

Registration number: 03799655

# Universal Pictures International Entertainment Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2017



# **Universal Pictures International Entertainment Limited**

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# **Universal Pictures International Entertainment Limited**

## **Company Information**

<b>Directors</b>	J E Cunningham
	J W Revill
	L Engvik-Hallsten
	J W Dodge
<b>Registered office</b>	1 Central St Giles St Giles High Street London WC2H 8NU
<b>Auditors</b>	Deloitte LLP Statutory Auditor London, UK

## **Universal Pictures International Entertainment Limited**

### **Strategic Report for the Year Ended 31 December 2017**

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

In preparing this strategic report, the directors have complied with Section 414C of the Companies Act 2006.

#### **Principal activity**

The principal activity of the company is to provide marketing and technical services to group companies.

#### **Results**

The results of the company show a pre-tax profit of \$692,000 (2016: \$548,000) for the year and turnover of \$30,299,000 (2016: \$31,346,000).

The profit for the year, after taxation, amounted to \$597,000 (2016: \$628,000).

The company has net assets of \$4,066,000 (2016: net assets of \$3,187,000) out of which \$6,658,000 is due (2016: \$4,341,000) from fellow group companies.

#### **Enhanced business review**

All costs incurred are recovered from related group companies with an applied mark-up. The company's turnover has decreased year on year due to lower cost of sales driven by the declining physical distribution market.

The company's key financial and other performance indicators during the year were as follows:

	<b>Unit</b>	<b>2017</b>	<b>2016</b>
Operating margin	%	3	2
Gross margin	%	68	62

The operating margin is the ratio of operating profit before exceptional items to sales expressed as a percentage.

The gross margin is the ratio of total turnover less cost of goods sold, divided by total turnover, expressed as a percentage.

## **Universal Pictures International Entertainment Limited**

### **Strategic Report for the Year Ended 31 December 2017**

#### **Principal risks and uncertainties**

The management of the business and the execution of the company's strategy are subject to the risks affecting the group companies which it provides services to. These are the competitive pressures within the entertainment industry, a challenging macroeconomic environment, rapid technological change and increased risk of piracy.

#### **Market Risks**

The group operates in an intensely competitive, consumer-driven and rapidly changing environment and competes with a growing number of companies that provide a broad range of communications products and services and entertainment, news and information products and services to consumers. Technological changes are further intensifying and complicating the competitive landscape for the company by challenging existing business models and affecting consumer behaviour.

#### **Financial Risks**

The company is fully supported within the group, which manages a mixture of debt and equity funding in order to minimise risk exposure and enable optimal business performance. Consequently, the company does not hold external debt and is resilient to risks arising from movements in interest rates. The group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates. The company enters into derivative financial instruments, from time to time, in order to mitigate the risks of changes in foreign currency exchange rates.

Policies have been implemented with the group to minimise liquidity risk, through maintenance of an internal reporting structure based on cash targets. Additionally, appropriate credit checks are carried out for all potential customers before contracts are entered into, with status monitoring taking place throughout.

#### **Future developments**

The directors expect no significant changes to the future activities of the business. No external factors are expected to impact the entity.

Approved by the Board on 21 June 2018 and signed on its behalf by:

  
L Engvik-Hallsten  
Director

## **Universal Pictures International Entertainment Limited**

### **Directors' Report for the Year Ended 31 December 2017**

The directors present their annual report on the affairs of the company, together with the audited financial statements and auditor's report for the year ended 31 December 2017.

#### **Future developments**

No significant changes to the future activities of the business are expected. Refer to the Strategic report for an update on the business activities during the year.

#### **Financial risk management objectives and policies**

For financial risk management objectives and policies please refer to the Strategic Report on page 3.

#### **Dividends**

The directors did not declare payment of a final dividend (2016: \$nil).

The directors did not declare an interim dividend for the year (2016: \$14,340,000).

#### **Directors of the company**

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

J E Cunningham

J W Revill

P J Randle (resigned 18 April 2017)

L Engvik-Hallsten

J W Dodge (appointed 29 June 2017)

#### **Directors' indemnities**

The company has made no qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

#### **Going concern**

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

Further details regarding the adoption of the going concern basis can be found in the accounting policies in note 2 to the financial statements.

