

Zodiak Rights Limited

Report and Financial Statements

31 December 2012

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COMPANIES HOUSE

Directors

L Boissel
D Frank
M Frank
M Honeybone
C Deleris

Auditors

Ernst & Young LLP
1 More London Place
London SE1 2AF

Bankers

NatWest
City of London Office
1 Princes Street
London EC2R 8BP

Registered Office

The Gloucester Building
Kensington Village
Avonmore Road
London W14 8RF

Registered No 06857521

Directors' report

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

Results and dividends

The loss for the year after taxation amounted to £5 206 000 (2011 – loss of £1,578 000) The directors do not recommend a final dividend (2011 – £nil)

Principal activities and review of the business

Zodiak Rights is the international distribution and rights exploitation arm of Zodiak Media. The company is a market leader in the worldwide distribution of television and home entertainment programming across all platforms. It also has a fully-fledged merchandising and licensing arm and digital exploitation team.

The entity's key performance indicators are revenue and operating profit which are disclosed in the profit and loss account within the financial statements.

In the framework of the refinancing of the Zodiak Media Group that occurred on 11 January 2012, the company became a party to the Senior Facility Agreement as guarantor. As such, it guarantees, severally and jointly with other obligors, to the Finance Parties as 'caution solidaire' the payment, when due, of all sums from time to time payable by each obligor under the finance agreements. Details of these facilities are disclosed in the financial statements of Zodiak Media Limited.

In addition, further to the refinancing of the group, the company entered with Zodiak Media Ltd and other UK Zodiak Media Group companies into a new cash pooling arrangement with RBS under which the company has issued an unlimited inter-company guarantee to the bank as well as given the bank right of set-off against debit balances of other UK Zodiak Media Group companies.

Principal risks and uncertainties

Zodiak Media manages business and financial risks and uncertainties at group level, rather than on an individual company basis and for this reason the directors believe that the company has reduced exposure to business and financial risks.

Commercial risk

The principal commercial risks inherent in the activities of the company relate to the ability of the company to maintain a catalogue of television programmes and associated rights which will sell around the world. The company aims to manage this risk by maintaining a diversified catalogue of television programmes and associated rights and selling into more than one territory.

Currency risk

The company is exposed to currency risk by virtue of the significant proportion of its business being invoiced in foreign currencies. The company uses short-term foreign exchange forward contracts and holds cash in foreign currencies in order to hedge these exposures.

Credit risk

The principal credit risk arises from trade debtors. The company aims to manage this risk by setting limits for customers based on a combination of payment history and third party credit references, which are reviewed on a regular basis in conjunction with debt aging and collection history, as well as the careful management of payment terms.

Directors' report (continued)

Going concern

After reviewing the company's budget for the year ended 31 December 2013 and its medium-term plans into FY 2014, the directors have a reasonable expectation that the company has adequate resources to continue in operation for the foreseeable future

The company is expected to be profitable in 2013 and the foreseeable future, and is expected to be net cash generative given that, with the exception of specific programme advances and development funding, payments to rights owners are not made until money has been received from the licensee. In addition, the company's intermediate parent undertaking, Zodiak Media SA, has agreed to provide financial support as necessary for a period of at least twelve months from the date the directors approve the financial statements of the company. The directors, having made sufficient enquiries, are satisfied that Zodiak Media SA is in a position to provide the level of support required and hence have concluded that it is appropriate to prepare the financial statements on a going concern basis.

Directors

The directors who served the company during the year were as follows

L Boissel

D Frank

M Frank

J Slow (resigned 31 August 2012)

M Honeybone

C Deleris (appointed 31 August 2012)

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

On behalf of the Board



M Honeybone

Director

Date 1 May 2013

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 to

- select suitable accounting policies and then apply them consistently,
- make judgments 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 auditors' report

to the members of Zodiak Rights Limited

We have audited the financial statements of Zodiak Rights Limited for the year ended 31 December 2012 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses the Balance Sheet and the related notes 1 to 20. 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 set out on page 4, 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 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 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.

