

Registered number: 02719242

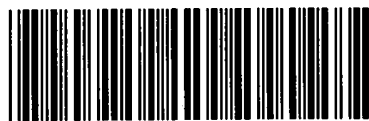
# SONY PICTURES TELEVISION UK RIGHTS LIMITED

## ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

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**SONY PICTURES TELEVISION UK RIGHTS LIMITED**

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**COMPANY INFORMATION**

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**DIRECTORS**

C. Berg  
J. Caldwell (resigned 8 September 2017)  
R. Parsons (appointed 8 September 2017)  
D. Hopgood  
C. Lynch

**COMPANY SECRETARY**

D N Hopgood

**REGISTERED NUMBER**

02719242

**REGISTERED OFFICE**

Sony Pictures Europe House  
25 Golden Square  
London  
W1F 9LU

**INDEPENDENT AUDITORS**

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
St Albans, Herts  
AL1 3JX

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**SONY PICTURES TELEVISION UK RIGHTS LIMITED**

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## SONY PICTURES TELEVISION UK RIGHTS LIMITED

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### STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2017

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The directors present their strategic report for the financial year ended 31 March 2017.

#### PRINCIPAL ACTIVITIES

The principal activity of the company during the year was the acquisition of intellectual property and television formats and their exploitation worldwide across all platforms.

#### REVIEW OF THE BUSINESS

The Brand "Who Wants to be a Millionaire" still accounts for 50% of the Company's revenue. Sold in 40+ territories world wide this year, this title provides revenues from TV licensing, programme distribution and from interactive and consumer product activities. The remaining 56 active formats are sold into 75 different territories.

A number of high value multi-year deals were negotiated in the year which ensures the presence of our brand in Europe and Latin America for 3-5 years This is a development on our normal annually renewed contracts and demonstrates confidence in our brand and formats.

The Company has net assets of £30,639,764 (2016: £22,452,342) at year end.

#### FINANCIAL KEY PERFORMANCE INDICATORS

Given the straightforward nature of the business the company's directors are of the opinion that analysis using key performance indicators is not necessary for an understanding of the development, performance or position of the business.

Analysis is focused on the worldwide geographical spread of formats to ensure maximum exposure of our brand and on the formats longevity through renewals.

#### PRINCIPAL RISKS AND UNCERTAINTIES

The Company's operations expose it to interest rate and liquidity risks, competitive price risks, credit risks and exchange rate risks.

##### Interest rate and liquidity risk

The Company's financial risk relating to interest and liquidity is borne by its parent company, Columbia Pictures Corporation Limited, which manages banking and cash flow arrangements on behalf of its entire Group.

##### Price risk

The Company relies on developing unique intellectual property which it can exploit at competitive prices. As such it commits development funds each year in the development and launch of new products that it exploits over the forthcoming years.

##### Credit risk

The Company manages its credit risk by mainly dealing with the larger broadcasters or producers in the territories in which it operates. Where this is not possible the creditworthiness of new customers is investigated before a sale is made and materials are not delivered before the appropriate contractual documentation is in place.

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SONY PICTURES TELEVISION UK RIGHTS LIMITED

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STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2017

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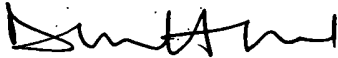
PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

Exchange rate risk

The Company mainly makes sales in the currencies of the British pound, the Euro and the US dollar. The timing of receipt of funds is not generally sufficiently predictable to enable any reliable hedging strategy to be put in place. The Company therefore remains exposed to movements of the Euro and the US dollar against its reporting currency, the British pound.

The company is exposed to foreign exchange risk on large intercompany balances with group undertakings. To mitigate against this the directors are taking steps to ensure these balances are regularly settled. These intercompany balances can be impacted by foreign exchange movements which may result in significant gains or losses in any financial year.

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



D. Hopgood  
Director

Date: 20 March 2018

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## SONY PICTURES TELEVISION UK RIGHTS LIMITED

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### DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2017

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The directors present their report and the financial statements for the year ended 31 March 2017.

#### STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors 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.

#### RESULTS AND DIVIDENDS

The profit for the financial year amounted to £8,187,422 (2016 - £6,668,147).

In the current year the directors have not paid any ordinary dividend (2016: Nil). They do not recommend payment of a final dividend.

#### DIRECTORS

The directors who were in office during the year and up to the date of signing the financial statements:

C. Berg  
J. Caldwell (resigned 8 September 2017)  
R. Parsons (appointed 8 September 2017)  
D. Hopgood  
C. Lynch

#### FINANCIAL RISK MANAGEMENT

The Company's operations expose it to interest rate and liquidity risks, competitive price risks, credit risks and exchange rate risks.

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**SONY PICTURES TELEVISION UK RIGHTS LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2017**

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**FUTURE DEVELOPMENTS**

For the future, the company intends to use its relationship with other company's within the Sony group to expand its catalogue of intellectual property content and distribute this on a world-wide basis. Furthermore the company continues to see opportunities in adding services such as in-show interactivity and off-air exploitation of rights to the core TV format licensing proposition.

**DISCLOSURE OF INFORMATION TO AUDITORS**

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

**POST BALANCE SHEET EVENTS**

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

**INDEPENDENT AUDITORS**

The auditors, PricewaterhouseCoopers LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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



D. Hopgood  
Director

Date: 20 March 2018

## ***Independent auditors' report to the members of Sony Pictures Television UK Rights Limited***

### **Report on the financial statements**

#### **Our opinion**

In our opinion, Sony Pictures Television UK Rights Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 March 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **What we have audited**

The financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), comprise:

- the balance sheet as at 31 March 2017;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

### **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 the Directors' Report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

### **Other matters on which we are required to report by exception**

#### **Adequacy of accounting records and information and explanations received**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.



## ***Independent auditors' report to the members of Sony Pictures Television UK Rights Limited***

### **Directors' remuneration**

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

### **Responsibilities for the financial statements and the audit**

#### **Our responsibilities and those of the directors**

As explained more fully in the Statement of Directors' Responsibilities in respect of the Financial Statements set out on page 3, 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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

#### **What an audit of financial statements involves**

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic Report and Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.



Matthew Mullins (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
St Albans

20 March 2018

**SONY PICTURES TELEVISION UK RIGHTS LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 MARCH 2017**

	Note	2017 £	2016 £
Turnover	5	10,128,319	13,633,858
Cost of sales		(2,247,658)	(3,973,090)
<b>GROSS PROFIT</b>		<b>7,880,661</b>	<b>9,660,768</b>
Administrative expenses		(1,150,357)	(2,328,305)
Other operating income	6	3,479,856	1,007,509
<b>OPERATING PROFIT</b>	7	<b>10,210,160</b>	<b>8,339,972</b>
Interest receivable and similar income	8	105,756	199,806
<b>PROFIT BEFORE TAXATION</b>		<b>10,315,916</b>	<b>8,539,778</b>
Tax on profit	11	(2,128,494)	(1,871,631)
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<b>8,187,422</b>	<b>6,668,147</b>
OTHER COMPREHENSIVE INCOME FOR THE YEAR		-	-
OTHER COMPREHENSIVE INCOME FOR THE YEAR		-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>8,187,422</b>	<b>6,668,147</b>

All amounts relate to continuing operations.

The notes on pages 10 to 21 form part of these financial statements.

**SONY PICTURES TELEVISION UK RIGHTS LIMITED**  
**REGISTERED NUMBER: 02719242**

**BALANCE SHEET**  
**AS AT 31 MARCH 2017**

	Note	2017 £	2016 £
<b>CURRENT ASSETS</b>			
Trade and other receivables	12	11,621,761	12,882,635
Cash and cash equivalents	13	34,901,414	34,439,350
		<u>46,523,175</u>	<u>47,321,985</u>
<b>TOTAL ASSETS</b>		<u>46,523,175</u>	<u>47,321,985</u>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital	16	2	2
Retained Earnings	17	30,639,762	22,452,340
<b>TOTAL EQUITY</b>		<u>30,639,764</u>	<u>22,452,342</u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	14	15,883,411	24,869,643
		<u>15,883,411</u>	<u>24,869,643</u>
<b>TOTAL LIABILITIES</b>		<u>15,883,411</u>	<u>24,869,643</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>46,523,175</u>	<u>47,321,985</u>

The financial statements on pages 7 to 21 were approved and authorized for issue by the board and were signed on its behalf by:



.....  
**D. Hopgood**  
 Director

Date: 20 March 2018

The notes on pages 10 to 21 form part of these financial statements.

