Dolphin TV Limited

Annual report and financial statements

For the period from 18 December 2013 to 30 June 2014

Registered number: 07839635

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COMPANIES HOUSE

Directors and Officers

For the period from 18 December 2013 to 30 June 2014

Directors

Dolphin TV Limited's ("the Company's") present Directors and those who served during the period are as follows:

C R Jones (appointed 18 December 2013)
C J Taylor (appointed 18 December 2013)
A G Castle (resigned 18 December 2013)
S Arora (resigned 18 December 2013)

Secretary

C J Taylor (appointed 18 December 2013)
A G Castle (resigned 18 December 2013)

Registered office

Grant Way
Isleworth
Middlesex
TW7 5QD

Auditor

Deloitte LLP
Chartered Accountants
London
United Kingdom

Strategic Report and Directors' Report

Strategic Report

The Directors present their Annual Report on the affairs of the Company, together with the financial statements and Auditor's Report for the period from 18 December 2013 to 30 June 2014 ("the period"). The prior period was from 1 April 2103 to 17 December 2013.

The purpose of the Strategic Report is to inform members of the Company and help them assess how the Directors have performed their duty under section 172 of the Companies Act 2006 (duty to promote the Company).

During the period the Company changed its accounting reference date from 17 December to 30 June.

Business review and principal activities

The Company's principal activity during the period was to act as an advertising sales house which sells advertising inventory to media buyers. The Company ceased trading during the period ended 30 June 2014.

On 18 December 2013, Entertainment Networks (UK) Limited sold 100% of the share capital of Dolphin TV Limited to Sky UK Limited ("Sky UK Ltd") which became the new holding company and controlling party. The Company is ultimately controlled by Sky plc (formerly known as British Sky Broadcasting Group plc) and operates together with Sky plc's other subsidiaries as a part of the Group ("Sky", "the Group").

Results

The audited accounts for the period are set out on pages 8 to 17. The profit for the period after taxation was £283,000 (17 December 2013: £12,000). Net assets at the balance sheet date were £2,387,000 (17 December 2013: £2,104,000).

Key performance indicators (KPIs)

The Group manages its operations on a divisional basis. For this reason, the Company's Directors believe that further key performance indicators for the Company are not necessary or appropriate for an understanding of the development, performance or position of the Company.

Principal risks and uncertainties

The Company's activities expose it to financial risks, namely credit risk and liquidity risk.

Financial risk management objectives and policies

The use of financial derivatives is governed by the Group's treasury policy approved by the Board of Directors, which provide written principles on the use of financial derivatives to manage these risks. The Company does not use derivative financial instruments for speculative purposes.

Credit risk

The Company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Liquidity risk

The Company relies on the Group Treasury function to manage its liquidity and ensure that sufficient funds are available for on-going operations and future developments. The Group currently has access to an undrawn £1 billion revolving credit facility which is due to expire on 30 November 2019 and an undrawn €484 million term loan which is due to expire on 25 July 2017. The Company benefits from this liquidity through intra-group facilities and loans.

By Order of the Board,

C Taylor

C J Taylor
Company Secretary

Grant Way
Isleworth
Middlesex
TW7 5QD
3 March 2015

Directors' Report

The Directors who served during the period are shown on page 1.

The Directors do not recommend the payment of a dividend in the current period (17 December 2013: £nil).

Going concern basis

The company ceased trading during the period ended 30 June 2014. For this reason the directors have adopted a basis other than going concern since the entity no longer has a trading activity.

Auditor

In accordance with the provisions of Section 418 of the Companies Act 2006, each of the persons who are Directors of the Company at the date of approval of this report confirms that:

- so far as the Director is aware, there is no relevant audit information (as defined in the Companies Act 2006) of which the Company's auditor is unaware; and
- the Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information (as defined) and to establish that the Company's auditor is aware of that information.

