ENTERTAINMENT ONE UK LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

COMPANY REGISTRATION NO. 02989602

Entertainment One UK Limited

Report and Financial Statements 2017

Contents

Entertainment One UK Limited

Officers and professional advisers

DIRECTORS

Alex Hamilton
Adam Hurst
Edward Parry

REGISTERED OFFICE

45 Warren Street
London
W1T 6AG

BANKERS

Barclays Bank PLC
1 Churchill Place
London
E14 5HP

AUDITOR

Deloitte LLP
Statutory Auditor
London
United Kingdom

Entertainment One UK Limited

Strategic report

The directors, in preparing this strategic report, have complied with s414C of the Companies Act 2006.

PRINCIPAL ACTIVITIES

The principal activities of Entertainment One UK Limited (the "Company") are the acquisition and distribution of film content and television rights across all media and the licensing and marketing of intellectual property rights.

BUSINESS REVIEW

Overview and operational performance

The key performance indicators assessed by the directors and key management personnel are considered to be revenue and operating profit. In the year ended 31 March 2017 revenue increased to £266.8 million (2016: £209.3 million), and operating profit increased to £49.1 million (2016: £36.1 million).

Profit for the year after taxation was £33.4 million (2016: £27.2 million). Net assets at 31 March 2017 were £149.5 million (2016: £117.1 million). No interim or final dividends were authorised to be paid during the year (2016: £nil).

DIVISIONAL REVIEW

FILM

Overall theatrical revenues grew by 350% versus prior year, UK box office takings increased to £98.4 million (2016: £32.7 million). This increase was driven by a strong content release slate with several high-profile releases, which more than offset the reduction in volume of releases year-on-year (21 compared to 26 in 2016).

The FY17 release slate included key releases in both the first and the second half of the year such as *The BFG* and *The Girl on the Train*, which grossed over £31 million and £24 million, respectively, at the UK box office. These highly successful titles come from the Company's relationship with Amblin Partners. Other key releases included *Eye in the Sky, Now You See Me 2, Light Between the Oceans, Captain Fantastic, Denial, 20th Century Women* and *I, Daniel Blake* which won the award for Outstanding British Film at the BAFTAs.

The ongoing challenge is to maximise revenues through other channels as the migration from physical to digital home video will continue. The ongoing roll-out of digital content subscription services, led by Netflix and Amazon Instant Video, is driving this transition as consumers take advantage of low monthly costs to access high quality content across both film and television formats.

The Company will continue to reshape Film activities over the coming years as it adapts to the changing global film market. eOne will focus on continued access to high quality premium content and on building deep partnerships with high quality film producers where eOne has more ownership and control over the content.

As part of this programme, eOne will focus on acquiring and producing a reduced slate with fewer and larger films, where the Company has a greater level of control with consistent financial risk. Following year end the business renegotiated a distribution arrangement with one of its partners, leading to a significant one-off charge accrued in the year, which it expects will improve profitability and cash flow going forward.

From an efficiency perspective, the Film business will continue to streamline its operations. This is already in progress for the home entertainment operation where the partnerships with 20th Century Fox Home Entertainment and Sony Pictures Home Entertainment ensure the Group remains best-positioned to compete in the physical home entertainment marketplace as it transitions from physical to digital.

Additionally, the Film business will benefit from the new combined global TV sales team that has been in place since 1 April 2017, while creation of a combined Film and Television studio operation will also provide opportunities for efficiencies.

In FY18 we anticipate 25 film releases in total. The pipeline for the year includes Steven Spielberg's *The Post* starring Tom Hanks and Meryl Streep (from Amblin Partners), George Clooney's *Suburbicon*, and Kathryn Bigelow's *Detroit*.

Entertainment One UK Limited

Strategic report

DIVISIONAL REVIEW (Continued)

FAMILY

Entertainment One is a developer, owner and producer of a growing number of children's brands. The best-known property in its portfolio is *Peppa Pig*, which was launched in May 2004 but continues to delight and entertain pre-school children worldwide. The brand is established in a number of territories such as the UK, Canada, Australia, parts of Europe and the US, where broadcast presence has been supported by licensing roll-outs. In other territories, such as China and Latin America, the brand has been introduced to audiences, but major licensing programmes have yet to commence.

In addition to managing the growth of *Peppa Pig*, the Family business also owns a developing portfolio of complementary brands. *Ben & Holly's Little Kingdom* continues to develop in a number of new territories and *PJ Masks* has continued to be rolled out globally across the Disney Junior network. This has been followed with the first licensing roll-outs in territories such as the US, France and the UK, with the global programme continuing into 2017 and beyond.

Peppa Pig and *PJ Masks* will continue to be the drivers of growth for the Family business in FY18.

Family continues to focus on building *Peppa Pig* into the most loved pre-school brand in the world. The US, China, South East Asia, Canada and France are expected to be the main growth territories in FY18, with a stable level of revenue generated from more mature markets such as the UK and Australia. China is expected to grow from 20 licensing agreements in FY17 to 60 by the end of FY18, thanks to the strong foundation built by exposure on broadcast and on-demand platforms.

Production has continued on season four of *Peppa Pig*, with an additional 117 episodes now confirmed for production, to ensure a continuous flow of new programming content to support the longevity of the brand from a licensing perspective.

