Registered number: 06857521

Banijay Rights Limited (formerly Zodiak Rights Limited)

Report and Financial Statements

For the year ended 31 December 2016

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Company information

Directors
T Mutimer
J Randisi
M Bassetti
S M Kurinckx
F M M Sauvage
P Langenberg

Registered number
06857521

Registered office
The Gloucester Building
Kensington Village
Avonmore Road
London
W14 8RF

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

Bankers
NatWest
1 Princes Street
London
EC2R 8BP

Strategic report

The directors present their strategic report, the director's report and the financial statements for the year ended 31 December 2016.

Principal activities and review of the business

On 16 January 2017, the company changed its name from Zodiak Rights Limited to Banijay Rights Limited.

Banijay Rights Limited is the international distribution and rights exploitation arm of Banijay Group SAS, the intermediate parent. The company is a UK market leader in the worldwide distribution of television and home entertainment programming across all platforms.

The performance of the Company during 2016 was in line with expectations with revenue improving almost 50% from 2015, as previous initiatives adopted are now showing fruition and the Banijay International catalogue has been absorbed. At the same time costs have reduced 20% following a restructure in 2015. This has led to a significant improvement in the profit for the year.

Business environment

The international market for television programmes and media content continues to be challenging in key territories as broadcasters reduce expenditure and competition intensifies.

Strategy and future developments

The success of the company depends on the international saleability of group content being licensed to Banijay Rights to exploit, as well as strong returns being achieved on investments made into third party content.

On 23rd February 2016, following the merger between the Groups Banijay Group SAS and Zodiak Media SAS, Zodiak Rights Limited acquired the assets and liabilities of Banijay International Limited, the distribution arm of the Banijay Group SAS, including their Catalogue. This transaction will support Banijay Rights Limited's ambition to become one of the market leaders in their field.

Key performance indicators

The entity's key performance indicators are revenue and operating profit/(loss) which are disclosed in the statement of comprehensive income within the financial statements. Cash is also a key indicator of the entity performance due to the emphasis placed on cash optimisation.

1. Revenue - £16,729,000 (2015: £11,345,000)
2. Operating profit - £5,300,000 (2015: loss of £2,727,000)
3. Cash - £10,188,000 (2015: £11,815,000)

Strategic report (continued)

Principal risks and uncertainties

Banijay Group SAS, the intermediate parent, 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.

The key risks applicable to Banijay Rights Limited are:

Commercial risk

The principal commercial risks inherent in the activities of the company relate to the ability of the company to acquire television programmes and media content and maximise their commercial value. The company aims to manage this risk by maintaining a diversified catalogue of content and employing market-leading executives and staff.

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 applies natural hedges by the nature of its transactions in order to mitigate 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, and the careful management of payment terms.

This report was approved by the board on and signed on its behalf.

15/6/17

T Mutimer
Director

Company registered number: 06857521

Registered No. 06857521

Directors' report

The directors present their report and financial statements for the year ended 31 December 2016.

Results and dividends

The profit for the year after taxation amounted to £4,820,000 (2015 – loss of £3,406,000). The directors did not recommend the payment of a dividend (2015 – £nil).

Directors

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

C Deleris (resigned 23 February 2016)
M A d'Halluin (resigned 23 February 2016)
S Farzad (resigned 23 February 2016)
T Mutimer
J Randisi
J Freeston (resigned 31 December 2016)
M Bassetti (appointed 23 February 2016)
S M Kurinckx (appointed 23 February 2016)
F M M Sauvage (appointed 23 February 2016)
P Langenberg (appointed 5 May 2017)

Going concern

The directors have a reasonable expectation that the company has adequate resources to continue in operation for the next 12 months. The financial statements have been prepared on a going concern basis as the company's intermediate parent undertaking, Banijay Group SAS, 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 Banijay Group SAS 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.

Post balance sheet events

El Legado Investment

In October 2016, Banijay Group acquired all rights to the format "El Legado" from Dot Production KFT, together with the revenues from the existing contracts. The show is produced by Endemol in France and in Italy, produced by Magnolia.

From 1 January 2017, Banijay Group transferred all rights to Banijay Rights for the same price as that agreed with the third party seller. This is expected to generate significant revenues going forward. There will not be any cash exchanged between Banijay Rights and Banijay Group as this will be recorded in a cash-pooling arrangement.