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 auditors' report (continued)

to the members of Zodiak Rights Limited

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

Ernst & Young LLP

Julie Carlyle (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP (Statutory Auditor)
London

Date *2 May 2013*

Profit and loss account

for the year ended 31 December 2012

	Notes	2012 £000	2011 £000
Revenue	2	17,889	19,509
Cost of sales		(719)	(762)
Gross Profit		17,170	18,747
Administrative expenses			
Before exceptional items		(17,357)	(18,70)
Impairment of programme investments		(3,059)	(1 080)
		(20,416)	(19,450)
Operating Loss	3	(3,246)	(703)
Interest receivable and similar income	6	6	227
Interest payable and similar charges	7	(57)	(304)
Loss on ordinary activities before taxation		(3,297)	(780)
Tax	8	(1,909)	(798)
Loss for the financial year	15	(5 206)	(1,578)

All amounts relate to continuing activities

Statement of total recognised gains and losses

for the year ended 31 December 2012

There are no recognised gains or losses other than the loss attributable to the shareholders of the company of £5,206 000 for the year ended 31 December 2012 (2011 – loss of £1,578,000)

Balance sheet

at 31 December 2012

	Notes	2012 £000	2011 £000
Fixed assets			
Intangible assets	9	3,944	5,725
Tangible assets	10	946	1,311
Investments	11	—	—
		<u>4,890</u>	<u>7,036</u>
Current assets			
Debtors	12	27,900	33,794
Cash at bank and in hand		465	2,341
		<u>28,365</u>	<u>36,135</u>
Creditors amounts falling due within one year	13	(41,203)	(45,913)
Net current liabilities		<u>(12,838)</u>	<u>(9,778)</u>
Total assets less current liabilities and net liabilities		<u>(7,948)</u>	<u>(2,742)</u>
Capital and reserves			
Called up share capital	14	1,000	1,000
Profit and loss account	15	(8,948)	(3,742)
Shareholders' deficit	15	<u>(7,948)</u>	<u>(2,742)</u>



Director

Date 1 May 2013

Notes to the financial statements

at 31 December 2012

1. Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards

Going concern

The financial statements have been prepared on a going concern basis. The company has made a loss in the current year and has both net liabilities and net current liabilities at 31 December 2012. The company is expected to be profitable and net cash generative in 2013 and the foreseeable future, given that, with the exception of specific programme advances and development funding, payment to rights owners are not made until money has been received from the licensee.

In addition, the company's intermediate parent undertaking, Zodiak Media SA, has agreed to provide financial support as necessary for a period of at least twelve months from the date the directors approve the financial statements of the company. The directors, having made sufficient enquiries, are satisfied that Zodiak Media SA is in a position to provide the level of support required and hence have concluded that it is appropriate to prepare the financial statements on a going concern basis.

Group financial statements

The company is itself a subsidiary company and is exempt from the requirement to prepare group financial statements by virtue of section 400 of the Companies Act 2006. These financial statements therefore present information about the company as an individual undertaking and not about its group.

Statement of cash flows

The company has taken advantage of the exemption available under FRS 1 not to prepare a statement of cash flows as the company is a subsidiary of a group whose financial statements that include a statement of cash flows are publicly available.

Interest income

Income is recognised as interest accrues using the effective interest method.

Intangible fixed assets

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Intangible fixed assets include programme investments, dubbing costs and capitalised website costs.

Programme investments

Programme rights advances and capitalised direct costs of less than €500,000 are amortised on a straight-line basis over three years. Programme rights advances of more than €500,000 are amortised over the period the company expects to benefit from the use of the intangible asset, on an individual rights basis, to the extent to which the revenue generated in each period contributes to the expected total revenue, with a maximum of ten years. Provision is made for any impairment.

