

Zeppotron Limited

Annual report and financial statements

Year ended 31 December 2017

Registered number 06057667



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Company information

Directors

L Hicks
P Holmes
R Johnston
P Salmon

Secretary

J Parsons

Independent auditors

PricewaterhouseCoopers LLP
1 Embankment Place
London
WC2N 6RH

Registered office

Shepherds Building Central Legal Department
Endemol Shine UK
Charecroft Way
London
W14 0EE

Bankers

Barclays Bank PLC
1 Churchill Place
London
E14 5HP

Company registration number

06057667

Strategic report

The Directors present their Strategic report of Zeppotron Limited ("the Company") for the financial year ended 31 December 2017.

Principal activity, results and review of the business

The Company's principal activity continues to be that of television programme production.

The Company uses the following key performance indicators ("KPIs") to understand the development, performance and position of the Company:

	Year ended 31 December 2017 £000	Year ended 31 December 2016 £000
Revenue	13,150	11,959
Profit on ordinary activities before taxation	1,891	1,586
Profit for the financial year	1,891	1,586
Total shareholder's funds	13,598	11,707
Current assets as multiple of current liabilities	5.9	4.3

Revenue is 10% higher than the prior year due to an increase in production revenue.

Profit for the financial year has increased from the prior year due to the type and mix of programmes produced and delivered in the year.

The Company has met the requirements in the Companies Act 2006 to obtain the exemption provided from the disclosure of the non-financial KPI section of the enhanced business review.

Principal risks and uncertainties

In common with all television production companies the key risks are:

- The uncertainty regarding the long-term viability of the current commercial broadcasting model, as advertising revenue comes under increasing pressure from audience fragmentation, time shifted viewing and on-demand viewing.
- The retention and motivation of the key talent that develop and sell projects to the Company's main customers.
- The risk the Company's developed formats are not commissioned by broadcasters.
- The risk that the Company's significant and high profile long-running series are cancelled by the broadcasters.

The Directors are satisfied that, within the supportive structure of a global production group, it has sufficient resources in order to protect its commercial interests in the future.

The Company has in place specific retention schemes with each of its key creative talent in order to mitigate the risk of losing those personnel.

Relationships with key commissioners and channel controllers within the Company's customer's businesses are actively maintained through the Company's key talent, and the senior management team within the wider group.

Strategic report (continued)

Principal risks and uncertainties (continued)

Management is constantly reviewing the Company's significant productions and ensuring that these formats are reinvented through innovation and development in order to keep them appealing for future audiences. The Company continues to invest in the development of new ideas and formats to ensure that new productions are commissioned by the broadcasters.

Financial risk management objectives and policies

The Company's activities expose it to a number of financial risks including credit risk, liquidity risk and cash flow risk.

Credit risk

The Company's principal financial assets are bank balances, trade debtors and amounts due from Group undertakings.

The credit risk associated with bank balances is limited as the counterparties have high credit ratings assigned by international credit-rating agencies. The credit risk associated with amounts due from Group undertakings is also low as exposure is limited to fellow Group undertaking counterparties whose credit worthiness are sound and guaranteed through parent undertakings in the wider group.

The principal credit risk arises, therefore, from trade debtors. The majority of the Company's trade debtor balance is due from the main UK broadcasters which the Directors consider to be a low credit risk. The Company has no significant concentration of the remaining credit risk, with exposure spread over a large number of counterparties and customers. The Company continues to manage this risk by continually monitoring the credit worthiness of its client list.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Company places excess funds on deposit with other group companies that can be recalled at any time. A borrowing facility with other group companies is available if required.

Cash flow risk

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates. Management continues to monitor the impact of exchange rate fluctuations.

Future developments

The Company had a profitable year with a number of successful shows being re-commissioned and new shows being commissioned. The Directors believe that the Company is well positioned to deliver growth in 2018.

Approved by the Board and signed on its behalf by:



R Johnston
Director

28 September 2018

Shepherds Building Central Legal Department
Charecroft Way
Shepherds Bush
London
W14 0EE

Directors' report

The Directors present their report and the audited financial statements of the Company for the year ended 31 December 2017.

Future developments and financial risk management of the Company have been addressed in the Strategic report.

