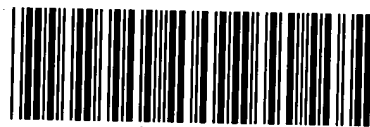


FREMANTLE MEDIA LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

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FREMANTLE MEDIA LIMITED

COMPANY INFORMATION

Directors	Andrew Bott (resigned 7 June 2021) Nicola Louise Gray Jacqueline Frances Moreton (resigned 31 October 2020) Andrea Scrosati Jennifer Mullin (appointed 1 August 2020, resigned 7 June 2021) Jens Richter (appointed 7 June 2021) Simon Andreae (appointed 7 June 2021)
Company secretary	Ernitia Ferguson
Registered number	00276928
Registered office	1 Stephen Street London W1T 1AL

FREMANTLEMEDIA LIMITED

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FREMANTLE MEDIA LIMITED

**- STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020**

Introduction

The directors present their strategic report of FremantleMedia Limited (the "Company") for the year ended 31 December 2020.

The Company is a private company and is incorporated and domiciled in the UK. The address of its registered office is 1 Stephen Street, London, W1T 1AL.

FremantleMedia Limited is part of the Fremantle Group, which is a profit centre of RTL Group S.A. The Company is one of the largest and most successful creators, producers and distributors of scripted and unscripted content in the world. From Got Talent to My Brilliant Friend, The X Factor to The Young Pope, Idols to American Gods, The Price is Right to The Apprentice and Neighbours – they are behind the world's most-loved and most-watched shows.

FremantleMedia Limited's principal activities include the production of television programmes; the sale of finished tape for retransmission; and the exploitation of format rights within other countries including, in part, the exploitation of ancillary rights (e.g. telephony, sponsorship, live events etc.) associated with such brands. Additionally, FremantleMedia Limited earns income from the recharge of administrative services to Fremantle Group companies.

Business review

The Company's profit for the year ended 31 December 2020, as set out on page 8 of the financial statements, was £908,000 (2019: £8,520,000), with a pre-tax profit of £3,470,000 (2019: £14,061,000) for the year and turnover of £300,528,000 (2019: £368,069,000). The COVID-19 pandemic led to challenging conditions within the TV production and commissioning market in 2020, with continued pressure on margins by the broadcasters, and these challenges are expected to continue into 2021.

The Company is subject to several risks inherent with media and television industry investments, as well as the risks from the global economic environment. Key risks are as below:

- Customer base – the customer base for UK production is limited to a few key broadcasters. These customers have the capability of producing content in house; can acquire programmes from the Company's competitors as well as retaining more ancillary rights for their own exploitation.
- Market fragmentation and innovation – the market is highly competitive with the range of media platforms expanding and consequently audience numbers and commissioning budgets are fragmenting. The Company embraces new technologies and looks to invest and develop in these areas as appropriate.
- Content partnerships and key talent – the Company's creative relationships with third parties and key talent are important to the performance of the Company. These relationships are closely managed on a day to day basis.
- Impairment risk – the Company operates globally in uncertain markets. The Company actively manages its contracts across all territories, undertakes credit analysis of customers and routinely monitors the status of receivables and the recoverability of advances paid.

Going forward the Company will continue to manage and sustain its existing brands, whilst developing new brands and formats and will look to diversify its activities by finding new customers, new revenue streams and new business models to grow the business.

FREMANTLE MEDIA LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

Principal risks and uncertainties

Foreign currency risk

The Company's operations expose it to the effects of changes in foreign currency exchange rates. The Company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the Company by hedging contracts written in a foreign currency.

Credit risk

The Company requires that stringent checks are carried out before any sales are made.

Liquidity risk

The Company's cash position together with the short term funding arrangement with the RTL group is expected to satisfy any short-term liquidity requirement.

Cash flow risk

Cash flow risk is the risk of exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability. No assets or liabilities at the end of the year are deemed to carry a significant cash flow risk. The Company seeks to limit financial transactions that will give rise to such risk at a local level.

Financial key performance indicators

As part of the Fremantle Group, the Company's performance is managed by revenue type and division at a group level. Fundamental to the group's performance is the development, management and exploitation of key intellectual property across the global business.

Key brands are constantly monitored and reviewed by the use of audience ratings information and the tracking of financial performance, particularly revenues and gross margins on a brand and revenue source basis.

The financial KPIs used to manage the business are focussed on contribution performance, balance sheet metrics, cash conversion and return on invested capital. Performance is measured at a brand level and with reference to non-financial measures (including quantitative and qualitative research).

FREMANTLE MEDIA LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

Directors' statement of compliance with duty to promote the success of the Company

In the financial year 2020, FremantleMedia Limited's Board of Directors continued to exercise its duties in accordance with section 172(1) of the Companies Act 2006.

The Directors consider, both individually and collectively, that they have successfully discharged their duty to promote the long-term success of the Company for the benefit of its members as a whole, having regard to the section 172 principles when deliberating and in their decision-making during the year ended 31st December 2020.

Like most businesses last year, Fremantle faced many challenges due to the COVID-19 pandemic. The Fremantle companies came together to support the business as a whole and each other in times of need.

Concern for employee safety and wellbeing, having always been embedded throughout Fremantle's culture, took even greater priority and several new working protocols were instigated to enable employees and contractors to continue to work safely, and to reduce stress. This ensured everyone could work comfortably and safely whether on set for production or working remotely from home. Fremantle became a leading example of production innovation, with COVID-safe protocols rolled out globally to keep cast, crew and contributors safe while still producing the entertainment programmes for which Fremantle is best known.