PJ Masks will build upon the success of the current year with sustained growth expected in the US and the full international roll-out of the brand expected to be completed by the end of FY18. The brand is generating significant interest in China and deals with prime partners for both broadcast and licensing are close to conclusion.

The business is expected to generate strong revenue and EBITDA growth across the portfolio in FY18. It is also expected that underlying EBITDA margins will decline somewhat in percentage terms driven by the growth of *PJ Masks* as a proportion of total sales and increased overhead costs of around £2 million necessary to facilitate growth.

Entertainment One UK Limited

Strategic report

PRINCIPAL RISKS AND UNCERTAINTIES

Risks are identified and assessed by the Company every three months and are measured against a defined set of criteria, considering likelihood of occurrence and potential impact to the Company before and after mitigation. The Entertainment One Group Risk and Assurance function facilitates a risk identification and assessment exercise with the Executive and Risk Management Committee members. This information is combined with a consolidated view of the business area risks. The top risks (based upon likelihood and impact) form the Group Risk Profile, which is reported to the Executive Committee for review and challenge ahead of it being presented to the board of directors or final review and approval.

The principal risks and the mitigating activities in place to address them can be found in the Entertainment One Group Annual Report.

Approved by the board of directors and signed on behalf of the board.

E Parry
Director
20/12/2017

Entertainment One UK Limited

Directors' Report

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

GOING CONCERN

The directors continue to adopt the going concern basis in preparing the annual report and accounts. Further details are set out in note 2.

DIVIDENDS

No interim or final dividends were authorised to be paid during the year (2016: £nil).

DIRECTORS

The directors who held office during the year and up to the date of signing the accounts are as shown below:

Giles Willits (resigned 29 March 2017)
Edward Parry (appointed 29 March 2017)
Alex Hamilton
Adam Hurst

FUTURE DEVELOPMENTS

The directors are not aware, at the date of this report, of any major changes in the Company's activities in the next year.

AUDITOR

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP will resign as the Company's auditor following the completion of these financial statements. Following the resignation of Deloitte LLP, the board of directors will appoint PricewaterhouseCoopers ("PwC") as auditor of the company pursuant to Section 485(3) of the Companies Act 2006.

Approved by the board of directors and signed on behalf of the board.

E Parry
Director

20/12/2017

Entertainment One UK Limited

Statement of directors' responsibilities

The directors are responsible for preparing the annual 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), 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 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; 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. 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 corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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

We have audited the financial statements of Entertainment One UK Limited for the year ended 31 March 2017 which comprise the profit and loss account, statement of comprehensive income, the balance sheet, the statement of changes in equity and the related notes 1 to 27 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), including FRS 101 "Reduced Disclosure Framework".

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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. 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.

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 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.

Opinion 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 the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report and the Directors' Report.

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

Independent auditor's report to the members of Entertainment One UK Limited (continued)

Matters on which we are required to report by exception

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

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

Jon Young, FCA (Senior Statutory Auditor)

for and on behalf of Deloitte LLP

Statutory Auditor

London, United Kingdom

2017

Entertainment One UK Limited

Profit and loss account
Year ended 31 March 2017

	Notes	Year to 31 March 2017 £'000	Year to 31 March 2016 £'000
Revenue	4	266,833	209,302
Cost of sales		(195,847)	(155,630)
Gross profit		70,986	53,672
Administrative expenses		(21,885)	(17,575)
Operating profit	5	49,101	36,097
Restructuring costs	7	(5,260)	(1,015)
Interest payable and similar expenses	8	(2,092)	(542)
Interest receivable and similar income	9	9	27
Profit before taxation		41,758	34,567
Tax on profit	10	(8,319)	(7,325)
Profit for the financial year		33,439	27,242

There is no difference between the results as disclosed in the profit and loss account and results on a historical cost basis. All activities relate to continuing operations. The notes on pages 13 to 32 form part of these accounts.

Entertainment One UK Limited

Statement of Comprehensive Income
Year ended 31 March 2017

	Notes	Year to 31 March 2017 £'000	Year to 31 March 2016 £'000
Profit for the financial year		33,439	27,242
Items that may be reclassified subsequently to profit and loss:			
Fair value movements on cash flow hedges		(2,422)	(543)
Tax related to components of other comprehensive income		455	129
Other comprehensive income	21	(1,967)	(414)
Total comprehensive income for the year		31,472	26,828

Entertainment One UK Limited

Balance Sheet
at 31 March 2017

	Notes	31 March 2017 £'000	31 March 2016 £'000
Fixed assets			
Intangible assets	11	9,905	8,598
Tangible assets	12	1,684	1,840
Investments	13	1	1
		11,590	10,439
Current assets			
Inventories	14	2,800	3,470
Investment in acquired content rights	15	90,148	62,137
Trade and other receivables:			
Amounts falling due within one year	16	125,996	69,414
Amounts falling due after one year	16	68,786	44,120
Cash and cash equivalents	17	2,196	30,468
Derivative financial instruments	17	1,896	3,944
Deferred tax asset	18	318	-
Current assets		292,140	213,553
Current liabilities			
Trade and other payables	19	(150,173)	(102,854)
Provisions	20	(115)	(653)
Current tax liabilities		(3,130)	(2,726)
Deferred tax liabilities	18	-	(280)
Derivative financial instruments	17	(858)	(381)
Current liabilities		(154,276)	(106,894)
Net current assets		137,864	106,659
Net assets being total assets less current liabilities		149,454	117,098
Capital and reserves			
Called up share capital	21	113	113
Share premium account	21	440	440
Other reserves	21	5,346	6,429
Retained earnings	21	143,555	110,116
Shareholders' funds		149,454	117,098

The financial statements of Entertainment One UK Limited, registered number 02989602 were approved and authorised for issue by the board of directors on 20/12/ 2017.