Going concern

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Directors

The Directors who held office during the year and through to the date of this report, were as follows:

L Hicks
P Holmes
R Johnston
P Salmon

Two (2016: two) directors who served during the year are members of the AP NMT JV Newco B.V. Equity Incentive Plan. Details of this scheme are set out in the Annual Report of MediArena Acquisition B.V. for the year ended 31 December 2017.

Dividends

The Directors have not recommended the payment of a dividend (2016: £nil).

Political contributions

The Company made no political contributions during the year (2016: £nil).

Directors' liabilities

The Company has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provisions were in force during the financial year and remains in force as at the date of approving the Directors' report.

Directors' report (continued)

Disclosure of information to the auditors

Each of the persons who are directors at the date of approval of this report confirms that:

- a) so far as each of the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware; and
- b) the Directors have taken all reasonable steps in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Independent auditors

The independent auditors during the year were PricewaterhouseCoopers LLP.

Approved by the Board and signed on its behalf by:



R Johnston
Director

28 September 2018

Shepherds Building Central Legal Department
Endemol Shine UK
Charecroft Way
London
W14 0EE

Statement of directors' responsibilities

The Directors are responsible for preparing the Annual report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The Directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors' report to the members of Zeppotron Limited

Report on the audit of the financial statements

Opinion

In our opinion, Zeppotron Limited's financial statements:

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

We have audited the financial statements, included within the Annual report and financial statements (the "Annual report"), which comprise: the Balance sheet as at 31 December 2017; the Profit and loss account, the Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual report other than the financial statements and our auditors' report thereon. The Directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Independent auditors' report to the members of Zeppotron Limited (continued)

Reporting on other information (continued)

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities set out on page 6, the Directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Independent auditors' report to the members of Zeppotron Limited (continued)

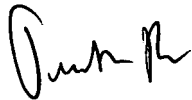
Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Jonathan Ford (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
29 September 2018

Profit and loss account

For the year ended 31 December 2017

	<i>Note</i>	Year ended 31 December 2017 £000	Year ended 31 December 2016 £000
Revenue	5	13,150	11,959
Cost of sales		<u>(9,084)</u>	<u>(8,876)</u>
Gross profit		4,066	3,083
Administrative expenses		<u>(2,175)</u>	<u>(1,497)</u>
Profit on ordinary activities before taxation	6	1,891	1,586
Tax on profit on ordinary activities	9	-	-
Profit for the financial year		<u>1,891</u>	<u>1,586</u>

The above results are derived from continuing operations. There was no other comprehensive income or expense for 2017 (2016: £nil).

The notes on pages 13 to 22 form an integral part of these financial statements.

Balance sheet

As at 31 December 2017

	<i>Note</i>	As at 31 December 2017 £000	As at 31 December 2016 £000
Fixed assets			
Intangible assets	10	-	-
Investments	11	-	-
		<hr/>	<hr/>
		-	-
Current assets			
Work in progress		288	134
Debtors	12	16,018	15,040
Cash		63	59
		<hr/>	<hr/>
		16,369	15,233
Creditors: amounts falling due within one year	13	<hr/> (2,771) <hr/>	<hr/> (3,526) <hr/>
Net current assets		13,598	11,707
Net assets		<hr/> <u>13,598</u> <hr/>	<hr/> <u>11,707</u> <hr/>
Capital and reserves			
Called up share capital	15	-	-
Profit and loss account		13,598	11,707
		<hr/>	<hr/>
Total shareholder's funds		<u>13,598</u> <hr/>	<u>11,707</u> <hr/>

The financial statements of Zeppotron Limited (registered number 06057667) on pages 10 to 22 were approved by the Board of directors on 28 September 2018 and signed on its behalf by:



R Johnston
Director

The notes on pages 13 to 22 form an integral part of these financial statements.

Statement of changes in equity

For the year ended 31 December 2017

	Called up share capital £000	Profit and loss account £000	Total shareholders' funds £000
At 1 January 2016	-	10,121	10,121
Profit for the financial year	-	1,586	1,586
	-	11,707	11,707
At 31 December 2016	-		
Profit for the financial year	-	1,891	1,891
At 31 December 2017	-	13,598	13,598

Notes to the financial statements

1 General information

Zeppotron Limited's principal activity continues to be that of television programme production.

The Company is a private company limited by shares and is incorporated in England and Wales. The address of its registered office is Shepherds Building Central, Legal Department, Endemol Shine UK, Charecroft Way, London, W14 0EE.

