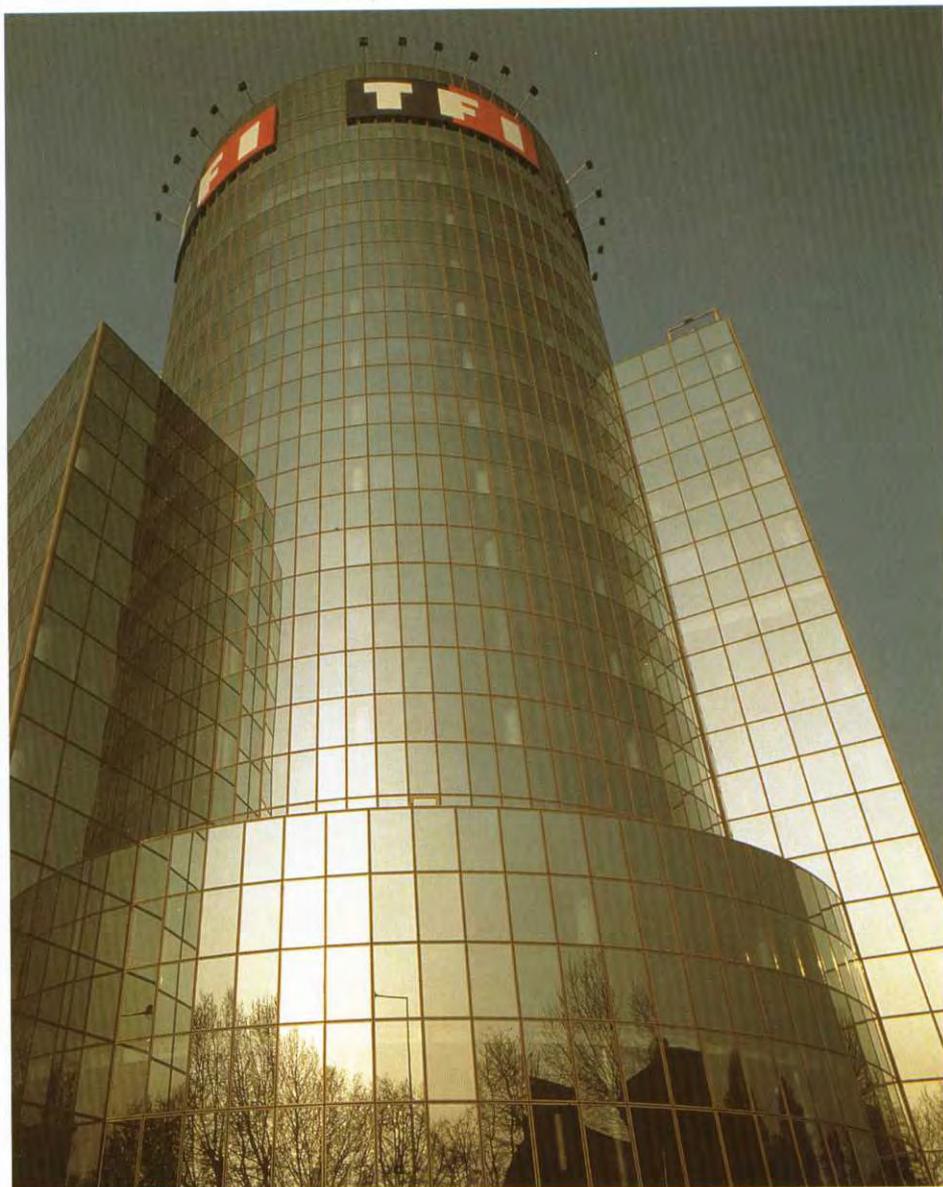


# ANNUAL REPORT & ACCOUNTS

## 1991



# COMPANY ACCOUNTS

# COMPANY BALANCE SHEET AT 31 DECEMBER 1991

<b>ASSETS</b>		<b>(FF Thousand)</b>		
	31.12.91			31.12.90
	Gross value	Depreciation & provisions	Net value	Net value
<b>INTANGIBLE FIXED ASSETS</b>				
Research & Development expenditures	2,199	2,199		
Brands	129	129		
Goodwill	95		95	95
Other intangible fixed assets	4,189	1,257	2,932	3,351
Programmes ready for broadcasting	1,556,864	64,724	1,492,140	1,059,028
Rights available for re-broadcasting	180,971		180,971	167,726
Programmes in progress	600,410	1,754	598,656	532,920
	<u>2,344,857</u>	<u>70,063</u>	<u>2,274,794</u>	<u>1,763,120</u>
<b>TANGIBLE FIXED ASSETS</b>				
Land	53,908		53,908	53,908
Freehold buildings	215,673	50,088	165,585	174,400
Technical facilities	186,665	124,806	61,859	85,433
Other tangibles	140,252	79,315	60,937	21,194
Tangible assets in progress	202,514		202,514	28,332
	<u>799,012</u>	<u>254,209</u>	<u>544,803</u>	<u>363,267</u>
<b>FINANCIAL ASSETS</b>				
Investments	411,570	60,717	350,853	316,264
Related loans	10,878	10,021	857	857
Other investments	507		507	507
Loans	29,575		29,575	33,649
Other financial assets	4,495	40	4,455	3,216
	<u>457,025</u>	<u>70,778</u>	<u>386,247</u>	<u>354,493</u>
<b>FIXED ASSETS</b>	<b>3,600,894</b>	<b>395,050</b>	<b>3,205,844</b>	<b>2,480,880</b>
<b>STOCKS</b>				
Raw materials and supplies	1,590		1,590	1,612
Inventories	749		749	346
	<u>2,339</u>		<u>2,339</u>	<u>1,958</u>
<b>PRE-PAIDS</b>	<b>17,142</b>		<b>17,142</b>	<b>11,199</b>
<b>DEBTORS</b>				
Trade debtors	1,022,808	7,057	1,015,751	950,567
Other debtors	611,512	8,144	603,368	384,778