#### **Disclosure of information to the auditors**

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

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all the 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 auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

## **Universal Pictures International Entertainment Limited**

### **Directors' Report for the Year Ended 31 December 2017**

#### **Reappointment of auditors**

Deloitte LLP has indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting. This information is given and should be interpreted in accordance with the provisions of Section 487 of the Companies Act 2006.

Approved by the Board on 21 June 2018 and signed on its behalf by:



L Engvik-Hallsten

## **Universal Pictures International Entertainment 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 102 the Financial Reporting standard applicable in the UK and Republic of Ireland. 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 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.



## **Universal Pictures International Entertainment Limited**

### **Independent Auditor's Report to the Members of Universal Pictures International Entertainment Limited**

#### **Report on the audit of the financial statements**

##### **Opinion**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Universal Pictures International Entertainment Limited (the 'company'), which comprise:

- the profit and loss account;
- the statement of other comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 19.

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

##### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### **Conclusions relating to going concern**

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in 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.

We have nothing to report in respect of these matters.

##### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

## **Universal Pictures International Entertainment Limited**

### **Independent Auditor's Report to the Members of Universal Pictures International Entertainment Limited**

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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in respect of these matters.

#### **Responsibilities of directors**

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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.

#### **Auditor's 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 auditor's 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 Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

#### **Use of our report**

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.

#### **Report on other legal and regulatory requirements**

##### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and 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 or the Directors' Report.

**Universal Pictures International Entertainment Limited**

**Independent Auditor's Report to the Members of Universal Pictures International  
Entertainment Limited**

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

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.



.....  
Jon Young (Senior Statutory Auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor

London, UK

21 June 2018

# **Universal Pictures International Entertainment Limited**

## **Profit and Loss Account for the Year Ended 31 December 2017**

	Note	2017 \$ 000	2016 \$ 000
Turnover	3	30,299	31,346
Cost of sales		<u>(9,668)</u>	<u>(11,886)</u>
Gross profit		20,631	19,460
Administrative expenses		(19,778)	(18,889)
Distribution costs		<u>-</u>	<u>(3)</u>
Operating profit	4	<u>853</u>	<u>568</u>
Interest receivable and similar income	5	6	33
Interest payable and similar expenses	6	<u>(167)</u>	<u>(53)</u>
		<u>(161)</u>	<u>(20)</u>
Profit before taxation		692	548
Tax on profit	10	<u>(95)</u>	<u>80</u>
Profit for the financial year		<u><u>597</u></u>	<u><u>628</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.

**Universal Pictures International Entertainment Limited**

**Statement of Other Comprehensive Income for the Year Ended 31 December 2017**

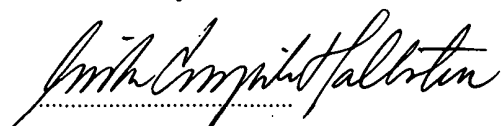
	<b>2017</b> <b>\$ 000</b>	<b>2016</b> <b>\$ 000</b>
Profit for the year	<u>597</u>	<u>628</u>
Total comprehensive income for the year	<u><u>597</u></u>	<u><u>628</u></u>

# Universal Pictures International Entertainment Limited

(Registration number: 03799655)  
Balance Sheet as at 31 December 2017

	Note	2017 \$ 000	2016 \$ 000
<b>Fixed assets</b>			
Intangible assets	11	227	593
<b>Current assets</b>			
Work in progress	12	-	38
Debtors	13	12,546	21,894
		12,546	21,932
<b>Creditors: Amounts falling due within one year</b>	14	(8,707)	(19,338)
<b>Net current assets</b>		3,839	2,594
<b>Total assets less current liabilities</b>		4,066	3,187
<b>Net assets</b>		4,066	3,187
<b>Capital and reserves</b>			
Called up share capital	15	-	-
Other reserves	16	149	-
Exchange reserve	16	(3,354)	(3,354)
Retained earnings	16	7,271	6,541
<b>Shareholder's funds</b>		4,066	3,187

