

Registration number: 06707440

Universal Media Studios International Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2018



Universal Media Studios International Limited

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Universal Media Studios International Limited

Company Information

Directors	S F Cooper J L Wachtel
Registered office	1 Central St Giles St Giles High Street London WC2H 8NU
Auditors	Deloitte LLP Statutory Auditor London, UK

Universal Media Studios International Limited
Strategic Report for the Year Ended 31 December 2018

The directors present their strategic report for the year ended 31 December 2018.

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 support to the television production businesses of other NBCUniversal entities and to create television programmes.

Results

The results of the company show a pre-tax loss of £5,805,000 (2017: £5,505,000) for the year and turnover of £54,095,000 (2017: £37,383,000).

The loss for the year, after taxation, amounted to £2,669,000 (2017: £5,558,000).

The company has net liabilities of £45,564,000 (2017: net liabilities of £55,262,000) out of which £62,738,000 is due to (2017: £75,288,000) fellow group companies.

Enhanced business review

The increase in turnover is mainly driven by the delivery of Hanna in the final quarter of 2018. The increase in cost of sales is driven primarily by the amortisation of material titles in 2018. Additionally; cost of sales increased due to recognition of losses of a title to be delivered in 2019. Both events contributed to a decrease in the gross margin in 2018.

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

	Unit	2018	2017
Operating margin	%	(8)	(12)
Gross margin	%	30	43
Growth in revenue	%	45	25

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.

Growth in revenue is the ratio of the increase in revenue year on year expressed as a percentage.

Universal Media Studios International Limited

Strategic Report for the Year Ended 31 December 2018

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 company 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

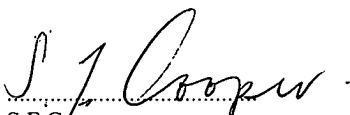
The company is fully supported within the group, which manages a mixture of debt and equity funding in order to minimise risk exposure and enable optimal business performance. Consequently, the company does not hold external debt and is resilient to risks arising from movements in interest rates. The 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 company 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 29 August 2019 and signed on its behalf by:



S F Cooper
Director

Universal Media Studios International Limited

Directors' Report for the Year Ended 31 December 2018

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 2018.

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 (2017: £nil).

The directors did not declare payment of an interim dividend (2017: £nil).

Directors of the company

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

S F Cooper

P J Randle (resigned 18 July 2019)

The following director was appointed after the year end:

J L Wachtel (appointed 8 January 2019)

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.

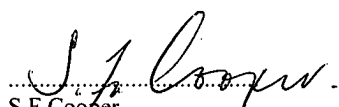
Universal Media Studios International Limited

Directors' Report for the Year Ended 31 December 2018

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 s487 of the Companies Act 2006.

Approved by the Board on 29 August 2019 and signed on its behalf by:


S F Cooper
Director

Universal Media Studios International 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 Media Studios International Limited

Independent Auditor's Report to the Members of Universal Media Studios International Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Universal Media Studios International Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its loss 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 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 20.

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 Financial Reporting Council's (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 Media Studios International Limited

Independent Auditor's Report to the Members of Universal Media Studios International 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. This description forms part of our auditor's report.

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 Media Studios International Limited

Independent Auditor's Report to the Members of Universal Media Studios International Limited

Matters on which we are required to report by exception

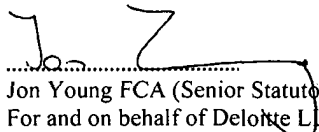
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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.

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.


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

London, UK

29 August 2019

Universal Media Studios International Limited

Profit and Loss Account for the Year Ended 31 December 2018

	Note	2018 £ 000	2017 £ 000
Turnover	3	54,095	37,383
Cost of sales		<u>(37,739)</u>	<u>(21,135)</u>
Gross profit		16,356	16,248
Administrative expenses		<u>(20,571)</u>	<u>(20,705)</u>
Operating loss	4	<u>(4,215)</u>	<u>(4,457)</u>
Interest receivable and similar income	5	25	13
Interest payable and similar expenses	6	<u>(1,615)</u>	<u>(1,061)</u>
		<u>(1,590)</u>	<u>(1,048)</u>
Loss before taxation		(5,805)	(5,505)
Tax credit/(expense)	10	<u>3,136</u>	<u>(53)</u>
Loss for the financial year	17	<u><u>(2,669)</u></u>	<u><u>(5,558)</u></u>

The above results were derived from continuing operations.

