made in note 2 to the financial statements concerning the company's ability to continue as a going concern. The company incurred a net loss of \$434,502 during the year ended 31 December 2012 and at that date the company's liabilities exceeded its total assets by \$4,453,670. The company is dependant upon the continued support of its parent and whilst there is no present indication that this will be withdrawn there can be no certainty in these matters. These conditions may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.



**I G Burrows, FCCA
(Senior Statutory Auditor)
for and on behalf of
Spofforths LLP
Chartered Accountants and Statutory Auditor**

**9 Donnington Park
85 Birdham Road
Chichester
West Sussex
PO20 7AJ**

21st September 2013

CYCLING TELEVISION LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2012

	Notes	2012 \$	2011 \$
Turnover		464,174	381,281
Cost of sales		(231,786)	(285,402)
Gross profit		<u>232,388</u>	<u>95,879</u>
Administrative expenses		(667,523)	(675,471)
Other operating income		623	2,041
Operating loss	3	<u>(434,512)</u>	<u>(577,551)</u>
Interest receivable		10	9
Loss on ordinary activities before taxation		<u>(434,502)</u>	<u>(577,542)</u>
Tax on loss on ordinary activities		-	-
Loss for the financial year		<u><u>(434,502)</u></u>	<u><u>(577,542)</u></u>

Continuing operations

None of the company's activities were acquired or discontinued during the above two financial years

Statement of total recognised gains and losses

The company has no recognised gains or losses other than the loss for the above two financial years

CYCLING TELEVISION LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2012

REGISTERED NUMBER: 04887821

	Notes	2012	2011
		\$	\$
Fixed assets			
Tangible assets	5	18,490	25,990
Current assets			
Debtors	6	463,562	471,881
Cash at bank and in hand		<u>51,134</u>	<u>44,691</u>
		514,696	516,572
Creditors: amounts falling due within one year	7	<u>(4,986,856)</u>	<u>(4,561,730)</u>
Net current liabilities		(4,472,160)	(4,045,158)
Total assets less current liabilities		<u>(4,453,670)</u>	<u>(4,019,168)</u>
Capital and reserves			
Called up share capital	8	440	440
Share premium	9	1,399,267	1,399,267
Currency translation reserve	10	678,508	678,508
Profit and loss account	11	<u>(6,531,885)</u>	<u>(6,097,383)</u>
Shareholder's funds	12	<u>(4,453,670)</u>	<u>(4,019,168)</u>

The financial statements were approved by the board and authorised for issue on 19 September 2013 and signed on its behalf by


A J McCarthy
Director

CYCLING TELEVISION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012

1 Principal accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards. The principal accounting policies adopted in the preparation of the financial statements are set out below and have been applied consistently.

Cash flow statement

The company is a wholly owned subsidiary of its parent company who prepares consolidated financial statements. As such, it has taken advantage of the exemption from preparing a cash flow statement.

Turnover

Turnover represents the value of services provided, net of VAT.

Depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost less estimated residual value, of each asset over its expected useful life, as follows:

Office equipment	20% reducing balance
Computer equipment	30% reducing balance
Website development	50% reducing balance
Infrastructure equipment	30% reducing balance

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 translated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

Operating lease commitments

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Currency translation reserve

As at 1 January 2009 the company changed its functional and presentational currency to US dollars. The change in currency has been recognised in accordance with FRS 23 and resulting differences are taken to the currency translation reserve.

2 Going concern

The financial statements have been prepared on a going concern basis. The company's ability to continue to trade is dependant upon the support of Neulion Inc, its parent company. There is no indication that this support will be withdrawn and the directors expect that current and future sources of funding or support will be more than adequate for the company's needs. If this assumption proves to be inappropriate, adjustments may have to be made to adjust the value of assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify fixed assets as current assets.