The financial statements have been approved and authorised for issue by the Board on 21 June 2018 and signed on its behalf by:



L Engvik-Hallsten  
Director

**Universal Pictures International Entertainment Limited**

**Statement of Changes in Equity for the Year Ended 31 December 2017**

	Share capital \$ 000	Exchange reserve \$ 000	Other reserves \$ 000	Retained earnings \$ 000	Total \$ 000
At 1 January 2016	-	(3,354)	-	20,078	16,724
Profit for the year	-	-	-	628	628
Total comprehensive income	-	-	-	628	628
Dividends	-	-	-	(14,340)	(14,340)
Share based payment transactions	-	-	-	175	175
At 31 December 2016	-	(3,354)	-	6,541	3,187
	Share capital \$ 000	Exchange reserve \$ 000	Other reserves \$ 000	Retained earnings \$ 000	Total \$ 000
At 1 January 2017	-	(3,354)	-	6,541	3,187
Profit for the year	-	-	-	597	597
Total comprehensive income	-	-	-	597	597
Share based payment transactions	-	-	149	133	282
At 31 December 2017	-	(3,354)	149	7,271	4,066

Foreign currency translation arose on 1 January 2013 when the presentational currency was changed from GBP to USD. The exchange reserve arose due to the restatement of 2012 comparatives.

The notes on pages 14 to 25 form an integral part of these financial statements.

# **Universal Pictures International Entertainment Limited**

## **Notes to the Financial Statements for the Year Ended 31 December 2017**

### **1 General information**

The Company's principal activity is to provide marketing and technical services to group companies. The entity is a private limited company by shares, incorporated in United Kingdom and domiciled in England & Wales.

The address of its registered office is 1 Central St Giles, St Giles High Street, London, WC2H 8NU.

### **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.

#### **Statement of compliance**

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' issued by the Financial Reporting Council.

#### **Basis of preparation**

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

The functional currency of Universal Pictures International Entertainment Limited is US dollars because that is the currency of the primary economic environment in which the company operates.

#### **Summary of disclosure exemptions**

Exemptions have also been taken under FRS 102 Section 1 in relation to share-based payments, financial instruments, presentation of a cash flow statement, intra-group transactions and remuneration of key management personnel.

#### **Going concern**

The directors have reviewed the current financial performance and position of the company, including the arrangements with group undertakings.

On the basis of their assessment of the company's current financial performance and position, the directors have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the company to continue as a going concern. The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and hence continue to adopt the going concern basis of accounting in preparing the financial statements.

#### **Judgements**

In preparing these financial statements, the directors have made the following judgements:

Determining whether there are indicators of impairment of the company's intangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset. Refer to note 11 for a detailed analysis on the carrying values of the intangible assets.

Management makes an estimate of the recoverable value of its trade debtors given. When assessing impairment of debtors, management considers the credit-worthiness of the borrower, the existing and future trading cashflows, the economic environment in which the business operates and historical repayment experience. Refer to note 13 for the carrying amount of debtors.

#### **Key sources of estimation uncertainty**

Directors do not consider there to be any material estimation uncertainty.



## **Universal Pictures International Entertainment Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2017**

#### **Turnover**

Turnover comprises the fair value of the consideration received or receivable for the provision of services in the ordinary course of the company's activities. Turnover is shown net of sales/value added tax.

The company recognises revenue when: the amount of revenue can be reliably measured; it is probable that future economic benefits will flow to the entity; and specific criteria have been met for each of the company's activities.

#### **Finance income and costs policy**

Interest receivable is recognised as interest accrues, using the effective interest rate method. All interest receivable is recognised in the profit and loss accounts.

Interest payable is recognised as interest accrues. All interest payable is recognised in the profit and loss account.

#### **Foreign currency transactions and balances**

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the initial transaction dates.

Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

#### **Tax**

The tax expense for the period comprises current and deferred tax. Tax is recognised in the profit or loss account, 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.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the company. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax asset are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profits.