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

The notes on pages 14 to 28 form an integral part of these financial statements.

Universal Media Studios International Limited

Statement of Other Comprehensive Result for the Year Ended 31 December 2018

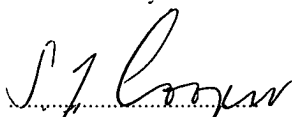
	Note	2018 £ 000	2017 £ 000
Loss for the year		<u>(2,669)</u>	<u>(5,558)</u>
Total comprehensive loss for the year		<u><u>(2,669)</u></u>	<u><u>(5,558)</u></u>

Universal Media Studios International Limited

**(Registration number: 06707440)
Balance Sheet as at 31 December 2018**

	Note	2018 £ 000	2017 £ 000
Fixed assets			
Tangible assets	11	80	240
Investments	12	<u>7,268</u>	<u>4,400</u>
		<u>7,348</u>	<u>4,640</u>
Current assets			
Work in progress	13	7,747	17,139
Debtors	14	95,998	38,370
Cash at bank and in hand		<u>308</u>	<u>1,807</u>
		104,053	57,316
Creditors: Amounts falling due within one year	15	<u>(156,941)</u>	<u>(117,192)</u>
Net current liabilities		<u>(52,888)</u>	<u>(59,876)</u>
Total assets less current liabilities		(45,540)	(55,236)
Creditors: Amounts falling due after more than one year	15	<u>(24)</u>	<u>(26)</u>
Net liabilities		<u>(45,564)</u>	<u>(55,262)</u>
Capital and reserves			
Called up share capital	16	-	-
Other reserves	17	12,629	262
Profit and loss account	17	<u>(58,193)</u>	<u>(55,524)</u>
Shareholder's deficit		<u>(45,564)</u>	<u>(55,262)</u>

The financial statements have been approved and authorised for issue by the Board on 29 August 2019 and signed on its behalf by:



S F Cooper
Director

Universal Media Studios International Limited

Statement of Changes in Equity for the Year Ended 31 December 2018

	Share capital £ 000	Other reserves £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2017	-	322	(50,324)	(50,002)
Loss for the year	-	-	(5,558)	(5,558)
Total comprehensive income	-	-	(5,558)	(5,558)
Share based payment transactions	-	(60)	358	298
At 31 December 2017	-	262	(55,524)	(55,262)
	Share capital £ 000	Other reserves £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2018	-	262	(55,524)	(55,262)
Loss for the year	-	-	(2,669)	(2,669)
Total comprehensive income	-	-	(2,669)	(2,669)
Capital contribution	-	12,581	-	12,581
Share based payment transactions	-	(214)	-	(214)
At 31 December 2018	-	12,629	(58,193)	(45,564)

The notes on pages 14 to 28 form an integral part of these financial statements.

Universal Media Studios International Limited

Notes to the Financial Statements for the Year Ended 31 December 2018

1 General information

The Company's principal activity is to provide services to the television production businesses of other NBCUniversal entities and to create television programmes. The entity is a private company limited 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 Media Studios International Limited is pounds sterling because that is the currency of the primary economic environment in which the company operates.

Summary of disclosure exemptions

The company has taken advantage of the exemptions provided by FRS 102 Section 1 in relation to financial instruments, presentation of a cash flow statement, intra-group transactions and remuneration of key management personnel.

Exemption from preparing group accounts

The financial statements contain information about Universal Media Studios International Limited as an individual company and do not contain consolidated financial information as the parent of a group.

The company has taken advantage of the exemption provided by FRS 102 Section 9.3 and has not prepared group accounts. It is also exempt under section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, NBCUniversal Media LLC, a company incorporated in USA.

Universal Media Studios International Limited

Notes to the Financial Statements for the Year Ended 31 December 2018

Going concern

The financial statements have been prepared on a going concern basis, notwithstanding net liabilities of £45,540,000 (2017: £55,262,000). The directors have reviewed the current financial performance and position of Universal Media Studios International Limited, including the arrangements with group undertakings. The company received a letter of support from the parent company Universal Studios Limited.

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:

Management makes an estimate of the recoverable value of its trade debtors. 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 14 for the carrying amount of debtors.

Determining whether there are indicators of impairment of the company's WIP in development and investments. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset.

Key sources of estimation uncertainty

Estimates are used in determining the ultimate revenue on secondary sales of titles which impacts the level or amortisation of Television costs. The carrying amount of work in progress is £7,747,000 (2017: £17,139,000).