Website development costs

Design and content development costs are capitalised only to the extent that they lead to the creation of an enduring asset delivering benefits at least as great as the amount capitalised. If there is insufficient evidence on which to base reasonable estimates of the economic benefits that will be generated in the period until the design and content are next updated, the costs of developing the design and content are charged to the profit and loss account as incurred.

Capitalised website development costs are amortised over three years.

Dubbing costs

Dubbing costs are capitalised and amortised over three years.

Notes to the financial statements

at 31 December 2012

1. Accounting policies (continued)

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation less estimated residual value based on prices prevailing at the date of acquisition or revaluation, of each asset evenly over its expected useful life, as follows

Short leasehold improvements	–	over the lease term
Office equipment	–	over 3 to 5 years

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable

Impairment of non-financial assets

The company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists or when annual impairment testing for an asset is required, the company makes an estimate of the asset's recoverable amount in order to determine the extent of the impairment loss. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses on continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, where an impairment loss subsequently reverses, the carrying amount of the asset or cash generating unit is increased to the revised estimate of its recoverable amount, not to exceed the carrying amount that would have been determined, net of depreciation, had no impairment losses been recognised for the asset or cash generating unit in prior years. A reversal of impairment loss is recognised immediately in the income statement.

Revenue recognition

Distribution revenues are recognised once the rights are transferred to the client, on the basis of a signed agreement, and only once the licensing period has begun.

Revenue not meeting these conditions is deferred. Revenue invoiced but not yet recognised in the profit and loss account is held on the balance sheet within accruals and deferred income.

Distribution revenues are presented net of payback to producers and other rights owners.

Inter-group income relating to recharges of shared service costs is recognised in the financial statements on an accruals basis.

Royalty income is recognised based on the statement received from the licensee of the rights in the period in which the statement is received.

Provisions for liabilities

A provision is recognised when the group has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

Interest-bearing loans and borrowings

All interest-bearing loans and borrowings are initially recognised at net proceeds. After initial recognition, debt is increased by the finance cost in respect of the reporting period and reduced by repayments made in the period.

Notes to the financial statements

at 31 December 2012

1. Accounting policies (continued)

Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more or right to pay less or to receive more, tax with the following exception

- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

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 retranslated at the rate of exchange ruling at the balance sheet date

All differences are taken to the profit and loss account

Lease commitments

Rentals paid under operating leases are charged to income on a straight-line basis over the lease term

Financial instruments

Derivative instruments are used for hedging purposes to alter the risk profile of an existing underlying exposure of the company in line with the company's risk management policies. Gains and losses on forward foreign currency contracts, which hedge future sales denominated in foreign currencies, are taken to the profit and loss account on maturity to match the underlying transactions. Income and expenditure arising on financial instruments is recognised on the accruals basis or charged to the profit and loss account in the financial period to which it relates. Termination payments are taken to the profit and loss account as incurred

Pensions

The company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme

Notes to the financial statements

at 31 December 2012

2. Revenue

Revenue, which is stated net of value added tax and paybacks to producers and other rights owners, represents amounts invoiced to third parties and is attributable to the distribution of broadcast television programmes and formats, and associated merchandising and licensing rights

Gross revenue for the year, before paybacks to producers and other rights owners, was £48,798 000 (2011 – £55,230,000)

The company's revenue was all derived from its continuing principal activities

Analysis of revenue by geographical market is given below

	2012 £000	2011 £000
United Kingdom	389	1 294
United States	1,848	3,800
Rest of Europe	3,880	5,559
Rest of World	11,772	8,856
	<u>17,899</u>	<u>19,509</u>

3. Operating loss

This is stated after charging

	2012 £000	2011 £000
Auditor's remuneration for audit of the financial statements	72	–
Depreciation of owned fixed assets (see note 10)	567	475
Amortisation of intangible fixed assets (see note 9)	4 637	6,092
Exceptional impairment loss on intangible fixed assets (see note 9)	3 059	–
Foreign exchange loss	734	309
Loss on disposal of investment in a subsidiary	–	1,080
Loss on disposal of programme investments	186	–
Relocation costs	301	19
Redundancy costs	45	79
Loss on fixed asset disposals	<u>445</u>	<u>–</u>