Deferred tax assets and liabilities are offset only if: a) the company has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority and the entity intends either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

## Universal Pictures International Entertainment Limited

### Notes to the Financial Statements for the Year Ended 31 December 2017

#### Intangible assets

Software intangible assets have a finite useful life and are carried at cost less accumulated amortisation and any accumulated impairment losses.

#### Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

Asset class	Amortisation method and rate
Software	20% annual straight line

#### Trade debtors

Trade debtors are amounts due from customers for services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. A provision for the impairment of trade debtors 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.

Trade debtors are derecognised when the contractual rights to the cash flows from the trade debtor expire or are settled

#### Work in progress

Work in progress is a reflection of the costs directly incurred in relation to software intangibles assets which are held on the balance sheet until successful delivery of a project, transferred to the intangible asset class and amortised over its useful life.

#### Trade creditors

Trade creditors 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 the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities. Trade creditors are recognised at the transaction price. Trade creditors are derecognised only when the obligation specified in the contract has been discharged, cancelled or expires.

#### Borrowings

Borrowings are initially measured at transaction price (including transaction costs) and subsequently measured at amortised cost. Borrowings are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

#### 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 financial statements in the reporting period in which the dividends are declared.

## **Universal Pictures International Entertainment Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2017**

#### **Defined contribution pension obligation**

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

#### **Share based payments**

The cost of equity-settled transactions with employees is measured by reference to the fair value of the equity instruments granted at the date at which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award.

Fair value is determined by an external valuer using an appropriate pricing model. In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of the company (market conditions) and non vesting conditions. No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market or non vesting condition, which are treated as vesting irrespective of whether or not the market or non vesting condition is satisfied, provided that all other performance conditions are satisfied.

## Universal Pictures International Entertainment Limited

### Notes to the Financial Statements for the Year Ended 31 December 2017

#### 3 Turnover

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

	2017 \$ 000	2016 \$ 000
Rendering of services	<u>30,299</u>	<u>31,346</u>

An analysis of turnover by geographical market is given below:

	2017 \$ 000	2016 \$ 000
UK	29,143	30,185
Rest of European Union	4	-
USA	1,139	1,161
Rest of World	<u>13</u>	<u>-</u>
	<u>30,299</u>	<u>31,346</u>

#### 4 Operating profit

Arrived at after charging/(crediting)

	2017 \$ 000	2016 \$ 000
Amortisation expense	367	974
Foreign exchange (gains)/losses	<u>(235)</u>	<u>35</u>

#### 5 Interest receivable and similar income

	2017 \$ 000	2016 \$ 000
Interest from group companies	<u>6</u>	<u>33</u>

#### 6 Interest payable and similar expenses

	2017 \$ 000	2016 \$ 000
Interest on loans from group undertakings	<u>167</u>	<u>53</u>

# **Universal Pictures International Entertainment Limited**

## **Notes to the Financial Statements for the Year Ended 31 December 2017**

### **7 Auditors' remuneration**

	<b>2017</b>	<b>2016</b>
	<b>\$ 000</b>	<b>\$ 000</b>
Audit of the financial statements	<u>23</u>	<u>16</u>

There were no fees payable to the company's auditor for non-audit services during the period.

### **8 Staff numbers and costs**

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

	<b>2017</b>	<b>2016</b>
	<b>\$ 000</b>	<b>\$ 000</b>
Wages and salaries	8,211	7,820
Social security costs	875	937
Pension costs, defined contribution scheme	<u>501</u>	<u>530</u>
	<u>9,587</u>	<u>9,287</u>

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

	<b>2017</b>	<b>2016</b>
	<b>No.</b>	<b>No.</b>
Administration and support	<u>80</u>	<u>75</u>

# **Universal Pictures International Entertainment Limited**

## **Notes to the Financial Statements for the Year Ended 31 December 2017**

### **9 Directors' remuneration**

The directors' remuneration for the year was as follows:

	<b>2017</b>	<b>2016</b>
	<b>\$ 000</b>	<b>\$ 000</b>
Remuneration	142	342
Contributions paid to money purchase schemes	7	23
	<u>149</u>	<u>365</u>

During the year the number of directors who were receiving benefits and share incentives was as follows:

	<b>2017</b>	<b>2016</b>
	<b>No.</b>	<b>No.</b>
Received or were entitled to receive shares under long term incentive schemes	1	2
Exercised share options	1	1
Accruing benefits under money purchase pension scheme	<u>1</u>	<u>2</u>

In respect of the highest paid director:

	<b>2017</b>	<b>2016</b>
	<b>\$ 000</b>	<b>\$ 000</b>
Remuneration	79	274
Benefits under long-term incentive schemes (excluding shares)	64	68
Company contributions to money purchase pension schemes	<u>6</u>	<u>23</u>

During the year the highest paid director exercised share options and also received or was entitled to receive shares under a long term incentive scheme.

