Registered number: 06857521

Banijay Rights Limited

Report and Financial Statements

For the year ended 31 December 2017

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Company information

Directors
T Mutimer
J Randisi
M Bassetti
S M Kurinckx
N R P Chazarain
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 2017.

Principal activities and review of the business

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 2017 was in line with expectations with revenue improving almost 12% from 2016, though the profit for the year is significantly lower on 2016, which was mainly due to unfavourable FX movement, higher intangibles amortisation and transaction cost incurred to acquire Castaway.

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.

As part of the Company's long term strategy, on 12th July 2017 the Company acquired 100% of the shares of Castaway Television Productions Limited, the creator of the hit show Survivor – a highly successful non-scripted format which is produced in more than 25 territories. The directors believe there is potential to further exploit this format by launching it in new territories and enhancing production value by licensing it to group production companies. The Company also acquired all rights for the title "El Legado" from Banijay Group on 1st January 2017 which has generated significant revenues during the year and the directors believe that it will continue to generate significant revenues going forward.

Key performance indicators

The entity's key performance indicators are revenue and operating profit 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 - £18,725,000 (2016: restated £19,633,000)
2. Results from operating activities – loss £38,000 (2016: restated profit £8,204,000)
3. Cash - £204,000 (2016: £10,188,000)

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.

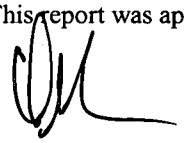
Currency risk

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 20th July 2018 and signed on its behalf.



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 2017.

Results and dividends

The loss for the year after taxation amounted to £75,000 (2016: restated profit £7,724,000). The directors did not recommend the payment of a dividend (2016: £nil).

Directors

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

T Mutimer
J Randisi
M Bassetti
S M Kurinckx
F M M Sauvage (resigned 5 February 2018)
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

N R P Chazarain was appointed as director on 06th February 2018.

Political and charitable contributions

The Company made no political donations or incurred any political expenditure during the year (2016: £nil).

Future developments

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

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

Directors' report (continued)

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 20th July 2018 and signed on its behalf.

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

Opinion

We have audited the financial statements of Banijay Rights Limited for the year ended 31 December 2017 which comprise the Income statement, the Statement of comprehensive income, the Statement of financial position, Statement of changes in equity, Statement of cash flows and the related notes 1 to 26, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2017 and of its loss 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
  the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine

whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the company, 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

Responsibilities of directors

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the

Independent auditor's report to the members of Banijay Rights Limited (continued)

Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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.

Ernst + Young LLP

Louise Pennell (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

London

Date 20/7/18

Income statement

for the year ended 31 December 2017

	Notes	2017 £000	Restated 2016 £000
Revenue	3	18,725	19,633
Cost of sales		(768)	(1,399)
Gross Profit		17,957	18,234
Administrative expenses		(17,626)	(9,560)
Impairment of programme investments		(369)	(470)
(Loss) / Profit from operating activities	4	(38)	8,204
Finance income	7	87	108
Finance expenses	8	(1,010)	(29)
(Loss) / Profit before tax		(961)	8,283
Taxation	9	886	(559)
(Loss) / Profit for the year		(75)	7,724

All amounts relate to continuing activities.

Statement of comprehensive income

for the year ended 31 December 2017

	2017 £000	Restated 2016 £000
(Loss) / Profit for the year	(75)	7,724
Other comprehensive income for the year	–	–
Total comprehensive (expense) / income for the year	(75)	7,724

The notes on pages 14 to 32 form part of the financial statements.

Statement of financial position

at 31 December 2017

	Notes	2017 £000	Restated 2016 £000
Non-current assets			
Intangible assets	10	16,094	4,673
Investments	12	50,628	-
Property, plant and equipment	11	138	158
Trade receivables	15	12,393	3,610
Deferred tax asset	9	1,002	-
Total non-current assets		80,255	8,441
Current assets			
Trade and other receivables	16	41,005	23,476
Deferred tax asset	9	567	-
Cash and cash equivalents	17	204	10,188
Total current assets		41,776	33,664
Total assets		122,031	42,105
Equity			
Issued share capital	18	1,018	1,018
Share premium account	18	17,982	17,982
Retained earnings		(11,731)	(11,656)
Total equity		7,269	7,344
Non-current liabilities			
Accrued liabilities	19	7,307	2,599
Total non-current liabilities		7,307	2,599
Current liabilities			
Trade and other payables	20	107,402	31,938
Provisions	21	53	224
Total current liabilities		107,455	32,162
Total equity and liabilities		122,031	42,105

The notes on pages 14 to 32 form part of the financial statements.