	<u>1,634,320</u>	<u>15,201</u>	<u>1,619,119</u>	<u>1,335,345</u>
MARKETABLE SECURITIES	174,009		174,009	379,905
CASH AT BANK OR IN HAND	36,367		36,367	32,491
DEFERRED EXPENSES	70,855		70,855	52,457
<b>CURRENT ASSETS</b>	<b>1,935,032</b>	<b>15,201</b>	<b>1,919,831</b>	<b>1,813,355</b>
Foreign exchange unrealized losses/gains	429		429	375
<b>TOTAL ASSETS</b>	<b>5,536,355</b>	<b>410,251</b>	<b>5,126,104</b>	<b>4,294,610</b>

<b>LIABILITIES</b>	<b>(FF Thousand)</b>	
	31.12.91	31.12.90
Share capital	210,000	210,000
Reevaluation reserve	30,705	30,705
Legal reserves	21,000	21,000
Other reserves	170,000	70,000
Balance carried forward from previous year	137,676	103,803
Profit of financial year	290,171	280,872
Government grants for investment	9,169	11,432
Regulated Provisions (amortization of programmes)	391,046	356,911
<b>SHAREHOLDERS EQUITY</b>	<b>1,259,767</b>	<b>1,084,723</b>
Provisions for liabilities	34,667	44,291
Provisions for charges	833	3,589
Other provisions	25,395	28,525
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	<b>60,895</b>	<b>76,405</b>
Financial creditors and borrowings (1)	162,662	8,997
Other financial creditors (2)	493,334	449,194
Trade creditors	1,796,611	1,613,428
Tax and social liabilities	542,740	447,908
Payables to fixed assets suppliers	114,934	48,433
Other creditors	694,007	559,132
Deferred income		4,056
<b>CREDITORS AND OTHER LIABILITIES</b>	<b>3,804,288</b>	<b>3,131,148</b>
Foreign exchange unrealized losses/gains	1,154	2,334
<b>TOTAL LIABILITIES</b>	<b>5,126,104</b>	<b>4,294,610</b>
(1) Including bank overdrafts	12,662	8,997
(2) Including current account with associated companies	467,691	408,759