For those working from home, Fremantle provided extra equipment where needed to work safely and comfortably. Where work could not be carried out at home, full health and safety risk assessments were carried out and changes, often challenging and major, were implemented in offices to keep people safe and enable work to be undertaken within government restrictions. Fremantle also offered increased mental health and wellbeing support, including online exercise and mindfulness classes, across the global business.

Several employee surveys were also carried out throughout the year to assess the level of success of the work schemes and support in place, and to look to future working practices to benefit employees and Fremantle alike. Fremantle is committed to using the lessons learned from 2020, to help shape the future of the workplace and the workforce of the future. The company has introduced 'personalised working', a progressive approach to flexible working.

Continuing into 2021, Fremantle remains totally committed to working within COVID-19 restrictions; it is, however, looking forward with positivity and intends to use the experiences of 2020 to investigate and adopt new future working patterns to benefit both the business and employees.

Despite the challenges of COVID-19, Fremantle remained committed to its promise to tackle climate change. The company continued the roll out of Bafta's albert carbon calculator, which has already been in use on UK productions for ten years, across global production territories. Fremantle has created a task force to ensure the company stays on track to deliver its 2030 net zero targets. In 2021, Fremantle will roll-out the global calculator as standard across all global productions, becoming the first TV company to calculate its carbon footprint on a global scale against internationally recognised standards.

Fremantle also continued its commitment to Diversity, Equity & Inclusion (DE&I) – both behind and in front of the camera. Fremantle hosted global listening sessions and increased its training offering, continuing to cement inclusivity processes as part of the culture. Fremantle supported and facilitated Employee Resource Groups and encouraged local initiatives set up to improve DE&I with an increased investment in outreach and mentoring programmes. In the UK, Fremantle has partnered with The TV Collective to launch a scheme aimed at mid to senior level professionals from Black, Asian and other minority ethnic backgrounds, to help them into future leadership positions in the industry.

FREMANTLE MEDIA LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

Fremantle also continues its roll out of training on UK productions to raise awareness of diversity and inclusion and how our own attitudes and behaviour can shape and ultimately lead to an inclusive culture. This training will be rolled out more widely in the UK and globally throughout 2021.

Fremantle continued to produce and champion programming that challenged perceptions. The X Factor Italia was recognised by Italy's leading news publications as the only large show to spotlight underrepresented communities and provide young people a platform to pursue their dreams, and in the UK Britain's Got Talent aired a Black Lives Matter (BLM) inspired performance by dance group Diversity, which recorded thousands of comments and praise across the board for continuing the BLM conversation. Subsequently winning a BAFTA TV Award for their 'Must-See Moment'.

Fremantle invested in programming that educated and informed global audiences, including Enslaved with Samuel L. Jackson which is the most comprehensive series on the transatlantic slave trade ever made and Arctic Drift, an upcoming documentary which follows a team of world-renowned climate scientists for an entire year, as they undertake vital research in the most hostile and unknown terrain on earth.

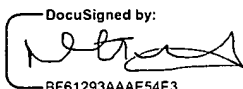
Protecting Fremantle's business and its relationships with suppliers, customers and others is important to the Directors and the Company; being a reputable and safe business to work with is a core value for Fremantle as a whole. During 2020 Fremantle undertook several secure procurement initiatives in order to safe-guard and secure both the business and suppliers from potential issues. This work to protect Fremantle, its suppliers and customers and other stakeholders continues globally through Fremantle's commitment to secure administrative practices, internal audit and monitoring risk and compliance throughout the business.

As part of their on going responsibilities, the Directors undertook a full review of governance procedures and authorities in order to strengthen the accountability and transparency that are principal foundations of the business.

Environmental, Social and Governance (ESG) criteria will continue as an important focal point for the Company and Fremantle as a whole, and in line with parent company stakeholder commitments Fremantle will primarily expand its own commitment to Corporate Responsibility in three strategic areas: Content Responsibility, Climate Change and Diversity, Equity & Inclusion.

Good governance will continue as a major focus and the Directors will look to ensure that there is continued adherence to group policies within the Fremantle UK subsidiaries and that overseas territories companies' meet local legislative requirements and good governance practices through their own policies. This will include the Company's own annual review of policies including the Slavery and Human Trafficking, Health & Safety, Anti-Corruption and Conflicts of Interests policies.

This report was approved by the board on 30th June 2021 and signed on its behalf by;

DocuSigned by:

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Nicola Gray
Director

FREMANTLE MEDIA LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020**

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

Results and dividends

The profit for the year, after taxation, amounted to £908 thousand (2019 - £8,520 thousand).

An interim dividend of £13,972 per share (2019: £43,912 per share) was paid in 2020. The directors do not recommend the payment of a final dividend (2019: £nil). The profit for the financial year has been transferred to reserves.

Directors

The directors who served during the year were:

Andrew Bott (resigned 7 June 2021)
Nicola Louise Gray
Jacqueline Frances Moreton (resigned 31 October 2020)
Andrea Scrosati
Jennifer Mullin (appointed 1 August 2020, resigned 7 June 2021)
Jens Richter (appointed 7 June 2021)
Simon Andreae (appointed 7 June 2021)

Future developments

The Company continues to follow its long term plan to create, produce and distribute some of the best known and loved content in the world. The directors expect this to continue for the foreseeable future.

Engagement with employees

The Company is committed to regularly engaging with the workforce to ensure their views are heard and understood. Fremantle colleagues are encouraged to communicate and engage with each other, management and the senior leadership through both formal and informal channels. The Company maintains a range of ways it engages with its employees including but not limited to its company social media platform Workplace through which it provides information to employees and consultation on matters of importance.

Beyond entertainment, the Company wants to stand for bigger things – we call that Creative Responsibility. Our strategy focuses on where commercial relevance meets social and environmental impact.