Turnover

Turnover comprises production fees and amounts receivable for the exploitation of rights, net of VAT.

Production revenues are recognised when a programme is delivered to the broadcaster, on an episodic basis where applicable. Revenues received for funded development costs are included within turnover.

Broadcast distribution revenues are recognised when all contractual obligations have been fulfilled. Video distribution revenues generated by affiliated companies are recognised as sold net of provisions for returns.

Non-refundable advances under third-party distribution and licensing arrangements are recognised once a contract is in place and the contractual obligations have been fulfilled.

Royalties are recognised on a declared basis and only accrued where sufficient evidence of amounts due can be obtained or calculated as at the year-end reporting date.

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.

Universal Media Studios International Limited

Notes to the Financial Statements for the Year Ended 31 December 2018

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 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.

Tangible assets

Tangible assets are stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Residual value represents the estimated amount which would currently be obtained from disposal of an asset after deducting estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Furniture and fittings	20% per annum straight line
Office equipment	20% per annum straight line
Long leasehold land and buildings	Over the period of the lease

Investments

Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

Dividends on equity shares are recognised in income when receivable.

Universal Media Studios International Limited

Notes to the Financial Statements for the Year Ended 31 December 2018

Trade debtors

Trade debtors are amounts due from customers for merchandise sold or 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 programme creation, which are held on the balance sheet until successful delivery of a project.

The company uses a long term contract accounting method for work in progress with respect to its programme creation. This basis considers all expected revenue streams, costs of production, distribution and exploitation in order to estimate a profit margin for the project. Revenue is recognised proportionally in line with the anticipated margin. The assumptions on which the original model was based are reviewed periodically by management's review of impairment.

Estimates are used in determining the ultimate revenue on sales of titles which impacts the level of amortisation of work in progress assets.

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.

Universal Media Studios International Limited

Notes to the Financial Statements for the Year Ended 31 December 2018

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.

Universal Media Studios International Limited

Notes to the Financial Statements for the Year Ended 31 December 2018

3 Turnover

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

	2018 £ 000	2017 £ 000
Rendering of services	41,877	33,311
Royalties	12,218	4,072
	<u>54,095</u>	<u>37,383</u>

An analysis of turnover by geographical market is given below:

	2018 £ 000	2017 £ 000
UK	12,914	17,596
Rest of European Union	111	33
USA & Rest of World	41,070	19,754
	<u>54,095</u>	<u>37,383</u>

4 Loss before taxation

Arrived at after charging/(crediting)

	2018 £ 000	2017 £ 000
Depreciation expense	159	163
Foreign exchange losses	511	195

5 Interest receivable and similar income

	2018 £ 000	2017 £ 000
Interest from group companies	25	13

6 Interest payable and similar expenses

	2018 £ 000	2017 £ 000
Interest payable on loans from group undertakings	1,615	1,061

Universal Media Studios International Limited

Notes to the Financial Statements for the Year Ended 31 December 2018

7 Auditors' remuneration

	2018 £ 000	2017 £ 000
Audit of the financial statements	<u>18</u>	<u>17</u>

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

8 Staff numbers and costs

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

	2018 £ 000	2017 £ 000
Wages and salaries	9,083	9,361
Social security costs	1,449	1,322
Pension costs, defined contribution scheme	<u>419</u>	<u>381</u>
	<u>10,951</u>	<u>11,064</u>

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

	2018 No.	2017 No.
Production	12	14
Administration and support	<u>46</u>	<u>44</u>
	<u>58</u>	<u>58</u>

9 Directors' remuneration

The directors' remuneration for the year was as follows:

	2018 £ 000	2017 £ 000
Remuneration	978	3,102
Contributions paid to money purchase schemes	15	15
Compensation for loss of office	<u>-</u>	<u>123</u>
	<u>993</u>	<u>3,240</u>

Universal Media Studios International Limited

Notes to the Financial Statements for the Year Ended 31 December 2018

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

	2018 No.	2017 No.
Exercised share options	2	3
Accruing benefits under money purchase pension scheme	<u>1</u>	<u>2</u>

In respect of the highest paid director:

	2018 £ 000	2017 £ 000
Remuneration	748	2,241
Benefits under long-term incentive schemes (excluding shares)	230	-
Company contributions to money purchase pension schemes	<u>15</u>	<u>-</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 Income tax

