

2waytraffic UK Rights Limited  
Directors' Report and Financial Statements  
31st March 2010

Company Registration No 02719242

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# 2waytraffic UK Rights Limited

## OFFICERS AND ADVISERS

### DIRECTORS

D Cunningham  
M Morley  
JF Tielens

### COMPANY SECRETARY

JF Tielens

### COMPANY NUMBER

02719242 (England and Wales)

### REGISTERED OFFICE

64 New Cavendish Street  
London  
W1G 8TB

### INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP  
10 Bricket Road  
St Albans  
AL1 3JX  
United Kingdom

# 2waytraffic UK Rights Limited

## DIRECTORS' REPORT

The directors submit their directors' report and the financial statements for the twelve months ended 31 March 2010

### PRINCIPAL ACTIVITIES

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

### REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The directors are pleased to report a substantial improvement in the company's results for the 12 month period ended 31 March 2010 with an operating profit of £7,929,047 (15 months ended 31 March 2009 £21,115,749)

The Company's most significant intellectual property was the brand of "Who Wants To Be A Millionaire?", which accounted for over 80% of all its activities. It continued to be sold into approximately 40 territories around the world, providing revenues from licensing for television and from interactive and consumer products activities. In addition, the company exploited a portfolio of other miscellaneous intellectual property, including the rights to programmes such as You Are What You Eat, No Waste like Home, The Farm, Wheel of Fortune and Turn Back Your Body Clock

For the future, the company intends to use its relationship with other companies within the 2waytraffic 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

### FINANCIAL RISK MANAGEMENT

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, 2waytraffic N V, 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 credit worthiness of new customers is investigated before a sales is made and materials are not delivered before the appropriate contractual documentation is in place

#### 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 US dollar against its reporting currency, the British pound

#### 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

# 2waytraffic UK Rights Limited

## DIRECTORS' REPORT

### DIVIDENDS

The directors have not paid an ordinary interim dividend (2009 £nil) They do not recommend payment of a final dividend (2009 £nil)

### DIRECTORS

The following directors held office during the year and to the point of signature

CG Abrahams (resigned 11/6/10)

JC Oakes (resigned 17/9/10)

JF Tielens

D Cunningham (appointed 5/7/10)

M Morley (appointed 13/7/10)

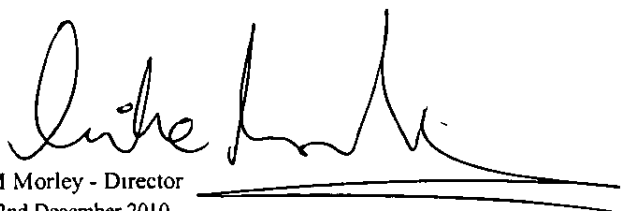
### STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

The directors who held office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the company's auditors are unaware Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the company's auditor

### INDEPENDENT AUDITORS

A resolution to reappoint PricewaterhouseCoopers LLP as auditors will be put to the members at the annual general meeting

On behalf of the board



M Morley - Director

22nd December 2010

## 2waytraffic UK Rights Limited

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

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In accordance with Section 418, directors' reports shall include a statement, in the case of each director in office at the date the directors' report is approved, that

- (a) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware,
- (b) all appropriate steps have been taken in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF 2WAYTRAFFIC UK RIGHTS LIMITED**

We have audited the financial statements of 2waytraffic UK Rights Limited for the period ended 31 March 2010 which comprises, the profit and loss account, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

### **Respective responsibilities of directors and auditors**

As explained more fully in the Directors' Responsibilities Statement 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 the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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.

### **Scope of the Audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31st March 2010 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

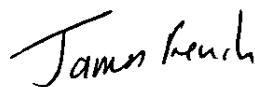
### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which we are required to report by exception**

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



James French (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
St Albans

22nd December 2010

# 2waytraffic UK Rights Limited

## PROFIT AND LOSS ACCOUNT

for the period ended 31 March 2010

	Notes	31st March 2010 £	31st March 2009 £
TURNOVER	1	18,699,412	37,276,795
Cost of sales		(4,456,662)	(12,504,831)
GROSS PROFIT		14,242,750	24,771,964
Administrative expenses		(6,091,753)	(6,617,262)
Other operating income		(221,950)	2,961,047
OPERATING PROFIT		7,929,047	21,115,749
Interest receivable	3	5,793	47,132
loss on sale of fixed assets		-	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2	7,934,840	21,162,881
Taxation	6	(2,797,128)	(6,867,283)
PROFIT FOR THE FINANCIAL PERIOD	12	5,137,712	14,295,598

The operating profit for the period arises solely from the company's continuing operations