# COMPANY PROFIT AND LOSS ACCOUNT AT 31 DECEMBER 1991

	(FF thousand)	
	1991	1990
Advertising revenue	5,080,664	4,807,703
Technical services	48,698	29,582
Other	49,321	29,860
In-house production	1,244,287	1,100,423
Reversals & expenses transfered	333,821	273,961
Other revenue	33,957	14,358
<b>OPERATING REVENUES</b>	<b>6,790,748</b>	<b>6,255,887</b>
Purchases of raw materials and supplies	5,183	7,573
Variation in stocks	(381)	(56)
Other external expenses	1,573,340	1,509,883
Taxes and levies	288,283	273,155
Wages & salaries paid	570,324	480,358
Social security charges & employment expenses	216,152	179,032
Depreciations & provisions		
• of broadcast programmes	3,264,397	2,913,641
• of other fixed assets	78,766	63,156
• provisions for intangible fixed assets and current assets	38,068	54,656
• provisions for liabilities and expenses	18,330	49,353
Other expenses	231,924	242,336
<b>OPERATING EXPENSES</b>	<b>6,284,386</b>	<b>5,773,087</b>
<b>OPERATING PROFIT</b>	<b>506,362</b>	<b>482,800</b>
Net profit from joint operations		(842)
Financial revenues	97,804	59,030
Financial expenses	71,093	60,075
<b>FINANCIAL PROFIT</b>	<b>26,711</b>	<b>(1,045)</b>
<b>PROFIT BEFORE TAX AND EXTRAORDINARY ITEMS</b>	<b>533,073</b>	<b>480,913</b>
Extraordinary profit on operations	6,530	5,975
Extraordinary profit on fixed assets operations	(36,508)	(22,233)
Net depreciations / provisions	(34,945)	(7,265)
<b>EXTRAORDINARY LOSS</b>	<b>(64,923)</b>	<b>(23,523)</b>
Profit sharing	10,139	11,013
Income Tax	167,840	165,505
<b>NET PROFIT</b>	<b>290,171</b>	<b>280,872</b>

# NOTES TO THE COMPANY ACCOUNTS

Principles of accounting and presentation of the accounts for the twelve-month financial year ended 31 December 1991. The accounts for the financial year have been prepared in accordance with the legal and statutory provisions currently in force in France.

## 1 - ACCOUNTING PRINCIPLES AND METHODS

### 1-1 INTANGIBLE FIXED ASSETS

#### 1.1.1. Programmes

Film rights relating to feature-length films are fully or 50% amortised by reduction in the purchase value at first broadcasting, according to whether or not rebroadcasting rights are held. The remaining 50% is amortised at second broadcasting.

Film rights relating to series and co-production investments of a duration equal to or exceeding 60 minutes are fully or 80%

amortised by reduction in the purchase value at first broadcasting, according to whether or not rebroadcasting rights are held. The remaining 20% is amortised at second broadcasting.

All other programmes are fully amortised at first broadcasting and therefore do not appear under assets, whatever the duration of TF1 owner's rights.

##### 1.1.1.1. Programmes ready for broadcasting

The following are reported under this item:

- all non-broadcast programmes (co-productions, in-house productions, film rights) that have not yet been broadcast for the first time, recorded on the basis of their purchase cost or their

overall production cost (direct costs plus attributable production overheads).

- co-productions that have been broadcast for the first time, on the basis of their net cost.

##### 1.1.1.2. Rights available for rebroadcasting (purchased rights)

Feature-length films and series having already been broadcast once, and for which one or more rebroadcastings are still possible, are accounted for under "Rights available for

rebroadcasting" and valued at 50% or 20% of their purchase cost, according to their type.

##### 1.1.1.3. Programmes in progress

Programmes that, at the end of the financial year, have not been delivered or are not ready for broadcasting (Co-productions or In-house productions), together with broadcasting rights for which the beginning of the validity period falls after the date of the closing of accounts, are reported under "Programmes under

production". These programmes are valued in the amount of capital expenditures at the date of the closing of the accounts. The remaining capital expenditures are valued in the off-balance sheet commitments.