Tax charged/(credited) in the income statement

	2018 £ 000	2017 £ 000
Current taxation		
UK corporation tax adjustment to prior periods	(3,145)	-
Foreign tax	<u>9</u>	<u>53</u>
Tax (credit)/expense in the income statement	<u>(3,136)</u>	<u>53</u>

The differences between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax 19% (2017 - 19.25%) to the profit before tax is as follows:

	2018 £ 000	2017 £ 000
Loss before tax	<u>(5,805)</u>	<u>(5,505)</u>
Corporation tax at standard rate	(1,103)	(1,060)
Expenses not deductible for tax purposes	103	69
Deferred tax expense (credit) from unrecognised tax loss or credit	115	9
Adjustment for prior periods	(3,145)	-
Group relief not paid for	885	992
Adjustment for higher/(lower) tax rates on overseas earnings	<u>9</u>	<u>43</u>
Total tax (credit)/charge	<u>(3,136)</u>	<u>53</u>

Deferred tax

Universal Media Studios International Limited

Notes to the Financial Statements for the Year Ended 31 December 2018

Deferred tax assets and liabilities

There are unrecognised deferred tax assets of £73,108 (2017: £51,426) in respect of accumulated depreciation and amortisation and capital allowances and £75,514 (2017: £nil) in respect of other timing differences.

The rate of UK corporation tax that was in effect at the balance sheet date was 19%. The UK corporation tax rate reduced from 20% to 19% on 1 April 2017 and will change to 17% from April 2020.

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

11 Tangible assets

	Land and buildings £ 000	Furniture, fittings and equipment £ 000	Office equipment £ 000	Total £ 000
Cost or valuation				
At 1 January 2018	337	126	701	1,164
At 31 December 2018	337	126	701	1,164
Depreciation				
At 1 January 2018	337	125	462	924
Charge for the year	-	1	159	160
At 31 December 2018	337	126	621	1,084
Carrying amount				
At 31 December 2018	-	-	80	80
At 31 December 2017	-	1	239	240

Included within the net book value of land and buildings above is £nil (2017: £nil) in respect of long leasehold land and buildings.

Universal Media Studios International Limited

Notes to the Financial Statements for the Year Ended 31 December 2018

12 Investments in subsidiaries

	2018 £ 000	2017 £ 000
Investments in subsidiaries	2,598	2,598
Investments in associates	4,670	1,802
	<u>7,268</u>	<u>4,400</u>

Subsidiaries

£ 000

Cost or valuation

At 1 January 2018	<u>2,598</u>
At 31 December 2018	<u>2,598</u>

Carrying amount

At 31 December 2018	<u>2,598</u>
At 31 December 2017	<u>2,598</u>

Joint ventures

£ 000

Cost

At 1 January 2018	1,802
Additions	<u>2,868</u>
At 31 December 2018	<u>4,670</u>

Carrying amount

At 31 December 2018	<u>4,670</u>
At 31 December 2017	<u>1,802</u>

The additions relate to the purchase of preference shares in HeyDay Television Limited in 2018.

Details of undertakings

Details of the investments (including principal place of business of unincorporated entities) in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

Universal Media Studios International Limited

Notes to the Financial Statements for the Year Ended 31 December 2018

Undertaking	Country of incorporation	Holding	Proportion of voting rights and shares held	
			2018	2017
Subsidiary undertakings				
Matchbox Pictures Pty Ltd Level 32, 580 George Street, Sydney NSW 2000 Australia	Australia	Ordinary shares	100%	100%
Joint ventures				
Heyday Television Limited 1 Central St Giles, St Giles High Street, London WC2H 8NU	United Kingdom	Ordinary Shares / Non-Voting Preference Shares	50%	50%
Lark Productions Inc 601-211 East Georgia, Vancouver, BC V6A 1Z6	Canada	Ordinary Shares	49%	49%

The principal activity of Matchbox Pictures Pty Ltd is TV production.

The principal activity of Heyday Television Limited is TV production

The principal activity of Lark Productions Inc is TV production.

