

**STEP ACQUISITIONCO LIMITED**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2018**

Registered Number: **05994587**



# **STEP ACQUISITIONCO LIMITED**

## **COMPANY INFORMATION**

### **Directors**

J Fukunaga  
D Hopgood  
M Young (appointed Oct-18)  
A Kaplan (resigned Feb-18)  
K Marsh (resigned Oct-18)  
L Stewart Jr (resigned Oct-18)

### **Registered Number**

05994587

### **Registered Office**

Sony Pictures Europe House  
25 Golden Square  
London  
United Kingdom  
W1F 9LU

### **Independent Auditors**

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
10 Bricket Road  
St Albans  
Herts  
AL1 3JX

# **STEP ACQUISITIONCO LIMITED**

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# **STEP ACQUISITIONCO LIMITED**

## **STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2018**

The directors present their strategic report on Step Acquisitionco Limited ("the Company") for the year ended 31 March 2018.

### **PRINCIPAL ACTIVITIES AND FUTURE DEVELOPMENT**

The principal activity of the Company is as an investment holding company and the directors intend it to continue as an investment holding company for the foreseeable future.

### **BUSINESS REVIEW AND RESULT FOR THE YEAR**

The Company has not traded during the period or the preceding financial year. During these periods, the Company received no income and incurred no expenditure and therefore made neither profit nor loss.

The financial position of the Company as at 31 March 2018 is shown in the financial statements and notes on pages 6 to 13. The Company is in a net asset position of £59,637,681 at 31 March 2018 (2017: £59,637,681).

### **PRINCIPAL RISK AND UNCERTAINTY**

As a holding company the Company is exposed to limited risk and uncertainty.

The Company's ultimate parent, Sony Corporation manages the liquidity risks associated with the whole group, as disclosed in the financial statements of that company, which are publicly available. The Company expects to receive support from the Group in respect to its principal risk for the foreseeable future.

### **KEY PERFORMANCE INDICATORS ("KPI's")**

Management do not review KPIs specific to the Company.

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



D Hopgood  
Director

Date: 20 December 2018

## **STEP ACQUISITIONCO LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2018**

The directors present their report and the audited financial statements for the year ended 31 March 2018.

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS**

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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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.

The directors 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.

### **PRINCIPAL ACTIVITY**

The principal activity of the Company is an investment company.

### **RESULTS AND DIVIDENDS**

The result for the year, after taxation, amounted to £NIL (2017 - £NIL).

The directors do not recommend the payment of a dividend (2017 - £NIL).

### **DIRECTORS**

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

J Fukunaga  
D Hopgood  
M Young (appointed Oct-18)  
A Kaplan (resigned Feb-18)  
K Marsh (resigned Oct-18)  
L Stewart Jr (resigned Oct-18)

## **STEP ACQUISITIONCO LIMITED**

### **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 the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the 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.

### **INDEPENDENT AUDITORS**

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

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



D Hopgood  
Director

Date: 20 December 2018

# ***Independent auditors' report to the members of Step Acquisitionco Limited***

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

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### **Opinion**

In our opinion, Step Acquisitionco Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2018 and of its result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 Directors' Report and Financial Statements (the "Annual Report"), which comprise: the statement of financial position as at 31 March 2018; the statement of comprehensive income, and 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.

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### **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.

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### **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 when:

- 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.

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### **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 2018 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.

# ***Independent auditors' report to the members of Step Acquisitionco Limited***

## **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 in Respect of the Financial Statements set out on page 2, 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](http://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.

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## **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.



Robert Girdlestone (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
St Albans  
20 December 2018

## **STEP ACQUISITIONCO LIMITED**

### **STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2018**

The Company has not traded during the period or the preceding financial year. During these periods, the Company received no income and incurred no expenditure and therefore made neither profit nor loss.

The notes on pages 9 to 13 form part of these financial statements.

# STEP ACQUISITIONCO LIMITED

## STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2018

	Note	2018 £	2017 £
<b>FIXED ASSETS</b>			
Investments	7	59,637,681	59,637,681
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>59,637,681</u>	<u>59,637,681</u>
<b>NET ASSETS</b>		<u>59,637,681</u>	<u>59,637,681</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	8	42,719,790	42,719,790
Profit and loss account	9	16,917,891	16,917,891
<b>TOTAL EQUITY</b>		<u>59,637,681</u>	<u>59,637,681</u>

The financial statements on pages 6 to 8 were approved and authorised for issue by the board and were signed on its behalf by:



D Hopgood  
Director

Date: 20 December 2018

The notes on pages 9 to 13 form part of these financial statements.

# STEP ACQUISITIONCO LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2018

	Called up share capital £	Profit and loss account £	Total equity £
At 1 April 2016	42,719,790	16,917,891	59,637,681
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	-	-
At 1 April 2017	<u>42,719,790</u>	<u>16,917,891</u>	<u>59,637,681</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	-	-
AT 31 MARCH 2018	<u>42,719,790</u>	<u>16,917,891</u>	<u>59,637,681</u>

The notes on pages 9 to 13 form part of these financial statements.