2 Statement of compliance

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

3 Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below and have been applied consistently to all years presented, unless otherwise stated.

Basis of preparation

The financial statements have been prepared on a going concern basis, under the historical cost convention.

The preparation of financial statements requires the use of certain critical accounting estimates and requires management to exercise its judgement in the process of applying the accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

Going concern

After making enquiries, the Directors have reviewed the financial position of the Company, including the arrangements with Group undertakings, and believe that the Company has adequate resources to continue in operational existence for the foreseeable future and to successfully manage the identified risks and uncertainties described in the Strategic report. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Exemptions for entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with.

The Company has taken advantage of the exemption under FRS 102 paragraph 1.12(b) not to produce a cash flow statement on the grounds that the Company is a qualifying entity as a member of a group, where the consolidated financial statements of its ultimate parent undertaking include a cash flow statement and are publicly available (note 19).

Consolidation

The Company has taken advantage of the exemption under s400 of the Companies Act 2006 not to produce consolidated financial statements on the grounds that the Company is included in the consolidated financial statements of its ultimate parent company, which are publicly available (note 19). These financial statements present information about the Company as an individual undertaking and not about its group.

Notes to the financial statements (continued)

3 Accounting policies (continued)

Related party transactions

As a wholly-owned subsidiary of Endemol Shine UK Limited (formerly Endemol UK Limited) and ultimately AP NMT JV Newco B.V., whose financial statements are publicly available, the Company has taken advantage of the exemption under FRS 102 Paragraph 33.1A on the basis the disclosure need not be given regarding related party transactions with other wholly-owned subsidiaries of the Group.

Revenue

Revenue represents the amounts received or receivable for goods provided and work done for customers exclusive of value-added tax. Revenue and related costs from television production are recognised once production, on an episodic basis, is substantially complete.

Royalty income is recognised on an accruals basis where sufficient evidence of amounts due can be obtained or calculated. Non-refundable advances on royalties are recognised once a contract is in place and the contractual obligations have been fulfilled. Refundable advances on royalties are recorded on the Balance sheet as deferred income and are credited to income as royalties are recouped.

Amounts due under agreements for which contractual obligations have not been fulfilled and which have not been credited to the Profit and loss and are included on the Balance sheet.

Pensions

The Company pays pension contributions into various individuals' own defined contribution money purchase pension schemes. The assets of the schemes are held separately from those of the Company in an independently administered fund. The charge to the Profit and loss account comprises the total contributions payable in the period. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the Balance sheet.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the Balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the Balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the Balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on a non-discounted basis at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the Balance sheet date.

Intangible assets

Intangible assets acquired separately from a business are capitalised at cost. Intangible assets are amortised on a straight-line basis over the estimated useful lives. The intangible assets disclosed have been fully amortised.

Notes to the financial statements (continued)

3 Accounting policies (continued)

Investments

Investments are recorded at cost and adjusted for any impairment provisions. When an impairment has been identified it is reflected in the Profit and loss account.

Work in progress

Work in progress is valued at the lower of cost and net realisable value and generally represents pre-production costs incurred on productions and is considered fully recoverable.

Foreign currency

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the Balance sheet date. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the Profit and loss account.

4 Critical accounting judgements and 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 value of assets and liabilities within the next financial year are addressed below.

Recoverability of work in progress

During the year, management reviewed the recoverability of its work in progress derived from programmes in the course of production which are included in the Balance sheet. Projects of this nature continue to progress satisfactorily and management continue to believe that the anticipated revenues will enable the carrying amount of work in progress to be recovered in full.

Deferred tax

Deferred tax assets and liabilities require management judgement in determining the amounts to be recognised, with consideration given to the timing and level of future taxable income.

5 Revenue

In the view of the Directors, Zeppotron Limited has only one business segment, which is television programme production and related distribution, to which all revenue can be attributed.

An analysis of revenue by geographical market is given below:

	Year ended 31 December 2017 £000	Year ended 31 December 2016 £000
United Kingdom	12,979	11,804
Europe	171	155
	<u>13,150</u>	<u>11,959</u>

Notes to the financial statements (continued)

6 Profit on ordinary activities before taxation

The auditors' remuneration for the audit of the annual financial statements for the year of £8,000 (2016: £7,000) has been paid by the parent company Endemol Shine UK Limited (formerly Endemol UK Limited) and is included in its financial statements.