These financial statements were approved by the board of directors on 20th July 2018 and were signed on its behalf by

T Mutimer

Director

Company registered number: 06857521

Statement of changes in equity

For the year ended 31 December 2017

	Issued share capital £000	*Share premium account £000*	*Profit and loss account £000*	*Total £000*
At 1 January 2016	1,018	17,982	(19,380)	(380)
Other comprehensive income	–	–	–	–
Prior year adjustment	–	–	2,904	2,904
Profit for the year	–	–	4,820	4,820
Total comprehensive income for the year	–	–	7,724	7,724
At 1 January 2017	1,018	17,982	(11,656)	7,344
Other comprehensive income	–	–	–	–
Loss for the year	–	–	(75)	(75)
Total comprehensive expense for the year	–	–	(75)	(75)
At 31 December 2017	1,018	17,982	(11,731)	7,269

The notes on pages 14 to 32 form part of the financial statements.

Statement of cash flows

for the year ended 31 December 2017

	2017 £000	Restated 2016 £000
Cash flows from operating activities		
Total net (loss)/profit	(75)	7,724
Adjustments to reconcile profit from operations		
Finance expense	1,010	29
Finance income	(87)	(108)
Tax recognised in the profit and loss account	(886)	559
Adjustments to reconcile profit from operations	37	480
	(38)	8,204
Non-cash adjustments		
Depreciation	50	102
Amortisation of intangible non-current assets	5,863	3,918
Impairment of intangible non-current assets	244	470
Loss on disposal of fixed assets	-	63
Non-cash adjustments	6,157	4,553
Cash flows before changes in working capital	6,119	12,757
Working capital movements		
(Increase) in trade and other receivables	(27,127)	(9,468)
(Increase) in prepayments	(1,685)	(84)
Increase in trade and other payables	80,934	1,417
(Decrease) in provision	-	(95)
Decrease/(increase) in working capital	52,122	(8,230)
Cash flows from operating activities	58,241	4,527
Cash flows used in other operating activities		
Receipts of finance incomes classified as operating	87	108
Payments of finance incomes classified as operating	(1,010)	(29)
Income taxes paid	886	(559)
Cash flows generated (used) in other operating activities	(37)	(480)
Net cash flows from operating activities	58,204	4,047
Cash flows from investing activities		
Payments to acquire property, plant and equipment	(32)	(115)
Payments to acquire investments	(50,628)	-
Payments to acquire intangible assets	(17,528)	(5,559)
Net cash flows used in investing activities	(68,188)	(5,674)
Net decrease in cash flows	(9,984)	(1,627)
Cash and cash equivalents as at 1 January	10,188	11,815
Cash and cash equivalents as at 31 December	204	10,188

The notes on pages 14 to 32 form part of the financial statements.

Notes to the financial statements

at 31 December 2017

1. Accounting policies

Basis of preparation and statement of compliance with IFRS

Banijay Rights Limited (the "Company") is a Company incorporated and domiciled in England and Wales. The financial statements of Banijay Rights Limited (the "Company") for the year ended 31 December 2017 were authorised for issue by the board of directors on 20th July - 2018 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. The Company changed its name from Zodiak Rights Limited on 16 January 2017.