### **10 Taxation**

Tax charged/(credited) in the income statement

	<b>2017</b>	<b>2016</b>
	<b>\$ 000</b>	<b>\$ 000</b>
<b>Current taxation</b>		
UK corporation tax	88	77
UK corporation tax adjustment to prior periods	<u>(77)</u>	<u>(241)</u>
	<u>11</u>	<u>(164)</u>
<b>Deferred taxation</b>		
Arising from origination and reversal of timing differences	104	42
Arising from changes in tax rates and laws	(1)	42
Arising from previously unrecognised tax loss, tax credit or timing difference of prior periods	<u>(19)</u>	<u>-</u>
Total deferred taxation	<u>84</u>	<u>84</u>
Tax expense/(credit) in the income statement	<u>95</u>	<u>(80)</u>

## Universal Pictures International Entertainment Limited

### Notes to the Financial Statements for the Year Ended 31 December 2017

The differences between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax 19.25% (2016 - 20%) to the profit before tax is as follows:

	2017 \$ 000	2016 \$ 000
Profit before tax	<u>692</u>	<u>548</u>
Corporation tax at standard rate	133	110
Expenses not deductible for tax purposes/income not taxable	59	9
Deferred tax expense (credit) relating to changes in tax rates or laws	(1)	42
Adjustment for prior periods	<u>(96)</u>	<u>(241)</u>
Total tax charge/(credit)	<u>95</u>	<u>(80)</u>

#### Deferred tax

Deferred tax assets and liabilities

	Asset \$ 000
<b>2017</b>	
Difference between accumulated depreciation and amortisation and capital allowances	741
Other timing differences	<u>-</u>
	<u>741</u>
<b>2016</b>	
	Asset \$ 000
Difference between accumulated depreciation and amortisation and capital allowances	826
Other timing differences	<u>-</u>
	<u>826</u>

The amount of the net reversal of deferred tax assets and deferred tax liabilities expected to occur during the year beginning after the reporting period is \$85,000 (2016 - \$85,513).

The rate of UK corporation tax that was in effect at the balance sheet date was 19%. The UK corporation tax rate will change to 17% from 1 April 2020.

Deferred tax assets and liabilities on all timing differences have been calculated at the rate at which they are expected to reverse.

# **Universal Pictures International Entertainment Limited**

## **Notes to the Financial Statements for the Year Ended 31 December 2017**

### **11 Intangible assets**

	Software \$ 000	Total \$ 000
<b>Cost</b>		
At 1 January 2017	5,600	5,600
At 31 December 2017	5,600	5,600
<b>Amortisation</b>		
At 1 January 2017	5,007	5,007
Amortisation charge	366	366
At 31 December 2017	5,373	5,373
<b>Carrying amount</b>		
At 31 December 2017	227	227
At 31 December 2016	593	593

### **12 Work in progress**

	2017 \$ 000	2016 \$ 000
Work in progress	-	38

There is no material difference between the balance sheet value of work in progress and their replacement cost.

### **13 Debtors**

	Note	2017 \$ 000	2016 \$ 000
Trade debtors		412	198
Owed by group undertakings		10,881	19,720
Accrued income		17	12
Other receivables		21	578
Deferred tax assets	10	741	826
VAT receivable		474	560
Total current trade and other receivables		12,546	21,894

Interest will be received at market rate from group undertakings on balances which are not trade in nature. These balances are repayable on demand.



