

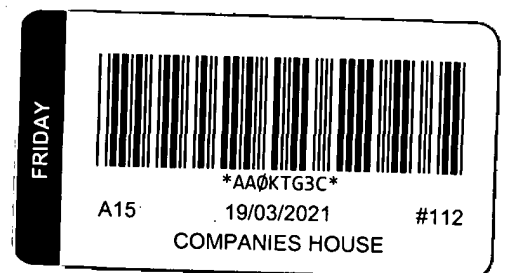
Registration number: 3236308

Sony Pictures Television Production UK Limited

Annual Report and Financial Statements

for the Year Ended 31 March 2020

4



Sony Pictures Television Production UK Limited

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Sony Pictures Television Production UK Limited

Company Information

Directors	D N Hopgood
	R J Parsons
	M R Forrester
	W F Garvie
	C Lynch
	L McGaughey appointed on 11 December 2020
	R W Ager appointed on 23 January 2020
Company secretary	D N Hopgood
Registered office	12th Floor, Brunel Building 2 Canalside Walk London W2 1DG
Independent auditors	PricewaterhouseCoopers LLP 40 Clarendon Road Watford WD17 1JJ

Sony Pictures Television Production UK Limited
Strategic Report for the Year Ended 31 March 2020

The directors present their report for the year ended 31 March 2020.

Fair review of the business

The Company has over recent years increased investment in new television production start-ups. There has also been a review and restructure of some existing businesses.

During the year the Company acquired 30% of the share capital of Whisper Films Limited for a consideration of £3,680,000.

The results of the company show a profit before taxation of £3,305 thousand (2019 : £1,942 thousand) for the year and revenue of £4,976 thousand (2019 : £Nil).

The Company has net assets of £76,608 thousand (2019 : £73,932 thousand).

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

Principal risks and uncertainties

The Company is impacted by the general economic environment, competition from other television producers and success of the Company's programming. To mitigate against this risk the company the Company ensures a diversified portfolio of production companies producing a broad range of programming.

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

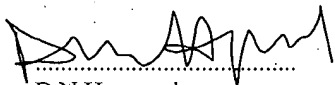
Strategy

The Company's overriding objectives is to achieve sustainable results and to ensure that it is exploiting the UK television market by producing a broad range of programmes via the diversified portfolio of investment holdings.

Financial Risk Management

The Company's operations expose it to limited financial risks. The Company seeks to limit the adverse effects on the financial performance of the Company by monitoring levels of cash and trade debtors.

Approved by the Board on ~~21 December 2020~~ and signed on its behalf by:



D N Hopgood
Company secretary and director

Sony Pictures Television Production UK Limited

Directors' Report for the Year Ended 31 March 2020

The directors present their report and the audited financial statements for the year ended 31 March 2020.

Directors' of the company

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

D N Hopgood - Company secretary and director

R J Parsons

M R Forrester

W F Garvie

C Lynch

L McGaughey appointed on 11 December 2020 (appointed 11 December 2019)

R W Ager appointed on 23 January 2020 (appointed 23 January 2020)

C B Ferman Smith resigned on 11 December 2020 (resigned 11 December 2020)

Principal activities

The principal activity of the company is to develop, sell and produce television programmes from broadcasters and digital platforms via its subsidiary undertakings.

Dividends

The directors do not recommend the payment of a dividend (2019: *£nil*).

Future developments

The Company's subsidiary undertakings have committed to key programming content deals over the last year which is anticipated to lead future dividend for the Company.

Going concern

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

COVID-19

The Directors believe that the ongoing impact of the COVID-19 pandemic has not had a material impact on the carrying value of its assets at the date of approval of these financial statements and does not affect its ability to continue as a going concern.

Important adjusting events after the financial period

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

Disclosure of information to the auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

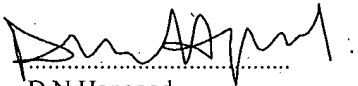
Sony Pictures Television Production UK Limited

Directors' Report for the Year Ended 31 March 2020

Reappointment of auditors

In accordance with section 485 of the Companies Act 2006, a resolution for the re-appointment of PricewaterhouseCoopers LLP as independent auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Approved by the Board on 21 December 2020 and signed on its behalf by:


D N Hopgood
Company secretary and director

Sony Pictures Television Production UK Limited

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities 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 Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework' ('FRS 101'). 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 apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether FRS 101 has 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.

