Nordic Entertainment Group UK Limited
(formerly Modern Times Group MTG Limited)

Annual report and financial statements

Registered number 2228654

31 December 2017

Contents

Company information
for the year ended 31 December 2017

Directors:	Matthew Rufus Hooper David Chance Andreas Walker Jakob Mejlhede Andersen
Registered office:	Chiswick Green 610 Chiswick High Road London W4 5RU
Registered number:	2228654
Auditor:	KPMG LLP 58 Clarendon Road Watford WD17 1DE

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2017. On 8 June 2018, the company changed its name from Modern Times Group MTG Limited to Nordic Entertainment Group UK Limited.

Dividends

The directors do not recommend the payment of a dividend *(2016: SEK nil).*

Directors

The directors who held office during the year and to the date of this report were as follows:

Matthew Rufus Hooper
David Chance (resigned 6th July 2018)
Andreas Walker (resigned 6th July 2018)
Jakob Mejlhede Andersen (resigned 6th July 2018)
Kevin Edward White (appointed 6th July 2018)
Adrian Howard Dicker (appointed 6th July 2018)
Anders Ytrup Jensen (appointed 6th July 2018)

None of the Directors who held office as at the end of the financial year and to the date of this report had any disclosable interest in the shares of the company.

Political and charitable contributions

The company made no political contributions during the year *(2016: SEK nil).*

Disclosure of information to Auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's 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 KPMG LLP will therefore continue in office.

On behalf of the board

Kevin White
Director

Chiswick Green
610 Chiswick High Road
London W4 5RU

28 September 2018

Strategic report

Principal activity and future developments

The principal activity of the company is the broadcast of television channels distributed via cable and satellite to homes in Scandinavia.

Business review

Turnover in the year increased to SEK 6,898 million *(2016: SEK 6,610 million)*. The revenue potential of the company is directly linked to the market development, as the main source of revenue for the company is generated via the selling of advertising time on their channels. Internet based advertising sales as well as subscription revenue received from distributing the channels via web based solutions is becoming an increasingly significant part of the business and is expected to grow further in the coming years.

The business continues to focus on certain key performance indicators, namely Earnings before Interest and Tax (EBIT) which for the year was SEK 343 million *(2016: SEK 550 million)*.

Risk and uncertainties

Risks to the business remain around its reliance on advertising spending, which makes the company's revenues responsive to fluctuations in advertising spending in each of the markets where its channels are broadcast via satellite or cable. Advertising spending is linked to the general economic environment in each market, and as such is likely to follow a cyclical pattern. The development of cost associated with creating the channels is furthermore dependent both on the competitive climate in each market at any given time and on the general development of prices of goods in each market. Changes in consumer demand for watching TV from linear to on demand viewing has been influential. The company operates in a dynamic market and as such will be affected by the actions of its competitors when it comes to, for example, the targeted demographic of new or existing channels, or the pricing policy adopted. The increasing shift towards online viewing and platforms could also potentially make the business a target for cyber-attacks, intrusions, disruptions or denials of service.

The enactment of Article 50 of the Lisbon Treaty will trigger political and regulatory change affecting the whole of the UK economy in the medium to long term. Although the nature of the changes to come is currently very unclear, management will be closely monitoring the situation.

Foreign exchange risk arises principally on programme acquisitions. The company mitigates the risk through foreign exchange contracts.

Financial instruments

The company had net cash of SEK 882 million *(2016: SEK 1,054 million)* at the balance sheet date.

The company reports transactions in SEK as the majority of revenue and costs are recognised in SEK though certain transactions are denominated in foreign currencies. Studio contracts are typically denominated in US dollars whereas staff costs are denominated in Sterling. Consequently, exposure to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters through hedging of such exposures.

The company's only loan exposure is with a group company and thus it does not consider it necessary to adopt any procedures, through hedging or otherwise, to limit exposure to interest rate fluctuations.

Strategic report *(continued)*

Employees

Details of the number of employees and related costs can be found in note 5 to the financial statements.

Applications for employment by disabled persons are considered fully, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the company continues and that appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

The company participates in various policies and practices to keep employees informed on matters relevant to them through appropriate means, such as employee meetings and internal publications.

Environmental matters

Nordic Entertainment Group UK Limited recognises the importance of its environmental responsibilities. The company aims to reduce any damage that might be caused by the company's activities.

Forward-looking review

The company has been focussed on streamlining the company and preparing for profitable growth. The company continues to invest in new products in geographic sectors where Nordic Entertainment Group UK Limited brand awareness has proven to work.

Kevin White
Director

Chiswick Green
610 Chiswick High Road
London W4 5RU

28 September 2018

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 UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

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;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Independent auditor's report to the members of Nordic Entertainment Group UK Limited

Opinion

We have audited the financial statements of Nordic Entertainment Group UK Limited ("the company") for the year ended 31 December 2017 which comprise the Statement of Profit and Loss Account and Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 5, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.