7 Staff numbers and costs

The average monthly number of persons employed by the Company (excluding directors who are employed and remunerated by parent companies) during the year were as follows:

	Year ended 31 December 2017 No.	Year ended 31 December 2016 No.
By activity		
Production	10	9
Administration	1	1
	<u>11</u>	<u>10</u>

The aggregate payroll costs of these persons were as follows:

	Year ended 31 December 2017 £000	Year ended 31 December 2016 £000
Wages and salaries	1,391	1,306
Social security costs	159	183
Other pension costs	44	46
	<u>1,594</u>	<u>1,535</u>

The Company also has a number of freelance staff, hired on a production basis, whose costs are included within cost of sales and are not reflected in the table above.

Outstanding contributions payable to the Endemol Shine UK Limited (formerly Endemol UK Limited) defined contribution money purchase pension scheme at the Balance sheet date were £4,000 (2016: £4,000) and are included in creditors: amounts payable within one year.

Notes to the financial statements (continued)

8 Directors' remuneration

The following directors' remuneration was paid by the Company:

	Year ended 31 December 2017 £000	Year ended 31 December 2016 £000
Emoluments	378	331
Company contributions to money purchase pension schemes	12	12
	<u>390</u>	<u>343</u>

Remuneration of highest paid director:

	Year ended 31 December 2017 £000	Year ended 31 December 2016 £000
Emoluments	378	331
Company contributions to money purchase pension schemes	12	12
	<u>390</u>	<u>343</u>

Three directors (2016: four) who served during the year were employed by and remunerated by other Group companies. The portion of their emoluments that relate to services to the Company is estimated to be £55,000 (2016: £48,000). During the year three directors (2016: three) accrued benefits under the Endemol Shine UK Limited (formerly Endemol UK Limited) (2016: Endemol UK Limited) defined contribution money purchase pension scheme.

These costs have been paid by other group companies and have not been recharged to the Company.

Two (2016: two) directors who served during the year are members of the AP NMT JV Newco B.V. Equity Incentive Plan. Details of this scheme are set out in the Annual report of MediArena Acquisition B.V. for the year ended 31 December 2017.

Notes to the financial statements (continued)

9 Tax on profit on ordinary activities

(a) Analysis of tax charge for the year

The tax charge is made up as follows:

	Year ended 31 December 2017 £000	Year ended 31 December 2016 £000
Current tax		
UK corporation tax on profit for the year	-	-
Current tax charge for the year	-	-
Deferred tax (note 14)		
Prior year adjustment to deferred tax	-	-
Total tax on profit on ordinary activities	-	-

(b) Reconciliation of tax charge

The tax charge for the year is lower (2016: lower) than the blended UK 19.25% rate of corporation tax (2016: standard UK 20% rate of corporation tax). The differences are explained below:

	Year ended 31 December 2017 £000	Year ended 31 December 2016 £000
Profit on ordinary activities before taxation	1,891	1,586
Profit on ordinary activities multiplied by 19.25% (2016: 20%)	364	317
Effects of:		
Expenses not deductible for tax purposes	-	1
Group relief claimed	(364)	(318)
Tax on profit on ordinary activities	-	-

(c) Factors that may affect future tax charges

A reduction in the UK corporation tax rate from 19% to 17% (effective 1 April 2020) was enacted on 15 September 2016. This reduction in the tax rate will reduce the Company's future current tax charge.

Notes to the financial statements (continued)

10 Intangible assets

	Intellectual property £000
Cost	
At 1 January 2017 and 31 December 2017	<u>1,389</u>
Accumulated amortisation	
At 1 January 2017 and 31 December 2017	<u>(1,389)</u>
Net book amount	
At 31 December 2016 and 31 December 2017	<u>-</u>

11 Investments

	Unlisted subsidiary undertaking £
Cost and net book amount	
At 31 December 2016 and 31 December 2017	<u>1</u>

The investments in the Company are as follows:

Subsidiary undertakings	Country of incorporation	Class of shares	Proportion of voting rights and ordinary share capital held	Nature of business
Zeppotron Drama Limited	England & Wales	Ordinary	100%	Television production

The address of the subsidiaries registered office is Shepherds Building, Charecroft Way, London, W14 0EE.