Independent auditors' report to the members of Sony Pictures Television Production UK Limited

Report on the audit of the financial statements

Opinion

In our opinion, Sony Pictures Television Production UK Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the statement of financial position as at 31 March 2020; the income statement, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

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

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial

statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 March 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities set out on page 5, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also 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.

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

Auditors' responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

A handwritten signature in black ink, appearing to read 'M Seal', is positioned above the printed name.

Matthew Seal (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Watford
21 December 2020

Sony Pictures Television Production UK Limited

Income Statement for the Year Ended 31 March 2020

	Note	2020 £ 000	2019 £ 000
Revenue	4	4,976	-
Cost of sales	6	<u>(4,331)</u>	<u>-</u>
Gross profit		645	-
Administrative expenses		(419)	(30)
Other operating income	5	<u>764</u>	<u>(59)</u>
Operating profit/(loss)	6	<u>990</u>	<u>(89)</u>
Finance income	7	4,261	2,933
Finance costs	8	<u>(1,946)</u>	<u>(902)</u>
Net finance income		<u>2,315</u>	<u>2,031</u>
Profit before tax		3,305	1,942
Income tax expense	11	<u>(629)</u>	<u>(381)</u>
Total comprehensive income for the year		<u><u>2,676</u></u>	<u><u>1,561</u></u>

The above results were derived from continuing operations.

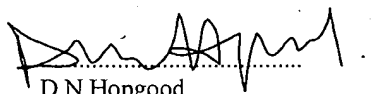
The company has no recognised gains or losses for the year other than the results above. The company has no other comprehensive income.

The notes on pages 12 to 31 form an integral part of these financial statements:

Sony Pictures Television Production UK Limited
Statement of Financial Position as at 31 March 2020

	Note	2020 £ 000	2019 £ 000
Assets			
Non-current assets			
Investments	12	76,359	73,324
Current assets			
Inventories	13	-	21
Trade and other receivables	14	157,904	102,798
Cash and cash equivalents	15	199	57
		<u>158,103</u>	<u>102,876</u>
Total assets		<u>234,462</u>	<u>176,200</u>
Equity and liabilities			
Equity			
Called up share capital	16	1	1
Share premium reserve		61,009	61,009
Profit and loss account		15,598	12,922
Total equity		<u>76,608</u>	<u>73,932</u>
Creditors: Amounts falling due after more than one year			
Other non-current financial liabilities	19	14,996	15,640
Creditors: Amounts falling due within one year			
Trade and other payables	17	141,847	86,176
Income tax liability	17	1,011	452
		<u>142,858</u>	<u>86,628</u>
Total liabilities		<u>157,854</u>	<u>102,268</u>
Total equity and liabilities		<u>234,462</u>	<u>176,200</u>

Approved by the Board on 21 December 2020 and signed on its behalf by:


D N Hopgood
Company secretary and director

Sony Pictures Television Production UK Limited

Statement of Changes in Equity for the Year Ended 31 March 2020

	Share capital £ 000	Share premium £ 000	Retained earnings £ 000	Total £ 000
At 1 April 2019	1	61,009	12,922	73,932
Profit for the year	-	-	2,676	2,676
Total comprehensive income	-	-	2,676	2,676
At 31 March 2020	<u>1</u>	<u>61,009</u>	<u>15,598</u>	<u>76,608</u>
	Share capital £ 000	Share premium £ 000	Retained earnings £ 000	Total £ 000
At 1 April 2018	1	61,009	11,361	72,371
Profit for the year	-	-	1,561	1,561
Total comprehensive income	-	-	1,561	1,561
At 31 March 2019	<u>1</u>	<u>61,009</u>	<u>12,922</u>	<u>73,932</u>

The notes on pages 12 to 31 form an integral part of these financial statements.
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Sony Pictures Television Production UK Limited

Notes to the Financial Statements for the Year Ended 31 March 2020

1 General information

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

The address of its registered office is:

12th Floor, Brunel Building

2 Canalside Walk

London

W2 1DG

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

The financial statements of Columbia Pictures Corporation Limited have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historical cost convention, except for defined benefit pension plan assets measured at fair value, and in accordance with the Companies Act 2006.

The preparation of financial statements in conformity with FRS 101 requires the use of certain accounting estimates. It requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed later in these accounting policies under 'Critical accounting estimates and assumptions'.

In the current year the company has adopted FRS 101. In the previous years the financial statements were prepared in accordance with applicable UK standards under FRS 102.