Political and charitable contributions

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

Future developments

The company will continue their ambition to become one of the market leaders in their field.

Directors' report (continued)

Disabled employees

The company gives full and fair consideration to applications for employment made by disabled persons having regard to their particular aptitudes and abilities. The training, career development and promotion of disabled persons employed by the company is an integral part of the policy applicable to all employees.

Employee involvement

The directors recognise the importance of good communications and relations with employees and endeavour to promote harmonious working relations. Regular meetings are held between management and employees at all levels at which information about the current position of the Company and the future outlook is discussed.

The Company makes every endeavour to employ disabled persons where the disabilities do not handicap these persons in the performance of their duties. Where a person already in employment becomes disabled every effort is made to resettle that person in a suitable post and appropriate training is given. Registered disabled persons once employed receive equal opportunities for training, career development and promotion.

Disclosure of information to the auditor

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.

Auditor

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

This report was approved by the board on and signed on its behalf.

15/6/17

T Mutimer
Director

Statement of directors' responsibilities in respect of the Strategic Report, the Directors' Report and the financial statements

The directors are responsible for preparing the Strategic Report, 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 IFRSs as adopted by the EU 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; and
- state whether they have been prepared in accordance with IFRSs as adopted by the EU.

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 Banijay Rights Limited (formerly Zodiak Rights Limited)

We have audited the financial statements of Banijay Rights Limited (formerly Zodiak Rights Limited) for the year ended 31 December 2016 set out on pages 9 to 28. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU.

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 6, 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

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

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 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and 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 Strategic report and the Directors' report:

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

Independent auditor's report to the members of Banijay Rights Limited (formerly Zodiak Rights 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.

Ernst + Young LLP

Louise Pennell (Senior statutory auditor)
For an on behalf of Ernst & Young LLP
Statutory Auditor
London

Date: 15/6/2017

Income statement

for the year ended 31 December 2016

	Notes	2016 £000	2015 £000
Revenue	2	16,729	11,345
Cost of sales		(1,399)	(859)
Gross Profit		15,330	10,486
Administrative expenses		(9,560)	(12,038)
Impairment of programme investments		(470)	(1,175)
Results from operating activities	3	5,300	(2,727)
Finance income	6	108	123
Finance expenses	7	(29)	(29)
Profit/(loss) before tax		5,379	(2,633)
Taxation	8	(559)	(773)
Profit/(loss) for the year		4,820	(3,406)

All amounts relate to continuing activities.

Statement of comprehensive income

for the year ended 31 December 2016

	2016 £000	2015 £000
Profit/(loss) for the year	4,820	(3,406)
Other comprehensive income for the year	–	–
Total comprehensive income/(expense) for the year	4,820	(3,406)

Statement of financial position

at 31 December 2016

	Notes	2016 £000	2015 £000
Non-current assets			
Intangible assets	10	4,673	3,547
Property, plant and equipment	9	158	163
Trade receivables	13	3,610	1,473
Total non-current assets		8,441	5,183
Current assets			
Trade receivables	14	23,189	15,858
Prepayments and other debtors	15	287	203
Cash and cash equivalents	16	10,188	11,815
Total current assets		33,664	27,876
Total assets		42,105	33,059
Equity			
Issued share capital	17	1,018	1,018
Share premium account	17	17,982	17,982
Retained earnings		(14,560)	(19,380)
Total equity		4,440	(380)
Non-current liabilities			
Accounts payable and accrued liabilities	18	2,599	2,081
Total non-current liabilities		2,599	2,081
Current liabilities			
Accounts payable and accrued liabilities	19	34,842	31,039
Provisions	20	224	319
Total current liabilities		35,066	31,358
Total equity and liabilities		42,105	33,059

The notes on pages 13 to 28 form part of the financial statements.