Signed on behalf of the board of directors.

E Parry
Director

Entertainment One UK Limited

Statement of Changes in Equity at 31 March 2017

	Stated Capital £'000	Share Premium reserve £'000	Hedging reserve £'000	Share-based payment reserve £'000	Retained Earnings £'000	Total Equity £'000
At 1 April 2015	113	440	2,231	4,007	82,874	89,665
Profit for the year	-	-	-	-	27,242	27,242
Other comprehensive (loss)	-	-	(414)	-	-	(414)
Credits in respect of share-based payments	-	-	-	605	-	605
At 31 March 2016	113	440	1,817	4,612	110,116	117,098
Profit for the year	-	-	-	-	33,439	33,439
Other comprehensive (loss)	-	-	(1,967)	-	-	(1,967)
Total comprehensive (loss)/income for the year	-	-	(1,967)	-	33,439	31,472
Credits in respect of share-based payments	-	-	-	884	-	884
At 31 March 2017	113	440	(150)	5,496	143,555	149,454

Entertainment One UK Limited

Notes to the accounts
Year ended 31 March 2017

1. AUTHORISATION OF FINANCIAL STATEMENTS AND STATEMENT OF COMPLIANCE WITH FRS 101

The financial statements of Entertainment One UK Limited for the year ended 31 March 2017 were authorised for issue by the board of directors on 20/12 2017. Entertainment One UK Limited is a private company, limited by shares, incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales.

The Company meets the definition of a qualifying entity under FRS 100 'Application of Financial Reporting Requirements' issued by the FRC. Accordingly, these financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework.

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

The results of Entertainment One UK Limited are included in the consolidated financial statements of Entertainment One Ltd. which are available from 134 Peter Street, Suite 700, Toronto, Ontario M5V 2H2, Canada.

The principal accounting policies adopted by the Company are set out in note 2.

2. ACCOUNTING POLICIES

BASIS OF PREPARATION

The financial statements have been prepared under the historical cost convention.

The Company has taken advantage of the exemption under s400 of the Companies Act 2006 not to prepare group accounts as it is a wholly-owned subsidiary of Entertainment One Ltd. These financial statements present information about the Company as an individual undertaking and not in relation to its group.

The accounting policies which follow set out those policies which apply in preparing the financial statements and have been consistently applied to all the years presented, unless stated.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share based Payment, because the share based payment arrangement concerns the instruments of another group entity;
- The requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64 (o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations;
- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
    - o paragraph 79(a)(iv) of IAS 1;
    - o paragraph 73(e) of IAS 16 Property, Plant and Equipment; and
    - o paragraph 118(e) of IAS 38 Intangible Assets;
- the requirements of paragraphs 10(d), 10(f), 39(c) and 134-136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party 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; and
- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

2. ACCOUNTING POLICIES (CONTINUED)

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

The adoption of the amendments to IFRSs and new interpretations that are mandatorily effective for during the year has not had any material impact on the disclosures or on the amounts being reported.

GOING CONCERN

The Company's activities, together with the factors likely to affect its future development, are set out in the directors' report.

The Company is a wholly-owned subsidiary of Entertainment One Ltd. and obtains financing through its parent company, Entertainment One UK Holdings Limited, in the form of intercompany loans. The Company is subject to cross guarantees given by companies in the Entertainment One Ltd. group to its external finance providers.

The Company's forecasts and projections, taking account of reasonable possible changes in trading performance, show that the Company is able to operate within its current intercompany financing arrangements. Having considered these forecasts and projections and other factors that might impact on the Company's business, including downside sensitivities to the business plan, the directors are satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Company's annual financial statements.

REVENUE

Revenue represents the amounts receivable for goods and services provided in the normal course of business, net of discounts and excluding value added tax (or equivalent). Revenue is derived from the licensing, marketing and distribution and trading of feature films, television, video programming and music rights. Revenue is also derived from television and film production and family licensing and merchandising sales. The following summarises the Company's main revenue recognition policies:

- Revenue from the exploitation of television, film and music rights is recognised based upon the completion of contractual obligations relevant to each agreement
- Revenue is recognised where there is reasonable contractual certainty that the revenue is receivable and will be received
- Revenue from television licensing represents the contracted value of licence fees which is recognised when the licence term has commenced, the production is available for delivery, substantially all technical requirements have been met and collection of the fee is reasonably assured
- Revenue from the sale of own or co-produced film or television productions is recognised when the production is available for delivery and there is reasonable contractual certainty that the revenue is receivable and will be received
- Revenue from the sale of home entertainment and audio inventory is recognised at the point at which goods are despatched. A provision is made for returns based on historical trends
- Revenue from licensing and merchandising sales represents the contracted value of licence fees which is recognised when the licence terms have commenced and collection of the fee is reasonably assured
- Revenue from digital sales is recognised on transmission or during the period of transmission of the sponsored programme or digital channel.