# 2waytraffic UK Rights Limited

## BALANCE SHEET

31 March 2010

	Notes	31st March 2010 £	31st March 2009 £
<b>FIXED ASSETS</b>			
Tangible assets	7	472,288	635,059
		<u>472,288</u>	<u>635,059</u>
<b>CURRENT ASSETS</b>			
Debtors	8	50,562,408	43,704,943
Cash at bank and in hand		6,671,935	3,791,052
		<u>57,234,343</u>	<u>47,495,995</u>
<b>CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	9	(23,666,779)	(19,228,912)
<b>NET CURRENT ASSETS</b>		<u>33,567,564</u>	<u>28,267,083</u>
<b>NET ASSETS</b>		<u>34,039,852</u>	<u>28,902,142</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	10	2	2
Profit and loss account	11	34,039,850	28,902,140
<b>SHAREHOLDERS' FUNDS</b>	12	<u>34,039,852</u>	<u>28,902,142</u>

These financial statements were approved by the board of directors on 22nd December 2010 and were signed on its behalf

  
M Morley  
Director



## 2waytraffic UK Rights Limited

### ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements in the United Kingdom

#### BASIS OF ACCOUNTING

The financial statements have been prepared on a going concern basis and in accordance with the Companies Act 2006. They have also been prepared under the historical cost convention and in accordance with applicable accounting standards.

#### CASH FLOW STATEMENT

Under FRS1, the company is exempt from the requirement to prepare a cash flow statement on the grounds that its parent undertaking Sony Corporation of Japan includes the company in its own published consolidated financial statements.

#### RELATED PARTY TRANSACTIONS

As the company is wholly owned subsidiary of Sony Corporation of Japan, the company has taken advantage of the exemption contained in FRS8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties).

#### TANGIBLE FIXED ASSETS

Fixed assets are stated at cost. Depreciation is provided on all tangible fixed assets at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows -

- Leasehold improvements
- Fixtures, fittings and equipment
- Motor vehicles

#### DEFERRED TAX

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

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

# 2waytraffic UK Rights Limited

## ACCOUNTING POLICIES cont'd

### FOREIGN CURRENCY TRANSLATION

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the accounting date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the profit and loss account.

### 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.

### OPERATING LEASES

All leases are "operating leases" and the annual rentals are charged to the profit and loss account on a straight line basis over the lease term.

**2waytraffic UK Rights Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the period ended 31 March 2010

**1 TURNOVER**

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

	31st March 2010	31st March 2009
	£	£
United Kingdom	774,655	9,388,449
United States of America	1,056,877	1,312,690
Europe	8,837,575	15,665,231
Rest of the World	8,030,305	10,910,425
	<u>18,699,412</u>	<u>37,276,795</u>

**2 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION**

	31st March 2010	31st March 2009
	£	£
Profit on ordinary activities before taxation is stated after (crediting)/charging		
Profit on foreign exchange transactions	221,950	(2,961,047)
Profit/loss on sale of fixed assets	83,878	-
Depreciation on owned fixed assets	90,149	248,114
Operating lease expenses - land and buildings	399,310	485,707
	<u></u>	<u></u>

Auditors' remuneration is paid by 2Waytraffic UK Rights Limited The audit fee in relation to the statutory audit for this subsidiary was £47,250 (2009 £57,000)

**3 INTEREST RECEIVABLE**

	31st March 2010	31st March 2009
	£	£
Bank interest	5,793	41,613
Other interest	-	5,519
	<u>5,793</u>	<u>47,132</u>

**2waytraffic UK Rights Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the period ended 31 March 2010

**4 EMPLOYEES**

	31st March 2010	31st March 2009
	No	No
Administration	14	26
Selling and marketing	6	15
Production	8	17
	<u>28</u>	<u>58</u>

	31st March 2010	31st March 2009
	£	£
Staff costs for above persons		
Wages and salaries	2,061,122	3,681,782
Social security costs	127,286	344,399
Other pension costs	54,573	36,468
	<u>2,242,981</u>	<u>4,062,649</u>

12 month period ended 31st March 2010	15 month period ended 31st March 2009
£	£

**5 DIRECTORS' REMUNERATION**

Emoluments	138,680	1,115,147
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Contributions of £6,362 were made by the company to personal pension schemes of directors (2009 £3,675)

15 month period ended 31st March 2010	15 month period ended 31st March 2009
£	£

Emoluments disclosed above include the following amounts paid to the highest paid director

Emoluments	138,680	728,687
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**2waytraffic UK Rights Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the period ended 31 March 2010