These financial statements were approved by the board of directors on and were signed on its behalf by

15/6/17

T Mutimer

Director

Company registered number: 06857521

Statement of changes in equity

For the year ended 31 December 2016

	Issued share capital £000	*Share premium account £000*	*Profit and loss account £000*	*Total £000*
At 1 January 2015	1,018	17,982	(15,974)	3,026
Other comprehensive income	–	–	–	–
Loss for the year	–	–	(3,406)	(3,406)
Total comprehensive income for the year	–	–	(3,406)	(3,406)
At 1 January 2016	1,018	17,982	(19,380)	(380)
Other comprehensive income	–	–	–	–
Profit for the year	–	–	4,820	4,820
Total comprehensive income for the year	–	–	4,820	4,820
At 31 December 2016	1,018	17,982	(14,560)	4,440

Statement of cash flows

for the year ended 31 December 2016

	2016 *£000*	*2015* *£000*
Cash flows from operating activities		
Total net profit/(loss)	4,820	(3,406)
Adjustments to reconcile profit from operations		
Finance expense	29	29
Finance income	(108)	(123)
Tax recognised in the profit and loss account	559	773
Adjustments to reconcile profit from operations	480	679
	5,300	(2,727)
Non-cash adjustments		
Depreciation	102	120
Amortisation of intangible non-current assets	3,918	3,119
Impairment of intangible non-current assets	470	1,175
Loss on disposal of fixed assets	63	–
Non-cash adjustments	4,553	4,414
Cash flows before changes in working capital	9,853	1,687
Working capital movements		
(Increase)/Decrease in trade and other receivables	(9,468)	1,192
(Increase)/Decrease in prepayments	(84)	1,336
Increase/(Decrease) in trade and other payables	4,321	(1,762)
(Decrease)/Increase in provisions	(95)	319
Decrease/(increase) in working capital	(5,326)	1,085
Cash flows from operating activities	4,527	2,772
Cash flows used in other operating activities		
Receipts of finance incomes classified as operating	108	123
Payments of finance incomes classified as operating	(29)	(29)
Income taxes paid	(559)	(773)
Cash flows used in other operating activities	(480)	(679)
Net cash flows from operating activities	4,047	2,093
Cash flows from investing activities		
Payments to acquire property, plant and equipment	(115)	(10)
Payments to acquire intangible assets	(5,559)	(4,596)
Net cash flows used in investing activities	(5,674)	(4,606)
Net decrease in cash flows	(1,627)	(2,513)
Cash and cash equivalents as at 1 January	11,815	14,328
Cash and cash equivalents as at 31 December	10,188	11,815

Notes to the financial statements

at 31 December 2016

1. Accounting policies

Basis of preparation and statement of compliance with IFRS

Banijay Rights Limited (the "Company") is a company incorporated and domiciled in the England and Wales. The financial statements of Banijay Rights Limited (the "Company") for the year ended 31 December 2016 were authorised for issue by the board of directors on 15 June 2017 and the statement of financial position was signed on the board's behalf by T Mutimer.

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

The Company's financial statements are presented in Sterling and all values are rounded to the nearest thousand pounds (£000) except when otherwise indicated.

The financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("Adopted IFRSs") and as applied in accordance with the provisions of the Companies Act 2006. The principal accounting policies adopted by the company are set out below.

Transition to IFRS

This is the first year that the company has presented its financial statements under IFRS as adopted by the European Union. The 2015 financial statements were prepared under Financial Reporting Standard 101 (FRS 101) issued by the Financial Reporting Council, for the year ended 31 December 2015, and the date of transition to IFRS was therefore 1 January 2015. As a consequence of adopting IFRS, there are no material adjustments to accounting policies to comply with that standard other than reclassifications in line with the IAS 1 format. Accordingly, there are no reconciliations from FRS 101 to IFRS presented.

Going concern

The financial statements are prepared on a going concern basis as the company's intermediate parent undertaking Banijay Group SAS, 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 Banijay Group SAS is in a position to provide the level of support required and hence have concluded it is appropriate to prepare the financial statements on a going concern basis. The directors have a reasonable expectation that the company has adequate resources to continue in operation for the next 12 months.

Judgements and key sources of estimation uncertainty

The preparation of financial statements in compliance with IFRS requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the statement of financial position date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The following judgements and estimations have had the most significant effect on amounts recognised in the financial statements:

Intangibles

Programme rights are recognised at cost less accumulated amortisation in accordance with accounting policy shown below. The carrying amount of programme rights is assessed annually for impairment based on cash flow projections using future financial forecasts and budgets prepared by management. Key assumptions relating to forecasts in revenue growth and decline are used. In the event that these estimates are wrong, this may impact the financial statements in future years.

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.

Distribution revenue not meeting these conditions is deferred. Revenue invoiced but not yet recognised in the statement of comprehensive income is held on the statement of financial position within accruals and deferred income.