PENSION COSTS

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. Any contributions unpaid at the year-end reporting date are included as a liability.

OPERATING LEASES

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement. Rentals payable under operating leases are charged to the profit and loss account on a straight-line basis over the lease term.

2. ACCOUNTING POLICIES (CONTINUED)

SHARE-BASED PAYMENTS

Entertainment One Ltd., the ultimate parent company, issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on Entertainment One Ltd.'s estimate of shares that will eventually vest.

Fair value is measured by means of a binomial valuation model. The expected life used in the model has been adjusted, based on management's best estimate, for the effect of non-transferability, exercise restrictions, and behavioural considerations.

TAXATION

Income tax

The income tax charge represents the sum of the current income tax payable and deferred tax.

The current income tax payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's asset or liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets and liabilities

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of other assets and liabilities in a transaction (other than in a business combination) that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities. This applies when they relate to income taxes levied by the same tax authority and the Company intends to settle its current tax assets and liabilities on a net basis.

INTANGIBLES - INTELLECTUAL PROPERTY RIGHTS AND AMORTISATION

Intellectual property rights are third party costs incurred in creating and enhancing the programming assets in the licensing and merchandising business and are capitalised at their cost if such amounts are considered recoverable against future revenues. These costs are amortised on a revenue forecast basis over a period not exceeding 15 years from the date of initial release.

The carrying amounts of intangibles are reviewed for impairment when events or changes in circumstances indicate that the carrying amounts may not be recoverable. The Company reviews residual values and useful lives on an annual basis and any adjustments are made prospectively.

2. ACCOUNTING POLICIES (CONTINUED)

GOODWILL

Goodwill arising on a business combination is recognised as an asset and initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests over the fair value of net identifiable assets acquired (including other intangible assets) and liabilities assumed. Transaction costs directly attributable to the acquisition form part of the acquisition cost for business combinations prior to 1 January 2010, but from that date such costs are written-off to profit and loss and do not form part of goodwill. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill is allocated to cash generating units (CGUs) which are tested for impairment annually, or more frequently if there are indications that goodwill might be impaired. The CGUs identified are the smallest identifiable group of assets that generate cash inflows that are largely independent of the cash inflows from other groups of assets. Gains or losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

FIXED ASSETS AND DEPRECIATION

Property, plant and equipment are stated at original cost less accumulated depreciation and impairment. Depreciation is charged to write off cost less estimated residual value of each asset over their estimated useful lives using the following methods and rates:

Short leasehold property	-	Straight-line over the life of the lease
Plant and machinery	-	3 years straight-line
Fixtures, fittings and equipment	-	3 years straight-line

The carrying amounts of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying amounts may not be recoverable. The Company reviews residual values and useful lives on an annual basis and any adjustments are made prospectively.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (determined as the difference between the sales proceeds and the carrying amount of the asset) is recorded in the profit and loss account in the period of derecognition.

INVENTORIES

Inventories are stated at the lower of cost, including direct expenditure and other appropriate attributable costs incurred in bringing inventories to their present location and condition, and net realisable value. The cost of inventories is calculated using the weighted average method. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

TRADE AND OTHER RECEIVABLES

Trade receivables are generally not interest-bearing and are stated at their fair value as reduced by appropriate allowances for estimated irrecoverable amounts.

CASH

Cash comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

RECOGNITION AND CALCULATION OF INTEREST PAYABLE/RECEIVABLE

Interest payable and receivable is calculated and recognised on an accruals basis.

FOREIGN CURRENCIES

Transactions in currencies other than the entity's functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. Foreign exchange differences arising on the settlement of such transactions and from translating monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognised in the profit and loss account.

2. ACCOUNTING POLICIES (CONTINUED)

INVESTMENT IN CONTENT RIGHTS

In the ordinary course of business, the Company contracts with film and television programme producers to acquire content rights for exploitation. Certain of these agreements require the Company to pay minimum guaranteed advances ("MGs"). MGs are recognised in the balance sheet when a liability arises, usually on delivery of the film or television programme to the Company.

Investments in acquired content rights are recorded in the balance sheet if such amounts are considered recoverable against future revenues. These costs are amortised to cost of sales on a revenue forecast basis over a period not exceeding 10 years from the date of initial release. Acquired libraries are amortised over a period not exceeding 20 years. Amounts capitalised are reviewed at least quarterly and any portion of the unamortised amount that appears not to be recoverable from future net revenues is written-off to cost of sales during the period the loss becomes evident. Balances are included within current assets if they are expected to be realised within the normal operating cycle of the Film and Television businesses. The normal operating cycle of these businesses can be greater than 12 months. In general, 65%-75% of film and television programme content is amortised within 12 months of theatrical release/delivery.

DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING

Derivative financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

The Company uses derivative financial instruments to reduce its exposure to foreign exchange and interest rate movements. The Company does not hold or issue derivative financial instruments for financial trading purposes.

