

Sports Information Services (Holdings) Limited

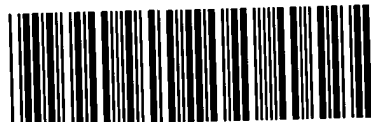
(formerly Satellite Information Services (Holdings) Limited)

Annual Report and Financial Statements

31 March 2017

Registered No. 01939932

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Annual report and financial statements for the year ended 31 March 2017

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Company Information

Directors

R W Devlin	(Chairman)
R J Ames	(appointed 1 July 2017)
G J Smith	
F Done	
S Flanagan	
C H B Mills	
J J M Scanlon	
S Reid	
M P O'Kane	(resigned 27 Apr 2017)
T K Beaumont	(appointed 9 May 2017)
M R Chambers	(appointed 9 May 2017)

Alternate directors

D E Johnson	Alternate for S Flanagan
M A Lawson	Alternate for C H B Mills
A R Lyman	Alternate for S Reid

Secretary

SIS Cosec Limited

Auditors

Ernst & Young LLP
1 More London Place
London
SE1 2AF

Registered Office

Unit 1/2 Whitehall Avenue
Kingston
Milton Keynes
Buckinghamshire
MK10 0AX

Strategic report

The directors of Sports Information Services (Holdings) Limited ("the Group") present their Annual Report and Financial Statements comprising a Strategic Report, a Directors' Report and the Financial Statements for the year ended 31 March 2017.

On the 24th of March 2017, the Group changed its name from Satellite Information Services (Holdings) Limited to Sports Information Services (Holdings) Limited. This followed the change in name of the main subsidiary within the Group on the 10th of January 2017 from Satellite Information Services Limited to Sports Information Services Limited.

Principal activities and review of the business

The Group's principal activities are:

- integrated television and information services delivered via satellite to licensed betting offices in the UK and overseas and the production of television and data services for other broadcasters and betting organisations (SIS Betting - Retail);
- the provision of digital products and services to the online gaming industry (SIS Betting - Digital); and
- the provision of connectivity services for live events including major sports and news-gathering (SIS Live).

SIS Betting is committed to being the number one partner for innovative betting and gaming services worldwide and 2016-17 has seen further significant investment in new initiatives to support this aim.

SIS Betting – Retail remains at the core of the Group and although this year has seen an end to some rights in the final quarter of the year, SIS continues to have a secure long term future with significant key UK and Irish horseracing and greyhound rights through to 2023 including, Horse Racing Ireland (HRI), Association of Irish Racecourses (AIR) and Chelmsford City Racecourse (CCR) and Racecourse Media Group (RMG) which commences in 2018.

SIS Betting – Digital has launched several new products into the digital market over the last two years which have started to generate new revenue streams for the Group. There is now a portfolio of products including content streaming, internet protocol TV delivery and pricing services, and it is envisaged that these and other products in development will drive digital revenue growth over the coming years.

SIS Betting has been undergoing an internal process and value review over the last two financial years where a number of business areas have streamlined processes utilising technology, ensuring the business operates cost efficiently in future years. At the end of 2016-17 the business had achieved effective annualised savings of £5.5m with further efficiencies anticipated during the coming financial year.

SIS Live is a provider of critical media connectivity services through satellite, fibre and microwave technologies and either operates or maintains a significant fleet of Satellite News Gathering (SNG) trucks for broadcasters. The year has seen SIS Live further increase its resources in fibre connectivity which is increasingly in demand from its customers. SIS LIVE also provides outside broadcast services to the horse racing industry following its purchase of the assets of SIS Outside Broadcasts in April 2016.

Strategic report (continued)

Principal activities and review of the business (continued)

The managed wind down of the external activities of the Outside Broadcast business was largely completed during 2014-2015 leaving the following items to be resolved :

- Property – during March 2017 the Group was successful in agreeing the full assignment of the leases of both units at the Langley property to Premier Forests Ltd, with the final legal documents signed on 15 May 2017.
- SIS Outside Broadcasts Pension scheme – the scheme's asset investment strategy was revised in March 2015 to largely reduce its exposure to interest and inflation risk. The Group has since made contributions of £6m (£1.5m in 2016-17) towards the scheme as part of its long-term objective to achieve self-sufficiency for the scheme and minimise risk for the Group.

The Group continues to deal with tax and legal issues that arose from the 2010 Commonwealth Games (CWG) in Delhi, India. Following the award of the CWG contract in October 2009, a partnership in the name of SIS Live was set up on 7th January 2010 by Sports Information Services Limited and SIS Outside Broadcasts Limited to deliver the host broadcast production and facilities contract for the 2010 CWG. SIS Live Partnership provided full host broadcast television production facilities for the CWG in India during October 2010. Whilst TV coverage was concluded successfully (and generated plaudits from the international television community), due to the continuing scrutiny of the entire CWG project initiated by the Indian Government immediately after the closure of the Games, approximately 40% of the contract has still not been paid. SIS Live Partnership has withheld payment of a corresponding proportion from its principal Indian subcontractor. Arbitration proceedings to recover the outstanding payment from the Indian broadcaster are in progress. A provision of £5.9m was charged to the Income Statement in the year ended 31 March 2011 and it remains appropriate to maintain the provision at that level to cover any exposure against these outstanding transactions.