Prior year restatement

During the year, the Management performed a detailed review of the accruals for payback to producers. As a result of this exercise the Management estimated that accruals for payback to producers were overstated by £2.9m. Management identified that the overstated liabilities due to producers did not exist as at 31 December 2016 and hence concluded to recognise the release of payaway accruals liability into income statement as a prior period restatement in these financial statements. Management have determined that it is impracticable to quantify the effect of this misstatement to the earlier periods presented (as it is an accumulation of inception to date activity and not sufficient information was available to quantify the effect by period) and have therefore recognised the release of £2.9m in the prior year. The impact of the prior period restatement on the financial statements is as follows:

Impact of shareholders funds (increase/(decrease) in shareholders funds)

	Restated 2016 £000	2016 £000
Current liabilities		
Accounts payable and accrued liabilities	31,938	34,842
Provisions	224	224
Total current liabilities	32,162	35,066
Net impact on shareholders funds	2,904	

Impact on profit and loss account (increase/(decrease) in profit)

	Restated 2016 £000	2016 £000
Revenue	19,633	16,729
Net impact on the profit for the year	2,904	

Notes to the financial statements

at 31 December 2017

1. Accounting policies (continued)

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 and other intangibles are recognised at cost less accumulated amortisation in accordance with accounting policy shown below. The carrying amount of programme rights and other intangibles 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.

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

Notes to the financial statements

at 31 December 2017

1. Accounting policies (continued)

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.

Other intangible asset represents acquisition cost for "El Legado" recognised at cost of acquisition and is amortised straight line over ten years.

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.

Investments

Investments are stated at cost less any provision for impairment.

Impairment of non-financial assets

Assets that are subject to depreciation and amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash generating unit of which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is higher of an asset's (or CGU's) fair value less cost to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGU's). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

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 2017

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.

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.

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.

Financial liabilities

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

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.

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.

Notes to the financial statements

at 31 December 2017

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.

1. Accounting policies (continued)

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.

Impairment of Financial Assets

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 2017

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.

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

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 (2016: £80,000). Contributions totalling £Nil (2016: £21,000) 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.

Notes to the financial statements

at 31 December 2017

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 Standards and amendments not applied:

- Amendments to IAS 7 Statement of Cash Flows: Disclosure Initiative
- Annual improvements to IFRSs – 2014-2016 Cycle (effective for accounting periods beginning on or after 1 January 2017, however the amendments did not impact the company's financial statements or accounting policies)
- Amendments to IFRS 12 Disclosure of Interests in Other Entities: Clarification of the scope of disclosure requirements in IFRS 12
- IFRS 9 – Financial instruments (effective for accounting periods beginning on or after 1 January 2018
- IFRS 15 – Revenue from Contracts with Customers (effective for accounting periods beginning on or after 1 January 2018)
- IFRS 16 – Leases (effective for accounting periods beginning on or after 1 January 2019)
- IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration (effective for accounting periods beginning on or after 1 January 2018)
- IFRIC Interpretation 23 Uncertainty over Income Tax Treatments (effective for accounting periods beginning on or after 1 January 2019)
- IAS 23 Borrowing Costs – Borrowing costs eligible for capitalisation (effective for accounting periods beginning on or after 1 January 2019)

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 £43,665,805 (2016: £40,181,000).

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

Notes to the financial statements

at 31 December 2017

3. Results from operating activities

This is stated after charging/(crediting):

	2017	*2016*
	£000	*£000*
Depreciation of property, plant and equipment	54	102
Amortisation of intangible fixed assets	6,346	3,918
Impairment of programme investments	369	470
Exchange differences	1,003	(2,090)
Auditors' remuneration	45	80
Operating lease rentals	-	148

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

4. Directors' remuneration

	2017	*2016*
	£	*£*
Directors' emoluments	752	724
Company contributions to defined contribution pension schemes	26	26
	778	750

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 £378,000 (2016: £366,000).

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 (2016: £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.

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.

Notes to the financial statements

at 31 December 2017

5. Staff costs

	2017	*2016*
	£000	*£000*
Wages and salaries	4,417	3,576
Social security costs	396	318
Cost of defined contribution scheme	137	80
	4,950	3,974

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

	No.	*No.*
Sales	18	23
Administration	41	31
	59	54

6. Finance income

	2017	*2016*
	£000	*£000*
Interest receivable from bank	87	108
	87	108

7. Finance expenses

	2017	*2016*
	£000	*£000*
Bank charges	32	29
Interest payable to group undertakings	978	-
	1,010	29

Notes to the financial statements

at 31 December 2017

8. Income tax

(a) Income tax on profit on ordinary activities

Income tax expense in the income statement:

	2017 *£000*	*2016* *£000*
Current income tax expense		
Current income tax charge	684	559
Adjustment to current tax of prior period	–	–
	684	559
Deferred income tax expense		
Origination and reversal of temporary differences	(1,570)	–
Income tax expense reported in income statement	(886)	559

(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 19.25% (2016: 20%). The differences are reconciled below:

	2017 *£000*	*2016* *£000*
(Loss)/Profit for the year	(75)	4,820
Total tax (credit)/expenses	(886)	559
(Loss)/Profit before tax	(961)	5,379
Tax using the UK corporation tax rate of 19.25% (2016: 20%)	(185)	1,076
Fixed assets differences	-	31
Expenses not deductible for tax purposes	179	13
Withholding tax	751	546
Adjustments to brought forward values	502	-
Adjustments to tax charge in respect of previous periods	15	13
Other permanent differences	(145)	(716)
Movements in deferred tax asset not recognised	(2,095)	(389)
Group relief paid for	92	(15)
Total tax (credit)/expense	(886)	559

(c) Reconciliation of deferred tax asset

	2017 *£000*	*2016* *£000*
As at 1 January	-	-
Losses available for offsetting against future taxable income	1,569	–
As at 31 December	1,569	-

Notes to the financial statements

at 31 December 2017

9. Income tax (continued)

The deferred tax asset recognised at 31 December 2017 relates to unutilised tax losses, for which recoverability depends on the future profitability of the company. Deferred tax has been recognised on these losses to the extent it is forecast to be possible to utilise brought forward losses during the years ended 31 December 2018 and 2019.

The Company has an unrecognised deferred tax asset of £1,036,092 (2016: £3,115,757) in respect of fixed asset timing differences and tax losses which are not forecast to be utilised during the years ended 31 December 2018 or 2019.

(d) Factors that may affect future tax charges

The UK corporation tax rate fell 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 2017. 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 2017

10. Intangible assets

	Programme investments £000	*Computer Software £000*	*Other intangible assets £000*	*Total £000*
Cost:				
At 1 January 2017	30,692	273	-	30,965
Additions	6,729	98	10,701	17,528
At 31 December 2017	37,421	371	10,701	48,493
Amortisation:				
At 1 January 2017	26,218	74	-	26,292
Impairments	244	–	–	244
Charge for the year	4,709	84	1,070	5,863
At 31 December 2017	31,171	158	1,070	32,399
Net book value:				
At 31 December 2017	6,250	213	9,631	16,094
At 31 December 2016	4,474	199	-	4,673

	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

Notes to the financial statements

at 31 December 2017

11. Property, plant and equipment

	Office equipment £000	*Short leasehold improvements £000*	*Edit equipment £000*	*Total £000*
Cost:				
At 1 January 2017	154	-	50	204
Additions	34	–	-	34
At 31 December 2017	188	–	50	238
Depreciation:				
At 1 January 2017	45	-	1	46
Charge for the year	42	–	12	54
At 31 December 2017	87	–	13	100
Net book value:				
At 31 December 2017	101	–	37	138
At 31 December 2016	109	-	49	158

	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

Notes to the financial statements

at 31 December 2017

12. Investments

	£000
At 1 January 2017	-
Addition	50,628
At 31 December 2017	50,628

The above investment is 100% of the share capital in Castaway Television Productions Limited, a company registered in UK and engaged in the creation and distribution of television programmes. The acquisition was complete on 12th July 2017.

13. Financial instruments

	2017	*2016*
	£000	*£000*
Financial assets		
Cash and cash equivalents	204	10,188
Amounts due from group	18,128	963
Trade receivables	34,950	25,836
Financial liabilities		
Trade and other payables	114,709	34,537

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

Notes to the financial statements

at 31 December 2017

14. Related party transactions

Sales and other income

	2017	*2016*
	£000	*£000*
Sale of goods	677	778
Interest receivable	74	108
	751	886

Purchases and other expenses

	2017	*2016*
	£000	*£000*
Other operating expenses	1,513	1,433
	1,513	1,433

Receivable from related parties

	2017	*2016*
	£000	*£000*
Associates receivable – trading	2,750	565
Associates receivable – non trading	15,378	452
	18,128	1,017

Payable to related parties

	2017	*2016*
	£000	*£000*
Associates payable – trading	2,180	1,619
Associates payable – non trading	68,370	-
	70,550	1,619

There were no transactions during the year with key management personal (2016: nil).