It enables Fremantle to tackle issues and seize opportunities to make an impact on the industry and society through our business, production and content

Engagement with suppliers, customers and others

The directors of the Company are committed to building long lasting relationships with suppliers, customers and others. This can be seen in the level of long term contracts and deals that the Company has developed.

The Directors consider, both individually and collectively, that they have acted in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in section 172(1)(a-f) of the Companies Act 2006) in the decisions taken during the year ended 31 December 2020.

The Directors are committed to fostering the Company's business relationships with suppliers, customers and other stakeholders. This is achieved through operating the business in an ethical and responsible way. Our commitment to high standards of business conduct is also enshrined in the Fremantle Code of Conduct which is available to all Fremantle Group employees on the Fremantle intranet.

FREMANTLE MEDIA LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

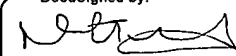
Post balance sheet events

At present, the Company is closely monitoring the situation in regards to Covid 19 and has taken steps to protect ongoing cashflow. As a result there is no anticipated change to the companies Going Concern status.

On 1st January 2021, Naked Television Limited was hived up, with all assets and liabilities of the subsidiary being transferred to the parent company, FremantleMedia Ltd.

On 2nd March 2021, FremantleMedia Ltd increased its investment in Label 1 Ltd from 25% to 51% for consideration of GBP 500,001

This report was approved by the board on 30th June 2021 and signed on its behalf by;

DocuSigned by:

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Nicola Gray
Director

FREMANTLE MEDIA LIMITED

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2020**

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 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 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;
- 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 to 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.

FREMANTLE MEDIA LIMITED

**INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	2020 £000	2019 £000
Turnover	4	300,528	368,069
Cost of sales		(232,492)	(287,350)
Gross profit		68,036	80,719
Distribution costs		(577)	(587)
Administrative expenses		(65,988)	(71,089)
Other operating income	5	11,091	11,571
Net impairment losses on financial and contract assets	13	(6,809)	(3,589)
Operating profit	6	5,753	17,025
Income from shares in group undertakings		463	-
Interest receivable and similar income	7	41	50
Interest payable and similar expenses	8	(13)	(22)
Other finance income/(expenses)	10	(1,474)	(2,992)
Amounts written off investment		(1,300)	-
Profit before tax		3,470	14,061
Tax on profit	11	(2,562)	(5,541)
Profit for the financial year		908	8,520

The notes on pages 14 to 47 form part of these financial statements.

FREMANTLEMEDIA LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	2020 £000	2019 £000
Profit for the financial year		908	8,520
Other comprehensive income:			
Changes in the fair value of cash flow hedges		430	236
Tax impact of changes in the fair value of cash flow hedges		(95)	(114)
Other comprehensive income net of tax		335	122
Total comprehensive income for the year		1,243	8,642

The notes on pages 14 to 47 form part of these financial statements.

FREMANTLE MEDIA LIMITED
REGISTERED NUMBER: 00276928

BALANCE SHEET
AS AT 31 DECEMBER 2020

	Note	2020 £000	2019 £000
Fixed assets			
Goodwill	15	36,490	36,490
		<u>36,490</u>	<u>36,490</u>
Fixed assets			
Other intangible assets	14	673	772
Tangible fixed assets	16	2,074	2,168
Fixed asset investments	17	7,743	4,266
		<u>46,980</u>	<u>43,696</u>
Current assets			
Stocks	18	22,876	22,669
Debtors: amounts falling due after more than one year	19	27,214	35,935
Debtors: amounts falling due within one year	19	229,796	233,857
Cash at bank and in hand	20	22,477	34,196
		<u>302,363</u>	<u>326,657</u>
Creditors: amounts falling due within one year	21	(243,364)	(258,489)
Net current assets		<u>58,999</u>	<u>68,168</u>
Total assets less current liabilities		<u>105,979</u>	<u>111,864</u>
Creditors: amounts falling due after more than one year	22	(46)	(171)
		<u>105,933</u>	<u>111,693</u>
Provisions for liabilities			
Other provisions	27	(153)	(156)
		<u>(153)</u>	<u>(156)</u>

FREMANTLE MEDIA LIMITED
REGISTERED NUMBER: 00276928

BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2020

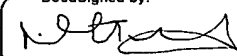
Net assets excluding pension asset		<u>105,780</u>	<u>111,537</u>
Net assets		<u>105,780</u>	<u>111,537</u>
Capital and reserves			
Share premium account	29	80,565	80,565
Other reserves	29	881	546
Profit and loss account	29	24,334	30,426
		<u>105,780</u>	<u>111,537</u>

The members have not required the Company to obtain an audit for the year in question in accordance with section 476 of the Companies Act 2006.

The Company was entitled to exemption from the requirement to have an audit under section 479A of the Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 30th June 2021, by;

DocuSigned by:

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Nicola Gray
 Director

The notes on pages 14 to 47 form part of these financial statements.

FREMANTLE MEDIA LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Share premium account	Other reserves	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 January 2020	80,565	546	30,426	111,537
Comprehensive income for the year				
Profit for the year	-	-	908	908
Other comprehensive income for the year	-	335	-	335
Other comprehensive income for the year	-	335	-	335
Total comprehensive income for the year	-	335	908	1,243
Dividends paid	-	-	(7,000)	(7,000)
Total transactions with owners	-	-	(7,000)	(7,000)
At 31 December 2020	80,565	881	24,334	105,780

The notes on pages 14 to 47 form part of these financial statements.