C. Anderson

Charlotte Anderson (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
58 Clarendon Road
Watford
WD17 1DE

28 September 2018

Statement of Profit and Loss Account and Other Comprehensive Income

for the year ended 31 December 2017

	Note	**2017**	2016
		SEK000	SEK000
Turnover	*2*	**6,897,784**	6,610,430
Production & transmission expenses		**(2,889,411)**	(3,012,410)
Gross profit		**4,008,373**	3,598,020
Selling and distribution costs		**(3,102,590)**	(2,806,388)
Administrative expenses		**(562,966)**	(228,873)
Loss on sale of fixed assets		**-**	(13,185)
Operating profit		**342,817**	549,574
Interest receivable and similar income	*6*	**17,459**	10,630
Interest payable and similar charges	*7*	**(12,101)**	(50,886)
Profit on ordinary activities before taxation	*3*	**348,175**	509,318
Tax on profit on ordinary activities	*8*	**(35,897)**	(153,155)
Profit for the financial period		**312,278**	356,163
Other comprehensive income, after tax			
Items that are or may be reclassified subsequently to profit or loss:			
Effective portion of changes in fair value of cash flow hedges		**(123,030)**	26,496
Net change in fair value of cash flow hedges reclassified to profit or loss		**-**	(1,484)
Income tax on items that are or may be reclassified subsequently to profit or loss		**23,070**	(4,769)
Other comprehensive for the year, net of income tax		**(99,960)**	20,243
Total comprehensive income for the year		**212,318**	376,406

The notes on pages 11 to 32 form an integral part of these financial statements.

Balance Sheet
at 31 December 2017

	Note	**2017**		2016	
		SEK000	**SEK000**	SEK000	SEK000
Intangible assets	*9*		**1,891,776**		1.891.776
Tangible assets	*10*		**16,798**		27,660
Investments	*11*		**1,199,621**		769,343
			3,108,195		2,688,779
Current assets					
Stock	*12*	**1,232,673**		1,040,556	
Debtors (including SEK 293,857k due after more than one year 2016: SEK 294,126k)	*13*	**2,348,660**		2,680,756	
Cash at bank and in hand		**881,718**		1,054,455	
		4,463,051		4,775,767	
Creditors: amounts falling due within one year	*14*	**(3,325,253)**		(2,835,199)	
Net current assets			**1,137,798**		1,940,568
Total assets less current liabilities			**4,245,993**		4,629,347
Creditors: amounts falling due after more than one year	*15*		**-**		(598,856)
Provisions for liabilities	*16*		**(121,928)**		(131,831)
Net assets			**4,124,065**		3,898,660
Capital and reserves					
Called up share capital	*18*		**1,721,636**		1,721,636
Retained earnings			**2,400,788**		2,088,510
Other reserves			**1,641**		88,514
Shareholders' funds			**4,124,065**		3,898,660

The notes on pages 11 to 32 form an integral part of these financial statements.

These financial statements were approved by the board of directors on 28 September 2018 and were signed on its behalf by:

Kevin White
Director
Company registered number: 2228654

Statement of Changes in Equity

For the year ended 31 December 2017

	Ordinary Share reserve	Options reserve	Hedge Equity	Retained earnings	Total Equity
	SEK000	SEK000	SEK000	SEK000	SEK000
Balance at 1 January 2016	**1,721,636**	**10,024**	**53,562**	**1,733,831**	**3,519,053**
Profit for the year	-	-	-	356,163	356,163
Other comprehensive income	-	-	21,727	(1,484)	20,243
Total comprehensive income for the year	-	-	21,727	354,679	376,406
Transactions with owners, recorded directly in equity					
Equity-settled share based payment transactions	-	3,201	-	-	3,201
Balance at 31 December 2016	**1,721,636**	**13,225**	**75,289**	**2,088,510**	**3,898,660**
Profit for the year	-	-	-	312,278	312,278
Other comprehensive income	-	-	(99,960)	-	(99,960)
Total comprehensive income for the period	-	-	(99,960)	312,278	212,318
Transactions with owners, recorded directly in equity					
Equity-settled share based payment transactions	-	13,087	-	-	13,087
Balance at 31 December 2017	**1,721,636**	**26,312**	**(24,671)**	**2,400,788**	**4,124,065**

The notes on pages 11 to 32 form an integral part of these financial statements.

Notes
(forming part of the financial statements)

1 Accounting policies

Basis of preparation

Nordic Entertainment Group UK Limited (the "Company") is a company incorporated, domiciled and registered in the UK. The registered number is 2228654 and the registered address is 610 Chiswick High Road, London W4 5RU.

The Company is exempt by virtue of s401 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

The company reports transactions in SEK. As the majority of revenue and costs are recognised in SEK, the functional currency of the entity is also SEK. All financial information presented has been rounded to the nearest one thousand.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

These financial statements have been prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101").