The exceptional impairment loss on intangible fixed assets relates to the write-down of programme investments to their recoverable amount

Loss on fixed asset disposals relates to the disposal of office furniture and leasehold improvements of a former office, the lease for which has now ended

The audit fee for 2011 was borne by Zodiak Media (Central) Limited, a fellow subsidiary undertaking, on behalf of the Company

Notes to the financial statements

at 31 December 2012

4 Directors' remuneration

	2012	2011
	£000	£000
Aggregate remuneration in respect of qualifying services	510	464
Aggregate value of company contributions to a pension scheme in respect of qualifying services	7	7
Aggregate amounts receivable under long term incentive plans	—	—
	<u>517</u>	<u>471</u>

In respect of the highest paid director

	2012	2011
	£000	£000
Remuneration	<u>353</u>	<u>310</u>

Remuneration for two of the four directors of the company is paid directly by the company, in the current and prior years, with the remaining remuneration for the other three directors paid for by a fellow group company as well as the parent of the company

Remuneration paid for by fellow group companies is recharged to the company as part of a wider management fee which also encompasses other management and corporate services. It is not practical to determine the proportion of their emoluments which relate to their services as Directors of this company

5. Staff costs

Staff costs during the year were as follows

	2012	(Restated) 2011
	£000	£000
Wages and salaries	5,775	6,728
Social security costs	591	687
Other pension costs	126	131
	<u>6,492</u>	<u>7,546</u>

The average monthly number of employees during the year was made up as follows

	No	No
Sales	80	74
Administration, legal and finance	29	39
Development	—	10
	<u>109</u>	<u>123</u>

6. Interest receivable and similar income

	2012	2011
	£000	£000
Interest receivable from group undertakings	<u>6</u>	<u>227</u>

Notes to the financial statements

at 31 December 2012

7. Interest payable and similar charges

	2012 £000	2011 £000
Interest payable to group undertakings	5	258
Bank interest	5	5
Bank charges	47	41
	<u>57</u>	<u>304</u>

8. Tax

(a) Tax on loss on ordinary activities

The tax charge is made up as follows

	2012 £000	2011 £000
Foreign tax	1,130	909
Total current tax (note 8(b))	<u>1,130</u>	<u>909</u>
Deferred tax		
Origination and reversal of timing differences (note 8(c))	779	(111)
Tax on loss on ordinary activities	<u>1,909</u>	<u>798</u>

(b) Factors affecting current tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 24.5% (2011 – 26.5%). The differences are explained below

	2012 £000	2011 £000
Loss on ordinary activities before tax	<u>(3,297)</u>	<u>(780)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 24.5% (2011 – 26.5%)	(808)	(207)
Effects of		
Expenses not deductible for tax purposes	214	369
Difference between capital allowances and depreciation	1	76
Foreign tax charges	854	668
Tax losses arising during the year	869	3
Current tax for the year (note 8(a))	<u>1,130</u>	<u>909</u>

Notes to the financial statements

at 31 December 2012

8. Tax (continued)

(c) Deferred tax

The movement in the deferred tax asset during the year was

	2012 £000	2011 £000
At 1 January 2012	779	668
Profit and loss account movement arising during the year (note 8(a))	(779)	111
At 31 December 2012	<u>–</u>	<u>779</u>

The deferred tax asset consists of the tax effect of timing differences in respect of

	2012 £000	2011 £000
Excess of tax allowances over depreciation on fixed assets	–	161
Unutilised tax losses	–	615
Other timing differences	–	3
Deferred tax asset	<u>–</u>	<u>779</u>

(d) Factors affecting future tax charges

The main rate of corporation tax was 26% until 1 April 2012. In the Budget on 21 March 2012, the Chancellor announced his intention for the rate to reduce to 24% from 1 April 2012 followed by two further annual 1% cuts bringing the rate down to 22% by 1 April 2014. The Finance Act 2012 enacted the reduction to 24% from 1 April 2012 and to 23% from 1 April 2013. As these changes were substantively enacted on 3 July 2012 before the balance sheet date, deferred tax is recognised at 23% in the current period.