FREMANTLE MEDIA LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Called up share capital	Share premium account	Other reserves	Profit and loss account	Total equity
	£000	£000	£000	£000	£000
At 1 January 2019	-	80,565	424	41,973	122,962
Comprehensive income for the year					
Profit for the year	-	-	-	8,520	8,520
Other comprehensive income for the year	-	-	122	-	122
Other comprehensive income for the year	-	-	122	-	122
Total comprehensive income for the year	-	-	122	8,520	8,642
Dividends: Equity capital	-	-	-	(22,000)	(22,000)
Pensions adjustment related to prior reporting periods	-	-	-	1,933	1,933
Total transactions with owners	-	-	-	(20,067)	(20,067)
At 31 December 2019	-	80,565	546	30,426	111,537

The notes on pages 14 to 47 form part of these financial statements.

FREMANTLE MEDIA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

1. General information

FremantleMedia Limited is a private company limited by shares incorporated in England and Wales. The registered office is 1 Stephen Street, London, W1T 1AL.

The nature of the Company's operations and the principal activity of the Company continued to be that of the production of television programmes; the sale of finished tape for retransmission; and the exploitation of format rights within other countries including, in part, the exploitation of ancillary rights (e.g. telephony, sponsorship, live events etc). associated with such brands. Additionally, FremantleMedia Limited earns income from the recharge of administrative services to FremantleMedia Group companies.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 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 the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers
- the requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases. The requirements of paragraph 58 of IFRS 16, provided that the disclosure of details in indebtedness relating to amounts payable after 5 years required by company law is presented separately for lease liabilities and other liabilities, and in total
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraph 17 and 18A 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.

2.3 Exemption from preparing consolidated financial statements

The Company is a parent Company that is also a subsidiary included in the consolidated financial statements of its immediate parent undertaking established under the law of an EEA state and is therefore exempt from the requirement to prepare consolidated financial statements under section 400 of the Companies Act 2006.

FREMANTLE MEDIA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2.4 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

FREMANTLE MEDIA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)

2.5 Revenue

Income from the production of television programmes is recognised on the basis of the proportion of the programmes which have been produced and delivered by the balance sheet date, net of value added tax and other sales taxes, provided to external customers and associated undertakings.

Income from format licensing, distribution of film and television programmes and the exploitation of rights is recognised upon the commencement of the licence period after signature of the contract and after programmes are made available for transmission. Interdivisional royalties are recognised as earned once notification is received from the relevant division and programmes have been made available for transmission.

Turnover from brand licensing is in the form of royalties. Minimum guarantees received in relation to licence agreements are recognised evenly over the period of the contract, except where actual royalties earned for the period exceed minimum guaranteed amounts, in which case royalties are recorded as earned. Where there is no minimum guarantee, royalties are recognised as earned.

Services income is generated from the recharge of administration services to group companies within the Fremantle Group. Administration services consist of Information Technology, Marketing and events, Flying Producers/Research, and Finance department recharges.

All turnover is accounted for on an accrual's basis. When services have been delivered but not billed by the balance sheet date, income is accrued. Where amounts are received in advance of delivery, income is deferred.

FREMANTLE MEDIA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)

2.6 Leases

The Company as a lessee

The Company assesses whether a contract is or contains a lease, at inception of a contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate. This is calculated using the lessee's maturity, currency and risk specific incremental borrowing rate. The starting point for determining the incremental borrowing rates are specific risk-free interest rates for government bonds specific to the country and term, supplemented by a specific risk premium.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;

The lease liability is included in 'Creditors' on the Balance Sheet.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised discount rate.
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The Company did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

FREMANTLE MEDIA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are included in the 'Intangible Assets', 'Tangible Fixed Assets' and 'Investment Property' lines, as applicable, in the Balance Sheet.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in note 2.12.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has used this practical expedient.

2.7 Research and development

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Company can demonstrate:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale
- Its intention to complete and its ability to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation is recorded in cost of sales. During the period of development, the asset is tested for impairment annually.

2.8 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.9 Finance costs

Finance costs are charged to profit or loss 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.

FREMANTLE MEDIA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)

2.10 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.11 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

FREMANTLE MEDIA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)

2.12 Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary acquired, in the case of a bargain purchase, the difference is recognised directly in the income statement.

For impairment testing, goodwill acquired in a business combination is allocated to each of the Cash Generating Units (CGUs), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

Goodwill is not amortised but is tested annually for impairment. This is not in accordance with The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 which requires that all goodwill be amortised. The directors consider that this would fail to give a true and fair view of the profit for the year and that the economic measure of performance in any period is properly made by reference only to any impairment that may have arisen. It is not practicable to, quantify the effect on the financial statements of this departure.

2.13 Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

2.14 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

Long-term leasehold property	- Over the period of the lease
Motor vehicles	- 3 to 5 years
Office equipment	- 3 to 5 years
Computer equipment	- 4 to 10 years

FREMANTLE MEDIA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.15 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each balance sheet date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each balance sheet date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2.16 Valuation of investments

Fixed asset investments, representing investments in subsidiaries and associates, are stated at cost less provision for impairment, with reference to the net book value of the net assets of the Company in which the investment is held. Their value is reviewed annually by the Directors and provision is made, where appropriate, for any permanent diminution of value.

2.17 Associates and joint ventures

Associates and Joint Ventures are held at cost less impairment.

2.18 Stocks

Stock and work in progress, representing completed programmes and productions in progress, include an attributable portion of overheads and are stated at the lower of cost and net realisable value. Production costs are released to the profit and loss account on the delivery of programmes to the broadcaster, at which time the turnover is also recognised.

2.19 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.

2.20 Cash and cash equivalents

Cash and cash equivalents includes cash in hand and deposits held on call with banks. Bank overdrafts are shown within current liabilities on the balance sheet.

FREMANTLE MEDIA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)

2.21 Creditors

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

2.22 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

2.23 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 and financial liabilities are initially measured at fair value.

Financial assets

All recognised financial assets are subsequently measured in their entirety at either fair value or amortised cost, depending on the classification of the financial assets.