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company's ultimate parent undertaking, Modern Times Group MTG AB., includes the Company in its consolidated financial statements. The consolidated financial statements of Modern Times Group MTG AB are available from Skeppsbron 18, Box 2094, S-103 13, Stockholm, Sweden.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- A Cash Flow Statement and related notes;
- Comparative period reconciliations for fixed assets and share capital;
- Disclosures in respect of the compensation of Key Management Personnel; and
- Disclosures in respect of capital management.

As the consolidated financial statements of Modern Times Group AB. include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- IFRS 2 *Share Based Payments* in respect of group settled share based payments
- Certain disclosures required by IAS 36 *Impairment of assets* in respect of the impairment of goodwill and indefinite life intangible assets.
- Certain disclosures required by IFRS 3 *Business Combinations* in respect of business combinations undertaken by the Company in prior periods including the comparative period reconciliation for goodwill; and
- Certain disclosures required by IFRS 13 *Fair Value Measurement* and the disclosures required by IFRS 7 *Financial Instrument Disclosures.*

The Company proposes to continue to adopt the reduced disclosure framework of FRS101 in its next financial statements.

Notes *(continued)*

1 Accounting policies *(continued)*

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

1.1 Measurement convention

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments and financial instruments classified as fair value through the profit or loss or as available-for-sale. Non-current assets and disposal groups held for sale are stated at the lower of previous carrying amount and fair value less costs to sell.

1.2 Going concern

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 3 to 4. The company has considerable financial resources together with long-term relationships with a number of customers and suppliers across different geographic areas and industries. As a consequence, the directors believe that the company is well placed to manage its business risks successfully.

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

1.3 Foreign currencies

Transactions in foreign currencies are translated to the Company's functional currencies at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account except for differences arising on the retranslation of qualifying cash flow hedges, which are recognised in other comprehensive income.

1.4 Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other debtors, cash and cash equivalents, loans and borrowings, and trade and other creditors.

Trade and other debtors

Trade and other debtors are recognised initially at fair value and subsequently at amortised cost. Trade receivables are reported net of impairment provisions, which due to the nature of the customer base are not significant.

Trade and other creditors

Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Investments in debt and equity securities

Investments in subsidiaries are carried at cost less impairment.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents.

Notes *(continued)*

1 Accounting policies *(continued)*

1.5 Derivative financial instruments and hedging

Derivative financial instruments

Derivative financial instruments, including forward foreign exchange contracts, are recognised at fair value. The gain or loss on re-measurement to fair value is recognised immediately in the profit or loss account. However, where derivatives qualify for hedge accounting, as do the forward foreign exchange contracts, recognition of any resultant gain or loss depends on the nature of the item being hedged (see below).

Cash flow hedges

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in other comprehensive income. Any ineffective portion of the hedge is recognised immediately in the profit and loss account. The forward foreign exchange contracts have been designated as effective hedges and all gains and losses are recognised directly in other comprehensive income.

If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gains and losses that were recognised directly in equity are reclassified into profit or loss in the same period or periods during which the asset acquired or liability assumed affects profit or loss, i.e. when interest income or expense is recognised.

For cash flow hedges, other than those covered by the preceding two policy statements, the associated cumulative gain or loss is removed from equity and recognised in the profit and loss account in the same period or periods during which the hedged forecast transaction affects profit or loss.

When a hedging instrument expires or is sold, terminated or exercised, or the entity revokes designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is recognised in the profit and loss account immediately.

1.6 Tangible fixed assets

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

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. The estimated useful lives are as follows:

Machinery and equipment	-	3 to 10 years
Fixture and fittings	-	5 to 7 years
Software	-	5 years
Leasehold improvements	-	life of lease

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date

Notes *(continued)*

1 Accounting policies *(continued)*

1.7 Intangible assets

Goodwill

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units. It is not amortised but is tested annually for impairment. This is not in accordance with The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 which requires that all goodwill be amortised. The directors consider that this would fail to give a true and fair view of the profit for the year and that the economic measure of performance in any period is properly made by reference only to any impairment that may have arisen. It is not practicable to quantify the effect on the financial statements of this departure

1.8 Stocks

Program licenses and rights are presented in the balance sheet as stock, at the lower of cost and net realisable value, from the time the program is available for broadcast. Invoices received before a program is available for broadcast are accounted for under prepayments. Unpaid invoices and liabilities for stock not yet invoiced are accounted for under creditors.

Programmes and film rights

Inventories denominated in a foreign currency are fixed at the hedge rate at date of asset recognition and not subsequently retranslated at future reporting dates. Trade creditors are presented at the rate prevailing at the balance sheet date (unless otherwise contracted).

Programs are amortised when broadcast, in regressive instalments proportional to anticipated income over all anticipated transmissions.

Amounts contracted but not accounted for in the balance sheet are set out in note 19.

Sports and other rights

Sports and other rights purchased separately are capitalised at their cost. These are amortised to nil by equal annual instalments over their useful economic lives, generally their unexpired periods.

1.9 Impairment excluding stocks, and deferred tax assets

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Notes *(continued)*

1 Accounting policies *(continued)*

1.9 Impairment excluding stocks, and deferred tax assets (continued)

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units, or ("CGU"). Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a *pro rata* basis.