### 1.2 TANGIBLE FIXED ASSETS

The tangible fixed assets were restated at 31 December 1986, resulting only in the restatement of Cognacq Jay property assets. Depreciation methods are set out in the table hereafter:

Buildings	straight line	40 years*
Technical facilities	reducing balance	3 to 5 years
Other tangible	straight line or reducing balance	5 to 10 years

\* As of the date of its becoming part of TF1's property (prior to 31/12/86: 12 to 20 years)

### 1.3 FINANCIAL ASSETS

Financial assets are valued at their purchase cost. Provision is made for the amortisation of these assets when their current value, determined notably with respect to the proportion of

equity held in the companies concerned, justifies such a provision. If necessary, a provision for liabilities and charges is made under liabilities.

### 1.4 TRADE DEBTORS

All trade debtors currently subject to claims, are fully provisioned.

Moreover, bad debts are covered by provisions for liabilities, as follows:

- 100% of their total amount, net of tax, for accounts receivable prior to 1st January 1989;
- 50% of their total amount, net of tax, for accounts receivable falling due between 1st January 1989 and 31 December 1989.

# NOTES TO THE COMPANY ACCOUNTS

## 1.5 MARKETABLE SECURITIES

Marketable securities are recorded on the basis of their purchase value.

## 1.6 GOVERNMENT GRANTS FOR INVESTMENT

Government grants for investment are credited to a deferral account and released to revenue as and when the corresponding assets are depreciated.

## 1.7 REGULATED PROVISIONS

This item essentially relates to special depreciation for tax purposes of in-house productions or co-productions that have not yet been broadcast. These depreciations are calculated from the end of shooting in accordance with the rules laid down by the French Tax Authorities on 3 July 1970, which define monthly percentages as follows:

1st month .....	20%
2nd month .....	15%
3rd to 9th month .....	5%
10th to 12th month .....	2%
13th to 24th month .....	2%

## 1.8 PROVISION FOR LIABILITIES AND CHARGES

The amount of these provisions is calculated according to the assessment of liabilities existing at the closing of each accounting period.

## 1.9 ADVERTISING

Advertising revenue corresponds to the amount received from the sale by TF1 PUBLICITE of advertising space and sponsorship, net of its fees.

## 1.10 OFF-BALANCE SHEET COMMITMENTS

Purchased broadcasting rights and co-productions to which the station was firmly and contractually committed prior to the closing of the accounting period, but for which technical approval has not yet been granted, are reported as off-balance sheet commitments.

## 2 - NOTES TO THE BALANCE SHEET

### 2.1 INTANGIBLE FIXED ASSETS

Intangible fixed assets essentially refer to programmes and film rights; the table below provides a detailed breakdown of their movements:

PURCHASE VALUE (FF thousand)				
ITEMS	EXTERNAL PRODUCTIONS	IN-HOUSE PRODUCTIONS	TOTAL PRODUCTIONS	IN 1990
Programmes in progress	530,389	3,622	534,011	439,097
Programmes ready for broadcasting	1,135,137	18,559	1,153,696	1,099,114
Rights available for rebroadcasting	167,726		167,726	119,777
<b>VALUE OF PROGRAMMES AT 31.12.90</b>	<b>1,833,252</b>	<b>22,181</b>	<b>1,855,433</b>	<b>1,657,988</b>
<b>1991 INVESTMENTS</b>	<b>+ 2,569,128</b>	<b>+ 1,231,845</b>	<b>+ 3,800,973</b>	<b>3,165,373</b>
1991 disinvestments				
Cost of 1st broadcast	- 1,993,293	- 1,224,354	- 3,217,647	- 2,889,853
Cost of 2nd broadcast	- 46,750		- 46,750	- 23,788
<b>TOTAL COST OF BROADCAST</b>	<b>- 2,040,043</b>	<b>- 1,224,354</b>	<b>- 3,264,397</b>	<b>- 2,913,641</b>
Rights expired	- 19,138		- 19,138	- 18,712
Rights retired	- 12,913	- 6,249	- 19,162	- 6,599
Rights sold (Residual book value)	- 15,464		- 15,464	- 28,976
<b>TOTAL 1991 DESINVESTMENTS</b>	<b>- 2,087,558</b>	<b>- 1,230,603</b>	<b>- 3,318,161</b>	<b>- 2,967,928</b>
<b>VALUE OF PROGRAMMES AT 31.12.91</b>	<b>2,314,822</b>	<b>23,423</b>	<b>2,338,245</b>	<b>1,855,433</b>
<b>BREAKDOWN</b>				
Programmes in progress	594,623	5,787	600,410	534,011
Programmes ready for broadcasting	1,539,228	17,636	1,556,864	1,153,696
Rights available for rebroadcasting	180,971		180,971	167,726
<b>TOTAL VALUE OF PROGRAMMES</b>	<b>2,314,822</b>	<b>23,423</b>	<b>2,338,245</b>	<b>1,855,433</b>