Derivative financial instruments are classified as held-for-trading and recognised in the balance sheet at fair value. Derivatives designated as hedging instruments are classified on inception as cash flow hedges, net investment hedges or fair value hedges.

Changes in the fair value of derivatives designated as cash flow hedges are recognised in equity to the extent that they are deemed effective. Ineffective portions are immediately recognised in the profit and loss account. When the hedged item affects profit or loss then the amounts deferred in equity are recycled to the profit and loss account.

Fair value hedges record the change in the fair value in the profit and loss account, along with the changes in the fair value of the hedged asset or liability.

Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are immediately recognised in the profit and loss account.

TRADE AND OTHER PAYABLES

Trade payables are generally not interest-bearing and are stated at their nominal value.

PROVISIONS

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, where the obligation can be estimated reliably, and where it is probable that an outflow of economic benefits will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material. Where discounting is used, the increase in the provision due to unwinding the discount is recognised as a finance expense.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of these financial statements requires the Company to make estimates and assumptions that affect the amounts reported for assets and liabilities at the balance sheet date and amounts reported for revenues and expenses during the year. The nature of estimation means that actual outcomes could differ from those estimates.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Estimates and judgements are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects that period only, or in the period of the revision and future periods if the revision affects both current and future periods.

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are discussed below.

IMPAIRMENT OF GOODWILL

The Company determines whether goodwill is impaired on at least an annual basis. This requires an estimation of the value-in-use of the CGUs to which the goodwill is allocated. Estimating a value-in-use amount requires the directors to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Further details of goodwill are contained in Note 11.

INVESTMENT IN ACQUIRED CONTENT RIGHTS

The Company capitalises investment in acquired content rights and then amortises these balances on a revenue forecast basis, recording the amortisation charge in cost of sales. Amounts capitalised are reviewed at least quarterly and any amounts that appear to be irrecoverable from future net revenues are written-off to cost of sales during the period the loss becomes evident. The estimate of future net revenues depends on the directors' judgement and assumptions based on the pattern of historical revenue streams and the remaining life of each contract. Further details of investment in acquired content rights are contained in Note 15.

ROYALTY ACCRUAL

The Company accounts for royalty accruals by estimating the total royalty payable and then expensing these balances on a revenue forecast basis, recording the royalty charge in cost of sales. The estimates and accruals are reviewed at least quarterly. The estimate of future net revenues and total royalty payable depends on the directors' judgement and assumptions based on the pattern of historical revenue streams and the remaining life of each contract.

SHARE-BASED PAYMENTS

The charge for share-based payments is determined based on the fair value of awards at the date of grant by use of the binomial model which requires judgements to be made regarding expected volatility, dividend yield, risk free rates of return and expected option lives. The list of inputs used in the binomial model to calculate the fair values is provided in Note 21.

DEFERRED TAX

Deferred tax assets and liabilities require the directors' judgement in determining the amounts to be recognised. In particular, judgement is used when assessing the extent to which deferred tax assets should be recognised with consideration to the timing and level of future taxable income. Further details of deferred tax are contained in Note 18.

INCOME TAX

The actual tax on the result for the year is determined according to complex tax laws and regulations. Where the effect of these laws and regulations is unclear, estimates are used in determining the liability for tax to be paid on past profits which are recognised in the financial statements. The Company considers the estimates, assumptions and judgements to be reasonable but this can involve complex issues which may take a number of years to resolve. The final determination of prior year tax liabilities could be different from the estimates reflected in the financial statements.

FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

4. REVENUE

Revenue by geographical area	Year to 31 March 2017 £'000	Year to 31 March 2016 £'000
United Kingdom & Ireland	133,224	108,130
Rest of World	133,609	101,172
	266,833	209,302
Revenue by class of business		
Theatrical, DVD, TV and digital distribution	178,408	146,483
Licensing & merchandising	88,425	62,819
	266,833	209,302

5. OPERATING PROFIT

Operating profit for the year is stated after expensing/(crediting):

	Year to 31 March 2017 £'000	Year to 31 March 2016 £'000
Fees payable to the Company's auditor for the audit of the Company's annual accounts	60	60
Amortisation of intangible assets	1,124	1,107
Depreciation - tangible fixed assets	358	342
Operating lease rentals:		
Plant and machinery	38	37
Land and buildings	1,287	1,398
(Gain)/Loss on foreign currencies	(332)	1,004
Bad debt expense	201	226
Cost of inventory recognised as expense	3,644	3,669
Amortisation of acquired investment in content	51,655	48,479

6. STAFF COSTS AND DIRECTORS'REMUNERATION

STAFF COSTS

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

	Number of employees	
	Year to 31 March 2017	**Year to 31 March 2016**
Administration	41	43
Marketing and production	124	126
Directors	1	2
	166	171

The aggregate payroll costs of these persons were as follows:

	Year to 31 March 2017 £'000	**Year to 31 March 2016 £'000**
Wages and salaries	7,620	7,609
Social security costs	924	938
Other pension costs	383	357
Termination benefits	21	335
Share-based payments	761	725
	9,709	9,964

DIRECTORS' REMUNERATION

	Year to 31 March 2017 £'000	**Year to 31 March 2016 £'000**
Emoluments	455	341
Company contributions to money purchase schemes	35	36
	490	377

During the year two directors (2016: two) participated in money purchase pension schemes and two directors (2016: nil) exercised 192,120 share options receiving £374,379.

