

Zodiak Media UK Limited

Report and financial statements

For the year ended 31 December 2015



Zodiak Media UK Limited

Company Information

Directors	J Freeston F M M Sauvage S M Kurinckx M Bassetti
Registered number	4126826
Registered office	The Gloucester Building Kensington Village Avonmore Road London W14 8RF
Independent auditors	Ernst & Young LLP 1 More London Place London SE1 2AF
Bankers	NatWest 1 Princes Street London EC2R 8BP

Contents

	Page
Strategic report	1
Directors' report	2 - 3
Directors' responsibilities statement	4
Independent auditors' report	5 - 6
Statement of comprehensive income	7
Statement of financial position	8 - 9
Statement of changes in equity	10
Notes to the financial statements	11 - 27

**Strategic report
For the year ended 31 December 2015**

The directors present their Strategic report for the year ended 31 December 2015.

Principal activities and review of the business

The principal activity is to act as a parent undertaking for companies involved in the production and distribution of television programmes.

The performance of the Company during 2015 was in line with expectations.

Business environment

The UK television market continues to be challenging, with customers maintaining pressure on license fees paid for both new and returning commissions. However, there continue to be new buyers to the marketplace, so the portfolio of potential customers continues to increase.

Strategy and future developments

The success of the Company's subsidiaries is dependent upon the successful selling and production of television programmes, and the recruitment and retention of key talent in order to achieve this aim. It is important to continue to diversify the portfolio of customers to take advantage of opportunities available, both in linear and non-linear broadcast channels.

Key performance indicators

The entity's key performance indicator is considered to be as follows:

1. Loss before tax - £5.6m (2014 - £3.7m)

Principal risks and uncertainties

The Banijay Group SAS manages business and financial risks and uncertainties at group level, rather than on an individual company basis. As a result the Company has reduced exposure to business and financial risks because it is able to call on group financial resources and experience, for instance hedging currency fluctuations.

Currency risk

The Company is also exposed to currency risk by virtue of the proportion of its business being invoiced in foreign currencies. The Company holds cash in foreign currencies in order to hedge these exposures.

Credit risk

The principal credit risk arises from amounts owed from group undertakings. The Company aims to manage this risk by setting limits for customers based on a combination of payment history and third party credit references, which are reviewed on a regular basis in conjunction with debt ageing and collection history.

This report was approved by the board on 25 May 2016 and signed on its behalf.



J Freeston
Director

Zodiak Media UK Limited

Directors' report For the year ended 31 December 2015

The directors present their report and the financial statements for the year ended 31 December 2015.

Results and dividends

The loss for the year, after taxation, amounted to £5.6m (2014 -£3.7m). The directors do not recommend a final dividend (2014 - £NIL).

Directors

The directors who served during the year were:

J Freeston
C Deleris (resigned 23 February 2016)
M-A d'Halluin (resigned 23 February 2016)
S Farzad (resigned 23 February 2016)
F M M Sauvage (appointed 23 February 2016)
S M Kurinckx (appointed 23 February 2016)
M Bassetti (appointed 23 February 2016)

Going concern

The directors have a reasonable expectation that the Company has adequate resources to continue in operation for the next twelve months. The financial statements have been prepared on the going concern basis as the Company's intermediate parent undertaking at the date of approval of the financial statements, Banijay Group SAS, has agreed to provide financial support as necessary for a period of at least twelve months from the date the directors approve the financial statements of the Company. The directors, having made sufficient enquiries, are satisfied that Banijay Group SAS is in a position to provide the level of support required and hence have concluded that it is appropriate to prepare financial statements on a going concern basis.

Post balance sheet events

On February 23rd, 2016 the Groups Banijay and Zodiak Media announced that their merger transaction was completed creating the world's biggest independent production company and the largest not controlled by a media group with revenues of around US\$1 billion.

This merger is structured as a reverse merger pursuant to which LOV Group took over the control of the company which was then renamed Banijay Group. The company then opened its share capital to Vivendi Contents under a share capital increase of €100,000,000.