Universal Media Studios International Limited

Notes to the Financial Statements for the Year Ended 31 December 2018

13 Work in progress

	Production WIP £ 000	Development WIP £ 000	Total £ 000
Cost			
At 1 January 2018	95,624	285	95,909
Additions / Transfers	24,610	359	24,969
At 31 December 2018	<u>120,234</u>	<u>644</u>	<u>120,878</u>
Amortisation			
At 1 January 2018	78,770	-	78,770
Amortisation Charge	34,361	-	34,361
At 31 December 2018	<u>113,131</u>	<u>-</u>	<u>113,131</u>
Carrying amount			
At 31 December 2018	<u>7,103</u>	<u>644</u>	<u>7,747</u>
At 31 December 2017	<u>16,854</u>	<u>285</u>	<u>17,139</u>

WIP in production are the capitalised costs of producing a show that has been commissioned. These costs are then amortised using long term contract accounting. More information on this can be found in the accounting policies note under the heading work in progress.

WIP in development are the capitalised costs of those projects that meet the criteria to be capitalised per FRS 102 Section 18 but are not yet commissioned and hence are not being amortised since revenues are yet to be recognised. Once the project these costs related to is commissioned, these costs are then moved to WIP in production and amortised accordingly.

14 Debtors

	2018 £ 000	2017 £ 000
Trade debtors	10,097	6,141
Owed by group undertakings	85,402	32,157
Other receivables	8	8
Accrued income	25	19
VAT Receivable	<u>466</u>	<u>45</u>
Total current trade and other receivables	<u>95,998</u>	<u>38,370</u>

The balance of owed by group undertakings includes £16,644,000 from parent companies, £10,739,000 from subsidiaries and £58,019,000 from other group companies.

Universal Media Studios International Limited

Notes to the Financial Statements for the Year Ended 31 December 2018

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

15 Creditors

	Note	2018 £ 000	2017 £ 000
Due within one year			
Trade creditors		106	202
Accruals and deferred income		8,641	9,492
Owed to group undertakings		148,140	107,445
Other current liabilities		54	53
		<u>156,941</u>	<u>117,192</u>
Due after one year			
Other non-current liabilities		<u>24</u>	<u>26</u>

There are no non-current creditor balances over 5 years.

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

The balance of owed to group undertakings includes £2,776,000 to parent companies, £5,000 to subsidiaries and £145,359,000 to other group companies of which £24,931,000 (2017: £24,488,000) relates to loans and borrowings received from group companies. The rate of interest paid ranges from GBP LIBOR plus 72 bps to GBP LIBOR plus 110 bps in accordance with the British Bankers Association (BBA) published rates of interest and is reset quarterly. Interest payable on the loan shall be paid when the loan is repaid in whole. No restrictions have been imposed on the entity with regards to these debt instruments. The loan is compounding, with maturity date dependent on conditions precedent and subsequent.

16 Share capital

Allotted, called up and fully paid shares

	No.	2018 £	No.	2017 £
Ordinary Shares of £1 each	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

Universal Media Studios International Limited

Notes to the Financial Statements for the Year Ended 31 December 2018

17 Reserves

Profit and loss account

The profit and loss account reserve represents cumulative profits or losses net of dividends paid and other adjustments.

Other reserves

The other reserve has arisen from share based payment transactions and records the build up of expense associated with these payments which will be recycled when the share based payments vest. The other reserve also includes other capital contributions.

18 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 £419,000 (2017: £381,000).

19 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

a) Share options

There were no share options issued to the staff or directors of the Company in the current year (2017: nil).

Universal Media Studios International Limited

Notes to the Financial Statements for the Year Ended 31 December 2018

b) Restricted Stock Units

The total number of restricted stock units (RSUs) granted during 2018 was 20,292 (2017: 16,400).

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 2018 was \$35.56 and 2017 was \$37.77 (under the Comcast plan). The weighted average value of restricted stock units granted during 2018 was \$36.51 and 2017 was \$37.52.

The average monthly exchange rate at the year end was \$1.34 (2017: \$1.28).

The opening exchange rate was \$1.39 (2017: \$1.23).

The closing exchange rate was \$1.26 (2017: \$1.34).

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 £464,983 (2017: £297,169).

20 Parent and ultimate parent undertaking

The company's immediate parent is NBCUniversal International Limited, incorporated in England and Wales.

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 and ultimate controlling party, Comcast Corporation, a company incorporated in United States of America. The principal and registered place of business is One Comcast Center. The consolidated financial statements are available upon request from 30 Rockefeller Plaza, New York, NY 10112-0015, USA and the One Comcast Center, 1701 John F. Kennedy Boulevard, Philadelphia, PA 19103-2838, USA or at www.cmcsa.com respectively.