N.B. : At 31 December 1991, the total provisions for depreciation of programmes ready for broadcasting amounted to FF 66.5 million, after allocations to provisions of FF 35.5 million and cancellation of FF 64.8 over the 1991 financial year.

## 2.2 TANGIBLE FIXED ASSETS

Movements of tangible fixed assets for the financial year, as well as the corresponding depreciation are summarised as follows:

(FF thousand)	Gross value			31.12.91
	1.01.91	Increase	Decrease	
Land	53,908	—	—	53,908
Buildings	215,673	—	—	215,673
Technical facilities,	58,855	(133,984)	186,665	
Other tangible fixed assets	86,292	59,983	(6,023)	140,252
Work in progress	28,333	202,513	(28,333)	202,513
	<b>646,000</b>	<b>321,351</b>	<b>(168,340)</b>	<b>799,011</b>

As in 1989, the depreciation methods for technical facilities and other fixed assets take into account the prospects of the company's planned move in 1992.

(FF thousand)	Depreciation			31.12.91
	1.01.91	Increase	Decrease	
Buildings	41,273	8,815	—	50,088
Technical facilities	176,362	52,733	(104,289)	124,806
Other	65,098	18,547	(4,331)	79,314
	<b>282,733</b>	<b>80,095</b>	<b>(108,620)</b>	<b>254,208</b>

## 2.3 FINANCIAL ASSETS

### 2.3.1 Long-term investments

TF1 has subscribed shares in the equity of the following main companies:

STUDIOS 107	FF 10 million for 99.9% of the capital
VENDOME PRODUCTION	FF 0.1 million for 33.27% of the capital
C.I.C.	FF 2.5 million for 49.76% of the capital

TF1 has subscribed to the capital increases of the following companies:

TF1 Entreprises	FF 15 million for 100% of the capital
SOREAD	FF 6.3 million for 8% of the capital increase
TF1 Europe	FF 10 million for 100% of the capital increase

TF1 also transferred to its subsidiary TF1 Entreprises, at their purchase value, shares in the following companies:

Une Musique.....	FF 0.2 million
C.I.C.....	FF 2.5 million

TF1 made an extra provision of FF 6.3 million for its shares in SOREAD (operating company of Morocco's second encoded TV channel), to cover that company's losses for the 1991 financial year, bringing the total amount of provisions for the SOREAD shares to FF 17.1 million.

At 31.12.91, the total value of the shares reported in the balance sheet of TF1 S.A. amounts to FF 412 million, with depreciations amounting to FF 61 million.

### 2.3.2 Loans

Cash-flow agreements exist between TF1 and its subsidiaries. Current account loans are carried under this item, and at 31.12.91 these amounted to FF 25.1 million.

## 2.4 DEBTORS

### 2.4.1 Accounts receivable from TF1 Publicité

Since 01.01.89, TF1 Publicité buys advertising slots from TF1 S.A., which it sells on to advertising agencies. The difference between the purchase and selling price allows TF1 Publicité to cover its operating costs.