**SONY PICTURES TELEVISION UK RIGHTS LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2017**

	Share capital £	Retained Earnings £	Total Equity £
At 1 April 2016	2	22,452,340	22,452,342
<b>COMPREHENSIVE INCOME FOR THE YEAR</b>			
Profit for the financial year	-	8,187,422	8,187,422
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	-	8,187,422	8,187,422
<b>AT 31 MARCH 2017</b>	2	30,639,762	30,639,764

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2016**

	Share capital £	Retained Earnings £	Total Equity £
At 1 April 2015	2	15,784,193	15,784,195
<b>COMPREHENSIVE INCOME FOR THE YEAR</b>			
Profit for the financial year	-	6,668,147	6,668,147
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	-	6,668,147	6,668,147
<b>AT 31 MARCH 2016</b>	2	22,452,340	22,452,342

The notes on pages 10 to 21 form part of these financial statements.

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## SONY PICTURES TELEVISION UK RIGHTS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

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#### 1. GENERAL INFORMATION

The Company is a private company limited by share capital incorporated and domiciled in the United Kingdom.

The address of the registered office is given on the company information page.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Company operates.

#### 2. STATEMENT OF COMPLIANCE

The individual financial statements of Sony Pictures Television UK Rights Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard FRS 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

#### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are summarised below. These policies have been consistently applied to all the years presented, unless otherwise stated. The company has adopted FRS 102 in these financial statements.

##### 3.1 Basis of preparation of financial statements

The financial statements are prepared on the going concern basis, under the historical cost convention.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

In the current year, the Company has adopted to change the presentation of the format of Balance Sheet to a detailed adapted Balance Sheet format. The change is subject to the conditions that the information given is at least equivalent to that which would have been required by the use of a detailed company law format, and that the presentation is in accordance with generally accepted accounting principles or practice. As a result of the change in presentation, short term deposits with related parties have been classified as cash and cash equivalents. There have been no other material amendments to the disclosure requirements previously applied, except the change in presentation.

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**SONY PICTURES TELEVISION UK RIGHTS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2017**

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3.2 Financial reporting standard 102 - reduced disclosure exemptions**

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Sony Corporation as at 31 March 2017 and these financial statements may be obtained from Baker & McKenzie, 100 NewBridge Street, London, EC4V 6JA.

**3.3 Going concern**

These financial statements have been prepared on a going concern basis, which assumes that the Company will continue to be able to meet its liabilities as they fall due within 12 months from the date of approval of these financial statements.

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SONY PICTURES TELEVISION UK RIGHTS LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2017

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3.4 Taxation**

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

*(i) Current tax*

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted by the period end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

*(ii) Deferred tax*

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

**3.5 Turnover**

Turnover is measured at the fair value of goods sold and services provided to customers and is stated net of Value Added Tax.

Licence fees, royalty and distribution advances are recognised on signature of contract as long as the company has no further obligations. In the event of future obligations revenue will be recognised on a pro-rated basis.

Additional fees, royalties receivable and other income are recognised on an accruals basis as they are earned, when they can be reliably estimated and when collection is reasonably assured.

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SONY PICTURES TELEVISION UK RIGHTS LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2017

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3.6 Foreign currencies**

The Company's functional and presentation currency is the pound sterling.

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses are presented in the statement of comprehensive income within Other operating (losses)/gains.

**3.7 Cash and cash equivalents**

Cash and cash equivalents includes cash in hand, deposits held at call with banks, bank overdrafts and other short-term highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of change in value.