PricewaterhouseCoopers LLP resigned as Auditor during the year and Deloitte LLP were appointed. Deloitte LLP have expressed their willingness to continue as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

By Order of the Board,

C J Taylor

C J Taylor
Company Secretary

Grant Way
Isleworth
Middlesex
TW7 5QD
9 March 2015

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:

- 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 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.

Independent Auditor's report to the members of Dolphin TV Limited:

We have audited the financial statements of Dolphin TV Limited for the period ended 30 June 2014 which comprise the Profit and loss account, the Balance sheet and related notes 1 to 14. 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 auditor

As explained more fully in the Directors' Responsibilities Statement, 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 (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 annual report 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 of the Company's affairs as at 30 June 2014 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of matter - Financial statements prepared other than on a going concern basis

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements, which explains that the financial statements have been prepared on a basis other than that of a going concern.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

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.

William Touche

William Touche (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
9th March 2015

Profit and Loss account

For the period from 18 December 2013 to 30 June 2014

	Notes	**Period from 18 December 2013 to 30 June 2014 £'000**	Period from 1 April 2013 to 17 December 2013 £'000
Turnover	2	**2,333**	14,432
Cost of sales		**(1,958)**	(12,494)
Gross profit		**375**	1,938
Operating expenses		**(82)**	(1,919)
Finance charges		**(3)**	-
Profit on ordinary activities before taxation	3	**290**	19
Tax on profit on ordinary activities	5	**(7)**	(7)
Profit on ordinary activities after taxation for the financial period		**283**	12

The accompanying notes are an integral part of this Profit and Loss account.

All current period trading qualifies as discontinued operations under the criteria of FRS 3 at the period end. For the periods ended 17 December 2013 and 30 June 2014, there are no recognised gains or losses other than those shown above. Accordingly, no separate Statement of total Recognised Gains and Losses is presented.

Balance Sheet

As at 30 June 2014

	Notes	**30 June 2014 £'000**	17 December 2013 £'000
Fixed assets			
Tangible assets	6	-	28
		-	28
Current assets			
Debtors	7	-	4,338
Cash at bank and in hand		**6,056**	2,904
Deferred tax assets	8	-	7
		6,056	7,249
Creditors: Amounts falling due within one year	9	**(3,669)**	(5,173)
Net current assets		**2,387**	2,076
Total assets less current liabilities		**2,387**	2,104
Net assets		**2,387**	2,104
Capital and reserves			
Called-up share capital	10	-	-
Profit and loss account	11	**2,387**	2,104
Total shareholders' funds		**2,387**	2,104

The accompanying notes are an integral part of this Balance Sheet

These financial statements of Dolphin TV Limited, registered number 07839635 were approved by the Board of Directors on 9 March 2015 and were signed on its behalf by:

C R Jones

Director,

9 March 2015

Notes to the financial statements

1. Accounting policies

Dolphin TV Limited (the "Company") is a limited liability company incorporated in the United Kingdom, and registered in England and Wales.

a) Cash flow statement

The Company has taken advantage of the exemption from the requirements of FRS 1 (Revised) to present a cash flow statement, because it was ultimately a wholly-owned subsidiary of Sky plc, which prepares consolidated accounts which are publicly available (see note 14).

b) Basis other than going concern

As explained in the Directors' report, the Company ceased trading during the period. As such the accounts have been prepared on a basis other than going concern (please refer to the Directors' Report for further details).

c) Turnover

Turnover represents the invoiced value of airtime traded on behalf of channel clients, excluding Value Added Tax. Revenues are recognised in accordance with United Kingdom Generally Accepted Accounting Practice and, specifically by reference to the principal vs. agent determination, on a contract by contract basis. Contracts are accounted for on a gross basis where the company has accepted the transfer of inventory risks which would not usually be transferred under a normal agent to client relationship.

d) Foreign currency translation

The Company's functional currency and presentational currency is pounds sterling. Trading activities denominated in foreign currencies are recorded in pounds sterling at the applicable monthly exchange rates. Monetary assets, liabilities and commitments denominated in foreign currencies at the balance sheet date are reported at the rates of exchange at that date. Non-monetary assets and liabilities denominated in foreign currencies are translated to pounds sterling at the exchange rate prevailing at the date of the initial transaction. Gains and losses from the retranslation of assets and liabilities are included net in profit for the period.

e) Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation and any impairment losses. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Fixtures and fittings	3 years
Computer equipment	3 years

Notes to the financial statements

1. Accounting policies (continued)

f) Operating leases

Rentals under operating leases are charged to the Profit and Loss account on a straight line basis over the lease term. Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

g) Taxation, including deferred tax

UK corporation tax is provided at current amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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 that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which carried forward tax losses can be offset and from which the future reversal of underlying timing differences can be deduced.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

2. Turnover

The whole of the turnover is attributable to services relating to the selling of advertising inventory to media buyers. All turnover arose within the United Kingdom.

Notes to the financial statements

3. Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging:

	Period from 18 December 2013 to 30 June 2014 £'000	Period from 1 April 2013 to 17 December 2013 £'000
Depreciation and impairment of tangible fixed assets	**28**	9
Operating lease charges	**-**	86
Bank charges	**1**	-
Vehicle lease	**2**	-

For the period ended 30 June 2014 amounts paid to the auditor for the audit of the Company's statutory accounts of £30,000 (17 December 2013: £9,000) were borne by another Group subsidiary. Amounts paid to the auditor for non-audit fees include completion account services of £nil (17 December 2013: £22,000 paid to the former auditor).

4. Employee benefits and key management compensation

	Period from 18 December 2013 to 30 June 2014 £'000	Period from 1 April 2013 to 17 December 2013 £'000
Wages and salaries	**-**	928
Social security costs	**-**	110
Severance costs	**-**	476
Other pension costs	**-**	34
	-	1,548

There were no employee costs during the period as the Company had no employees, other than the Directors. Services are provided by employees of other companies within the Group with no charge being made for their services. The Directors did not receive any remuneration during the year in respect of their services to the Company.

The average monthly number of employees, including the directors, during the period was as follows:

	Period from 18 December 2013 to 30 June 2014	Period from 1 April 2013 to 17 December 2013
Directors	**2**	2
Sales support	**-**	25
Finance	**-**	1
	2	28

Notes to the financial statements

5. Tax

a) Tax recognised in the profit and loss account

	Period from 18 December 2013 to 30 June 2014 £'000	Period from 1 April 2013 to 17 December 2013 £'000
Current tax expense		
Current period	**-**	1
Total current tax charge	**-**	1
Deferred tax expense		
Origination and reversal of temporary differences	**7**	6
Total deferred tax charge	**7**	6
Taxation	**7**	7

b) Reconciliation of effective tax rate

The tax expense for the period is lower (17 December 2013: lower) than the expense that would have been charged using the blended rate of corporation tax in the UK (23%) applied to profit before tax. The applicable or substantively enacted effective rate of UK corporation tax for the period was 23% (17 December 2013: 24%). The differences are explained below:

	Period from 18 December 2013 to 30 June 2014 £'000	Period from 1 April 2013 to 17 December 2013 £'000
Profit before tax	**290**	19
Profit before tax multiplied by blended rate of corporation tax in the UK of 23% (17 December 2013: 24%)	**67**	5
Effects of:		
Non-deductible expense	**-**	2
Other short term timing differences	**(8)**	(7)
Deferred tax write off following tax rate change	**-**	1
Group relief claimed	**(59)**	-
Tax	**-**	1

c) Factors that may affect future tax charges

Legislation to reduce the main rate of corporation tax to 20% from 1 April 2015 was included in the Finance Act 2013. The Finance Act 2013 was substantively enacted at the balance sheet date.