Notes to the financial statements

at 31 December 2016

1. Accounting policies (continued)

Revenue recognition (continued)

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 as this is when the revenue is measurable.

Property, plant and equipment

Items of property, plant and equipment are stated at cost of acquisition or production cost less accumulated depreciation and impairment losses.

Depreciation is charged so as to write off the cost of valuation of assets over their estimated useful lives, using a straight-line method, on the following basis:

Short leasehold improvements	–	over the lease term
Office equipment	–	over 4 years
Edit equipment	–	over 4 years

The carrying values of fixed assets are reviewed for impairment when changes in circumstances indicate the carrying value may not be recoverable. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Intangible assets

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

Computer software costs are initially recognised at cost and amortised straight line over 4 years.

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

Programme rights advances are initially recognised at cost and amortised over the period the company expects to benefit from the use of the intangible asset, with a maximum of ten years. Provision is made for any impairment at each balance sheet date.

The carrying value of intangible assets are reviewed for impairment when changes in circumstances indicate the carrying value may not be recoverable.

Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading

Financial risk management objectives and policies

The company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Company holds cash in foreign currencies in order to hedge currency exposures. With respect to Credit risk, principal 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 ageing and collection history.

Notes to the financial statements

at 31 December 2016

1. Accounting policies (continued)

Financial assets

The Company typically recognises its financial assets into the category discussed below.

Other than the financial assets in a qualifying hedging relationship, the Company's accounting policy for this category is as follows:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Company will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the statement of comprehensive income. On confirmation that the trade receivable will not be collected, the gross carrying value of the asset is written off against the associated provision.

Financial liabilities

The Company typically classifies its financial liabilities into the category discussed below.

At amortised cost

Financial liabilities at amortised cost including bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried into the statement of financial position.

De-recognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short term deposits. Short term deposits are defined as deposits with an initial maturity of three months or less.

Notes to the financial statements

at 31 December 2016

1. Accounting policies (continued)

Taxation

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the reporting date.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the statement of financial position date.

The carrying amount of deferred income tax assets is reviewed at each statement of financial position date. Deferred income tax assets and liabilities are offset, only if a legally enforceable right exists to set off current tax assets against current tax liabilities, the deferred income taxes relate to the same taxation authority and that authority permits the company to make a single net payment.

Income tax is charged or credited to other comprehensive income if it relates to items that are charged or credited to other comprehensive income. Similarly, income tax is charged or credited directly to equity if it relates to items that are credited or charged directly to equity. Otherwise income tax is recognised in the statement of comprehensive income.

Current income tax relating to items recognised directly in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate

Trade and other payables

Trade and other payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Operating lease commitments

Leases where the lessor retains a significant portion of the risks and benefits of ownership of the assets are classified as operating leases and rentals payable are charged in the income statement on a straight line basis over the lease term. Operating leases payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £80,000 (2015 - £103,000). Contributions totalling £21,000 (2015 - £4,000) were payable to the fund at the balance sheet date.

Foreign currency translation

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 statement of financial position date. All differences are taken to the income statement. Presentational currency and functional currency are the same.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans or receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Notes to the financial statements

at 31 December 2016

1. Accounting policies (continued)

Trade and other receivables

Trade and other receivables are recognised by the company and carried at original invoice amount less an allowance for any uncollectible or impaired amounts.

Other receivables are recognised at fair value.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Impairment

Financial assets, other than those at fair value through the income statement, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 30 days, as well as observable changes in the national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the income statement.

Notes to the financial statements

at 31 December 2016

1. Accounting policies (continued)

Adoption of new and revised International Financial Reporting Standards

At the date of approval of these financial statements, the following standards, amendments and interpretations were issued but were not yet mandatory for the company and early adoption has not been applied.

New and revised standards:

- IFRS 9 Financial Instruments (effective date to be confirmed)
- IFRS 15 Revenue from Contract with Customers (effective date to be confirmed)
- IFRS 16 Leases (effective date to be confirmed)

Amendments to standards:

- Clarification of Acceptable Methods of Depreciation and Amortisation – Amendments to IAS 16 and IAS 38 (effective date to be confirmed)
- Annual improvements to IFRSs – 2012-2014 Cycle (effective date to be confirmed)

The directors anticipate that the future adoption of those standards, interpretations and amendments listed above will not have a material impact on the financial statements.