Fair value through profit or loss

All of the Company's financial assets are subsequently measured at fair value at the end of each reporting period, with any fair value gains or losses being recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset.

Impairment of financial assets

The Company always recognises lifetime Expected Credit Losses (ECL) for trade receivables and amounts due on contracts with customers. The ECL on these financial assets are estimated based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

FREMANTLE MEDIA LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020****2. Accounting policies (continued)****Financial liabilities****Fair value through profit or loss**

Financial liabilities are classified as at fair value through profit or loss, when the financial liability is held for trading, or is designated as at fair value through profit or loss. This designation may be made if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise, or the financial liability forms part of a group of financial instruments which is managed and its performance is evaluated on a fair value basis, or the financial liability forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at fair value through profit or loss. Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship.

2.24 Hedge accounting

The Company uses foreign currency forward contracts to manage its exposure to cash flow risk on its foreign currency transactions. These derivatives are designated as hedging instruments and are measured at fair value at each reporting date.

To the extent the cash flow hedge is effective, movements in the fair value of hedging instruments are recognised in other comprehensive income and presented in a separate cash flow hedge reserve, limited to the cumulative change in fair value of the hedged item from inception of the hedge. Any ineffective portions of those movements are recognised immediately in profit or loss for the year.

2.25 Financial liabilities

Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument and are initially measured at fair value. The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss includes financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are issued principally for the purpose of repurchasing in the near term, or form part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking, or are derivatives, including separately embedded derivatives unless they are financial guarantee contracts or are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in profit or loss.

FREMANTLE MEDIA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)

Financial liabilities at amortised cost

Derecognition of financial liabilities

A liability is derecognised when the contract that gives rise to it is settled, sold, cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such as an exchange or modification, this is treated as a derecognition of the original liability, such that the difference in the respective carrying amounts together with any costs or fees incurred are recognised in profit or loss.

2.26 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the directors at a board meeting or by board resolution.

FREMANTLE MEDIA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

3. Judgments in applying accounting policies and key sources of estimation uncertainty

The Company makes estimates and assumptions concerning the future. 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.

a) Provisions

Provisions are recognised when the Company has a present or constructive obligation to transfer economic benefits as a result of past events and it is probable that an outflow of resources will be required to settle the obligation. The amounts recognised represent management's best estimate of the expenditures that will be required to settle the obligation as of the balance sheet date.

A provision for restructuring is recognised when the Company has approved a detailed and formal restructuring plan and the restructuring has either commenced or has been announced publicly. Costs relating to the ongoing activities of the Company are not provided for. Onerous contracts are recognised when the expected benefits to be derived by FremantleMedia Limited from a contract are lower than the unavoidable cost of meeting its obligations under the contract. Provisions are not recognised for future operating losses.

b) Impairment of assets

(i) Tangible fixed assets

The Company makes an estimate of the recoverable value of the tangible fixed assets at each reporting date. When assessing impairment of tangible fixed assets management considers whether there have been any impairment indicators that would change the useful life of the asset.

(ii) Receivables

The Company makes an estimate of the recoverable value of trade and other debtors at each reporting date. When assessing impairment of trade and other receivables, management considers factors including the credit rating of the receivable, the ageing profile of receivables and historical experience.

FREMANTLE MEDIA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

4. Turnover

An analysis of turnover by class of business is as follows:

	2020	2019
	£000	£000
Production	84,101	137,132
Distribution	141,597	148,008
Exploitation of rights	72,953	80,848
Services	1,877	2,081
	<u>300,528</u>	<u>368,069</u>

Analysis of turnover by country of destination:

	2020	2019
	£000	£000
United Kingdom	111,177	166,790
Europe	76,334	61,109
Rest of the world	113,017	140,170
	<u>300,528</u>	<u>368,069</u>

The Company applies the practical expedient in paragraph 121 of IFRS 15 and does not disclose information about remaining performance obligations that have original expected durations of one year or less.

The amount of revenue recognised in 2020 from performance obligations satisfied (or partially satisfied) in previous periods is £338,742 (2019: £1,374,682)

5. Other operating income

	2020	2019
	£000	£000
Management fees	10,938	11,543
Other income	153	28
	<u>11,091</u>	<u>11,571</u>

FREMANTLE MEDIA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

6. Operating profit

The operating profit is stated after charging:

	2020	2019
	£000	£000
(Gain)/loss on disposal of fixed assets	18	61
Auditors' remuneration	134	185
Depreciation of tangible fixed assets	1,058	1,252
Operating lease	204	132
Amortisation of intangible assets, including goodwill	448	434
Exchange differences	(378)	462
	<u>1,484</u>	<u>2,526</u>

7. Interest receivable

	2020	2019
	£000	£000
Other interest receivable	41	50
	<u>41</u>	<u>50</u>

8. Interest payable and similar expenses

	2020	2019
	£000	£000
Finance leases and hire purchase contracts	6	10
Other interest payable	7	12
	<u>13</u>	<u>22</u>

9. Employees

The Company has no employees other than the directors, employees are employed by FremantleMedia Group Limited.

FREMANTLE MEDIA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

10. Other finance income / expenses

	2020 £000	2019 £000
Non-operating forex losses on derivatives (IAS 39)	2,201	2,992
Parent Guarantee finance income	(727)	-
	<u>1,474</u>	<u>2,992</u>

Parent Guarantee income consists of guarantees with Fremantle Productions North America £344,362, and Wildside S.R.L £380,224.