IFRS 9 Financial instruments and IFRS 15 Revenue from Contracts with Customers were effective from 1 April 2018, but did not have a material effect on the company.

There are no amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 March 2020 and the year ended 31 March 2019 that have had a material impact on the company.

Sony Pictures Television Production UK Limited

Notes to the Financial Statements for the Year Ended 31 March 2020

Summary of disclosure exemptions

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- Paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j)-(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66, B67 of IFRS 3, 'Business combinations'.
- IFRS 7, 'Financial instruments: Disclosures'.
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation

Techniques and inputs used for fair value measurement of assets and liabilities).

- The requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15, 'Revenue from Contracts with Customers'
- Paragraph 38 of IAS 1, 'Presentation of financial statements' - comparative information requirements in respect of:
 - (i) paragraph 79(a)(iv) of IAS 1;
 - (ii) paragraph 73(e) of IAS 16, 'Property, plant and equipment'; and
 - (iii) paragraph 118(e) of IAS 38, 'Intangible assets' (reconciliations between the carrying amount at the beginning and end of the period).

The following paragraphs of IAS 1, 'Presentation of financial statements':

- 10(d) (statement of cash flows);
- 16 (statement of compliance with all IFRS);
- 38A (requirement for minimum of two primary statements, including cash flow statements);
- 38B-D (additional comparative information);
- 111 (cash flow statement information); and
- 134-136 (capital management disclosures).

- IAS 7, 'Statement of cash flows'.
- Paragraphs 30 and 31 of IAS 8, 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation).
- The requirements in IAS 24, 'Related party disclosures', to disclose related party transactions entered into between two or more members of a group.

These financial statements are consolidated in the financial statements of Sony Corporation.

The financial statements of Sony Corporation may be obtained from Baker & McKenzie, 100 New Bridge Street, London EC4V 6JA.

Going concern

The Company's forecast and projections, taking account of reasonably possible changes in trading performance, show that the company should be able to operate within the level of its current facilities. After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

Sony Pictures Television Production UK Limited

Notes to the Financial Statements for the Year Ended 31 March 2020

Group accounts not prepared

The Company is itself a subsidiary company and is exempt from the requirement to prepare group financial statements by virtue of section 401 of the Companies Act 2006. These financial statements therefore present information about the Company as an individual undertaking and not about its group.

Changes in accounting policy

New standards and interpretations that are effective and are not expected to have an effect on the financial statements of the Company are set out below:

IFRS 3: Business Combinations (effective: 1 January 2020)

IAS 1: Presentation of financial statements (effective: 1 January 2020)

IAS 39, IFRS 9 and IFRS 17: Interest rate benchmark reform (effective: 1 January 2020)

IAS 8: Accounting policies, changes in accounting estimates and errors (definition material) (effective: 1 January 2020)

Amendments to the conceptual framework (effective: 1 January 2020)

IFRS 17: Insurance Contracts (effective: 1 January 2021)

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts, returns and value added taxes. The company recognises revenue when performance obligations have been satisfied and for the company this is when the goods or services have transferred to the customer and the customer has control of these.

Foreign currency transactions and balances

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Statement of Comprehensive Income.

Tax

The tax expense for the period comprises current tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Sony Pictures Television Production UK Limited

Notes to the Financial Statements for the Year Ended 31 March 2020

Investments

Investments held as fixed assets are shown at cost less provision for impairment. When the cost of the investment is not supportable by the underlying net assets, the investment is impaired.

(i) Investment in subsidiary company

Investment in subsidiary company is held at cost less accumulated impairment losses.

(ii) Investment in associate

Investment in associate company is held at cost less accumulated impairment losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Trade receivables

Trade and other receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components, when they are recognised at fair value. The company holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

The company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets are grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The company has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

A provision for the impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Sony Pictures Television Production UK Limited

Notes to the Financial Statements for the Year Ended 31 March 2020

Inventories

Work in progress represents production costs associated to undelivered episodes and is stated at the lower of cost and net realisable value. This is held on the balance sheet until successfully delivery of a project.

Development costs relating to programmes that have not been commissioned, or where recovery of the costs is not expected over the life of the production, are charged to the profit and loss account when incurred.

Production costs relating to programmes that have been commissioned, or where recovery of the costs is expected over the life of the production are deferred during the period of production and are released over the period in which the production is expected to generate revenue. Where costs are not deemed recoverable, a provision is made against these amounts and charged to the profit and loss account.