6. STAFF COSTS AND DIRECTORS'REMUNERATION (CONTINUED)

DIRECTORS' REMUNERATION

The amount set out above includes remuneration in respect of the highest paid director as follows:

	Year to 31 March 2017 £'000	Year to 31 March 2016 £'000
Emoluments	455	292
Pension contributions to money purchase pension schemes	35	29
	490	321

Two directors were remunerated by other group companies, (2016:1).

7. RESTRUCTURING COSTS

	Year to 31 March 2017 £'000	Year to 31 March 2016 £'000
Strategy related restructuring costs	2,044	1,015
Other restructuring costs	3,216	-
	5,260	1,015

Strategy Related

During the year ended 31 March 2017 the company continued to restructure the physical distribution business through terminating distribution agreements with partners in the UK. Costs incurred in implementing this change included £0.5m relating to settlement payments to various distributors and a further provision of £0.8m relating to exiting certain contracts. As a result, the company reassessed the carrying value of certain balance sheet items, particularly physical inventory. This review involved, amongst other items, reassessing the titles where the profile of the revenues was judged no longer appropriate given the strategic change. As a result of this review, £0.7m of inventory was written off.

Other restructuring

As part of the wider reshaping of the Film Division, the company has re-negotiated one of its larger film distribution arrangements. The previous arrangement has been terminated and replaced with a new distribution arrangement and, associated with the termination the Company has made a one-time payment of £3.2m.

8. INTEREST PAYABLE AND SIMILAR EXPENSES

	Year to 31 March 2017 £'000	Year to 31 March 2016 £'000
Payable on loans from other group companies	2,040	443
Other interest	52	-
Amortisation of deferred finance expenses	-	99
	2,092	542

9. INTEREST RECEIVABLE AND SIMILAR INCOME

	Year to 31 March 2017 £'000	Year to 31 March 2016 £'000
Bank interest receivable	9	19
Other interest	-	8
	9	27

10. TAXATION

The tax is based on the profit for the year and represents:

	Year to 31 March 2017 £'000	Year to 31 March 2016 £'000
United Kingdom corporation tax	6,269	6,118
Adjustment in respect of prior period	(129)	(136)
Overseas tax	2,231	1,278
Total current taxation	8,371	7,260
Deferred tax – origination and reversal of timing differences	(69)	39
Deferred tax – adjustment in respect of prior period	17	26
	8,319	7,325

The tax assessed for the year is lower (2016: higher) than at the standard rate of corporation tax in the United Kingdom of 20% (2016: 20%). The differences are explained as follows:

	Year to 31 March 2017 £'000	Year to 31 March 2016 £'000
Profit before taxation	41,758	34,567
Profit multiplied by standard rate of corporation tax in the United Kingdom of 20% (2016: 20%)	8,352	6,913
Effects of:		
Expenses not deductible for tax purposes	31	194
Irrecoverable overseas tax	44	338
Adjustment in respect of prior periods	(111)	(110)
Change of rate	3	(10)
Total tax for the period	8,319	7,325

The Finance (No.2) Act 2015, which provides for reductions in the main rate of corporation tax from 20% to 19% effective 1 April 2017 and to 18% effective 1 April 2020, was substantively enacted on 26 October 2015. Subsequently, the Finance Act 2016, which provided a further reduction in the main rate of corporation tax to 17% effective 1 April 2020, was substantively enacted on 6 September 2016.

11. INTANGIBLE FIXED ASSETS

	Purchased goodwill £'000	Intellectual property rights £'000	Total £'000
Cost			
At 1 April 2016	3,479	21,844	25,323
Additions	-	2,431	2,431
Disposals	-	(1,684)	(1,684)
At 31 March 2017	3,479	22,591	26,070
Amortisation			
At 1 April 2016	-	16,725	16,725
Charge for the year	-	1,124	1,124
Disposals	-	(1,684)	(1,684)
At 31 March 2017	-	16,165	16,165
Net book value			
At 31 March 2017	3,479	6,426	9,905
At 31 March 2016	3,479	5,119	8,598

12. TANGIBLE FIXED ASSETS

	Short leasehold property £'000	Plant and machinery £'000	Fixtures, fittings and equipment £'000	Total £'000
Cost				
At 1 April 2016	1,642	387	478	2,507
Additions	-	148	54	202
Disposals	(95)	(168)	(123)	(386)
At 31 March 2017	1,547	367	409	2,323
Depreciation				
At 1 April 2016	297	205	165	667
Provided in year	165	92	101	358
Disposals	(95)	(168)	(123)	(386)
At 31 March 2017	367	129	143	639
Net book value				
At 31 March 2017	1,180	238	266	1,684
At 31 March 2016	1,345	182	313	1,840

13. INVESTMENTS

	Wholly-owned subsidiary undertakings £'000
Cost at 1 April 2015, 31 March 2016 and 31 March 2017	1