11. Taxation

	2020 £000	2019 £000
Corporation tax		
Current tax on profits for the year	(790)	2,855
Adjustments in respect of previous periods	(409)	956
	<u>(1,199)</u>	<u>3,811</u>
Double taxation relief	-	(2,611)
	<u>(1,199)</u>	<u>1,200</u>
Foreign tax		
Foreign tax on income for the year	3,863	4,351
	<u>3,863</u>	<u>4,351</u>
Total current tax	<u><u>2,664</u></u>	<u><u>5,551</u></u>

FREMANTLE MEDIA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

Deferred tax

Origination and reversal of timing differences	502	(74)
Adjustments in respect of previous periods	(604)	64
Total deferred tax	<u>(102)</u>	<u>(10)</u>
 Taxation on profit on ordinary activities	 <u>2,562</u>	 <u>5,541</u>

FREMANTLE MEDIA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

Factors affecting tax charge for the year

The current year tax charge represents amounts payable to / from fellow UK subsidiaries of the Bertelsmann group in respect of current year tax losses surrendered in the UK.

The tax rate fell to 19% with effect from 1 April 2017 and will fall to 17% with effect from 1 April 2020. Accordingly deferred tax has been provided at 17% (2019: 17%).

The tax assessed for the year is lower than (2019 - lower than) the standard rate of corporation tax in the UK of 19% (2019: 19%). The differences are explained below:

	2020 £000	2019 £000
Profit on ordinary activities before tax	<u>3,471</u>	<u>14,060</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	659	2,671
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	(843)	103
Adjustments to current tax charge in respect of prior periods	(409)	1,017
Adjustments to deferred tax charge in respect of prior periods	(604)	-
Dividends from UK companies	(88)	-
Non deductible impairments	225	-
Deferred tax rate difference	(241)	9
Withholding tax	3,863	1,741
Total tax charge for the year	<u><u>2,562</u></u>	<u><u>5,541</u></u>

Factors that may affect future tax charges

The closing deferred tax asset has been calculated at 19%. The expected future tax rate at the end of 31 December 2020 was 17%. Following the 2020 Budget, the tax rate increased from 17% on 1 April 2020. Accordingly, the tax reconciliation includes the effect of this change in rate. No future tax rate changes have been enacted as at 31 December 2020.

FREMANTLE MEDIA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

12. Dividends

	2020	2019
	£000	£000
Dividends paid	7,000	22,000
	<u>7,000</u>	<u>22,000</u>

13. Net impairment losses on financial and contract assets recognised in profit or loss

	2020	2019
	£000	£000
Impairment losses	6,809	3,589
	<u>6,809</u>	<u>3,589</u>

FREMANTLE MEDIA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

14. Intangible assets

	Intellectual Property £000	Computer software £000	Other £000	Total £000
Cost				
At 1 January 2020	2,233	7,856	-	10,089
Additions - external	-	94	-	94
Additions - internal	-	178	77	255
At 31 December 2020	<u>2,233</u>	<u>8,128</u>	<u>77</u>	<u>10,438</u>
Amortisation				
At 1 January 2020	2,112	7,205	-	9,317
Charge for the year on owned assets	72	376	-	448
At 31 December 2020	<u>2,184</u>	<u>7,581</u>	<u>-</u>	<u>9,765</u>
Net book value				
At 31 December 2020	<u>49</u>	<u>547</u>	<u>77</u>	<u>673</u>
At 31 December 2019	<u>121</u>	<u>651</u>	<u>-</u>	<u>772</u>

FREMANTLE MEDIA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

15. Goodwill

	2020 £000
Cost	
At 1 January 2020	71,200
At 31 December 2020	<u>71,200</u>
Amortisation	
At 1 January 2020	34,710
At 31 December 2020	<u>34,710</u>
Net book value	
At 31 December 2020	<u><u>36,490</u></u>
 <i>At 31 December 2019</i>	 36,490
	<u><u>36,490</u></u>

FREMANTLEMEDIA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

16. Tangible fixed assets

	Long-term leasehold property £000	Motor vehicles £000	Office equipment £000	Computer equipment £000	Other fixed assets £000	Total £000
Cost or valuation						
At 1 January 2020	1,257	369	1,320	5,673	89	8,708
Additions	-	89	6	725	198	1,018
Disposals	(27)	(73)	(519)	(8)	-	(627)
At 31 December 2020	1,230	385	807	6,390	287	9,099

FREMANTLEMEDIA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

Depreciation

At 1 January 2020	729	276	923	4,612	-	6,540
Charge for the year on owned assets	45	58	200	605	-	908
Charge for the year on right-of-use assets	109	-	41	-	-	150
Disposals	(24)	(48)	(493)	(8)	-	(573)
At 31 December 2020	859	286	671	5,209	-	7,025

Net book value

At 31 December 2020	<u>371</u>	<u>99</u>	<u>136</u>	<u>1,181</u>	<u>287</u>	<u>2,074</u>
At 31 December 2019	<u>528</u>	<u>93</u>	<u>397</u>	<u>1,061</u>	<u>89</u>	<u>2,168</u>

FREMANTLE MEDIA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

16. Tangible fixed assets (continued)

The net book value of owned and leased assets included as "Tangible fixed assets" in the Balance Sheet is as follows:

	2020 £000	2019 £000
Tangible fixed assets owned	1,862	1,805
Right-of-use tangible fixed assets	213	363
	<u>2,075</u>	<u>2,168</u>

Information about right-of-use assets is summarised below:

Net book value

	2020 £000	2019 £000
Property	127	235
Plant and machinery	86	128
	<u>213</u>	<u>363</u>

FREMANTLE MEDIA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

16. Tangible fixed assets (continued)**Depreciation charge for the year ended**

	2020 £000	2019 £000
Property	(109)	(109)
Plant and machinery	(41)	(41)
	<u>(150)</u>	<u>(150)</u>