An impairment loss in respect of goodwill is reversed if and only if the reasons for the impairment have ceased to apply.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.10 Employee benefits

The company operates a defined contribution pension scheme.

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

Notes *(continued)*

1 Accounting policies *(continued)*

1.10 Employee benefits (continued)

Share-based payment transactions

Share-based payment arrangements in which the Company receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, regardless of how the equity instruments are obtained by the Company.

The share option programme allows employees to acquire shares of the parent company MTG Modern Times Group AB. The grant date fair value of share-based payments awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to the awards. The fair value of the awards granted is measured using an option valuation model, taking into account the terms and conditions upon which the awards were granted. The amount recognised as an expense is adjusted to reflect the actual number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no adjustment for differences between expected and actual outcomes.

1.11 Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

1.12 Turnover

Revenue under IAS 18 is stated exclusive of VAT and trade discounts and is comprised of the following key classes of revenue which are recognised as follows:

Advertising revenues are recognised at the time of broadcast.

Distribution revenues are recognised as the services are provided to the third party platforms, based on the number of subscribers taking the channels.

Revenue from the sale of services is recognised when the services are provided.

1.13 Expenses

Operating lease payments

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease. Lease incentives received are recognised in the profit and loss account as an integral part of the total lease expense.

Notes *(continued)*

1 Accounting policies *(continued)*

1.14 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Notes *(continued)*

2 Analysis of turnover

The turnover and pre-tax profit is attributable to the broadcast of television channels distributed to consumers in Scandinavia.

An analysis of turnover by geographical market is given below:

	2017	2016
	SEK000	SEK000
Sweden	**2,644,190**	2,617,413
Denmark	**2,919,185**	2,721,974
Norway	**1,334,409**	1,271,043
	6,897,784	6,610,430

3 Profit and loss account

	2017	2016
	SEK000	SEK000
Depreciation of tangible fixed assets (see note 10)	**6,231**	20,430
Office rent - operating leases	**17,486**	15,566
Hire of other assets - operating leases	**92**	66
Loss on disposal of fixed assets	**-**	13,185

Auditor's remuneration:

	2017	2016
	SEK000	SEK000
Audit of these financial statements	**1,507**	2,117

Notes *(continued)*

4 Directors' remuneration

	2017	2016
	SEK000	SEK000
Directors' remuneration	**20,568**	19,832
Company contributions to money purchase pension schemes	**907**	927
	21,475	20,759

The aggregate of emoluments and amounts receivable under long term incentive schemes of the highest paid director was SEK 7,911k *(2016: SEK 7,945k)* and company pension contributions of SEK 314k *(2016: SEK 357k)* were made to a money purchase scheme on his behalf. During the current and prior year, the highest paid director exercised share options and received shares in the parent company under a long-term incentive scheme. One directors is paid by another group company – his remuneration applicable to this entity is considered negligible.

	Number of directors	
	2017	2016
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	**4**	3

5 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2017	2016
Administration	**41**	46
Marketing	**3**	5
Programme acquisition and planning	**33**	33
Programme production	**47**	45
Programme preparation	**32**	86
	156	215

The aggregate payroll costs of these persons were as follows:

	2017	2016
	SEK000	SEK000
Wages and salaries	**128,798**	148,774
Social security costs	**14,164**	16,984
Pension contributions (note 22)	**6,230**	7,819
Share based payment expense	**13,713**	3,201
	162,905	176,778

Notes *(continued)*

6 Interest receivable and similar income

	2017 SEK000	2016 SEK000
Interest receivable from group undertakings	**9,074**	6,191
Dividend income from shares in group undertakings	**8,385**	4,439
	17,459	10,630

7 Interest payable and similar charges

	2017 SEK000	2016 SEK000
Interest on loans from parent undertakings	**11,649**	20,660
Interest on overdue payments	**16**	4
Present value discount on interest free loan to 3rd Party	**427**	27,498
Other	**9**	2,724
	12,101	50,886

Notes *(continued)*

8 Taxation

Analysis of charge in period recognised in the profit and loss account

	2017	2016
	SEK000	SEK000
UK corporation tax		
Current tax on income for the period	**69,317**	155,039
Adjustments in respect of prior periods	**(43,800)**	(7,025)
Total current tax charge	**25,517**	148,014
Deferred tax (see note 17)		
Current year	**(2,736)**	(7,234)
Adjustment in respect of previous period	**12,498**	11,579
Effect of change in tax rate	**618**	796
	10,380	5,141
	35,897	153,155

Tax recognised in Other Comprehensive Income

	2017	2016
	SEK000	SEK000
Effective portion of changes in fair value of cash flow hedges	**(23,070)**	4,769

Factors affecting tax charge for the current period

The current tax charge for the year is lower *(2016: higher)* than the standard rate of corporation tax in the UK 19.25%, *(2016: 20%)*. The differences are explained below.