Details of the investments, in which the Company holds 20% or more of the nominal value of any class of share capital, which were all dormant, are as follows:

Subsidiary undertakings	Place of incorporation and operations	Class of share held	Proportion of ownership interest and voting power held %
Medusa Communications & Marketing Limited	United Kingdom	Ordinary	100
Entertainment One Rights UK Limited	United Kingdom	Ordinary	100
Film Resources Limited	United Kingdom	Ordinary	100

The registered office of the above companies is 45 Warren Street, London W1T 6AG

14. INVENTORIES

	31 March 2017 £'000	31 March 2016 £'000
Stock of DVDs and Blu-ray discs	2,800	3,470

15. INVESTMENT IN CONTENT RIGHTS

	Film and TV rights £'000	Licensing rights £'000	Total £'000
Cost			
At 1 April 2016	286,234	3,300	289,534
Additions	77,828	1,838	79,666
At 31 March 2017	364,062	5,138	369,200
Amortisation			
At 1 April 2016	226,791	606	227,397
Provided in year	51,327	328	51,655
At 31 March 2017	278,118	934	279,052
Net book value			
At 31 March 2017	85,944	4,204	90,148
At 31 March 2016	59,443	2,694	62,137

16. TRADE AND OTHER RECEIVABLES

	31 March 2017 £'000	31 March 2016 £'000
Trade receivables	17,135	14,566
Less provision for doubtful debts	(1,204)	(831)
Net trade receivables	15,931	13,735
Prepayments	4,183	1,897
Accrued Income	90,855	39,762
Other debtors	8,677	965
Amounts owed by group undertakings	6,149	13,055
Other taxation and social security	201	-
Amounts falling due within one year	125,996	69,414
Amounts owed by group undertakings	68,786	44,120
Amounts falling due after one year	68,786	44,120

Trade debtors are generally non-interest bearing. Included within amounts falling due after one year are intercompany loans to Entertainment One UK Holdings Limited which bear interest at the rate of 0.5% below UK LIBOR rate (the rate is capped at 0%).

Entertainment One UK Limited

Notes to the accounts
Year ended 31 March 2017

17. FINANCIAL INSTRUMENTS

The carrying values of the Company's financial assets and liabilities are summarised by category below:

	31 March 2017 £'000	31 March 2016 £'000
Financial Assets		
Measured at fair value through profit and loss		
- Cash	2,196	30,468
- Derivative financial instruments	1,896	3,944
Measured at fair value		
- Trade and other debtors	99,744	71,875
	103,836	106,287
Financial liabilities		
Measured at fair value through profit and loss		
- Derivative financial instruments	(858)	(381)
Measured at fair value		
- Trade and other creditors	(92,046)	(52,499)
	(92,904)	(52,880)

The Company uses forward currency contracts to hedge financial transactional exposures. The majority of these contracts are denominated in the licensor's functional currency and primarily cover minimum contract advance payments and hedging of other significant financial assets and liabilities.

The Company's income, expense, gains and losses in respect of financial instruments are summarised below:

	Year to 31 March 2017 £'000	Year to 31 March 2016 £'000
Total interest income for financial assets at amortised cost	9	19
Total interest expense for financial assets at amortised cost	(2,092)	(542)

18. DEFERRED TAXATION

	Cash flow hedges £'000	Accelerated tax depreciation £'000	Share-based compensation £'000	Other timing differences £'000	Total £'000
At 1 April 2016	(426)	(138)	275	9	(280)
Credit/(charge) to income	-	(20)	27	45	52
Credit/(charge) to equity	455	-	91	-	546
At 31 March 2017	29	(158)	393	54	318

The deferred tax balances have been reflected in the balance sheet as follows;

	31 March 2017 £'000	31 March 2016 £'000
Deferred tax assets	318	-
Deferred tax liabilities	-	(280)
Total	318	(280)

During the year ended 31 March 2016 the UK Government has enacted legislation to reduce the main rate of UK corporation tax to 19% with eefect from 1 April 2017 and to 18% from 1 April 2020. However, during the year ended 31 March 2017 the UK Government enacted legislation to further reduce the main rate of UK corporation tax to 17% with effect from 1 April 2020. The impact of the future rate reductions will be accounted for to the extent that they are enacted at future balance sheet dates, however, it is estimated that this will not have a material impact on the Company.

Entertainment One UK Limited

Notes to the accounts
Year ended 31 March 2017

19. TRADE AND OTHER PAYABLES

	31 March 2017 £'000	31 March 2016 £'000
Trade creditors	61,259	34,563
Other taxation and social security	-	1,426
Accruals and deferred income	58,127	50,355
Other creditors	145	521
Amounts owed to group undertakings	30,642	15,989
	150,173	102,854

Other creditors are repayable on demand and are generally non-interest bearing. Amounts payable to group undertakings are repayable on demand and are non-interest bearing.

20. PROVISIONS

	Onerous contracts £'000	Restructuring and redundancy £'000	Total £'000
At 1 April 2016	350	303	653
Utilisation of provisions	(235)	(303)	(538)
At 31 March 2017	115	-	115

Onerous contracts

Onerous contracts principally represent provisions in respect of loss-making film titles. Provisions for onerous contracts are recognised when the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it and the general recognition criteria of IAS 37 Provisions, Contingent liabilities and Contingent Assets are met.

