

NGTI Limited

Annual report and financial statements

Registered number 3088985

31 December 2016

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Directors' report

Principal activities, trading review and current year developments

Prior to October 1, 2011, the principal activity of NGTI Limited ("NGTI" or "the Company") was that of licensing National Geographic Television programming to markets outside of the USA.

On October 1, 2011, NGTI was party to an agreement signed between National Geographic Television (NGTV, LLC), NGC Network International, LLC (NGCI) and NGC Network US, LLC which resulted in NGCI and NGC acquiring an exclusive license to syndicate existing programming and an assignment and assumption of certain existing syndication contracts. As a result of this agreement, the principal activity of the Company was advertising sales to international clients for the English language editions of the National Geographic Magazine and for the website, National Geographic.com.

On 15 November 2015, The National Geographic Society (the Society), the largest group in which the results of the Company are consolidated, closed on a Formation and Asset Purchase Agreement with 21st Century Fox America, Inc. (Fox) to transfer all of the media assets into a new Joint Venture entity owned 73% by Fox and 27% by the Society. Total consideration for the transaction is valued at \$725 million. Under this agreement, all NGTI operating assets and liabilities as well as personnel became part of the new Joint Venture.

In previous years before the year ended 31 December 2015, the financial statements have been prepared on a going concern basis. However, in November 2015 the directors took the decision to cease trading since the trade, assets and liabilities of the company were transferred to new joint venture. As they do not intend to acquire a replacement trade, the directors have not prepared the financial statements on a going concern basis consistent with the prior year financial statements. No adjustments were necessary to amounts at which the remaining net assets are included in the financial statements (2015: nil).

NGTI Limited is a wholly owned subsidiary of NG UK Limited, a company incorporated in the United Kingdom.

Results and dividends

The Directors do not recommend the payment of a dividend for the year (2015: *£nil*).

Directors

The directors who held office during the year were as follows:

A Grima

C Attenborough (resigned: 16 November 2015)

Political contributions

The Company made no (2015: *£nil*) political donations or incurred any political expenditure during the year.

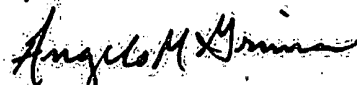
Disclosure of information to auditor

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

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



A Grima
Director

28. Sept. 2017

Tricor Suite, 4th Floor
50 Mark Lane
London, EC3R 7QR
2017

Statement of directors' responsibilities in respect of the annual report and the financial statements

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 they have elected to prepare the financial statements in accordance with applicable law and Section 1A of FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (UK Generally Accepted Accounting Practice).

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; 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NGTI LIMITED

We have audited the financial statements of NGTI Limited for the year ended 31 December 2016 set out on pages 5 to 13. The financial reporting framework that has been applied in their preparation is applicable law and Section 1A of FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (UK Generally Accepted Accounting Practice applicable to Smaller Entities).

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 set out on page 2, 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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

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 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice applicable to Smaller Entities; 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 is consistent with the financial statements.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Directors' report:

- we have not identified material misstatements in that report; and
- in our opinion, that report has been prepared in accordance with the Companies Act 2006.

Emphasis of matter – non-going concern basis of preparation

In forming our opinion on the financial statements, which is not further modified in this respect, we have considered the adequacy of the disclosure made in note 1.2 to the financial statements which explains that the financial statements are now not prepared on the going concern basis for the reasons set out in that note.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NGTI 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; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

Julie Wheeldon

Julie Wheeldon (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

1 Forest Gate
Brighton Road
Crawley
West Sussex
RH11 9PT

29 September 2017

Profit and Loss Account
for the year ended 31 December 2016

	<i>Note</i>	2016 Total £000	2015 Total £000
Turnover			850
Cost of sales			-
Gross profit		-	850
Administrative expenses		(54)	(991)
Other operating income		-	180
(Loss)/profit before taxation		(54)	39
Tax credit/(expense) on (loss)/profit	5	6	(5)
(Loss)/profit for the financial year		(48)	34

The accompanying notes on pages 8–13 form part of these financial statements.

All activities are discontinuing.

There is no other comprehensive income or expense arising this year therefore an “other comprehensive income statement” has not been presented.

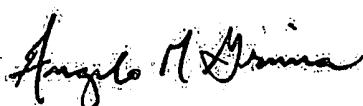
Balance Sheet
at 31 December 2016

	<i>Note</i>	2016 £000	£000	2015 £000	£000
Current assets					
Debtors	6	1,883		1,840	
		<u>1,883</u>		<u>1,840</u>	
Creditors: amounts falling due within one year	7	(1,867)		(1,776)	
		<u>(1,867)</u>		<u>(1,776)</u>	
Net current assets			16		64
Net assets			<u>16</u>		<u>64</u>
Capital and reserves					
Called up share capital	8				
Profit and loss account			16		64
			<u>16</u>		<u>64</u>
Shareholders' funds			<u>16</u>		<u>64</u>

The accompanying notes on pages 8 - 13 form part of these financial statements.

The accounts have been prepared in accordance with the special provisions in part 15 of the companies act 2006 relating to small companies.

These financial statements were approved by the board of directors on 28 September 2017 and were signed on its behalf by:



A Grima
Director

Company registered number: 3088985

Statement of Changes in Equity

	Called up Share capital	Profit and loss account	Total equity
	£000	£000	£000
Balance at 1 January 2015	-	30	30
Total comprehensive income for the period	-	34	34
Balance at 31 December 2015	-	64	64
Total comprehensive loss for the period	-	(48)	(48)
Balance at 31 December 2016	-	16	16

The accompanying notes on pages 8-13 form part of these financial statements.

Notes

(forming part of the financial statements)

1 Accounting policies

NGTI Limited (the "Company") is a private company limited by shares and incorporated, domiciled and registered in England.