	2017	2016
	SEK000	SEK000
Current tax reconciliation		
Profit on ordinary activities before tax	**348,175**	509,318
Current tax at 19.25% *(2016: 20.00%)*	**67,023**	101,864
Effects of:		
Expenses not deductible	**1,458**	46,829
Adjustments to tax charge in respect of previous periods	**(31,302)**	4,554
Tax rate changes	**442**	796
Income not taxable	**(1,724)**	(888)
Total current tax charge (see above)	**35,897**	153,155

The 2015 Summer Budget in July 2015 announced two further changes to the main rate of corporation tax, which is expected to reduce from 20% to 19% from 1 April 2017 and to 18% from 1 April 2020. In the 2016 Budget, the Chancellor announced a further amendment to the main rate of corporation tax from 1 April 2020 to 17% which succeeds the main corporation tax rate of 18% announced in the 2015 Summer Budget. As these changes have been substantively enacted at the balance sheet date they have reflected in the tax figures for the year ended 31 December 2017.

Notes *(continued)*

9 Intangible assets

	Goodwill SEK000
Cost	
At beginning of year	2,079,197
At end of year	**2,079,197**
Amortisation	
At beginning of year	187,421
Charged in year	-
At end of year	**187,421**
Net book value	
At 31 December 2017	**1,891,776**
At 31 December 2016	1,891,776

Impairment testing

All goodwill relates to the MTG UK cash generating unit (sole cash generating unit).

The recoverable amount of the cash generating unit has been calculated with reference to its value in use.

The key assumptions of this calculation are shown below:

	2017	2016
Period on which management approved forecasts are based	**Perpetuity**	Perpetuity
Growth rate applied beyond approved forecast period	**2.5%**	2.5%
Discount rate	**12%**	12%

The growth rates used in value in use calculation reflect the average growth rate experienced by the Company for the product industry, and market. Note that no reasonably possible change in a key assumption would cause the CGU to exceed its recoverable amount.

Notes *(continued)*

10 Tangible assets

	Leasehold improvements	Machinery and equipment	Software	Fixtures and fittings	Total
	SEK000	SEK000	SEK000	SEK000	SEK000
Cost					
At beginning of year	18,806	22,648	7,058	4,116	52,628
Additions	-	726	1,301	-	2,027
Reclassification	-	(361)	71	-	(290)
Disposal	(6,808)	(5,092)	-	-	(11,900)
At end of year	**11,998**	**17,921**	**8,430**	**4,116**	**42,465**
Depreciation					
At beginning of year	4,261	16,643	2,590	1,474	24,968
Charge for year	1,281	3,290	1,562	98	6,231
Reclassification	-	(14)	14	-	-
Disposal	(2,263)	(3,269)	-	-	(5,532)
At end of year	**3,279**	**16,650**	**4,166**	**1,572**	**25,667**
Net book value					
At 31 December 2017	**8,719**	**1,271**	**4,264**	**2,544**	**16,798**
At 31 December 2016	14,545	6,005	4,468	2,642	27,660

All leasehold improvements relate to long leasehold buildings.

Notes *(continued)*

11 Fixed asset investments

	Group Undertakings
Cost and net book value	**SEK000**
At beginning of year	**769,343**
Nice Entertainment capital contribution	**430,278**
At end of year	**1,199,621**

During the year Monster Format AS has merged into Monster Entertainment AS and Nice Talent AS has been dissolved. Playroom AS has merged into A Nice Company AS. The company has the following holdings at year end:

Subsidiary undertakings	Country of incorporation (address)	Classes of shares held	Principal activity
3 DRG Ltd	England & Wales (1)	94.88% Ordinary Shares	Media
Alchemy TV Distribution Ltd	England & Wales (1)	94.88% Ordinary Shares	Media
An Awfully Big Production Company Ltd	England & Wales (1)	94.88% Ordinary Shares	Media
C4I Distribution Ltd	England & Wales (1)	94.88% Ordinary Shares	Media
Click TV Ltd	England & Wales (1)	94.88% Ordinary Shares	Media
Coming Home Ltd	England & Wales (1)	94.88% Ordinary Shares	Media
Dancemerit Ltd	England & Wales (1)	94.88% Ordinary Shares	Media
Digital Rights Group Ltd	England & Wales (1)	94.88% Ordinary Shares	Media
DRG America Ltd	England & Wales (1)	94.88% Ordinary Shares	Media
I D Distribution Ltd	England & Wales (1)	94.88% Ordinary Shares	Media
IR2 Ltd	England & Wales (1)	94.88% Ordinary Shares	Media
Nancherrow Ltd	England & Wales (1)	94.88% Ordinary Shares	Media
Ovation TV Distribution Ltd	England & Wales (1)	94.88% Ordinary Shares	Media
Portman Acquisitions Ltd	England & Wales (1)	94.88% Ordinary Shares	Media
Portman Entertainment Ltd	England & Wales (1)	94.88% Ordinary Shares	Media
Portman Film and Television Ltd	England & Wales (1)	94.88% Ordinary Shares	Media
Portman Media Assets (No 2) Ltd	England & Wales (1)	94.88% Ordinary Shares	Media
Portman Media Assets Ltd	England & Wales (1)	94.88% Ordinary Shares	Media
Portman Productions Ltd	England & Wales (1)	94.88% Ordinary Shares	Media
Saigon Productions Ltd	England & Wales (1)	94.88% Ordinary Shares	Media
This is your Life experience Ltd	England & Wales (1)	94.88% Ordinary Shares	Media
Trace UK World Ltd	England & Wales (4)	75% Ordinary Shares	Media
Zeal Entertainment Ltd	England & Wales (1)	94.88% Ordinary Shares	Media
DRG America LLC	USA (3)	94.88% Ordinary Shares	Media
NICE Entertainment Group OY	Finland (19)	100% Ordinary Shares	Media
Nice Entertainment Sweden AB	Sweden (22)	100% Ordinary Shares	Media
NICE DRAMA AB	Sweden (13)	100% Ordinary Shares	Media
BALUBA AB	Sweden (23)	100% Ordinary Shares	Media
TITAN TELEVISION AB	Sweden (12)	100% Ordinary Shares	Media
Filmen Hundraåringen AB	Sweden (9)	50% Ordinary Shares	Media
Nice FLX Pictures AB	Sweden (9)	50% Ordinary Shares	Media
GONG Media Aps	Denmark (8)	100% Ordinary Shares	Media