Notes to the financial statements

6. Tangible fixed assets

	Fixtures and fittings £'000	Computer equipment £'000	Total £'000
Cost			
At 1 April 2013	4	49	53
Additions	-	8	8
At 17 December 2013	**4**	**57**	**61**
Disposal	(4)	(57)	(61)
At 30 June 2014	**-**	**-**	**-**
Depreciation			
At 1 April 2013	3	21	24
Depreciation	-	9	9
At 17 December 2013	**3**	**30**	**33**
Impairment	1	27	28
Disposal	(4)	(57)	(61)
At 30 June 2014	**-**	**-**	**-**
Carrying amounts			
At 1 April 2013	1	28	29
At 17 December 2013	1	27	28
At 30 June 2014	**-**	**-**	**-**

7. Debtors

	30 June 2014 £'000	17 December 2013 £'000
Amounts falling due within one year		
Trade debtors	-	4,062
Other debtors	-	99
Prepayments and accrued income	-	177
	-	4,338

The Directors consider that the carrying amount of trade debtors approximates their fair value.

8. Deferred tax asset

Recognised deferred tax assets

	Accelerated capital allowances	Short-term temporary differences	Total
	£'000	£'000	£'000
At 1 April 2013	3	10	13
Charge to income	-	(6)	(6)
At 17 December 2013	**3**	**4**	**7**
Charge to profit and loss account	(3)	(4)	(7)
At 30 June 2014	**-**	**-**	**-**

9. Creditors - amounts falling due within one year

	30 June 2014	17 December 2013
	£'000	£'000
Trade creditors	-	2,804
Amounts owed to group undertakings	**3,669**	-
Other creditors	-	330
Accruals and deferred income	-	2,039
	3,669	5,173

The Directors consider that the carrying amount of trade creditors approximates their fair values.

10. Share capital

	30 June 2014	17 December 2013
	£'000	£'000
Allotted, called-up and fully paid		
150,000 (17 December 2013: 150,000) A ordinary shares of £0.001 (17 December 2013: £0.001) each	-	-
50,000 (17 December 2013: 50,000) B ordinary shares of £0.001 (17 December 2013: £0.001) each	-	-
	-	-

11. Reconciliation of movements in shareholder's funds

	Share capital £'000	Profit and loss account £'000	Total equity shareholder's funds £'000
At 1 April 2013	-	2,092	2,092
Profit for the period	-	12	12
At 17 December 2013	**-**	**2,104**	**2,104**
Profit for the period	-	283	283
At 30 June 2014	**-**	**2,387**	**2,387**

12. Transactions with related parties and major shareholders

The Company has taken advantage of the exemption given by Financial Reporting Standard 8 "Related Party Disclosures" not to provide further details of the transactions with fellow wholly owned Group undertakings or Sky's joint ventures, as it is a wholly owned subsidiary of Sky and disclosures of such transactions are made in the consolidated accounts of the Group, which are publicly available (see note 14).

13. Operating lease commitments

	30 June 2014 £'000	17 December 2013 £'000
Within 1 year	**99**	96
Between 2 and 5 years	**254**	306
	353	402

Operating leases primarily relate to land and buildings.

There were no operating lease costs recognised during the period 18 December 2013 to 30 June 2014 as costs were borne in their entirety by another company within the Group. Likewise, payments relating to operating lease commitments outstanding as at 30 June 2014 of £353,000 will be borne by another company within the Group.

Notes to the financial statements

14. Ultimate parent undertaking

The Company is a wholly-owned subsidiary undertaking of Sky UK Ltd, a Company incorporated in Great Britain and registered in England and Wales. The Company is ultimately controlled by Sky plc. The only group in which the results of the Company are consolidated is that headed by Sky plc.

The consolidated financial statements of the Group are available to the public and may be obtained from the Company Secretary, Sky plc, Grant Way, Isleworth, Middlesex, TW7 5QD.

During the prior period, the Company was a wholly-owned subsidiary undertaking of Entertainment Networks (UK) Limited, a Company incorporated in Great Britain and registered in England and Wales. The Company was ultimately controlled by Sony Corporation. The only group in which the results of the Company were consolidated is that headed by Sony. The consolidated financial statements of the Sony group are available to the public and may be obtained from Baker & McKenzie, 100 New Bridge Street, London EC4V 6JA.