As a consequence of these operations, Banijay Group is 73.8% controlled by LDH a company whose shareholders are Stéphane Courbit's LOV Group (50.1%) and DeA Communications SA (49.9%), with Vivendi owning 26.2%. Stéphane Courbit is named Chairman and Marco Bassetti is appointed CEO of Banijay Group.

Following the merger process the Group Banijay-Zodiak will be fully focused on market opportunities and the implementation of a new organisation.

Zodiak Media UK Limited

Directors' report
For the year ended 31 December 2015

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

The auditors, Ernst & Young LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 25 May 2016 and signed on its behalf.



J Freeston
Director

**Directors' responsibilities statement
For the year ended 31 December 2015**

The directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. Under Company law the directors must not approve the financial statements unless satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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

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 Zodiac Media UK Limited

We have audited the financial statements of Zodiac Media UK Limited for the year ended 31 December 2015, which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity and the related notes 1 to 21. The financial reporting framework that has been applied in their preparation is applicable law including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

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

Respective responsibilities of directors and auditors

As explained more fully in the Directors' responsibilities statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic report and the Directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2015 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements and the directors' report has been prepared in accordance with applicable legal requirements.

Independent auditors' report to the members of Zodiac Media UK Limited

Matters on which we are required to report by exception

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

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

Ernst & Young LLP

Louise Pennell (Senior statutory auditor)
for and on behalf of
Ernst & Young LLP
Statutory Auditor
London

25 May 2016

Zodiak Media UK Limited

**Statement of comprehensive income
For the year ended 31 December 2015**

	Note	2015 £000	As restated 2014 £000
Administrative expenses		441	(236)
Write down of investments in subsidiary undertakings		(5,371)	(13,880)
Operating loss	2	(4,930)	(14,116)
Income from shares in group companies		192	11,250
Interest payable and expenses	5	(816)	(793)
Loss before tax		(5,554)	(3,659)
Tax on loss	6	-	-
Loss for the year		(5,554)	(3,659)
Other comprehensive income		-	-
		-	-
Total comprehensive income for the year		(5,554)	(3,659)

The notes on pages 11 to 27 form part of these financial statements.

Statement of financial position
As at 31 December 2015

	Note	2015 £000	As restated 2014 £000
Tangible assets	7	24	20
Investments	8	30,898	35,294
		<u>30,922</u>	<u>35,314</u>
Current assets			
Debtors: amounts falling due within one year	9	520	342
		<u>520</u>	<u>342</u>
Creditors: amounts falling due within one year	10	(4,478)	(3,135)
Net current liabilities		<u>(3,958)</u>	<u>(2,793)</u>
Total assets less current liabilities		<u>26,964</u>	<u>32,521</u>
Creditors: amounts falling due after more than one year	11	(5,927)	(5,930)
		<u>21,037</u>	<u>26,591</u>
Net assets excluding pension asset		<u>21,037</u>	<u>26,591</u>
Net assets		<u>21,037</u>	<u>26,591</u>
Capital and reserves			
Called up share capital	13	30,451	30,451
Share premium account	14	19,968	19,968
Profit and loss account		(29,382)	(23,828)
Shareholders' funds		<u>21,037</u>	<u>26,591</u>

Zodiak Media UK Limited
Registered number:4126826

Statement of financial position (continued)
As at 31 December 2015

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 25 May 2016.



J Freeston
Director

The notes on pages 11 to 27 form part of these financial statements.

Zodiak Media UK Limited

**Statement of changes in equity
As at 31 December 2015**

	Share capital	Share premium	Retained earnings	Total equity
	£000	£000	£000	£000
At 1 January 2015	30,451	19,968	(23,828)	26,591
Comprehensive income for the year				
Loss for the year	-	-	(5,554)	(5,554)
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	(5,554)	(5,554)
At 31 December 2015	30,451	19,968	(29,382)	21,037

**Statement of changes in equity
As restated at 31 December 2014**

	Share capital	Share premium	Retained earnings	Total equity
	£000	£000	£000	£000
At 1 January 2014	30,451	19,968	(20,169)	30,250
Comprehensive income for the year				
Loss for the year	-	-	(3,659)	(3,659)
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	(3,659)	(3,659)
At 31 December 2014	30,451	19,968	(23,828)	26,591

The notes on pages 11 to 27 form part of these financial statements.