Notes *(continued)*

11 Fixed asset investments *(continued)*

Subsidiary undertakings	Country of incorporation (address)	Classes of shares held	Principal activity
Nice Entertainment Finland OY	Finland (19)	100% Ordinary Shares	Media
Moskito Television Oy	Finland (19)	100% Ordinary Shares	Media
Moskito Sport Oy	Finland (19)	100% Ordinary Shares	Media
Production House Oy Finland	Finland (15)	100% Ordinary Shares	Media
Grillifilms Oy	Finland (5)	60% Ordinary Shares	Media
Production Service Finland Oy	Finland (19)	70% Ordinary Shares	Media
NSR Scandinavia AB	Sweden (25)	47.03% Ordinary Shares	Media
Angel Films Oy	Finland (21)	100% Ordinary Shares	Media
Dagsljus Teknik AB	Sweden (11)	100% Ordinary Shares	Media
A Nice Company AS	Norway (18)	100% Ordinary Shares	Media
One Big Happy Family AS	Norway (18)	100% Ordinary Shares	Media
Monster AS	Norway (18)	100% Ordinary Shares	Media
Rakett AS	Norway (14)	100% Ordinary Shares	Media
NiceOne AS	Norway (18)	100% Ordinary Shares	Media
Monster Entertainment AS	Norway (18)	100% Ordinary Shares	Media
Monster Scripted AS	Norway (18)	100% Ordinary Shares	Media
Playroom Music AS	Norway (18)	100% Ordinary Shares	Media
Playroom Event AS	Norway (18)	100% Ordinary Shares	Media
Monster Grenseland AS	Norway (18)	100% Ordinary Shares	Media
Dagsljus Filmequipment AB	Sweden (26)	100% Ordinary Shares	Media
Matador Film AB	Sweden (27)	100% Ordinary Shares	Media
Trace Partners SAS	France (6)	75% Ordinary Shares	Media
Trace TV SA	France (6)	75% Ordinary Shares	Media
Trace Asia SDC BHD	Malaysia (7)	75% Ordinary Shares	Media
Trace TV PTY Ltd	South Africa (2)	75% Ordinary Shares	Media
Trace Cameroun	Cameroon (16)	36.75% Ordinary Shares	Media
Fondation d'Enterprise Trace	France (6)	75% Ordinary Shares	Media
Radio Bis - Trace FM	France (10)	75% Ordinary Shares	Media
Trace West Africa Ltd	Ivory Coast (16)	33.75% Ordinary Shares	Media
Trace Ivory Coast Ltd	Ivory Coast (16)	20.58% Ordinary Shares	Media
MTG TV A/S	Norway (24)	100% Ordinary Shares	Sales Office
MTG TV AB	Sweden (20)	100% Ordinary Shares	Sales Office
MTG TV AS	Denmark (24)	100% Ordinary Shares	Sales Office
TV8 AB	Sweden (20)	100% Ordinary Shares	Media
Airtime Sales AB	Sweden (17)	50% Ordinary Shares	Media

Notes *(continued)*

11 Fixed asset investments (continued)

The registered offices of these companies are as follows:

1. 610 Chiswick High Road, London, UK. W4 5RU
2. 3 C SOMERSET OFFICE ESTATE, 1738 Roodepoort
3. 30th Floor, 535 Fifth Avenue, NY 10017, USA
4. 36-38 Westbourne Grove, London, UK, W2 5SH
5. 29 sisäpiha Inner court, Tehtaankatu 27, Helsinki
6. 73 Rue Henri Barbusse, Clichy, 92110, France
7. 7-8 Jalan Permai, 50460 Kuala Lumpur
8. Bispevej 29, 2400 Copenhagen NV
9. Box 2337,103 18 Stockholm
10. Etang Z Abricot 7 Ctre Aff Le Lagon, 97200 FORT
11. Exportgatan 38D, 422 46 Hisings Backa
12. Frihamnsgatan 28 (Magasin 3), 115 56 Stockholm
13. Frihamnsgatan 28, 115 56 Stockholm
14. Froyas Gate 15, 0273 Oslo
15. Höyläämöntie 18A, Helsinki 00380
16. II Plateaux, 08 BP4180, Abidjan, Côte d'Ivoire
17. Karlavagen 65, SE-114 49 Stockholm
18. Molleparken 2, 0459 Oslo
19. Pursimiehenkatu 29-31A, Helsinki 00150
20. Ringvägen 52, Box 17054, 118 67 Stockholm
21. Sahaajankatu 28, Helsinki 00880
22. Sandhamnsgatan 63B, 115 28 Stockholm
23. SANKT ERIKSGATAN 121, 113 43 Stockholm
24. Strandlodsvej 30, 2300 Copenhagen
25. Vasterberga alle 60, 126 30 Hagersten
26. Västberga Alle 60, 126 75 Stockholm
27. Grev Turegatan 21, 114 38 Stockholm

As stated in note 1, the company has taken advantage of the exemptions provided by FRS 101 and has therefore not disclosed transactions or balances with wholly owned entities which form part of the group.
In addition, the company has acquired content and other services with Digital Rights Group Ltd to the value SEK 1,823k *(2016: SEK 2,675k)* and has an outstanding balance at 31 December 2017 of SEK nil *(2016: SEK nil)*. The financial statements also include an intercompany loan receivable due from Digital Rights Group Ltd of SEK 178,716k *(2016: SEK 185,946k)* on which interest of SEK 5,651k *(2016: 4,902k)* has been received in the year. Furthermore, acquired content and services with Nice Entertainment Group Oy and subsidiaries totalled SEK 53,701k *(2016: SEK 151,671k)* and outstanding balance at 31 December 2017 of SEK nil *(2016: SEK nil). In addition,* the financial statements also include an intercompany loan receivable due from Monster Scripted AS of SEK 19,838k *(2016: SEK nil)* on which interest of SEK 842k *(2016: nil)* has been received in the year.

Subsequent to the year end the Company acquired the remaining 7% shares of Digital Rights Group. As a result of this, the Company now owns 100% interest in Digital Rights Group and its subsidiaries.

12 Stock

	2017	2016
	SEK000	SEK000
Finished goods - Program licenses	**1,232,673**	1,040,556

Notes *(continued)*

13 Debtors

	2017	2016
	SEK000	SEK000
Trade debtors	**222,461**	282,499
Amounts owed by group undertakings	**198,554**	185,946
Amounts owed by subsidiary undertakings	**16,974**	30,009
Other debtors	**133,572**	438,556
Prepayments and accrued income	**1,777,099**	1,743,746
	2,348,660	2,680,756

Included under amounts owed by group undertakings is SEK 198,554k (2016: SEK 185,946k) due after more than one year with total interest charged to group undertakings of SEK 6,493k (2016: SEK 4,903k). This is subject to an interest rate of 3 month STIBOR + 1.6%. Included under Other Debtors is SEK 95,303k (2016: 108,180k) due after more than one year.

14 Creditors: amounts falling due within one year

	2017	2016
	SEK000	SEK000
Trade creditors	**944,522**	1,350,776
Amounts owed to other group undertakings	**442,218**	106,959
Obligations under contracts to acquire film rights	**1,011,207**	982,340
Corporation tax	**7,577**	101,751
Deferred tax	**6,387**	19,077
Other taxation and social security	**2,694**	2,766
Accruals and deferred income	**315,648**	271,530
Loans from parent undertaking	**595,000**	-
	3,325,253	2,835,199

15 Creditors: amounts falling due after more than one year

	2017	2016
	SEK000	SEK000
Loans from parent undertaking	**-**	595,000
Acquired film rights	**-**	3,856
	-	598,856

Notes *(continued)*

16 Provisions for liabilities

	Other provisions SEK000
At beginning of year	**131,831**
Charge to profit and loss for the year	**74,445**
Utilised in the year	**(84,348)**
At end of year	**121,928**

Other provisions relate to accrued compensation for music played on the TV channels payable to various collecting societies in the UK, Sweden, Norway and Denmark, pending finalisation of agreements with these parties.

17 Deferred taxation

The elements of deferred taxation are as follows:

	2017 SEK000	2016 SEK000
Deferred tax in relation to tangible assets, intangible assets and financial assets	**(6,387)**	(19,077)
Undiscounted deferred tax liability	**(6,387)**	(19,077)

	2017 SEK000
At beginning of year	**(19,077)**
Charge to the profit and loss for the year	**2,118**
Adjustment in respect of prior year	**(12,498)**
Charge to other comprehensive income	**23,070**
At end of year	**(6,387)**

Notes *(continued)*

18 Capital and Reserves

Called up share capital

	2017	2016
	SEK000	SEK000
Allotted, called up and fully paid		
100 Ordinary shares of £1 each	**1**	1
127,000,000 redeemable ordinary shares of £1 each	**1,721,635**	1,721,635
	1,721,636	1,721,636

Ordinary Share reserve

Represents the nominal value of ordinary shares.