# **STEP ACQUISITIONCO LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018**

### **1. GENERAL INFORMATION**

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

The address of the registered office is given on the 'Company Information' page.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Company operates.

### **2. STATEMENT OF COMPLIANCE**

The individual financial statements of Step Acquisitionco Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard FRS 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies applied in the preparation of these financial statements are summarised below. These policies have been consistently applied to all the years presented, unless otherwise stated. The Company has adopted FRS 102 in these financial statements.

#### **3.1 Basis of preparation of financial statements**

These financial statements are prepared on a going concern basis, under the historical cost convention.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also 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 in note 4.

#### **Consolidated financial statements**

The Company is a wholly owned subsidiary of Step Midco Limited and of its ultimate parent, Sony Corporation. It is included in the consolidated financial statements of Sony Corporation which are publicly available. Therefore the Company is exempt by virtue of section 400 of the Company's Act 2006 from the requirement to prepare consolidated financial statements.

These financial statements are the Company's separate financial statements.

#### **3.2 Exemptions for qualifying entities under FRS 102**

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Sony Corporation as at 31 March 2018 and these financial statements may be obtained from Baker & McKenzie, 100 NewBridge Street, London EC4V 6JA.

# **STEP ACQUISITIONCO LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018**

### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **3.3 Going concern**

The directors are not aware of any circumstances likely to arise which may cause the going concern basis to be inappropriate.

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

#### **3.4 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 or the forecasted discounted cash flows to be delivered from those investments, the investment is impaired.

#### **3.5 Dividends**

Dividends and other distributions to company's shareholders are recognised as a liability in the financial statements in the period in which the dividends and the other distributions are approved by the Company's shareholders. These amounts are recognised in the statement of changes in equity.

#### **3.6 Pensions**

The Company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the Company to the fund in respect of the period.

The Company contributes to personal pension plans on behalf of its employees. Contributions are charged to the profit and loss account as they become payable.

#### **3.7 Interest**

Income and expenditure arising on financial instruments is recognised on an accruals basis and taken to the profit and loss account in the financial period in which it arises.

#### **3.8 Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

# STEP ACQUISITIONCO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.9 Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

##### *(i) Current tax*

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted by the period end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It established provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

##### *(ii) Deferred tax*

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

### 4. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES 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 are 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 other sources.

The directors have reviewed the estimates and assumptions used in the preparation of the financial statements. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

#### **Valuation of investments**

The fair value of investments involved the estimation of future cash flows to be generated over a number of years. The estimation of the fair values requires the combination of assumptions including revenue growth, and discount rates which requires judgement. The directors consider the value of the investments to be supported by their underlying assets. Where necessary the directors will provide for an impairment to write the investment down to its net realisable value.

# STEP ACQUISITIONCO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

### 5. AUDITORS' REMUNERATION

The audit fees are borne by the subsidiary company, CSC Media Group Limited.

### 6. STAFF COSTS

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

	2018 No.	2017 No.
Directors	5	5

The directors received no emoluments in respect of their services to the Company in the current financial year (2017 - £Nil).

### 7. INVESTMENTS

	Investments in subsidiary companies £
<b>COST OR VALUATION</b>	
At 1 April 2017	59,637,681
At 31 March 2018	59,637,681
<b>NET BOOK VALUE</b>	
At 31 March 2018	59,637,681
At 31 March 2017	59,637,681

### DIRECT SUBSIDIARY UNDERTAKINGS

The following were subsidiary undertakings of the Company:

Name	Cost of investment	Holding	Principal activity	Registered adress
CSC Media Group Limited	59,637,681	100%	Television programming and broadcasting activities.	Sony Pictures Europe House 25 Golden Square London W1F 9LU

# STEP ACQUISITIONCO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

### 8. CALLED UP SHARE CAPITAL

	2018 £	2017 £
<b>Allotted, called up and fully paid</b>		
42,719,790 (2016 - 42,719,790) Ordinary shares of £1 each	<u>42,719,790</u>	<u>42,719,790</u>

### 9. PROFIT AND LOSS ACCOUNT

#### Profit and loss account

The account represents cumulative profits or losses, net of dividends paid and other adjustments.

### 10. RELATED PARTY TRANSACTIONS

FRS102 does not require disclosure of 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.

### 11. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The directors regard Sony Corporation, a company incorporated in Japan, as the ultimate holding company and controlling party and Step Midco Limited, a company incorporated in England and Wales as the immediate parent company.

The smallest and largest group in which the results of the Company are consolidated for the year ended 31 March 2018 is that headed by Sony Corporation. Copies of the consolidated financial statements of Sony Corporation which include the results of the Company can be obtained from Baker & McKenzie, 100 New Bridge Street, London, EC4V 6JA.