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 £40,181,000 (2015 - £37,838,000).

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

3. Operating profit

This is stated after charging:

	2016	*2015*
	£000	*£000*
Depreciation of property, plant and equipment	102	120
Amortisation of intangible fixed assets	3,918	3,119
Impairment of programme investments	470	1,175
Exchange differences	(2,090)	(198)
Auditors' remuneration	80	75
Operating lease rentals	148	130

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

Notes to the financial statements

at 31 December 2016

4. Directors' remuneration

	2016	*2015*
	£	*£*
Directors' emoluments	724	785
Company contributions to defined contribution pension schemes	26	30
	750	815

During the year the number of directors was as follows:

	No.	*No.*
Accrued benefits under defined benefit pension schemes	2	2

The highest paid director received remuneration of £366,000 (2015 -£325,000).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £13,000 (2015 -£13,000).

Remuneration for two of the five directors of the company is paid directly by the company, with the remaining remuneration for the remaining directors paid for by a fellow group.

4. Directors' remuneration (continued)

For the directors remunerated by other group companies it is not practical to determine the proportion of their emoluments which relate to their services as Directors of Banijay Rights Limited.

During 2016, £nil (2015 - £76,000) was payable to one director as compensation for loss of office.

5. Staff costs

	2016	*2015*
	£000	*£000*
Wages and salaries	3,576	3,617
Social security costs	318	328
Cost of defined contribution scheme	80	103
	3,974	4,048

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

	No.	*No.*
Sales	23	33
Administration	31	26
	54	59

Notes to the financial statements

at 31 December 2016

6. Finance income

	2016	*2015*
	£000	*£000*
Interest receivable from group undertakings	108	123
	108	123

7. Finance expenses

	2016	*2015*
	£000	*£000*
Bank charges	29	29
	29	29

8. Income tax

(a) Income tax on profit on ordinary activities

Income tax expense in the income statement:

	2016	*2015*
	£000	*£000*
Current income tax expense		
Current income tax charge	559	773
Adjustment to current tax of prior period	–	–
	559	773
Deferred income tax expense		
Origination and reversal of temporary differences	(–)	(–)
Income tax expense reported in income statement	559	773

Notes to the financial statements

at 31 December 2016

8. Income tax (continued)

(b) Reconciliation of effective tax rate

The income tax expense in the income statement for the year differs from the standard rate of corporation tax in the UK of 20% (2015 – 20.25%). The differences are reconciled below:

	2016 *£000*	*2015* *£000*
Profit for the year	4,820	(3,406)
Total tax expenses	559	773
Profit before tax	5,379	(2,633)
Tax using the UK corporation tax rate of 20% (2015 – 20.25%)	1,076	(533)
Fixed assets differences	31	8
Expenses not deductible for tax purposes	13	51
Withholding tax	546	773
Non-taxable income	–	(32)
Adjustments to tax charge in respect of previous periods	13	(77)
Other permanent differences	(716)	(156)
Movements in deferred tax asset not recognised	(389)	638
Group relief	(15)	101
Total tax expense	559	773

The Company has unrecognised deferred tax asset of £3,115,757 (2015 - £3,549,920) in respect of fixed asset timing differences and unutilised tax losses. The directors have concluded that there is insufficient certainty of future taxable profits to allow this to be recognised.

Factors that may affect future tax charges

The UK corporation tax rate reduced to 20% from 1 April 2015. The UK corporation tax rate will fall to 19% with effect from 1 April 2017 and to 17% with effect from 1 April 2020 in accordance with legislation that was substantively enacted by 31 December 2016.

The reduction in corporation tax rates from 2017 to 2020 will have an impact on the recognition of deferred tax in the Company's accounts. Deferred tax should be recognised at the tax rate which has been enacted, or is substantively enacted, at the statement of the financial position date. Finance (No 2) Bill 2016 states that the corporation tax rate will reduce to 19% and further to 17% from 1 April 2020.

Therefore, rates of 19% and 17% should currently be used, depending on when the timing and temporary differences are expected to be reversed.

The unrecognised deferred tax assets within the Banijay group are calculated at a rate of 17%.