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Dividends

Dividend distribution to the company's shareholders is recognised as a liability in the company's financial statements in the period in which the dividends are approved by the company's shareholders.

Sony Pictures Television Production UK Limited

Notes to the Financial Statements for the Year Ended 31 March 2020

Financial instruments (post January 2018)

Initial recognition

Financial assets and financial liabilities comprise all assets and liabilities reflected in the statement of financial position, although excluding property, plant and equipment, investment properties, intangible assets, deferred tax assets, prepayments, deferred tax liabilities and employee benefits plan.

The company recognises financial assets and financial liabilities in the statement of financial position when, and only when, the company becomes party to the contractual provisions of the financial instrument.

Financial assets are initially recognised at fair value. Financial liabilities are initially recognised at fair value, representing the proceeds received net of premiums, discounts and transaction costs that are directly attributable to the financial liability.

All regular way purchases and sales of financial assets and financial liabilities classified as fair value through profit or loss ("FVTPL") are recognised on the trade date, i.e. the date on which the company commits to purchase or sell the financial assets or financial liabilities. All regular way purchases and sales of other financial assets and financial liabilities are recognised on the settlement date, i.e. the date on which the asset or liability is received from or delivered to the counterparty. Regular way purchases or sales are purchases or sales of financial assets that require delivery within the time frame generally established by regulation or convention in the market place.

Subsequent to initial measurement, financial assets and financial liabilities are measured at either amortised cost or fair value.

Classification and measurement

Financial instruments are classified at inception into one of the following categories, which then determine the subsequent measurement methodology:-

Financial assets are classified into one of the following three categories:-

- financial assets at amortised cost;
- financial assets at fair value through other comprehensive income (FVTOCI); or
- financial assets at fair value through the profit or loss (FVTPL).

Financial liabilities are classified into one of the following two categories:-

- financial liabilities at amortised cost; or
- financial liabilities at fair value through the profit or loss (FVTPL).

The classification and the basis for measurement are subject to the company's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets, as detailed below:-

Sony Pictures Television Production UK Limited

Notes to the Financial Statements for the Year Ended 31 March 2020

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:-

- the assets are held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

If either of the above two criteria is not met, the financial assets are classified and measured at fair value through the profit or loss (FVTPL).

If a financial asset meets the amortised cost criteria, the company may choose to designate the financial asset at FVTPL. Such an election is irrevocable and applicable only if the FVTPL classification significantly reduces a measurement or recognition inconsistency.

Financial assets at fair value through other comprehensive income (FVTOCI)

A financial asset is measured at FVTOCI only if it meets both of the following conditions and is not designated as at FVTPL:-

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investments that is not held for trading, the company may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis.

If an equity investment is designated as FVTOCI, all gains and losses, except for dividend income, are recognised in other comprehensive income and are not subsequently included in the statement of income.

Financial assets at fair value through the profit or loss (FVTPL)

Financial assets not otherwise classified above are classified and measured as FVTPL.

Financial liabilities at amortised cost

All financial liabilities, other than those classified as financial liabilities at FVTPL, are measured at amortised cost using the effective interest rate method.

Financial liabilities at fair value through the profit or loss

Financial liabilities not measured at amortised cost are classified and measured at FVTPL. This classification includes derivative liabilities.

Sony Pictures Television Production UK Limited

Notes to the Financial Statements for the Year Ended 31 March 2020

Derecognition

Financial assets

The company derecognises a financial asset when;

- the contractual rights to the cash flows from the financial asset expire,
- it transfers the right to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred; or
- the company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset and the sum of the consideration received is recognised as a gain or loss in the profit or loss.

Any cumulative gain or loss recognised in OCI in respect of equity investment securities designated as FVTOCI is not recognised in profit or loss on derecognition of such securities. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the company is recognised as a separate asset or liability.

The company enters into transactions whereby it transfers assets recognised on its statement of financial position, but retains either all or substantially all of risks and rewards of the transferred assets or a portion of them. In such cases, the transferred assets are not derecognised.

When the company derecognises transferred financial assets in their entirety, but has continuing involvement in them then the entity should disclose for each type of continuing involvement at the reporting date:

(a) The carrying amount of the assets and liabilities that are recognised in the entity's statement of financial position and represent the entity's continuing involvement in the derecognised financial assets, and the line items in which those assets and liabilities are recognised.