Restructuring and redundancy

Restructuring and redundancy provisions represent future cash flows related to the cost of redundancy plans, outplacement, supplementary unemployment benefits and senior staff benefits. Such provisions are only recognised when restructuring or redundancy programmes are formally adopted and announced publicly and the general recognition criteria of IAS 37 Provisions, Contingent Liabilities and Contingent Assets are met.

21. STATED CAPITAL, SHARE PREMIUM AND OTHER RESERVES

Authorised, allotted, called up and fully paid:	**31 March 2017 £**	**31 March 2016 £**
112,833 ordinary shares of £1 each	112,833	112,833
	112,833	112,833

Share premium account and other reserves

	Share premium account £'000	**Other reserves £'000**	**Retained earnings £'000**
At 1 April 2016	440	6,429	110,116
Profit for the financial year	-	-	33,439
Valuation of derivative financial instruments	-	(1,967)	-
Share-based payments	-	884	-
At 31 March 2017	440	5,346	143,555

The share premium account represents the difference between the par value and the issue price of share capital. This reserve is not normally distributable.

Other reserves comprise the hedging and the share-based payment reserve.

The hedging reserve represents the cumulative portion of gains and losses on hedging instruments deemed effective in hedging variable interest rate risk of recognised financial instruments. Amounts accumulated in this reserve are reclassified to profit and loss in the periods in which the hedged item affects profit or loss or when the hedging relationship ends.

The share-based payment reserve comprises the fair value of outstanding share options recognised as an expense in the profit and loss account on the accruals basis.

Retained eaarnings reserve represents cumulative profits or losses.

22. SHARE-BASED PAYMENTS

The total charge in the year relating to the equity-settled schemes was £0.8 million (2016: £0.6 million) and related to share-based payment schemes, for the Company's employees and directors.

At 31 March 2017, the Company had two equity-settled share-based payment schemes approved for its employees (including the executive directors). These are the Long-Term Incentive Plan (LTIP) and the Employee Save-As-You-Earn scheme (SAYE).

The contractual life of an option under the LTIP scheme is between 5 and 10 years (2016: between 5 and 10 years). The weighted average contractual life remaining of the options in existence at the end of the year was 5.8 years (2016: 7.3 years).

On 30 September 2016, an SAYE for the benefit of employees (including executive directors) of the Group was approved by the Company's shareholders. Employees make a monthly contribution for up to 3 years. At the end of the savings period the employee has the opportunity to retain their savings, in cash, or to buy shares in eOne at a price fixed at the date of grant. The weighted average contractual life remaining of the options in existence at the end of the year was 2.2 years (2016: nil). As at 31 March 2017, the number of options issued under the SAYE was 328,652 at a weighted average exercisable price of £1.52.

Further details regarding these schemes can be found in the Annual Report and Accounts for the Entertainment One Group.

23. COMMITMENTS AND CONTINGENT LIABILITIES

CAPITAL COMMITMENTS

	31 March 2017 £'000	31 March 2016 £'000
Contracted for but not provided for in these financial statements	56,326	57,569

OPERATING LEASE COMMITMENTS

Operating lease payments amounting to £1.4 million (2016: £1.4 million) are due within one year. The future minimum lease payments to which the Company is committed are as follows:

	31 March 2017		31 March 2016	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Within one year	1,398	-	1,398	29
Between one and five years	743	-	2,140	4
	2,141	-	3,538	33

There is a tenant's break clause option in the lease relating to land and buildings, above, that is exercisable in October 2018.

CONTINGENT LIABILITIES

The Company has previously provided guarantees to its immediate parent in respect of its borrowing facilities. At 31 March 2017, guarantees outstanding amounted to £nil (2016: £nil).

Notes to the accounts
Year ended 31 March 2017

24. RELATED PARTY TRANSACTIONS

Royalty payable due to Astley Baker Davies Limited, a member of the same group, of £18.0m (2016: £12.8m) was recognised in the year to 31 March 2017. The balance owing at the end of the year was £12.2m (2016: £10.1m).

25. PENSIONS

The Company operates a defined contribution pension scheme for the benefit of the employees. The assets of the scheme are administered by trustees in a fund independent from those of the Company. The expense for the year was £383,000 of which £54,000 was unpaid at 31 March 2017.

26. POST BALANCE SHEET EVENTS

There have been no material post balance sheet events.

27. CONTROLLING ENTITIES

The Company is a wholly-owned subsidiary of Entertainment One UK Holdings Limited which is the immediate controlling entity as at 31 March 2017. The ultimate controlling entity as at 31 March 2017 was Entertainment One Ltd. a company incorporated in Canada. Copies of the financial statements of Entertainment One Ltd. for the year ended 31 March 2017 may be obtained from 134 Peter Street, Suite 700, Toronto, Ontario M5V 2H2, Canada.The parent undertaking of the largest and smallest group of companies into which the results of the Company are consolidated is Entertainment One Ltd. Consequently, the Company is exempt under the terms of FRS 101 from disclosing details of transactions and balances with Entertainment One Ltd., fellow group subsidiaries and associated undertakings, and those deemed under control during the year ended 31 March 2017.