17. Fixed asset investments

	Investments in subsidiary companies £000	Investments in associates £000	Total £000
Cost or valuation			
At 1 January 2020	4,994	9,425	14,419
Additions	4,778	-	4,778
Disposals	-	(6,469)	(6,469)
Transfers intra group	300	(300)	-
At 31 December 2020	<u>10,072</u>	<u>2,656</u>	<u>12,728</u>
Impairment			
At 1 January 2020	4,985	5,168	10,153
Reversal of impairment losses	-	(5,168)	(5,168)
At 31 December 2020	<u>4,985</u>	<u>-</u>	<u>4,985</u>
Net book value			
At 31 December 2020	<u>5,087</u>	<u>2,656</u>	<u>7,743</u>
At 31 December 2019	<u>9</u>	<u>4,257</u>	<u>4,266</u>

FREMANTLEMEDIA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

17. Fixed asset investments (continued)**Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

Name	Principal activity	Holding
Arbie Productions Limited	TV Production Company	100 %
Euston Films Productions Limited	TV Production Company	100 %
FremantleMedia Enterprises FZ-LLC	Licensing and distribution Company	100 %
Fremantle Limited	Dormant Company	100 %
Naked Television Limited	TV Production Company	100 %
Retort Productions Limited	TV Production Company	100 %
TalkbackThames UK Limited	Dormant film production Company	100 %
CO92 The Film Limited	Post-production Company	75 %
Dublin Murders Productions Limited	TV Production Company	75 %
Euston Music Limited	Music publishing Company	50 %
PT Dunia Visitama Produksi	TV Production Company	0.1 %
FremantleMedia Belgium NV	TV Production Company	0.08 %

On 9 March 2020, FremantleMedia Ltd acquired a further 75% stake in Naked Television Limited for £4,778,000

On 27 August 2020, FremantleMedia Ltd acquired a 0.1% stake in PT Dunia Visitama Produksi for 10,000,000 IDR (£521)

FREMANTLE MEDIA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

17. Fixed asset investments (continued)**Associates**

The following were associates of the Company:

Name	Principal activity	Holding
Full Fat Television Limited	TV production Company	25%
Man Alive Entertainment Limited	TV production Company	25%
Dancing Ledge Productions Limited	TV production Company	25%
Dr Pluto Films Limited	TV production Company	25%
Wild Blue Media Limited	TV production Company	25%
Label 1 Television Limited	TV production Company	25%

On 8 April 2020, FremantleMedia Ltd disposed of its investment in Bend it Tv Ltd. The investment value of £750,000 was written down.

On 2 June 2020, Squawka Ltd was dissolved. The investment value of £5,167,870 and impairment of £5,167,870 were written down.

On 18 December 2020, FremantleMedia Ltd disposed of its investment in Duck Soup Films Ltd. The investment value of £550,000 was written down.

18. Stocks

	2020	2019
	£000	£000
Productions in progress	22,876	22,669
	<u>22,876</u>	<u>22,669</u>

The difference between purchase price or production cost of stocks and their replacement cost is not material.

FREMANTLE MEDIA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

19. Debtors

	2020	2019
	£000	£000
Due after more than one year		
Prepayments and accrued income	27,214	35,935
	<u>27,214</u>	<u>35,935</u>
Due within one year		
Trade debtors	34,847	58,797
Amounts owed by group undertakings	58,083	35,328
Distribution advances	52,346	64,216
Prepayments and accrued income	72,401	56,113
Group relief receivable	4,077	4,713
Deferred taxation	1,566	1,558
Financial instruments	6,476	13,132
	<u>229,796</u>	<u>233,857</u>

20. Cash and cash equivalents

	2020	2019
	£000	£000
Cash at bank and in hand	22,477	34,196
	<u>22,477</u>	<u>34,196</u>

FREMANTLE MEDIA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

21. Creditors: Amounts falling due within one year

	2020 £000	2019 £000
Trade creditors	27,528	59,380
Amounts owed to group undertakings	88,829	87,736
Other taxation and social security	1,981	10,070
Lease liabilities	193	195
Other creditors	3,287	4,957
Accruals and deferred income	96,670	69,727
Financial instruments	6,452	12,796
Contract liabilities	18,424	13,628
	<u>243,364</u>	<u>258,489</u>

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

	2020 £000	2019 £000
Lease liabilities	46	171
	<u>46</u>	<u>171</u>

FREMANTLE MEDIA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

23. Leases**Company as a lessee**

Right of use assets owned by company consist solely of long term office leases for the operation of the business.

Lease liabilities are due as follows:

	2020 £000	2019 £000
Under 1 year	193	195
Between 1 and 5 years	46	171
	<u>239</u>	<u>366</u>

24. Contract liabilities

Revenue recognised that was included in the contract liabilities balance at the beginning of the period was £16,108,465 (2019: £16,095,349).

FREMANTLE MEDIA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

25. Financial instruments

	2020	2019
	£000	£000
Financial assets		
Derivatives measured at fair value through profit and loss	6,476	13,132
Financial assets measured at amortised cost	241,955	245,118
	<u>248,431</u>	<u>258,250</u>
Financial liabilities		
Derivative financial instruments measured at fair value through profit or loss	(6,452)	(12,796)
Financial liabilities measured at amortised cost	(216,314)	(221,799)
	<u>(222,766)</u>	<u>(234,595)</u>

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25. Financial instruments (continued)

Derivative financial instruments measured at fair value through profit or loss comprise forward foreign currency contracts to mitigate the exchange rate risk for certain foreign currency receivables. At 31 December 2020, the outstanding contracts all mature within 57 months (2019: 53 months) of the year end.