These financial statements were prepared in accordance with Section 1A of Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("FRS 102") as issued in August 2014. The amendments to FRS 102 issued in July 2015 and effective immediately have been applied. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The Company's ultimate parent undertaking, The National Geographic Society (the Society), includes the Company in its consolidated financial statements. The consolidated financial statements of the Society are prepared in accordance with United States Generally Accepted Accounting Principles and are available to the public and may be obtained from 1145 17th Street NW, Washington DC, 20036 USA. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

As the consolidated financial statements of the Society include the disclosures equivalent to those required by FRS 102, the Company has also taken the exemptions available in respect of the following disclosures:

- Certain disclosures required by FRS 102.26 *Share Based Payments*; and,
- Certain disclosures required by FRS 102.11 *Basic Financial Instruments* and FRS 102.12 *Other Financial Instrument Issues* in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

1.2 Going concern

In previous years before the year ended 31 December 2015, the financial statements have been prepared on a going concern basis. However, in November 2015 the directors took the decision to cease trading since the trade, assets and liabilities of the company were transferred to new joint venture. As they do not intend to acquire a replacement trade, the directors have not prepared the financial statements on a going concern basis consistent with the prior year financial statements. No adjustments were necessary to amounts at which the remaining net assets are included in the financial statements (2015: nil).

1.3 Foreign currency

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the profit and loss account.

1.4 Classification of financial instruments issued by the Company

In accordance with FRS 102.22, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and

- (b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

1.5 Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

1.6 Impairment excluding stocks and deferred tax assets

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

1.7 Turnover

Turnover, which excludes value added tax, represents the value of intercompany commissions due from NGTI's ultimate parent, the National Geographic Society, for advertising sales and other services performed.

1.8 Expenses

Operating lease

Payments made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease.

Pension costs

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in independently administered funds. The amount charged against profits represents the contributions payable to the scheme in respect of the accounting year.

1.9 Other Operating Income

Other operating income includes £180,000 in 2015 related to the gain on the Fox transaction, resulting from the transfer of the operating assets and liabilities as well as personnel to the new Joint Venture.

Notes (continued)

1 Accounting policies (continued)

1.10 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Notes (continued)

2 Expenses and auditor's remuneration

Included in profit/loss are the following:

	2016 £000	2015 £000
Operating lease expense	-	38
Exchange (gain)/loss	-	1

Auditor's remuneration:

	2016 £000	2015 £000
Audit of these financial statements	58	51

3 Staff numbers and costs

The average number of persons employed by the Company during the year, analysed by category, was as follows:

	Number of employees 2016	2015
Operational staff	-	6
Management, finance, personnel and other support services	-	2
	-	8

The Company had no employees during the period (2015: 8) other than directors. As part of the deal with Fox, all NGTI personnel were transferred to Fox on 16 November 2015.

The aggregate payroll costs of these persons were as follows:

	2016 £000	2015 £000
Wages and salaries	-	527
Social security costs	-	101
Other pension costs	-	16
	-	644

Notes (continued)

4 Directors' remuneration - attributable

The Directors of the company received no remuneration in respect of director's services provided to NGTI Limited (2015: £nil).

5 Taxation

Total tax expense recognised in the profit and loss account, other comprehensive income and equity

	2016 £000	£000	2015 £000	£000
<i>Current tax</i>				
Current tax on income for the period	-		8	
Adjustments in respect of prior periods	(6)		(4)	
Total current tax (credit)/charge		(6)		4
<i>Deferred tax</i>				
Origination and reversal of timing differences	-		1	
Total deferred tax				1
Total tax (credit)/expense		(6)		5

Reconciliation of effective tax rate

	2016 £000	2015 £000
(Loss)/profit for the year	(48)	34
Total tax (credit)/expense	(6)	5
(Loss)/profit excluding taxation	(54)	39
Tax using the UK corporation tax rate of 20.0 % (2015 : 20.25 %)	(11)	8
Non-deductible expenses		-
Under/(over) provided in prior years	5	(3)
Total tax (credit)/expense included in profit	(6)	5

Reductions in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) and 18% (effective from 1 April 2020) were substantively enacted on 26 October 2015. An additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly. The deferred tax asset at the balance sheet date has been calculated based on the rate of 17% substantively enacted at the balance sheet date.

Notes (continued)

6 Debtors

	2016 £000	2015 £000
Trade debtors	47	4
Amounts owed by group undertakings	1,836	1,836
	<u>1,883</u>	<u>1,840</u>

7 Creditors: amounts falling due within one year

	2016 £000	2015 £000
Bank overdraft	47	27
Accruals and deferred income	-	114
Amounts owed to group undertakings	1,820	1,635
	<u>1,867</u>	<u>1,776</u>

8 Capital and reserves

Share capital

	2016 £	2015 £
<i>Allotted, called up and fully paid</i>		
2 ordinary shares of £1.00 each	2	2
	<u>2</u>	<u>2</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

9 Related parties

As the Company is a wholly owned subsidiary of the National Geographic Society, the group has taken advantage of the wholly owned subsidiary exemption available under FRS 102.33.1A not to disclose related party transactions.

10 Ultimate parent company and parent company of larger group

The Company is a subsidiary of NG UK Limited, a company incorporated in the United Kingdom and is smallest group into which the results of the Company are consolidated.

The largest group in which the results of the Company are consolidated is that headed by National Geographic Society (the Society) a company incorporated in the United States of America. The Society includes the Company in its consolidated financial statements.

The consolidated financial statements of National Geographic Society are prepared in accordance with United States Generally Accepted Accounting Principles and are available to the public and may be obtained from 1145 17th Street NW, Washington DC, 20036 USA.