Notes to the financial statements
For the year ended 31 December 2015

1. Accounting policies

1.1 Authorisation of financial statements and statement of compliance with FRS 101

The financial statements of Zodiak Media UK Limited (the "Company") for the year ended 31 December 2015 were authorised for issue by the board of directors on 25 May 2016 and the statement of financial position was signed on the board's behalf by J Freeston. These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards. The results of Zodiak Media UK Limited are included in the consolidated financial statements of B & D Holding di Marco Drago e C S a p a.

Zodiak Media UK Limited is incorporated and domiciled in England and Wales.

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

The Company has taken advantage of the exemption under s400 of the Companies Act 2006 not to prepare group accounts as it is a wholly owned subsidiary of B & D Holding di Marco Drago e C S a p a. The Company's financial statements are individual entity financial statements.

The principal accounting policies adopted by the Company are set out below.

1.2 Basis of preparation of financial statements

The company transitioned from previously extant UK GAAP to FRS 101 as at 1 January 2014. An explanation of how transition to FRS 101 has affected the reported financial position and financial performance is given in note 21.

The accounting policies which follow, set out those policies which apply in preparing the financial statements for the year ended 31 December 2015.

1.3 Financial reporting standard 101 - reduced disclosure exemptions

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

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
 - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
 - paragraph 118(e) of IAS 38 Intangible Assets;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

Notes to the financial statements
For the year ended 31 December 2015

1. Accounting policies (continued)

1.4 Judgements and key sources of estimation uncertainty

The preparation of financial statements in compliance with FRS 101 requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the statement of financial position date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The following judgements and estimations have had the most significant effect on amounts recognised in the financial statements:

Investments

Investments are recognised at cost less impairment losses. The carrying amount of investments is assessed annually based on cash flow projections using future financial forecasts and budgets prepared by management. Key assumptions relating to forecasts in revenue growth and decline are used, which include discounting back to present value using a risk-adjusted pre-tax discount rate. In the event that these estimates are wrong, this may impact the financial statements in future years.

1.5 Going concern

The directors have a reasonable expectation that the company has adequate resources to continue in operation for the next twelve months. The financial statements have been prepared on the going concern basis as the company's intermediate parent undertaking at the date of approval of the financial statements, Banijay Group SAS, has agreed to provide financial support as necessary for a period of at least twelve months from the date the directors approve the financial statements of the company. The directors, having made sufficient enquiries, are satisfied that Banijay Group SAS is in a position to provide the level of support required and hence have concluded that it is appropriate to prepare financial statements on a going concern basis.

1.6 Tangible fixed assets

Depreciation is provided on all property, plant and equipment, other than land, on a straight line basis over its expected useful life as follows:

Office equipment	-	4 years
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1.7 Operating leases: Lessee

Leases where the lessor retains a significant portion of the risks and benefits of ownership of the assets are classified as operating leases and rentals payable are charged in the income statement on a straight line basis over the lease term.

1.8 Investments

Investments are stated at cost, less any provisions for impairment. The carrying values of fixed asset investments are reviewed for impairment when assets or changes in circumstances indicate the carrying value may not be recoverable.

1.9 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Notes to the financial statements
For the year ended 31 December 2015

1. Accounting policies (continued)

1.10 Financial instruments

The Company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The Company's accounting policies in respect of financial instruments transactions are explained below:

Financial assets

The Company recognises its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired.

Other than the financial assets in a qualifying hedging relationship, the Company's accounting policy for each category is as follows:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Company will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the statement of comprehensive income. On confirmation that the trade receivable will not be collected, the gross carrying value of the asset is written off against the associated provision.

Financial liabilities

The Company classifies its financial liabilities into one of the categories discussed below, depending on the purpose for which the liability was acquired.

At amortised cost

Financial liabilities at amortised cost including bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried into the statement of financial position.

1.11 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

**Notes to the financial statements
For the year ended 31 December 2015**

1. Accounting policies (continued)

1.12 Foreign currency translation

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the statement of financial position date.