Notes to the financial statements

at 31 December 2016

9. Property, plant and equipment

	Office equipment £000	*Short leasehold improvements £000*	*Edit equipment £000*	*Total £000*
Cost:				
At 1 January 2016	715	25	–	740
Additions	65	–	50	115
Disposals and other adjustments	(611)	(25)	–	(636)
Reclassification	(15)	–	–	(15)
At 31 December 2016	154	–	50	204
Depreciation:				
At 1 January 2016	553	24	–	577
Disposals and other adjustments	(594)	(24)	–	(618)
Charge for the year	101	–	1	102
Reclassification	(15)	–	–	(15)
At 31 December 2016	45	–	1	46
Net book value:				
At 31 December 2016	109	–	49	158
At 31 December 2015	162	1	–	163

Balances have been reclassified during the year between property, plant and equipment and intangible assets.

	Office equipment £000	*Short leasehold improvements £000*	*Total £000*
Cost:			
At 1 January 2015	705	26	731
Additions	10	–	10
Disposals	–	(1)	(1)
At 31 December 2015	715	25	740
Depreciation:			
At 1 January 2015	434	24	458
Disposals	–	(1)	(1)
Charge for the year	119	1	120
At 31 December 2015	553	24	577
Net book value:			
At 31 December 2015	162	1	163
At 31 December 2014	271	2	273

Notes to the financial statements

at 31 December 2016

10. Intangible assets

	Programme investments £000	*Computer Software* £000	*Other intangible assets* £000	*Total* £000
Cost:				
At 1 January 2016	25,210	335	626	26,171
Additions	5,482	77	–	5,559
Disposals and other adjustments	–	(154)	(626)	(780)
Reclassification	–	15	–	15
At 31 December 2016	30,692	273	–	30,965
Amortisation:				
At 1 January 2016	22,092	141	391	22,624
Disposals and other adjustments	–	(109)	(626)	(735)
Impairments	470	–	–	470
Charge for the year	3,656	27	235	3,918
Reclassification	–	15	–	15
At 31 December 2016	26,218	74	–	26,292
Net book value:				
At 31 December 2016	4,474	199	–	4,673
At 31 December 2015	3,118	194	235	3,547

Balances have been reclassified during the year between property, plant and equipment and intangible assets.

	Programme investments £000	*Dubbing costs* £000	*Other intangible assets* £000	*Total* £000
Cost:				
At 1 January 2015	20,817	412	758	21,987
Additions	4,393	–	203	4,596
Disposals	–	(412)	–	(412)
At 31 December 2015	25,210	–	961	26,171
Amortisation:				
At 1 January 2015	18,133	412	197	18,742
Disposals	–	(412)	–	(412)
Impairments	1,175	–	–	1,175
Charge for the year	2,784	–	335	3,119
At 31 December 2015	22,092	–	532	22,624
Net book value:				
At 31 December 2015	3,118	–	429	3,547
At 31 December 2014	2,684	–	561	3,245

Notes to the financial statements

at 31 December 2016

11. Financial instruments

	2016	*2015*
	£000	*£000*
Financial assets		
Cash and cash equivalents	10,188	11,815
Trade receivables	26,799	17,331
Financial liabilities		
Trade and other payables	37,441	33,029

The fair value of the company's financial instruments is not deemed to be materially different to their carrying value.

12. Related party transactions

Sales and other income

	2016	*2015*
	£000	*£000*
Sale of goods	778	544
Interest receivable	108	123
	886	667

Purchases and other expenses

	2016	*2015*
	£000	*£000*
Other operating expenses	1,433	1,615
	1,433	1,615

Receivable from related parties

	2016	*2015*
	£000	*£000*
Associates receivable – trading	565	810
Associates receivable – non trading	452	610
	1,017	1,420

Notes to the financial statements

at 31 December 2016

12. Related party transactions (continued)

Payable to related parties

	2016	*2015*
	£000	*£000*
Associates payable – trading	1,619	169
	1,619	169

There were no transactions during the year with key management personal (2015: nil).

13. Trade receivables (non-current)

	2016	*2015*
	£000	*£000*
Receivable from trade customers	3,610	1,247
Receivable from fellow group undertakings	–	226
	3,610	1,473

14. Trade receivables (current)

	2016	*2015*
	£000	*£000*
Receivable from trade customers	22,226	14,695
Receivable from fellow group undertakings	963	1,163
	23,189	15,858

Amounts receivable from trade customers are non-interest bearing and are generally on 30 – 90 day terms. At 31 December 2016, trade and other receivables to the value of £804,000 (2015 – £683,000) were impaired and fully provided for.