The total amount payable by TF1 Publicité to TF1 S.A. with respect to such purchases was FF 879 million at 31.12.91, as compared with FF 821 million at 31.12.90.

### 2.4.2 Due dates for debtors

The debtors, totalling FF 1,977.6 million, essentially fall due within one year.

Only a proportion of the debtors (FF 18 million) carried under fixed assets fall due after one year.

# NOTES TO THE COMPANY ACCOUNTS

## 2.5 MARKETABLE SECURITIES

These consist of "SICAV" unit trusts amounting to FF 174 million.

## 2.6 DEFERRED EXPENSES

Deferred expenses essentially relate to prepaid sports broadcasts (FF 68.1 million).

## 2.7 SHARE CAPITAL

The movements for the financial year were as follows:

(FF thousand)				
	AT 01.01.91	ALLOCATION OF PROFIT (AGM 12.06.91)	OTHER MOVEMENTS	AT 31.12.91
Share capital	210,000			210,000
Revaluation reserve	30,705			30,705
Legal reserve	21,000			21,000
Balance carried forward	103,805	33,871		137,676
Other reserves	70,000	100,000		170,000
Profit for year	280,871	(280,871)	290,171	290,171
<b>SUB-TOTAL</b>	<b>716,381</b>	<b>(147,000)</b>	<b>290,171</b>	<b>859,552</b>
Government grants for investment	11,432		(2,263)	9,169
Regulated provisions	356,910		34,136 (2)	391,046
<b>TOTAL</b>	<b>1,084,723</b>	<b>(147,000) (1)</b>	<b>322,044</b>	<b>1,259,767</b>

N.B.: The share capital is divided into 21,000,000 fully paid-up ordinary shares each with a face value FF 10.  
 (1) : Dividends paid on 26 June 1991  
 (2) : Net movements of the year

## 2.8 PROVISIONS FOR LIABILITIES AND CHARGES

Defined as stated under 1.8, these provisions break down as follows:

(FF thousand)	1.01.91	Increase	Decrease	31.12.91
Claims	44.291	17.992	(27.616)	34.667
Associated companies	4.838	1.291	—	6.129
Bad debts	21.859	338	(3.113)	19.084
Other	5.417	833	(5.235)	1.015
	76.405	20.454	(35.964)	60.895

The provision for bad debts includes TF1's share in the risk of TF1 PUBLICITE receivables which may not be collected.

## 2.9 CREDITORS

### 2.9.1 Bank borrowings

Bank borrowings are reported under this item for an amount of FF 12.7 million.

## 2.9.2 Other financial creditors

Cash put at TF1's disposal by its subsidiaries, in accordance with cash agreements, is recorded under this item in the amount of FF 464.7 million.

## 2.9.3 Tax and social liabilities

### Pension costs

Rights accrued by personnel aged 55 and over were covered, in 1990, by an insurance policy and therefore no longer appear under this item.

## 2.9.4 Other creditors

This item includes the credits and graduated tariffs to be granted by TF1.

## 2.9.5 Due dates for creditors

The creditors, totalling FF 3,804.3 million, essentially fall due within one year.

Creditors falling due within more than one year are as follows:

Bank borrowings .....	FF 153.9 million
Personnel, taxes and social security .....	FF 1.6 million

No creditors fall due over more than five years.

# 3 - NOTES TO THE PROFIT AND LOSS ACCOUNT

## 3.1 BREAKDOWN OF TURNOVER

Advertising revenue amounts to FF 5,080.7 million and corresponds to advertising space and sponsorship sold by TF1 PUBLICITE, less the fees enabling TF1 PUBLICITE to cover its FF 417.2 million operating costs. Other revenues refer to various sales and services amounting to FF 98 million.

## 3.2 TAXES

This item essentially records TF1's contribution to the French National Cinema Council and business tax.

## 3.3 WAGES AND SALARIES

In 1991, this item includes staff expenses relating to the transfer to the new head office to Boulogne-Billancourt.