All differences are taken to the statement of comprehensive income.

Presentational currency and functional currency are the same.

1.13 Finance costs

Finance costs are charged to the statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

1.14 Pensions

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company. Contributions are charged to the statement of comprehensive income as they become payable in accordance with the rules of the scheme.

1.15 Borrowing costs

All borrowing costs are recognised in the statement of comprehensive income in the year in which they are incurred.

Notes to the financial statements
For the year ended 31 December 2015

1. Accounting policies (continued)**1.16 Taxation**

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the statement of financial position date.

The carrying amount of deferred income tax assets is reviewed at each statement of financial position date. Deferred income tax assets and liabilities are offset, only if a legally enforceable right exists to set off current tax assets against current tax liabilities, the deferred income taxes relate to the same taxation authority and that authority permits the company to make a single net payment.

Income tax is charged or credited to other comprehensive income if it relates to items that are charged or credited to other comprehensive income. Similarly, income tax is charged or credited directly to equity if it relates to items that are credited or charged directly to equity. Otherwise income tax is recognised in the statement of comprehensive income.

2. Operating loss

The operating loss is stated after charging:

	2015 £000	As restated 2014 £000
Depreciation of tangible fixed assets	11	12
Exchange differences	(333)	(355)
Defined contribution pension cost	63	58
Operating lease payments:		
- minimum lease payments	417	367
Write down of investments in subsidiary undertakings	4,395	13,880
	<hr/>	<hr/>

The audit fee for both periods was borne by Zodiak Media (Central) Limited, a fellow subsidiary undertaking, on behalf of the company.

Notes to the financial statements
For the year ended 31 December 2015

3. Directors' remuneration

	2015	As restated 2014
	£000	£000
Directors' emoluments	660	547
Company contributions to defined contribution pension schemes	27	24
	<u>687</u>	<u>571</u>

During the year retirement benefits were accruing to 2 directors (2014 -2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £370,000 (2014 -£321,000).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £15,000 (2014 -£15,000).

Remuneration for two of the four directors of the company are paid directly by the Company (2014 – two directors were paid from this company). The other directors are remunerated by other group companies. It is not practical to determine the proportion of their emoluments which relate to their services as Directors of this company.

4. Employees

Staff costs, including directors' remuneration, were as follows:

	2015	As restated 2014
	£000	£000
Wages and salaries	1,803	2,238
Social security costs	208	174
Cost of defined contribution scheme	63	58
	<u>2,074</u>	<u>2,470</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2015 No.	2014 No.
Administration	<u>14</u>	<u>17</u>

Notes to the financial statements
For the year ended 31 December 2015

5. Interest payable and similar charges

	2015	As restated 2014
	£000	£000
On bank loans, overdrafts and other loans repayable within five years	1	1
Other interest payable	-	87
Interest on loan from group undertakings	815	705
	<u>816</u>	<u>793</u>

Notes to the financial statements
For the year ended 31 December 2015

6. Taxation

	2015 £000	As restated 2014 £000
Total current tax	-	-
Taxation on profit on ordinary activities	-	-

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2014 -lower than) the standard rate of corporation tax in the UK of 20.25% (2014 -21.49%). The differences are explained below:

	2015 £000	As restated 2014 £000
Loss on ordinary activities before tax	(5,554)	(3,659)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.25% (2014 -21.49%)	(1,125)	(786)
Effects of:		
Expenses not deductible for tax purposes	1,114	2,980
Capital allowances for year in excess of depreciation	-	3
Other timing differences leading to an increase (decrease) in taxation	-	1
Income not taxable for tax purposes	(39)	(2,418)
Adjustments to brought forward values	3	-
Tax losses arising in the year	-	220
Fixed asset differences	(1)	-
Other timing differences	(110)	-
Group relief	158	-
Total tax charge for the year	-	-

The company has unrecognised deferred tax asset of £129,740 (2014 - £105,449) in respect of fixed asset timing differences and unutilised tax losses. The directors have concluded that there is insufficient certainty of future taxable profits to allow this to be recognised.