(b) The fair value of the assets and liabilities that represent the entity's continuing involvement in the derecognised financial assets;

(c) The amount that best represents the entity's maximum exposure to loss from its continuing involvement in the derecognised financial assets, and how the maximum exposure to loss is determined

(d) The undiscounted cash outflows that would or may be required to repurchase the derecognised financial assets or other amounts payable to the transferee for the transferred assets

Financial liabilities

The company derecognises a financial liability when its contractual obligations are discharged, cancelled, or expire.

Sony Pictures Television Production UK Limited

Notes to the Financial Statements for the Year Ended 31 March 2020

Modification of financial assets and financial liabilities

Financial assets

If the terms of a financial asset are modified, the company evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to the cash flows from the original financial asset are deemed to expire. In this case the original financial asset is derecognised and a new financial asset is recognised at either amortised cost or fair value.

If the cash flows are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the company recalculates the gross carrying amount of the financial asset and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in the statement of income.

Financial liabilities

If the terms of a financial liabilities are modified, the company evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual obligations from the cash flows from the original financial liabilities are deemed to expire. In this case the original financial liabilities are derecognised and new financial liabilities are recognised at either amortised cost or fair value.

If the cash flows are not substantially different, then the modification does not result in derecognition of the financial liabilities. In this case, the company recalculates the gross carrying amount of the financial liabilities and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in the statement of income.

3 Critical accounting judgements and key sources of estimation uncertainty

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

The directors have reviewed the estimates and assumptions used in the preparation of the financial statements. The directors do not believe that there is a significant risk which would lead to material adjustments to the carrying value of any assets and liabilities in the next financial year due to the changes on the estimates or assumptions.

The fair values of financial assets and liabilities are based on prices available from the market on which the instruments are traded. Where market values are not available, the fair values of financial assets and liabilities have been calculated by discounting expected future cash flows at prevailing interest rates. The fair values of short-term deposits, trade receivables, overdrafts and payables are assumed to approximate to their book values.

Sony Pictures Television Production UK Limited

Notes to the Financial Statements for the Year Ended 31 March 2020

4 Revenue

The analysis of the company's turnover for the year from continuing operations follows:

	2020 £ 000	2019 £ 000
Sales of goods		
Rest of world	<u>4,976</u>	<u>-</u>

5 Other operating income

The analysis of the company's other operating income for the year is as follows:

	2020 £ 000	2019 £ 000
Foreign exchange gain/(loss)	<u>764</u>	<u>(59)</u>

6 Operating profit/(loss)

Arrived at after charging/(crediting)

	2020 £ 000	2019 £ 000
Production costs	<u>4,331</u>	<u>-</u>

7 Finance income

	2020 £ 000	2019 £ 000
Interest income on amounts owed by group undertakings	<u>4,261</u>	<u>2,933</u>

8 Finance costs

	2020 £ 000	2019 £ 000
Interest on amounts owed to group undertakings	1,842	304
Interest expense on other financing liabilities	<u>104</u>	<u>598</u>
	<u>1,946</u>	<u>902</u>

Sony Pictures Television Production UK Limited

Notes to the Financial Statements for the Year Ended 31 March 2020

9 Staff costs

The directors received no emoluments in respect of their services to the Company (2019: £nil). There are 6 (2019: 6) directors who were remunerated by other group companies and the amounts received in respect of their services to this Company cannot be calculated.

The aggregate payroll costs (including directors' remuneration) were as follows:

	2020 £ 000	2019 £ 000
Wages and salaries	270	-
Social security costs	40	-
Pension costs, defined benefit scheme	21	-
	<u>331</u>	<u>-</u>

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

	2020 No.	2019 No.
Production	<u>3</u>	<u>-</u>

10 Auditors' remuneration

	2020 £ 000	2019 £ 000
Audit of the financial statements	<u>25</u>	<u>27</u>

11 Income tax expense

Tax charged in the income statement

	2020 £ 000	2019 £ 000
Current taxation		
UK corporation tax	630	381
UK corporation tax adjustment to prior periods	<u>(1)</u>	<u>-</u>
	<u>629</u>	<u>381</u>

Sony Pictures Television Production UK Limited

Notes to the Financial Statements for the Year Ended 31 March 2020

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2019 - higher than the standard rate of corporation tax in the UK) of 19% (2019 - 19%).