## 3.4 SOCIAL SECURITY CHARGES & EMPLOYMENT EXPENSES

This item includes personnel benefits FF 2.4 million, relating to the employer's contribution to the Company Savings Plan set up when TF1 was privatised and covers employee subscriptions for 1988, 1989 and 1990.

## 3.5 OTHER EXPENSES

This item covers payments to the authors for an amount of FF 197.1 million.

## 3.6 FINANCIAL EXPENSES AND REVENUES

Financial expenses with respect to associated companies amount to FF 45.7 million and financial revenues to FF 4.2 million. A provision of FF 6.3 million has been made to cover SOREAD shares.

# NOTES TO THE COMPANY ACCOUNTS

## 3.7 EXTRAORDINARY ITEMS

The extraordinary items for 1991 break down as follows (in FF million):

Capital losses on disposal and retirement of programmes	(36.5)
Net reversal of provisions (including special depreciation for tax purposes)	(34.9)
Other	6.5
Net loss	(64.9)

## 3.8 CORPORATE INCOME TAX

The expense reported in 1991 notably takes into account the additional tax relating to the distribution of dividends envisaged for 1991.

Income tax also takes into account the losses recorded by LA RESERVEE i.e FF 0.5 million.

Since 01.01.89, TF1 has applied the tax consolidation system. The subsidiaries considered within the scope of tax consolidation are TF1 PUBLICITE, UNE MUSIQUE, TF1 FILMS PRODUCTION, TF1 ENTREPRISES, PROTECREA, TF1 EUROPE, and SYALIS.

## 4 - OTHER INFORMATION

### 4.1 OFF-BALANCE SHEET COMMITMENTS

The various types of commitments, and their fulfilment dates, split up as follows:

(FF thousand)	within less than one year	over one year	Total
Programmes	865,460	1,028,984	1,894,444
Rights other than sports transmissions	376,653	536,313	912,966
Sports transmission rights	99,769	185,152	284,921
Other	23,397	34,602	57,999
	1,365,279	1,785,051	3,150,330

The "Programmes" item includes long-term contracts relating to variety shows in the amount of FF 1,862 million.

"Rights other than sports transmissions" includes TF1's commitment to SOGEDIF.

TF1 is committed to purchasing from GIE SOGEDIF, a 90% subsidiary of SOCIETE GENERALE, feature film rights acquired by GIE SOGEDIF at TF1's request, up to a maximum

of FF 200 million. The total rights thus held by SOGEDIF, originating from rights previously purchased by TF1, amounted to FF 93.2 million at 31/12/91.

Realisation dates of commitments relating to sports transmissions have been broken down using the planned transmission dates of the given events.

### 4.2 WORKFORCE

The number of employees at the closing of the accounting period, according to the standards in force under the Collective Agreement on Communication and Audiovisual Production, was as follows:

	1991	1990
Workers and clerical employees	155	218
Technical staff	451	499
Managerial and executives	339	310
Journalists	247	249
	1,192	1,276

### 4.3 DIRECTORS' REMUNERATION

The emoluments of Company Directors are not displayed, as such would require the disclosure of an individual salary. The total remuneration of the ten highest-paid Directors for the financial year 1991 was FF 33,839,132.

## 4.4 MOVEMENTS OF PROVISIONS

(FF thousand)				
	01/01/91	Increase	Decrease	31/12/91
REGULATED PROVISIONS				
In respect of intangible fixed assets (programmes)	356.911	171.159	(137.023)	391.047
PROVISIONS FOR LIABILITIES AND CHARGES	76.405	20.454	(35.964)	60.895
PROVISIONS FOR DEPRECIATION OF FIXED ASSETS	109.620	37.237	(65.953)	80.904
PROVISIONS ON FINANCIAL ASSETS				
Long-term investments	54.210	6.507		60.717
Related loans	10.021			10.021
Deposits and warranties	40			40
PROVISIONS FOR DEPRECIATION OF CURRENT ASSETS	12.917	2.830	(547)	15.200
TOTAL	620.124	238.187	(239.487)	618.824