Notes to the financial statements
For the year ended 31 December 2015

6. Taxation (continued)

Factors that may affect future tax charges

The UK corporation tax rate reduced to 20% from 1 April 2015. The UK corporation tax rate is now set to fall to 19% with effect from 1 April 2017 and to 18% with effect from 1 April 2020 in accordance with legislation that was substantively enacted by 31 December 2015.

Factors that may affect future deferred tax charges

The reduction in corporation tax rates from 2017 to 2020 will have an impact on the recognition of deferred tax in a company's accounts. Deferred tax should be recognised at the tax rate which has been enacted, or is substantively enacted, at the statement of financial position date. Finance (No 2) Bill 2015 states that the corporation tax rate will reduce to 19% and further to 18% from 1 April 2020. The Finance Bill 2016 announced that the rate would reduce further to 17% from 1 April 2020, however this has not yet been enacted.

Therefore, rates of 20%, 19% and 18% should currently be used, depending on when the timing and temporary differences are expected to be reversed.

The unrecognised deferred tax assets within the Zodiak group are calculated at a rate of 18%.

7. Tangible fixed assets

	Office equipment £000
Cost or valuation	
At 1 January 2015	43
Additions	15
At 31 December 2015	58
Depreciation	
At 1 January 2015	23
Charge owned for the period	11
At 31 December 2015	34
At 31 December 2015	24
At 31 December 2014	20

Zodiak Media UK Limited

Notes to the financial statements
For the year ended 31 December 2015

8. Fixed asset investments

	Investments in subsidiary companies £000
Cost or valuation	
At 1 January 2015	73,283
Disposals	(192)
At 31 December 2015	73,091
Impairment	
At 1 January 2015	37,990
Charge for the period	4,203
At 31 December 2015	42,193
At 31 December 2015	30,898
At 31 December 2014	35,294

Name	Country of incorporation	Class of share	Holding	Principal activities
Touchpaper Television Limited	England	Ordinary	100%	Television production
Zodiak Media (Central) Limited	England	Ordinary	100%	Central services
Zodiak Americas	USA	Ordinary	100%	Television production
IWC Media Limited	Scotland	Ordinary	100%	Television production
Presentable Limited	England	Ordinary	100%	Television production
The Foundation TV Productions Limited	England	Ordinary	100%	Television production
The Comedy Unit Limited	Scotland	Ordinary	100%	Television production
RDF Television Limited	England	Ordinary	100%	Television production
Bwark Productions Limited	England	Ordinary	100%	Television production
Television Productions Limited	England	Ordinary	100%	Television production
Dangerous Films Limited	England	Ordinary	70%	Television production
Zodiak Productions Limited	England	Ordinary	100%	Television production
Zodiak Media Ireland Limited	Ireland	Ordinary	100%	Television production
Mast Media Big Call	England	Ordinary	100%	Television production

Carrying values of investments are reviewed for impairment by projecting cash flows for 10 years after the balance sheet date based on financial forecasts approved by management. Projected cash flows are discounted to present value at a rate of 9.3%.

Notes to the financial statements
For the year ended 31 December 2015

9. Debtors

	2015	As restated 2014
	£000	£000
Trade debtors	47	109
Amounts owed by group undertakings	434	201
Other debtors	14	20
Prepayments and accrued income	25	12
	<u>520</u>	<u>342</u>

10. Creditors: Amounts falling due within one year

	2015	As restated 2014
	£000	£000
Bank overdraft	2,688	2,058
Trade creditors	23	27
Amounts owed to group undertakings	406	2
Amounts owed to other participating interests	899	612
Taxation and social security	409	234
Accruals	53	202
	<u>4,478</u>	<u>3,135</u>

Secured loans

The bank overdraft for any individual entity is secured by offsetting the balance against other Zodiak UK Group companies, with positive cash balances, which is in line with group cash pooling agreement.