## Universal Pictures International Entertainment Limited

### Notes to the Financial Statements for the Year Ended 31 December 2017

#### 14 Creditors

	Note	2017 \$ 000	2016 \$ 000
<b>Due within one year</b>			
Trade creditors		47	321
Income tax liability	10	88	77
Accruals and deferred income		4,279	3,426
Owed to group undertakings		4,223	15,379
Other current liabilities		70	135
		<u>8,707</u>	<u>19,338</u>

Interest will be paid at market rate to group undertakings on balances which are not trade in nature. These balances are repayable on demand.

#### 15 Share capital

##### Allotted, called up and fully paid shares

	2017		2016	
	No.	\$	No.	\$
2 Ordinary Shares of \$1 each	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>

#### 16 Reserves

##### Retained earnings

The retained earnings reserve represents cumulative profits or losses net of dividends paid and other adjustments.

##### Exchange reserve

This reserve relates to the change in presentational currency in 2013 from GBP to USD. The exchange reserve arose due to the restatement of 2012 comparatives.

##### Other reserves

The other reserve has arisen completely from share based payment transactions and is therefore the build up of the expense associated with these payments which will be recycled when the share based payments vest.

#### 17 Pension and other schemes

##### Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to \$501,000 (2016: \$530,000).

## **Universal Pictures International Entertainment Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2017**

#### **18 Share-based payments**

##### **Comcast Corporation Incentive Plans**

##### **Scheme details and movements**

Certain employees of the company were previously selected to participate in share options and restricted units of Comcast Corporation under the terms of the Comcast Corporation Incentive Plans. Share options generally expire 10 years from grant date and vest over service periods ranging from one to nine and a half years. The option price is usually set as the closing day share price on grant date.

Restricted units give the participants the right to receive shares in Comcast Corporation for no consideration. Restricted units vest over various service periods beginning one year from grant date through five years.

All grants of Comcast options under all plans must be approved by the Compensation Committee of Comcast Corporation, which consist entirely of outside directors.

For further details on stock options and Restricted Units from both plans, please refer to the Comcast Corporation Annual report available at [www.cmcsk.com](http://www.cmcsk.com)

##### **a) Share options**

There were no share options issued to the staff or directors of the Company in the current year (2016: nil).

##### **b) Restricted Stock Units**

The total number of restricted stock units (RSUs) granted during 2017 was 12,900 (2016: 4,820).

##### **Fair value of restricted funds**

The fair value of each restricted stock unit is the market price of the stock on the date of grant. The fair value of RSUs for the year ended 31 December 2017 was \$37.77 and 2016 was \$30.02 (under the Comcast plan). The weighted average value of restricted stock units granted during 2017 was \$37.62 and 2016 was \$59.13.

The average monthly exchange rate at the year end was \$1.28 (2016 - \$1.37).

The opening exchange rate was \$1.23 (2016 - \$1.49).

The closing exchange rate was \$1.34 (2016 - \$1.24).

The entity is part of a group share-based payment scheme and it recognises and measures its share-based payment expense on the basis of a reasonable allocation of the expense recognised for the group. The allocation of the group expense is based on the entity's employees who receive share-based payments.

##### **Effect of share-based payments on profit or loss and financial position**

The total expense recognised in profit or loss for the year was \$282,156 (2016 - \$174,953).

## **Universal Pictures International Entertainment Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2017**

#### **19 Parent and ultimate parent undertaking**

The company's immediate parent is Universal Studios International B.V., incorporated in Netherlands.

The smallest group in which the results of the company was consolidated is that headed by NBCUniversal Media LLC , a company incorporated in the United States of America. The principal and registered place of business is 30 Rockefeller Plaza New York, NY 10112-0015, USA.

The largest group in which the results of the company are consolidated is that headed up by its ultimate parent undertaking, Comcast Corporation, a company incorporated in United States of America. The principal and registered place of business is 30 Rockefeller Plaza New York, NY 10112-0015, USA. The consolidated financial statements are available upon request from 30 Rockefeller Plaza, New York, NY 10112-0015, USA and One Comcast Center, 1701 John F. Kennedy Boulevard, Philadelphia, PA 19103-2838, USA or at [www.cmcsa.com](http://www.cmcsa.com) respectively.