In the Autumn Statement on 5 December 2012 the Chancellor announced his intention to further reduce the rate from 1 April 2014 by an additional 1% so that the rate applicable from 1 April 2014 will be 21%.

In the Budget on 20 March 2013 the Chancellor announced his intention to apply a further 1% reduction to the rate applicable from 1 April 2013 so that the rate applicable will be 22% with the overall aim of unifying the main rate of corporation tax with the small profits rate of 20% from 1 April 2015.

The effect on the company of further proposed reductions in the UK main rate of corporation tax will be reflected in the company's financial statements in future years, as appropriate, once the changes have been substantively enacted.

The rate of annual writing down allowances on qualifying plant and machinery reduced by 2%, to 18% for the general capital allowances pool and to 8% for the integral features pool with effect from 1 April 2012.

Notes to the financial statements

at 31 December 2012

9 Intangible fixed assets

	<i>Production investments</i>	<i>Dubbing costs</i>	<i>Capitalised website costs</i>	<i>Total</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Cost				
At 1 January 2012	11,304	412	360	12,076
Additions	5,932	–	96	6,028
Disposals	(2,313)	–	–	(2,313)
Transfers	–	–	(283)	(283)
At 31 December 2012	<u>14,923</u>	<u>412</u>	<u>173</u>	<u>15,508</u>
Amortisation				
At 1 January 2012	5,972	190	189	6,351
Charge for the year	3,506	142	6	3,654
Disposals	(1,330)	–	–	(1,330)
Transfers	–	–	(170)	(170)
Impairment	3,059	–	–	3,059
At 31 December 2012	<u>11,206</u>	<u>332</u>	<u>25</u>	<u>11,564</u>
Net book value				
At 31 December 2012	<u>3,716</u>	<u>80</u>	<u>148</u>	<u>3,944</u>
At 1 January 2012	<u>5,332</u>	<u>222</u>	<u>171</u>	<u>5,725</u>

The exceptional impairment loss on intangible fixed assets relates to the write-down of programme investments to their recoverable amount

Disposals relate to the sale of rights back to the original rights owner

Transfers represent transfer of a website to Zodiak Media UK Limited at net book value on 1 January 2012. The transfer occurred between fellow group companies and no profit or loss was recorded on transfer

Notes to the financial statements

at 31 December 2012

10. Tangible fixed assets

	Office equipment £000	Short leasehold improvements £000	Total £000
Cost			
At 1 January 2012	874	1 239	2,113
Additions	643	4	647
Disposals	(123)	(1 209)	(1,332)
At 31 December 2012	1,394	34	1,428
Depreciation			
At 1 January 2012	271	531	802
Charge for the year	295	272	567
Disposals	(94)	(793)	(887)
At 31 December 2012	472	10	482
Net book value			
At 31 December 2012	922	24	946
At 1 January 2012	603	708	1,311

£272 000 of the depreciation charge for the year was recharged to Zodiak Media UK Limited during the year (2011 – £283 000)

Disposals relate to the disposal of office furniture and leasehold improvements of a former office, the lease for which has now ended

11. Investments

<i>Subsidiary undertakings</i>	<i>Country of incorporation</i>	<i>Shares held</i>	<i>Holding</i>	<i>Principal activity</i>
Zodiak Rights SA	France	Ordinary	100%	Television distribution