11. Creditors: Amounts falling due after more than one year

	2015	As restated 2014
	£000	£000
Amounts owed to group undertakings	5,927	5,930
	<u>5,927</u>	<u>5,930</u>

Notes to the financial statements
For the year ended 31 December 2015

12. Financial instruments

	2015 £000	2014 £000
Financial assets	492	331
	<u>492</u>	<u>331</u>
Financial liabilities	(9,096)	(8,219)
	<u>(9,096)</u>	<u>(8,219)</u>

Financial assets

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision of impairment.

Financial liabilities

Trade creditors

Trade creditors are non-interest bearing and are normally settled on negotiated commercial terms depending on the nature of the creditor. Other creditors are non-interest bearing and have a payment term which is agreed with management.

Bank overdraft

The bank overdraft for any individual entity is secured by offsetting the balance against other Zodiak UK Group companies, with positive cash balances, which is in line with group cash pooling agreement.

13. Share capital

	2015 £000	As restated 2014 £000
Authorised, allotted, called up and fully paid		
30,451,377 Ordinary shares of £1 each	<u>30,451</u>	<u>30,451</u>

Notes to the financial statements
For the year ended 31 December 2015

14. Reserves**Share premium**

The reserve records the amount above the nominal value received for shares sold, less transaction costs.

15. Contingent liabilities

In the framework of refinancing of the Zodiak Media Group that occurred on 11 January 2012, Zodiak Media Limited (the company's intermediate parent company) became a party to the Senior Facility Agreement as guarantor. As such, it guarantees, severally and jointly with other obligors, to the Finance Parties as 'caution solidaire' the payment, when due, of all sums from time to time payable by each obligor under the finance agreements. Details of these facilities are disclosed in the financial statements of Zodiak Media S.A. which are publicly available.

As at 31 December 2015, the company had entered with Zodiak Media Ltd and other UK Zodiak Media Group companies into a new cash pooling arrangement with RBS, under which the company has issued an unlimited inter-company guarantee to the bank, as well as given the bank right of set-off against debit balances of other UK Zodiak Media Group companies.

There were no other contingent liabilities at 31 December 2015 or 31 December 2014.

On the 23rd of February 2016 there was a merger between Banijay and Zodiak, the group has been refinanced by a pool of three banks (Société Générale Corporate and Investment Banking, Banca IMI, S.p.A. London branch and Natixis) for a total amount of €275,000,000 as senior loan fully drawn on February 23rd, 2016 and €25,000,000 RCF. The bank loan maturity date is on February 23rd, 2021. In addition, the company issued 1,000 bonds redeemable in shares or in cash with a nominal value of €100,000 each. These bonds have been fully subscribed by SIG 116, a Vivendi group company, and bears a 3% capitalized interest with a maturity date on February 23rd, 2023.

This refinancing allowed to refinance the former Zodiak Media Group as well as the former Banijay Group.

16. Pension commitments

The company operates a defined contribution pension scheme.

The pension charge for the year represents contributions payable by the company scheme and amounted to £63,000 (2014 - £58,000). There are no unpaid contributions outstanding at the year end (2014 - £nil).

17. Commitments under operating leases

At 31 December 2015 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2015	As restated 2014
	£000	£000
Not later than 1 year	218	367
Later than 1 year and not later than 5 years	200	417
Later than 5 years	-	-
Total	418	784

**Notes to the financial statements
For the year ended 31 December 2015**

18. Related party transactions

The Company has taken advantage of the exemption under paragraph 8(k) of FRS 101 not to disclose transactions with fellow wholly owned subsidiaries.

There were no other related party transactions in the year.

19. Post balance sheet events

On February 23rd, 2016 the Groups Banijay and Zodiak Media announced that their merger transaction was completed creating the world's biggest independent production company and the largest not controlled by a media group with revenues of around US\$1 billion.

This merger is structured as a reverse merger pursuant to which LOV Group took over the control of the company which was then renamed Banijay Group. The company then opened its share capital to Vivendi Contents under a share capital increase of €100,000,000.

As a consequence of these operations, Banijay Group is 73.8% controlled by LDH a company whose shareholders are Stéphane Courbit's LOV Group (50.1%) and DeA Communications SA (49.9%), with Vivendi owning 26.2%. Stéphane Courbit is named Chairman and Marco Bassetti is appointed CEO of Banijay Group.