Commitments to buy and sell currencies:

As at 31 December 2020:

Buy - Currency	Value - Currency
AUD 1,444,953	GBP 774,419
CAD 1,001,469	GBP 581,042
EUR 22,914,911	GBP 20,460,846
SGD 989,305	GBP 557,804
USD 88,301,529	GBP 67,021,693

As at 31 December 2019:

Buy - Currency	Value - Currency
AUD 8,055,337	GBP 4,425,381
CAD 1,434,946	GBP 870,579
EUR 23,427,818	GBP 23,978,196
SGD 294,137	GBP 166,367
USD 86,318,311	GBP 65,151,618

Sell - Currency Value - Currency

AUD 7,954,425	GBP 4,286,825
CAD 15,522,311	GBP 8,990,429
DKK 327,592	GBP 39,901
EUR 31,838,521	GBP 28,595,843
GBP 4,996,34	AUD 9,372,240
GBP 182,793	CAD 315,244
GBP 4,34	DKK 36,229
GBP 21,057,219	EUR 23,243,539
GBP 5,38	PLN 26,546
GBP 5,828	ZAR 116,737
GBP 9,667	SEK 111,492
GBP 18,992,50	USD 25,096,303
SEK 1,609,352	GBP 142,863
USD 174,497,50	GBP 131,126,60
ZAR 822,63	GBP 41,443
PLN 620,560	GBP 127,176

Sell -Currency Value - Currency

AUD 11,343,734	GBP 6,068,127
CAD 16,475,107	GBP 10,318,487
DKK 271,438	GBP 30,421
EUR 39,195,124	GBP 34,157,462
GBP 5,496,087	AUD 10,318,487
GBP 369,338	CAD 637,728
GBP 1,406	DKK 11,647
GBP 14,889,819	EUR 16,879,862
GBP 1,348	PLN 6,853
GBP 25,378	ZAR 466,236
GBP 34,464	SEK 417,438
GBP 22,534,123	USD 29,674,607
SEK 4,779,957	GBP 384,108
USD 186,821,614	GBP 139,895,955
ZAR 731,250	GBP 38,278
PLN 1,359,835	GBP 266,108

The forward currency contracts are measured at fair value, which is determined using valuation techniques that utilise observable inputs. The key assumptions used in valuing the derivatives are the following exchange rates:

	2020	2019
AUD: GBP	1.7753	1.9365
CAD: GBP	1.7082	1.7549
EUR: GBP	1.1044	1.1985
SGD: GBP	1.7896	1.8048
USD: GBP	1.3430	1.3328
DKK: GBP	8.2187	8.9565
PLN: GBP	4.9056	5.1147
SEK: GBP	11.239	12.524
ZAR: GBP	19.9964	19.3818

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26. Deferred taxation

	2020 £000
At beginning of year	1,558
Charged to profit or loss	103
Charged to other comprehensive income	(95)
At end of year	<u>1,566</u>

The deferred tax asset is made up as follows:

	2020 £000	2019 £000
Accelerated capital allowances	438	534
Deferred tax on hedging reserves (Note 21)	(207)	(112)
Other short-term timing differences	1,335	1,136
	<u>1,566</u>	<u>1,558</u>

27. Provisions

	Other £000	Restructuring provisions £000	Total £000
At 1 January 2020	113	43	156
Charged to profit or loss	40	-	40
Utilised in year	-	(43)	(43)
At 31 December 2020	<u>153</u>	<u>-</u>	<u>153</u>

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28. Share capital

	2020 £	2019 £
Authorised, allotted, called up and fully paid		
501 (2019 - 501) Ordinary shares of £0.001996 each	<u>1</u>	<u>1</u>

29. Reserves**Share premium account**

The Company has share premium reserves of £80,565,000 (2019: £80,565,000).

Other reserves

The Company has other reserves of £881,000 (2019: £546,000) made up of the changes in fair value of cash flow hedges and the tax impact of the changes in fair value of cash flow hedges.

Profit and loss account

The Company has profit and loss reserves of £24,334,000 (2019: £30,426,000).

30. Post balance sheet events

At present, the Company is closely monitoring the situation in regard to Covid 19 and has taken steps to protect ongoing cashflow. As a result there is no anticipated change to the Company's Going Concern status.

On 1st January 2021, Naked Television Limited was hived up, with all assets and liabilities of the subsidiary being transferred to the parent company, FremantleMedia Ltd.

On 2nd March 2021, FremantleMedia Ltd increased its investment in Label 1 Ltd from 25% to 51% for consideration of GBP 500,001

31. Restatement of prior period

In the prior period financial statements, a Deferred tax liability of £112,000 was reported in Creditors over one year. This has been restated to Deferred tax assets in Debtors, giving a restated Deferred tax assets balance of £1,558,000.

A restatement within Creditors has also been booked in the prior period. Trade creditors in the prior period financial statements stated £55,831,000, has been restated to £59,380,000, Accruals and Deferred income in the prior period financial statements stated £86,904,000 this has been restated to £69,727,000. Contract Liabilities has been restated to £13,628,000.

In the prior period financial statements, a debtor balance of £35,935,000 was reported in Debtors under one year. This has been restated to Debtors over one year, giving a restated balance in debtors under one year of £233,857,000.

FREMANTLE MEDIA LIMITED

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32. Controlling party

The immediate parent undertaking is FremantleMedia Group Limited, a Company registered in England and Wales.

The smallest group to consolidate these accounts is RTL Group S.A., a Company registered in Luxembourg. Copies of the RTL Group S.A. accounts can be obtained from the General Counsel at RTL Group S.A., 43 Boulevard Pierre Frieden, L-1543 Luxembourg.

The ultimate parent undertaking and controlling party is Bertelsmann SE & Co.KGaA, a Company registered in Germany, which is the largest group to consolidate these accounts. Copies of the Bertelsmann SE & Co.KGaA accounts can be obtained from the General Counsel at Bertelsmann SE & Co.KGaA, Carl-Bertelsmann-Straße 270, 33311 Gütersloh, Germany.