12 Debtors

	As at 31 December 2017 £000	As at 31 December 2016 £000
Trade debtors	260	2,528
Amounts owed by Group undertakings	15,171	12,143
Other debtors	8	68
Deferred tax asset (note 14)	1	1
Prepayments and accrued income	578	300
	<u>16,018</u>	<u>15,040</u>

The amounts owed by Group undertakings are repayable on demand and do not bear interest.

Notes to the financial statements (continued)

13 Creditors: amounts falling due within one year

	As at 31 December 2017 £000	As at 31 December 2016 £000
Trade creditors	3	80
Taxation and social security	134	173
Accruals and deferred income	2,634	3,273
	<u>2,771</u>	<u>3,526</u>

14 Deferred tax asset

The movement in the deferred taxation account during the year comprised:

	£000
At 1 January 2017	1
Credited to the profit and loss account (note 9)	-
At 31 December 2017	<u>1</u>

The elements of deferred tax are as follow:

	As at 31 December 2017 £000	As at 31 December 2016 £000
Short term timing differences	<u>1</u>	<u>1</u>
Total deferred tax asset	<u>1</u>	<u>1</u>

The Directors consider it more likely than not that the Company will make sufficient profits in future years to utilise the deferred tax asset.

Notes to the financial statements (continued)

15 Called up share capital

	As at 31 December 2017 £	As at 31 December 2016 £
<i>Allotted, called up and fully paid:</i>		
30,000 (2016: 30,000) Ordinary A shares of £0.01	300	300
13,360 (2016: 13,360) Ordinary B shares of £0.01	134	134
	<u>434</u>	<u>434</u>

All classes of ordinary shares rank equally. There are no restrictions on the distribution of dividends and the repayment of capital.

16 Capital commitments

The Company had no capital commitments at 31 December 2017 or 31 December 2016.

17 Contingent liabilities

As at 31 December 2017, MediArena Acquisition B.V. (note 19) had obtained debt financing consisting of in total:

- EUR 125 million First Lien multi-currency revolving credit facility;
- USD 885 million + EUR 235 million + GBP 50 million First Lien Term B Loans; and
- USD 457 million Second Lien Term Loan B Facility

Within the context of this debt financing, guarantees are provided by several operating subsidiaries within the Endemol Shine Group, including Zeppotron Limited. These subsidiaries represent at least 90% of Consolidated Total Assets (as defined in the Credit Agreements).

Notes to the financial statements (continued)

18 Related party transactions

As a wholly-owned subsidiary of Endemol Shine UK Limited (formerly Endemol UK Limited) and ultimately AP NMT JV Newco B.V. (note 19), whose financial statements are publicly available, the Company has taken advantage of the exemption under FRS 102 Paragraph 33.1A on the basis that disclosure need not be given regarding related party transactions with other wholly-owned subsidiaries of the Group.

	Year ended 31 December 2017	As at 31 December 2017	Year ended 31 December 2016	As at 31 December 2016
	Sales from related party	Amounts owed to related party	Sales from related party	Amounts owed to related party
	£000	£000	£000	£000
Sky UK Ltd	9	-	-	-
	<u>9</u>	<u>-</u>	<u>-</u>	<u>-</u>

Sky UK Ltd is a company affiliated with Twenty-First Century Fox Inc. (see note 19).

There were no other related party transactions outside of the Group during the year (2016: none).

19 Ultimate parent undertaking and immediate parent undertaking

The immediate parent undertaking is Endemol Shine UK Limited (formerly Endemol UK Limited), a company incorporated and registered in England and Wales.

The smallest group in which the results of the Company are consolidated is that headed by MediArena Acquisition B.V. Financial statements for MediArena Acquisition B.V. are publicly available and can be obtained from MediArena 1, 1114 BC Amsterdam-Duivendrecht, PO Box 12133, 1100 AC Amsterdam, the Netherlands.

The ultimate parent company and the largest group in which the results of the Company are consolidated is AP NMT JV Newco B.V., a company registered in the Netherlands. Financial statements for AP NMT JV Newco B.V. are publicly available and can be obtained from MediArena 1, 1114 BC Amsterdam-Duivendrecht, PO Box 12133, 1100 AC Amsterdam, the Netherlands. AP NMT JV Newco B.V. is owned jointly by Twenty-First Century Fox Inc. and funds managed by Apollo Global Management, LLC.