15. Trade receivables (non-current)

	2017	*2016*
	£000	*£000*
Receivable from trade customers	12,393	3,610
	12,393	3,610

Notes to the financial statements

at 31 December 2017

16. Trade and other receivables (current)

	2017	*2016*
	£000	*£000*
Receivable from trade customers	22,557	22,226
Receivable from fellow group undertakings	18,128	1,250
Prepayments	320	287
	41,005	23,763

Amounts receivable from trade customers are non-interest bearing and are generally on 30 – 90 day terms. At 31 December 2017, trade and other receivables to the value of £400,000 (2016: £804,000) were impaired and fully provided for. Amounts due from group undertakings are unsecured and repayable on demand.

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

	2017	*2016*
	£	*£*
At 1 January	804	683
Provision for doubtful debts	159	628
Reversal of past provisions	(563)	(507)
At 31 December	400	804

	<60 days past due	*60-120 days past due*	*120-180 days past due*	*180-360 days past due*	*>360 days past due*	*Total*
2017	99%	0%	1%	0%	0%	100%
2016	91%	4%	0%	4%	1%	100%
					567	-

17. Cash and cash equivalents

	2017	*2016*
	£	*£*
Cash on hand	204	10,188

Notes to the financial statements

at 31 December 2017

18. Share capital and share premium reserve

Issued and fully paid	*No.*	*2017 £000*	*No.*	*2016 £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.

19. Accrued liabilities (non-current)

	2017 £000	*2016 £000*
Accrued liabilities – non-current	7,307	2,599
	7,307	2,599

Accrued liabilities relates to balances owed to producers.

20. Trade and other payables (current)

	2017 £000	*2016 £000*
Payables to trade suppliers	1,530	2,228
Payable to group undertakings	70,550	1,619
Other payables	923	813
Accrued liabilities – current	17,662	21,828
Deferred income	15,317	5,195
Other taxation payable	1,420	255
	107,402	31,938

21. Provisions

	Minimum guarantee agreement £000	*Onerous lease provision £000*	*Total £000*
At 1 January 2017	53	171	224
Addition	-	–	-
Utilised in year	–	(171)	(171)
At 31 December 2017	53	-	53

Notes to the financial statements

at 31 December 2017

22. Operating lease commitments

At 31 December 2017 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2017	*2016*
	£000	*£000*
Buildings		
Less than one year	-	171
Later than one year but less than five years	–	-
	-	171

23. 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 £137,119 (2016: £80,000). Contributions totalling £Nil (2016: £21,000) were payable to the fund at the balance sheet date.

24. Inter-group guarantees

As at 31 December 2016, 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. This arrangement was terminated in November 2017. On the same day the Company entered a new cash pool agreement with Banijay Group SAS with similar unlimited guarantee.

On 06th July 2017 Banijay Group SAS has refinanced its existing indebtness structure by way of:

- The issuance of high yield bonds ('Senior Secured Notes') offered to private investors for a total amount of €365m principal, paying 4.0% coupons, maturing on July 1st 2022
- The subscription of a new Senior Facilities Agreement amounting to €95m made available by a pool of financial institutions. The new facility comprises (i) a €60m Term Facility A terminating on June 1st 2022 and (ii) a €35m Multicurrency Revolving Credit Facility terminating jointly with the Term Facility A.

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.

25. Ultimate parent undertaking and controlling party

The immediate parent undertaking is Banijay Group SAS. The parent undertaking of the smallest and largest group which included the Company and for which publically available group financial statements are prepared is Banijay Group SAS. Copies of these financial accounts can be obtained from 5 Rue Francois 1er, 75008 Paris, France. At the date of the statement of financial position the ultimate parent undertaking and controlling party is Stephan Courbit's LOV Group who controls Banijay Group.

Notes to the financial statements

at 31 December 2017

26. Post balance sheet transactions

There have been no significant events affecting the Company since the year end.