In the current year, the Company has adopted to change the presentation of the short-term deposit with related parties as cash equivalents in order to better reflect the nature of the balance as an immediately available cash deposit. Short-term deposits with related parties represent deposits with Sony Global Treasury Services plc which are accessible on demand. There is a sweep arrangement in place between the company's bank account and the short term deposit account with Sony Global Treasury Services plc.

**3.8 Financial instruments**

The company has chosen to adopt the Sections 11 and 12 of FRS 102 in respect of financial instruments.

*(i) Financial assets*

Basic financial assets, including trade and other receivables, cash and bank balances and investments in commercial paper, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.



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SONY PICTURES TELEVISION UK RIGHTS LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2017

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3.8 Financial instruments (continued)**

*(ii) Financial liabilities*

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

*(iii) Offsetting*

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

**3.9 Leasing**

The cost of operating leases in respect of land and buildings and other assets is expensed over the life of the lease. Up front lease payments are classified within prepayments and are released over the life of the lease.

*(i) Leased assets*

At inception the Company assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

*(ii) Operating leased assets*

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease.

**3.10 Interest income**

Interest income is recognised in the Income statements using the effective interest method.

**3.11 Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

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SONY PICTURES TELEVISION UK RIGHTS LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2017

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4. JUDGMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amount of assets and liabilities, income and expenses. The estimates are associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form a basis for making the judgments about carrying value of assets and liabilities that are not readily apparent from other sources.

The directors have reviewed the estimates and assumptions used in the preparation of the financial statements. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

*Impairment of debtors*

The directors makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 12 for the net carrying amount of debtors and associated impairment provision.

5. TURNOVER

The turnover was derived from its principal activities. Sales were made in the following geographical markets:

	2017 £	2016 £
United Kingdom	463,485	1,201,258
Europe	3,375,247	4,364,073
Rest of world	6,289,587	6,317,370
United States of America	-	1,751,157
	<u>10,128,319</u>	<u>13,633,858</u>

6. OTHER OPERATING INCOME

	2017 £	2016 £
Difference on foreign exchange	<u>3,479,856</u>	<u>1,007,509</u>

**SONY PICTURES TELEVISION UK RIGHTS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2017**

**7. OPERATING PROFIT**

The operating profit is stated after charging/(crediting):

	2017 £	2016 £
Depreciation of tangible fixed assets:		
-Owned by company	-	1,466
Exchange differences	(3,479,856)	(1,007,509)
	<u>(3,479,856)</u>	<u>(1,007,509)</u>

Auditors' remuneration is paid by Sony Pictures Television UK Rights Limited for all related entities. The audit fee as paid by Sony Pictures Television UK Rights Limited was £37,514 (2016: £42,312).

**8. INTEREST RECEIVABLE AND SIMILAR INCOME**

	2017 £	2016 £
Bank interest	<u>105,756</u>	<u>199,806</u>

**9. STAFF COSTS**

Staff costs were as follows:

	2017 £	2016 £
Wages and salaries	607,909	739,025
Social security costs	75,941	104,820
Other pension costs	40,449	56,170
	<u>724,299</u>	<u>900,015</u>

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

	2017 No.	2016 No.
Administration	7	7
Sales and marketing	5	5
Production	8	8
	<u>20</u>	<u>20</u>

There are no amounts prepaid or outstanding in relation to defined contribution schemes.

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**NOTES TO THE FINANCIAL STATEMENTS  
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**10. DIRECTORS' REMUNERATION**

The directors did not receive any emoluments during the year.

All directors are remunerated by a related entity.

**11. TAX ON PROFIT**

	2017 £	2016 £
<b>CORPORATION TAX</b>		
UK corporation tax charge on profit for the year	2,087,231	1,734,865
Adjustments in respect of previous periods	(44,571)	(2,216)
	<u>2,042,660</u>	<u>1,732,649</u>
Double taxation relief	(304,725)	(339,358)
	<u>1,737,935</u>	<u>1,393,291</u>
Foreign tax on income for the year	380,906	463,439
<b>TOTAL CURRENT TAX</b>	<u>2,118,841</u>	<u>1,856,730</u>
<b>DEFERRED TAX</b>		
Origination and reversal of timing differences	7,275	14,901
Effect of tax rate change on opening balance	2,378	-
<b>TOTAL DEFERRED TAX</b>	<u>9,653</u>	<u>14,901</u>
<b>TAX ON PROFIT</b>	<u>2,128,494</u>	<u>1,871,631</u>