Following the merger process the Group Banijay-Zodiak will be fully focused on market opportunities and the implementation of a new organisation.

20. Controlling party

The company's immediate parent undertaking is Zodiak Media Limited.

At 31 December 2015 the ultimate parent undertaking and controlling party and the parent undertaking of the smallest and largest group which includes the company and for which publicly available group financial statements are prepared, is B & D Holding di Marco Drago e C s a p a.

As at 23 February 2016 the ultimate parent undertaking and controlling party is Stephane Courbit's LOV Group who owns 50.1% of the Banijay Group.

Zodiak Media UK Limited

Notes to the financial statements For the year ended 31 December 2015

21. First time adoption of FRS 101

For all periods up to and including the year ended 31 December 2014, the Company prepared its financial statements in accordance with previously extant United Kingdom generally accepted accounting practice (UK GAAP). These financial statements, for the year ended 31 December 2015, are the first the Company has prepared in accordance with FRS 101.

Accordingly, the Company has prepared individual financial statements which comply with FRS 101 applicable for periods beginning on or after 1 January 2014 and the significant accounting policies meeting those requirements are described in the relevant notes.

In preparing these financial statements, the Company has started from an operating statement of financial position as at 31 December 2014, the Company's date of transition to FRS 101, and made those changes in accounting policies and other restatements required for the first-time adoption of FRS 101. As such, this note explains the principal adjustments made by the Company in restating its statement of financial position as at 1 January 2014 prepared under previously extant UK GAAP and its previously published UK GAAP financial statements for the year ended 31 December 2014.

On transition to FRS 101, the company has applied the requirements of paragraphs 6-33 of IFRS 1 "First time adoption of International Financial Reporting Standards".

Zodiak Media UK Limited

Notes to the financial statements For the year ended 31 December 2015

21. First time adoption of FRS 101 (continued)

	As previously stated 1 January 2014 £000	Effect of transition 1 January 2014 £000	FRS 101 (as restated) 1 January 2014 £000	As previously stated 31 December 2014 £000	Effect of transition 31 December 2014 £000	FRS 101 (as restated) 31 December 2014 £000
Fixed assets	38,224	25	38,249	35,318	(4)	35,314
Current assets	381	-	381	343	-	343
Creditors: amounts falling due within one year	(5,235)	12	(5,223)	(3,124)	(11)	(3,135)
Net current liabilities	(4,854)	12	(4,842)	(2,781)	(11)	(2,792)
Total assets less current liabilities	33,370	37	33,407	32,537	(15)	32,522
Creditors: amounts falling due after more than one year	(3,082)	-	(3,082)	(5,930)	-	(5,930)
Net assets	30,288	37	30,325	26,607	(15)	26,592
Capital and reserves	30,288	37	30,325	26,607	(15)	26,592

Notes to the financial statements
For the year ended 31 December 2015

21. First time adoption of FRS 101 (continued)

	As previously stated	Effect of transition	FRS 101 (as restated)
	31 December 2014	31 December 2014	31 December 2014
Note	£000	£000	£000
	-	-	-
Administrative expenses	(258)	22	(236)
Other operating income	(13,880)	-	(13,880)
Operating profit	(14,138)	22	(14,116)
Income from shares in group undertakings	11,250	-	11,250
Interest payable and similar charges	(793)	-	(793)
Loss on ordinary activities after taxation and for the financial year	(3,681)	22	(3,659)

Explanation of changes to previously reported profit and equity:

1 Holiday accrual

On transition to FRS 101 a holiday accrual has been accounted for of £11,000 as at 31 December 2014 (£12,000 at 1 January 2014).

2 Website costs

Under UK GAAP (UITF 29) allowed the capitalisation of website development costs when there are reasonable grounds that the website would generate future economic benefit. FRS 101 follows a similar criteria with specific guidance from SIC 32, in that website costs can only be capitalised if it is capable of generating revenues through direct orders.

Website costs that did not meet the criteria under FRS 101 for capitalisation were fully written off on the transition date. As a result £4,000 was written off as at 31 December 2014 (1 January 2014: £25,000).