CYCLING TELEVISION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012

3 Analysis of turnover	2012	2011
	\$	\$
By activity.		
The supply of broadcast cycling races and related content	<u>464,174</u>	<u>381,281</u>
	<u>464,174</u>	<u>381,281</u>
By geographical market		
UK	28,438	22,877
Europe	18,884	15,251
North America	-	-
Rest of world	<u>416,852</u>	<u>343,153</u>
	<u>464,174</u>	<u>381,281</u>
3 Operating loss	2012	2011
	\$	\$
This is stated after charging		
Depreciation of owned fixed assets	7,500	11,077
Auditors' remuneration for audit services	13,464	13,164
Auditors' remuneration for other services	<u>3,564</u>	<u>3,886</u>
4 Staff costs	2012	2011
	\$	\$
Wages and salaries	<u>305,576</u>	<u>291,191</u>
Average number of employees during the year	Number	Number
Administration	3	3
Presenters	1	1
Sales	<u>1</u>	<u>1</u>
	<u>5</u>	<u>5</u>

CYCLING TELEVISION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012

5 Tangible fixed assets

	Website development	Infrastructure equipment	Office and computer equipment	Total
	\$	\$	\$	\$
Cost				
At 1 January 2012	46,479	59,942	74,105	180,526
At 31 December 2012	<u>46,479</u>	<u>59,942</u>	<u>74,105</u>	<u>180,526</u>
Depreciation				
At 1 January 2012	44,272	53,995	56,269	154,536
Charge for the year	1,106	1,784	4,610	7,500
At 31 December 2012	<u>45,378</u>	<u>55,779</u>	<u>60,879</u>	<u>162,036</u>
Net book value				
At 31 December 2012	<u>1,101</u>	<u>4,163</u>	<u>13,226</u>	<u>18,490</u>
At 31 December 2011	<u>2,207</u>	<u>5,947</u>	<u>17,836</u>	<u>25,990</u>

6 Debtors

	2012	2011
	\$	\$
Trade debtors	507	17,873
Amounts owed by group undertakings	398,290	409,597
Other debtors	3,652	3,506
Prepayments and accrued income	<u>61,113</u>	<u>40,905</u>
	<u>463,562</u>	<u>471,881</u>
Amounts due after more than one year included in Amounts owed by group undertakings	<u>321,808</u>	<u>409,597</u>

7 Creditors: amounts falling due within one year

	2012	2011
	\$	\$
Trade creditors	21,541	877
Amounts owed to group undertakings	4,822,213	4,439,728
Other taxes and social security costs	-	1,000
Accruals and deferred income	<u>143,102</u>	<u>120,125</u>
	<u>4,986,856</u>	<u>4,561,730</u>

CYCLING TELEVISION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012

8	Share capital	Nominal value	2012 Number	2012 \$	2011 \$
	Allotted, called up and fully paid				
	Ordinary shares	£0 01 each	17,204	344	344
	Ordinary A shares	£0 01 each	4,748	96	96
				<u>440</u>	<u>440</u>
9	Share premium			2012 \$	
	At 1 January 2012			<u>1,399,267</u>	
	At 31 December 2012			<u>1,399,267</u>	
10	Currency translation reserve			2012 \$	
	At 1 January 2012			<u>678,508</u>	
	At 31 December 2012			<u>678,508</u>	
11	Profit and loss account			2012 \$	
	At 1 January 2012			(6,097,383)	
	Loss for the financial year			<u>(434,502)</u>	
	At 31 December 2012			<u>(6,531,885)</u>	
12	Reconciliation of movement in shareholder's funds			2012 \$	2011 \$
	At 1 January 2012			(4,019,168)	(3,441,626)
	Loss for the financial year			<u>(434,502)</u>	<u>(577,542)</u>
	At 31 December 2012			<u>(4,453,670)</u>	<u>(4,019,168)</u>

CYCLING TELEVISION LIMITED**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 DECEMBER 2012**

13 Other financial commitments

At the year end the company had annual commitments under non-cancellable operating leases as set out below

	Land and buildings 2012 \$	Land and buildings 2011 \$
Operating leases which expire within one year	<u>36,344</u>	<u>35,640</u>

14 Related parties

The company has taken exemption under FRS8 from disclosure of transactions with other group companies. Copies of the group financial statements can be obtained from 463 King Street West, Third Floor, Toronto, Ontario, Canada, M5V 1K4

15 Ultimate controlling party

In the opinion of the director the company is controlled by its immediate and ultimate parent undertaking Neulion Inc, a company incorporated in the USA. Neulion Inc owns 100% of the issued share capital of the company