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**11. TAX ON PROFIT (CONTINUED)**

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2016 - *higher than*) the standard rate of corporation tax in the UK of 20% (2016 - 20%). The differences are explained below:

	2017 £	2016 £
Profit before taxation	<u>10,315,916</u>	<u>8,539,778</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2016 - 20%)	2,063,183	1,707,956
<b>EFFECTS OF:</b>		
Expenses not deductible for tax purposes	31,586	36,257
Adjustments to tax charge in respect of prior periods	(44,571)	(2,216)
Foreign tax suffered	76,181	124,080
Deferred tax charge for the year	1,093	4,755
Transfer pricing adjustments	1,022	799
<b>TOTAL TAX CHARGE FOR THE YEAR</b>	<u><u>2,128,494</u></u>	<u><u>1,871,631</u></u>

**Factors that may affect future tax charges**

Legislation to reduce the main rate of corporation tax from 20% to 19% from 1 April 2017 and from 19% to 17% from 1 April 2020 was included in the Finance Act 2016 which received Royal Assent on 15 September 2016.

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**12. TRADE AND OTHER RECEIVABLES**

	2017 £	2016 £
Trade debtors	4,637,009	6,442,685
Amounts owed by group undertakings	3,188,028	2,450,283
Other debtors	3,577,684	3,683,927
Deferred tax asset (see note 15)	33,146	42,799
Prepayments and accrued income	185,894	262,941
	<u>11,621,761</u>	<u>12,882,635</u>

Amounts owed by group undertakings are unsecured, interest free and payable on demand.

**13. CASH AND CASH EQUIVALENTS**

	2017 £	2016 £
Cash at bank and in hand	34,901,414	34,439,350
	<u>34,901,414</u>	<u>34,439,350</u>

Included within cash and cash equivalents are short-term deposits with related parties, which represent deposits with Sony Global Treasury Services plc which are accessible on demand. There is a sweep arrangement in place between the company's bank account and the short term deposit account with Sony Global Treasury Services plc.

**14. TRADE AND OTHER PAYABLES**

	2017 £	2016 £
Trade creditors	273,047	309,596
Amounts owed to group undertakings	5,776,809	15,359,090
Amounts owed to group undertakings - group relief	4,081,654	2,838,971
VAT payable	-	13,802
Other creditors	5,751,901	5,400,657
Accruals and deferred income	-	947,527
	<u>15,883,411</u>	<u>24,869,643</u>

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

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FOR THE YEAR ENDED 31 MARCH 2017**

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**15. DEFERRED TAXATION**

	2017 £
At beginning of year	42,799
Charged to profit or loss	(9,653)
<b>AT END OF YEAR</b>	<b>33,146</b>

The deferred tax asset is made up as follows:

	2017 £	2016 £
Accelerated capital allowances	33,146	42,799
	<u>33,146</u>	<u>42,799</u>

**16. SHARE CAPITAL**

	2017 £	2016 £
<b>Authorised</b>		
100 (2016: 100) ordinary shares of £1 each	<u>100</u>	<u>100</u>
<b>Allotted, called up and fully paid</b>		
2 (2016: 2) ordinary shares of £1 each	<u>2</u>	<u>2</u>

**17. RETAINED EARNINGS**

The account represents cumulative profits or losses, net of dividends paid and other adjustments.

**18. RELATED PARTY TRANSACTIONS**

FRS102 does not require disclosure of transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

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**19. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY**

The Company is a wholly owned subsidiary of Columbia Pictures Corporation Limited a company incorporated in England and Wales.

The ultimate holding company and controlling party is Sony Corporation, a company incorporated in Japan. Sony Corporation is the smallest and largest group for which group financial statements are drawn up. Copies of the financial statements can be obtained from Baker McKenzie, 100 New Bridge Street, London EC4V 6JA.