The differences are reconciled below:

	2020 £ 000	2019 £ 000
Profit before tax	<u>3,305</u>	<u>1,942</u>
Corporation tax at standard rate	628	369
Decrease in current tax from adjustment for prior periods	(1)	-
Increase from effect of expenses not deductible in determining taxable profit (tax loss)	1	-
Increase from transfer pricing adjustments	1	-
Deferred tax expense from unrecognised temporary difference from a prior period	<u>-</u>	<u>12</u>
Total tax charge	<u><u>629</u></u>	<u><u>381</u></u>

Factors affecting future tax rates

The main rate of corporation tax was reduced from 20% to 19% from 1 April 2017, enacted under Finance Act 2017. No further changes to the rate of tax are yet planned and will remain at 19% for the coming financial years.

12 Investments

	2020 £ 000	2019 £ 000
Investments in subsidiaries	72,809	69,774
Investments in associates	<u>3,550</u>	<u>3,550</u>
	<u><u>76,359</u></u>	<u><u>73,324</u></u>

Sony Pictures Television Production UK Limited

Notes to the Financial Statements for the Year Ended 31 March 2020

Subsidiaries	£ 000
Cost or valuation	
At 1 April 2018	68,862
Revaluation	4,419
	<hr/>
At 31 March 2019	73,281
At 1 April 2019	69,774
Revaluation	(645)
Additions	3,680
	<hr/>
At 31 March 2020	72,809
Impairment	
At 1 April 2018	3,507
	<hr/>
At 31 March 2019	3,507
At 1 April 2019	-
	<hr/>
At 31 March 2020	-
	<hr/>
Carrying amount	
At 31 March 2020	<u>72,809</u>
At 31 March 2019	<u>69,774</u>

The directors believe that the carrying value of the investments is supported by their underlying net assets and net present value of future cashflow.

During the year the Company acquired 30% in the sport production sector in Whisper Films Limited for the amount of £3,680,000.

Also during the year, the fair value of put options are impacted by revaluations to the subsidiary, which at end of the financial year is (£644,677).

Sony Pictures Television Production UK Limited

Notes to the Financial Statements for the Year Ended 31 March 2020

Details of the subsidiaries as at 31 March 2020 are as follows:

Name of subsidiary	Principal activity	Registered office	Holding	Proportion of ownership interest and voting rights	
				held 2020	2019
Left Bank Pictures Limited	Production of scripted entertainment shows	27/28 Eastcastle Street, London, W1W 8DH	Ordinary A shares	51%	51%
Left Bank Pictures Limited	Production of scripted entertainment shows	27/28 Eastcastle Street, London, W1W 8DH	Ordinary B shares	29.04%	29.04%
Left Bank Pictures Limited	Production of scripted entertainment shows	27/28 Eastcastle Street, London, W1W 8DH	Ordinary C shares	4%	4%
Sony Pictures Television Production Egypt SAE	Television production	(3A) Suléiman El Halabi Street, El Tawfikia - El Azbakeya, Down Town Cairo Egypt	Ordinary shares	1%	1%
Left Bank Media Limited	Television programme production activities	27/28 Eastcastle Street, London, W1W 8DH	Ordinary shares	60%	60%
Whisper Films Limited	Television programme production activities	South Avenue, Studios, Kew, London, TW9 3EL	Ordinary shares	30% 50.1%	/ 0% / 0%

Sony Pictures Television Production UK Limited

Notes to the Financial Statements for the Year Ended 31 March 2020

Associates

£ 000

Cost or valuation

At 1 April 2019 3,550

At 31 March 2020 3,550

Impairment

At 1 April 2018 -

At 31 March 2019 -

Carrying amount

At 31 March 2019 3,550

At 31 March 2020 3,550

The directors believe that the carrying value of the investments is supported by their underlying net assets.

Details of the associates as at 31 March 2020 are as follows:

Name of associate	Principal activity	Registered office	Proportion of ownership interest and voting rights held	
			2020	2019
Fable Pictures Limited	Television programme production activities	25 Golden Square, London, W1F 9LU	25%	25%
Blueprint Television Limited	Television production	43-45 Charlotte Street, London, W1T 1RS	20%	20%
Stolen Picture Limited	Motion picture production activities	10 Rathbone Place, London, W1T 1HP	25%	25%
Eleventh Hour Films Limited	Motion picture production activities	10 Orange Street, London, WV2H 7DQ	25%	25%

Joint ventures

Details of the joint ventures as at 31 March 2020 are as follows:

Sony Pictures Television Production UK Limited

Notes to the Financial Statements for the Year Ended 31 March 2020

Name of joint ventures	Principal activity	Registered office	Proportion of ownership interest and voting rights held	
			2020	2019
Left Bank Pictures (Film) Ltd	Television programme production activities	27/28 Eastcastle Street, London, W1W 8DH	84.04%	84.04%
Left Bank Pictures (Television) Ltd	Television programme production activities	27/28 Eastcastle Street, London, W1W 8DH	84.04%	84.04%
Left Bank Pictures Film (The Divided Heart) Ltd	Television programme production activities	27/28 Eastcastle Street, London, W1W 8DH	84.04%	84.04%
Left Bank Pictures (DCI Banks) Limited	Television programme production activities	27/28 Eastcastle Street, London, W1W 8DH	84.04%	84.04%
Left Bank Pictures (Ganglands) Limited	Television programme production activities	27/28 Eastcastle Street, London, W1W 8DH	84.04%	84.04%
Left Bank Pictures (Mad Dogs) Limited	Television programme production activities	27/28 Eastcastle Street, London, W1W 8DH	84.04%	84.04%
Left Bank Pictures (Mad Dogs 3) Limited	Television programme production activities	27/28 Eastcastle Street, London, W1W 8DH	84.04%	84.04%
Left Bank Pictures (MSO) Limited	Television programme production activities	27/28 Eastcastle Street, London, W1W 8DH	84.04%	84.04%
Left Bank Pictures (Strike Back) Limited	Television programme production activities	27/28 Eastcastle Street, London, W1W 8DH	84.04%	84.04%
Left Bank Pictures (Strike Back 5) Limited	Television programme production activities	27/28 Eastcastle Street, London, W1W 8DH	84.04%	84.04%
Left Bank Pictures (Wallander) Limited	Television programme production activities	27/28 Eastcastle Street, London, W1W 8DH	84.04%	84.04%
Left Bank Pictures (Zen) Limited	Television programme production activities	27/28 Eastcastle Street, London, W1W 8DH	84.04%	84.04%
Left Bank Pictures (Joyce Hatto) Limited	Television programme production activities	27/28 Eastcastle Street, London, W1W 8DH	84.04%	84.04%
Left Bank Pictures (Ice Cream Girls) Limited	Motion Picture production activities, Other business support service activities not elsewhere classified	27/28 Eastcastle Street, London, W1W 8DH	84.04%	84.04%

Sony Pictures Television Production UK Limited

Notes to the Financial Statements for the Year Ended 31 March 2020

Name of joint ventures	Principal activity	Registered office	Proportion of ownership interest and voting rights held	
			2020	2019
Left Bank Pictures (Tommy Cooper) Limited	Television programme production activities	27/28 Eastcastle Street, London, W1W 8DH	84.04%	84.04%
LBP Outlander Series 2 Limited	Television programme production activities	27/28 Eastcastle Street, London, W1W 8DH	84.04%	84.04%
LBP Lander Limited	Television programme production activities	27/28 Eastcastle Street, London, W1W 8DH	84.04%	84.04%
LBP (The Crown) Limited	Television programme production activities	27/28 Eastcastle Street, London, W1W 8DH	84.04%	84.04%
LBP The Crown Series 2 Limited	Television programme production activities	27/28 Eastcastle Street, London, W1W 8DH	84.04%	84.04%
LBP DCI Limited	Television programme production activities	27/28 Eastcastle Street, London, W1W 8DH	84.04%	84.04%
LBP The Halcyon Limited	Television programme production activities	27/28 Eastcastle Street, London, W1W 8DH	84.04%	84.04%
LBP The Replacement Limited	Television programme production activities	27/28 Eastcastle Street, London, W1W 8DH	84.04%	84.04%
LBP Outlander Series 3 Limited	Television programme production activities	27/28 Eastcastle Street, London, W1W 8DH	84.04%	84.04%
LBP Strike Back 6 Limited	Television programme production activities	27-28 Eastcastle Street, London, W1W 8DH	84.04%	84.04%
LBP Electric Dreams Ltd	Television programme production activities	27-28 Eastcastle Street, London, W1W 8DH	84.04%	84.04%
LBP Strike Back 7 Ltd	Television programme production activities	27/28 Eastcastle Street, London, W1W 8DH	84.04%	84.04%
LBP Strike Back 8 Ltd	Television programme production activities	27/28 Eastcastle Street, London, W1W 8DH	84.04%	84.04%
LBP Outlander 4 Limited	Television programme production activities	27/28 Eastcastle Street, London, W1W 8DH	84.04%	84.04%
LBP Outlander 5 Ltd	Television programme production activities	27/28 Eastcastle Street, London, W1W 8DH	84.04%	84.04%