The above investment is stated at nil carrying value

12. Debtors

	2012 £000	2011 £000
Trade debtors	24,229	30 270
Other debtors	291	47
Prepayments and accrued income	1,270	551
Amounts owed by group undertakings	2 110	2,147
Deferred tax asset (note 8(c))	–	779
	<u>27,900</u>	<u>33 794</u>

£3,997,000 of trade debtors are due after more than one year (2011 – £3,984,000)

Notes to the financial statements

at 31 December 2012

13. Creditors: amounts falling due within one year

	2012 £000	2011 £000
Trade creditors	3 294	2 167
Other taxes and social security costs	183	259
Finance lease creditor	–	23
Accruals and deferred income	32 942	40,232
Amounts owed to group undertakings	4,784	3,232
	<u>41,203</u>	<u>45,913</u>

Amounts owed to group undertakings are unsecured, interest free and repayable on demand

14. Issued share capital

	No	2012 £000	No	2011 £000
<i>Allotted, called up and fully paid</i>				
Ordinary shares of £1 each	1,000,001	<u>1,000</u>	1,000,001	<u>1,000</u>

15. Reconciliation of shareholders' deficit and movements on reserves

	Share capital £000	Profit and loss account £000	Total share- holders' deficit £000
At 1 January 2011	1,000	(2,164)	(1,164)
Loss for the year	–	(1,578)	(1,578)
At 1 January 2012	1,000	(3,742)	(2,742)
Loss for the year	–	(5 206)	(5 206)
At 31 December 2012	<u>1,000</u>	<u>(8,948)</u>	<u>(7 948)</u>

16. Other financial commitments

At 31 December 2012 the company had annual commitments under non-cancellable operating leases as set out below

	2012 Land and buildings £000	2011 Land and buildings £000
Operating leases which expire		
Within one year	–	258
In two to five years	–	–
Over five years	–	–
	<u>–</u>	<u>258</u>

Notes to the financial statements

at 31 December 2012

17. Derivatives

The company has no outstanding derivative contracts as at the balance sheet date (2011 – nil)

18. Contingent liabilities

In the framework of the refinancing of the Zodiak Media Group that occurred on 11 January 2012, the company became a party to the Senior Facility Agreement as guarantor. As such, it guarantees, severally and jointly with other obligors, to the Finance Parties as 'caution solidaire' the payment, when due, of all sums from time to time payable by each obligor under the finance agreements. Details of these facilities are disclosed in the financial statements of Zodiak Media Limited.

In addition, further to the refinancing of the group, the company entered with Zodiak Media Ltd and other UK Zodiak Media Group companies into a new cash pooling arrangement with RBS, under which the company has issued an unlimited inter-company guarantee to the bank, as well as given the bank right of set-off against debit balances of other UK Zodiak Media Group companies.

There were no other contingent liabilities at 31 December 2012 or 31 December 2011.

19. Related party transactions

The company was charged £2,023,000 (2011 – £2,511,000) by companies in the Zodiak Media SA group in respect of services received and £6,000 (2011 – £258,000) in respect of interest on intercompany loans. It charged £213,000 (2011 – £1,762,000) to companies in the Zodiak Media SA group in respect of services rendered and £nil (2011 – £221,000) in respect of interest on intercompany loans. It was owed £2,110,000 (2011 – £2,147,000) at the year-end by companies in that group and in turn owed £4,784,000 (2011 – £3,232,000) to companies in that group.

Zodiak Media SA is the company's parent undertaking and a subsidiary undertaking in the B & D Holding di Marco Drago e C s.p.a. group.

20. Ultimate parent undertaking and controlling party

The immediate parent undertaking is Zodiak Media SA, a company incorporated in France.

The ultimate parent undertaking and controlling party and the parent undertaking of the smallest and largest group which includes the company and for which publicly available group financial statements are prepared, is B & D Holding di Marco Drago e C s.p.a., incorporated in Italy. Copies of these financial statements can be obtained from Via G. da Verrazano 15, 28100 Novara, Italy. The financial statements are filed and publicly available.