Movements in the provision for impairment of trade and other receivables were as follows:

	2016	*2015*
	£	*£*
At 1 January	683	751
Provision for doubtful debts	628	117
Reversal of past provisions	(507)	(185)
At 31 December	804	683

	<60 days past due	*60-120 days past due*	*120-180 days past due*	*180-360 days past due*	*>360 days past due*	*Total*
2016	91%	4%	0%	4%	1%	100%
2015	95%	3%	0%	1%	1%	100%

Notes to the financial statements

at 31 December 2016

15. Prepayments and other receivables

	2016	*2015*
	£	*£*
Current		
Prepayments and other receivables	287	203

16. Cash and cash equivalents

	2016	*2015*
	£	*£*
Cash on hand	10,188	11,815

17. Share capital and share premium reserve

		2016		*2015*
Issued and fully paid	*No.*	*£000*	*No.*	*£000*
Ordinary £1 share capital	1,018,001	1,018	1,018,001	1,018

All issued share capital is classified as equity.

The authorised share capital for the current and previous year is 1,108,001 ordinary shares of £1 each.

The share premium reserve records the amount above the nominal value received for shares sold, less transition costs.

18. Accounts payable and accrued liabilities (non-current)

	2016	*2015*
	£000	*£000*
Accrued liabilities	2,599	2,081
	2,599	2,081

Accrued liabilities relates to balances owed to producers.

19. Accounts payable and accrued liabilities (current)

	2016	*2015*
	£000	*£000*
Payables to trade suppliers	2,228	2,712
Payable to related parties	1,619	169
Other payables	813	–
Accrued liabilities	29,927	28,067
Other taxation payable	255	91
	34,842	31,039

Notes to the financial statements

at 31 December 2016

20. Provisions

	Minimum guarantee agreement £000	*Onerous lease provision* £000
At 1 January 2016	–	319
Addition	53	–
Utilised in year	–	(148)
At 31 December 2016	53	171

An onerous lease provision has been recognised for the Avon House Property which was taken in 2011 and that has been vacant from 1 July 2016. Given that the premises are no longer required, Banijay Rights Limited has given notice to the landlord to exit the lease at the first opportunity at 31 July 2017.

21. Operating lease commitments

At 31 December 2016 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2016 £000	*2015* £000
Buildings		
Less than one year	171	218
Later than one year but less than five years	–	200
	171	418

22. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £80,000 (2015 - £103,000). Contributions totalling £21,000 (2015 - £4,000) were payable to the fund at the balance sheet date.

Notes to the financial statements

at 31 December 2016

23. Contingent liabilities

As at 31 December 2015, the Company had entered with Zodiak Media Ltd and other UK Banijay 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 Banijay Media Group companies.

On the 23rd of February 2016 there was a merger between Banijay and Zodiak, the group has been refinanced by €275,000,000 as senior loan fully drawn on February 23rd 2016 and €25,000,000 RCF. The bank loan maturity date is on February 23rd, 2021.

In addition, Banijay Rights Limited have entered into a number of minimum guarantee agreements with producers for the distribution of programmes, whereby a minimum level of sales are guaranteed over a three year period. The Company will be responsible for making good this amount at the end of the agreed period if these sales are not achieved. At the balance sheet date, management have assessed whether there are any minimum guarantees which are not expected to be achieved based on the latest sales projections. Where it is thought there will be a shortfall an appropriate provision has been recognised on the balance sheet.

24. Ultimate parent undertaking and controlling party

The immediate parent undertaking is Banijay Group SAS, a company incorporated in France. At 31 December 2016 the ultimate parent undertaking and controlling party is Stéphane Courbit's LOV Group who owns 50.1% of the Banijay Group.

25. Post balance sheet transactions

El Legado Investment

In October 2016, Banijay Group acquired all rights to the format "El Legado" from Dot Production KFT, together with the revenues from the existing contracts. The show is produced by Endemol in France and in Italy, produced by Magnolia.

From 1 January 2017, Banijay Group transferred all rights to Banijay Rights for the same price as that agreed with the third party seller. This is expected to generate significant revenues going forward. There will not be any cash exchanged between Banijay Rights and Banijay Group as this will be recorded in a cash-pooling arrangement.