Sony Pictures Television Production UK Limited

Notes to the Financial Statements for the Year Ended 31 March 2020

Name of joint ventures	Principal activity	Registered office	Proportion of ownership interest and voting rights held	
			2020	2019
LBP The Crown Series 3 Ltd	Television programme production activities	27/28 Eastcastle Street, London, W1W 8DH	84.04%	84.04%
LB Media Film Ltd	Motion picture production activities, Television programme production	27/28 Eastcastle Street, London, W1W 8DH	60%	60%
LBP-TV 2 Ltd	Television programme production activities	27/28 Eastcastle Street, London, W1W 8DH	60%	60%
LBP Book of Strange New Things Limited	Television programme production activities	27/28 Eastcastle Street, London, W1W 8DH	60%	60%
LBP Origin Ltd	Television programme production activities	27/28 Eastcastle Street, London, W1W 8DH	60%	60%
LBM White Lines Ltd	Television programme production activities	27/28 Eastcastle Street, London, W1W 8DH	60%	60%
LBM Behind Her Eyes Ltd	Television programme production activities	27/28 Eastcastle Street, London, W1W 8DH	60%	60%

13 Inventories

	2020 £ 000	2019 £ 000
Work in progress	-	21

14 Trade and other receivables

	2020 £ 000	2019 £ 000
Trade receivables	442	-
Amounts owed by group undertakings	156,195	101,794
Other receivables	1,267	1,004
	<u>157,904</u>	<u>102,798</u>

Sony Pictures Television Production UK Limited

Notes to the Financial Statements for the Year Ended 31 March 2020

Amounts owed by group undertakings are intercompany loans and have an applicable interest rate between 2% and 5.47% per annum above LIBOR which has been included in the Profit and Loss account for the year to 31 March 2020. The Company has taken an exemption from disclosing related party transactions with wholly owned subsidiaries.

15 Cash and cash equivalents

	2020 £ 000	2019 £ 000
Cash at bank	<u>199</u>	<u>57</u>

16 Equity

Allotted, called up and fully paid shares

	2020 No.000	2020 £'000	2019 No.000	2019 £'000
1,002 Ordinary Shares (2019: 1,002) of £1 each	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

17 Trade and other payables

	2020 £ 000	2019 £ 000
Trade payables	4	517
Accrued expenses	53	7
Amounts owed to group undertakings	141,790	85,652
Income tax liability	<u>1,011</u>	<u>452</u>
	<u>142,858</u>	<u>86,628</u>

Due after one year

Other non-current financial liabilities	<u>14,996</u>	<u>15,640</u>
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Amounts owed to group undertakings due within one year are with Sony Global Treasury Services PLC and have an applicable interest rate between 1.126% and 1.72% per annum which has been included in the Profit and Loss account for the year to 31 March 2020.

Sony Pictures Television Production UK Limited

Notes to the Financial Statements for the Year Ended 31 March 2020

18 Pension and other schemes

Defined contribution pension scheme

The company participates in the Columbia Pictures Corporation Limited Staff Pension and Life Assurance Scheme. The Company is unable to identify its share of the underlying assets and liabilities of the scheme on consistent and reasonable basis and therefore, in accordance with Section 28 of FRS 101, the Company accounts for the scheme as if it is a defined contribution scheme. As a result, the amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the financial year.

The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £21,048 (2019 - £0).

19 Financial instruments

	2020	2019
	£ 000	£ 000
Put Options		
Oldco Class C Options	(4,454)	(5,646)
Oldco Class D	(1,455)	(3,129)
Newco	<u>(9,087)</u>	<u>(6,865)</u>
Total Value of Derivatives	<u><u>(14,996)</u></u>	<u><u>(15,640)</u></u>

The amount above represents the fair value of a put option granted to the sellers allowing them to sell the remainder of their shares to the company at a date in the future. The fair value of the option is based on the discounted probability-adjusted expected value of the consideration that will be exchanged if this option is exercised.

20 Parent and ultimate parent undertaking

The company's immediate parent is Columbia Pictures Corporation Limited.

The ultimate parent and holding company is Sony Corporation, a company incorporated in Japan. Sony Corporation is the smallest and largest group for which consolidated financial statements are prepared. These financial statements are available upon request from Baker & McKenzie, 100 New Bridge Street, London EC4V 6JA.