Options reserve

Represents the equity element of share based payment transactions

Hedge Equity reserve

Represents the effective portion of changes in fair value of cash flow hedges.

Retained earnings reserve

Represents retained profits less losses and distributions

Notes *(continued)*

19 Programme and film rights commitments

Amounts contracted for but not provided for in the accounts amounted to SEK 6,749,485k *(2016: SEK 6,655,025k).*

20 Financial instruments

20 (a) – Fair values of financial instruments

The fair values of all financial assets and financial liabilities held for trading with their carrying amounts shown in the balance sheet are as follows:

	Fair value 2017 SEK000	Fair value 2016 SEK000
Forward exchange contracts	**(35,778)**	(20,480)
	(35,778)	(20,480)

Financial liabilities held for trading comprise of Forward exchange contracts.

Class of financial instruments measured at fair value	**Valuation technique**
Forward exchange contracts	Fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

20 (b) – Cash flow hedges

The following table indicates the periods in which the cash flows associated with cash flow hedging instruments are expected to occur:

	Contractual cash flows 2017 **SEK000**	**1 year or less** 2017 **SEK000**	**1 year or less** 2017 **SEK000**	**Contractual cash flows** 2016 **SEK000**	**1 year or less** 2016 **SEK000**	**1 to <2 years** 2016 **SEK000**
Forward exchange contracts:						
Assets	-	-	-	-	-	-
Liabilities	(35,778)	(35,778)	-	(20,480)	(20,480)	-

Notes *(continued)*

21 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	2017	2016
	SEK000	SEK000
Less than one year	**39,409**	33,325
Between one and five years	**157,634**	133,300
More than five years	**193,759**	195,502
	390,802	362,127

Total future minimum receipts under non-cancellable operating subleases are as follows:

	2017	2016
	SEK000	SEK000
Less than one year	**(25,469)**	(12,775)
Between one and five years	**(93,383)**	(51,098)
More than five years	**(114,783)**	(74,987)
	(233,635)	(138,860)

22 Pension scheme

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge for the period represents contributions payable by the company to the scheme and amounted to SEK 6,230k *(2016: SEK 7,819k).*

Contributions totalling SEK 782k *(2016: SEK 706k)* were payable to the scheme at the year end.

Notes *(continued)*

23 Share based payments

The Incentive schemes in operation are available to Senior executives and other key employees. The participants are awarded shares in the ultimate parent free of charge when certain performance conditions are met. A 3 year holding period before vesting is required.

The 2014 scheme gave the Senior executives the right to performance shares depending on the fulfilment of certain stipulated goals. The rights to performance shares were granted by the company free of charge at the beginning of June 2014, and were exercised after the release of the interim report for Q1 2017. Dividends paid on underlying shares during the vesting period increased the number of performance shares in order to treat the shareholders and the participants equally.

The 2015 scheme is changed compared to the previous programmes in that three different performance criteria are included. The rights to performance shares were granted by the company free of charge at the beginning of June 2015, and may be exercised the day following the release of the interim report for Q1 2018. Dividends paid on underlying shares during the vesting period will increase the number of performance shares in order to treat the shareholders and the participants equally.

The 2016 scheme operates on the same basis as the 2015 scheme. The rights to performance shares were granted by the company free of charge at the beginning of June 2016, and may be exercised the day following the release of the interim report for Q1 2019. Dividends paid on underlying shares during the vesting period will increase the number of performance shares in order to treat the shareholders and the participants equally.

The 2017 scheme was changed compared to the previous programmes in that there are four different performance criteria included. The rights to performance shares were granted by the company free of charge at the beginning of June 2017, and may be exercised the day following the release of the interim report for Q1 2020. Dividends paid on underlying shares during the vesting period will increase the number of performance shares in order to treat the shareholders and the participants equally.

There were no outstanding options as per 31 December 2017 and other rights are free of charge. The weighted average remaining contractual life is 1.6 (1.6) years and the charge for the year was SEK13,713k.

24 Parent undertaking and controlling party

The immediate parent undertaking is MTG Broadcasting AB. a company incorporated in Sweden.

The parent undertaking of the largest group of undertakings for which group accounts are drawn up and of which the company is a member is Modern Times Group MTG AB. a company incorporated in Sweden, which is regarded by the directors as the ultimate parent undertaking.

The largest and smallest group in which the results of the Group are consolidated is that headed by Modern Times Group MTG AB. This disclosure is in accordance with IAS 24.

Copies of the group accounts can be obtained from Modern Times Group MTG AB. Skeppsbron 18, Box 2094, S-103 13 Stockholm, Sweden.