<b>6 TAXATION</b>	<b>31st March 2010</b>	<b>31st March 2009</b>
	<b>£</b>	<b>£</b>
Current tax		
UK corporation tax	2,597,397	6,590,223
Prior year corporation tax	326,764	59,455
	<hr/>	<hr/>
	2,924,161	6,649,678
Foreign taxation	(541,695)	(189,130)
Double taxation relief	541,695	189,130
	<hr/>	<hr/>
Total current tax	2,924,161	6,649,678
Deferred taxation		
Current year - Origination and reversal of timing differences	(132,412)	(26,520)
Prior year - Origination and reversal of timing differences	5,379	244,125
	<hr/>	<hr/>
Total deferred tax	(127,033)	217,605
	<hr/>	<hr/>
Total tax charge on ordinary activities	2,797,128	6,867,283
	<hr/>	<hr/>
	<b>31st March 2010</b>	<b>31st March 2009</b>
	<b>£</b>	<b>£</b>
Factors affecting tax charge for period		
Profit on ordinary activities before tax	7,934,840	21,162,881
	<hr/>	<hr/>
Profit on ordinary activities multiplied by standard rate of 28% (2009 28.4%)	2,221,755	6,010,258
Effects of		
Expenses not deductible for tax purposes	33,949	3,605
Adjustment in respect of UK transfer pricing	209,281	166,745
Adjustment in respect of overseas transfer pricing		383,095
Other timing differences	(649)	3,052
Depreciation in excess of capital allowances	133,061	23,468
Adjustment in respect of previous period	326,764	59,455
	<hr/>	<hr/>
Current tax charge for period	2,924,161	6,649,678
	<hr/>	<hr/>

**2waytraffic UK Rights Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the period ended 31 March 2010

7	TANGIBLE FIXED ASSETS	<i>Leasehold Improvements</i>	<i>Fixtures and fittings</i>	<i>Office equipment</i>	<i>Total</i>
		£	£	£	£
	<b>Cost</b>				
	01 April 2009		868,847	70,732	939,579
	Additions	381,397	14,928	0	396,325
	Disposals	0	(508,751)	(48,009)	(556,760)
	31 March 2010	381,397	375,024	22,723	779,144
	<b>Depreciation</b>				
	01 April 2009		271,945	32,575	304,520
	Charged in the period		80,694	9,455	90,149
	Disposals	106,551	(161,737)	(32,627)	(87,813)
	31 March 2010	106,551	190,902	9,403	306,856
	<b>Net book value</b>				
	31 March 2010	274,846	184,122	13,320	472,288
	31 December 2009	0	596,902	38,157	635,059
8	DEBTORS			31st March 2010	31st March 2009
				£	£
	Trade debtors			2,836,400	4,508,089
	Amounts owed by group undertakings			42,246,554	30,343,314
	Other debtors			188,643	74,744
	Prepayments and accrued income			5,290,811	8,778,794
				50,562,408	43,704,941
9	CREDITORS Amounts falling due within one year			31st March 2010	31st March 2009
				£	£
	Trade creditors			521,827	-
	Taxation			4,337,219	2,081,785
	Amounts owed to group undertakings			14,104,937	11,085,360
	Other creditors			4,406,890	3,604,107
	Accruals and deferred income			295,906	2,195,903
	Social security and other taxes			-	261,756
				23,666,779	19,228,911

**2waytraffic UK Rights Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the period ended 31 March 2010

10	<b>SHARE CAPITAL</b>	31st March 2010 £	31st March 2009 £
	Authorised		
	100 ordinary shares of £1 each	100	100
	Allotted, issued and fully paid		
	2 ordinary shares of £1 each	2	2
11	<b>PROFIT AND LOSS ACCOUNT</b>	31st March 2010 £	31st March 2009 £
	31 March 2009 as previously reported	28,902,138	14,439,232
	Prior year adjustment		167,310
		28,902,138	14,606,542
	Profit for the financial period	5,137,712	14,295,596
	31 March 2010	34,039,850	28,902,138
12	<b>RECONCILIATION OF MOVEMENT IN EQUITY SHAREHOLDERS' FUNDS</b>	31st March 2010 £	31st March 2009 £
	Profit for the financial period	5,137,712	14,295,598
	Net movement in equity shareholders' equity	5,137,712	14,295,598
	Opening equity shareholders' equity	28,902,140	14,439,232
	Prior year adjustment		167,310
	Closing equity shareholders' funds	34,039,852	28,902,140
13	<b>COMMITMENTS UNDER OPERATING LEASES</b> At 31 March 2010	31st March 2010 £	31st March 2009 £
	<b>Land and buildings</b>		
	Expiring in the second to fifth year	4,300	4,300
	Expiring after five years	420,000	420,000
		424,300	424,300
14	<b>CONTROL</b> The immediate parent company at 31 March 2010 was CiiI Holdings Limited The ultimate parent undertaking is Sony Corporation in Japan		