SIS Live Partnership received a draft assessment in March 2014 from the Indian tax authorities in relation to financial year ended 31 March 2011. The partnership strongly rejected the draft assessment, which included factual inaccuracies and incorrect application of tax law and on the advice of its lawyers and tax advisors commenced appeal proceedings through the Dispute Resolution Panel (DRP) of the Indian Tax Authority. The appeal was heard by the DRP at various hearings since September 2014 and has resulted in a significantly reduced final tax demand. The Group is continuing with the appeal process through the Indian judiciary system. Whilst appeal proceedings in India continue it is not possible to quantify the potential tax liability that may arise or the subsequent recoverability of that amount through the courts and therefore no further provision has been made in the accounts.

Business environment

The Group is one of the most experienced television, production and data providers to the retail betting industry. In addition, the Group provides critical connectivity services within the broadcast market to customers such as ITV, BBC and Sky.

After several years of growth, the retail betting market has contracted during the last two years, due to increasing online competition, taxation charges and regulatory pressures faced by retail bookmakers. As a result, the Group has made a significant investment in its capabilities to deliver bespoke services to both retail and online bookmakers in the UK and globally.

Strategic report (continued)

Business environment (continued)

The Group is also reacting to contracting demand for traditional SNG within the broadcast sector and intends to stay ahead of the competition by offering diverse and resilient connectivity services for critical media content.

In all its areas of activity the Group believes it differentiates itself from the competition by adopting best in class technologies which have been tried and tested. This is further enhanced by ensuring that the management team is made up of highly experienced professionals.

Strategy

The Group's overriding objective is to achieve sustainable levels of growth and returns through a combination of organic growth and, where appropriate, acquisitions. There are three main strands to the Group's strategy:

UK Retail – maintain our core business by securing quality content and ensuring the business is both efficient and innovative in order to provide excellent value for our traditional retail customers.

Diversification into online and international bookmakers – continue to develop products within the online and international sector to achieve new revenue growth for the Group.

SIS Live – separated from SIS Betting in 2015, SIS Live will continue to operate independently to provide critical connectivity services to the broadcast sector. SIS Live have been providing outside broadcast services at horse and greyhound fixtures since April 2016.

The key elements within each strand of the Group's strategy are:

- Content
- Delivery of service
- Needs of the customer
- Training and development

Content

The Group ensures that, wherever possible, long-term contracts are in place for the content and data licences to provide its principal services. Contracts are negotiated to ensure rates remain competitive to deliver value to the customer base.

Delivery of service

Every year, the Group produces and broadcasts thousands of hours of live programming from around the world using advanced satellite and IPTV streaming technology. This information is collated, managed and distributed in real time all year round. The Group broadcasts and transmits uninterrupted programmes and content, using technically advanced studios and editing suites that ensure the integrity of the output, and that it is produced and presented to the highest quality.

The Group has increased its range of service offering through the use of the latest technology and investment in infrastructure to allow multiple service options to customers.

Needs of the customer

The Group has established relationships with its customers' long-term needs in mind. It strives to provide high quality products and services that are competitively priced and present business value to the customer.

Training and development

The Group's most significant asset is its employees. It consistently aims to recruit and retain the best employees to meet the changing needs of the business.

Strategic report (continued)

Key Performance Indicators ('KPIs')

The Group has made progress on its strategies during the year. The monitoring process is in part through KPIs, some of which are shown below:

	2017	2016	Definition, calculation and analysis
Group turnover	(4.2)%	(0.5)%	Year on year sales expressed as a percentage. The reduction in turnover in 2017 largely relates to the reduced content within the main SIS Betting retail product along with the reduction in LBO subscribers during the year.
Group operating profit margin	9.3%	8.9%	Group operating profit margin is the ratio of group operating profit (total operating profit before exceptional items) to group turnover, expressed as a percentage. The Group operating profit margin has increased against the prior year and is predominantly due to cost saving initiatives and efficiencies in SIS Betting.
Net cash inflow from operating activities	£43.4m	£48.0m	Net cash inflow is calculated by reconciling operating profit to cash generated from the Group's activities. This has reduced from the prior year largely due to reduced content provided in the final quarter and hence a reduction in cash profits.
Average number of employees	517	587	The average number of employees in employment within the Group. This has reduced due to the ongoing efficiency programmes throughout both SIS Betting and SIS Live.

Principal risks and uncertainties

As part of its corporate governance arrangements, the Group's risks are formally reviewed by the Board of Directors twice a year, and appropriate processes are put in place to monitor and mitigate them.

The key business risks affecting the Group are set out below:

Exposure to credit, counterparty, liquidity and cash flow risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for that other party by failing to discharge an obligation. Group policies are aimed at minimising such losses. Details of the Group's debtors are shown in note 15 to the financial statements. Details of the Group's intangible rights creditors are shown in note 17 to the financial statements. Counterparty risk with respect to rights is monitored by the Board regularly.

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Group aims to mitigate liquidity risk by managing cash generation from its operations and applying cash collection targets throughout the Group. The Group has not renewed its revolving credit facilities given the current surplus cash balances, however is confident that facilities could be re-introduced in the future should the need arise.

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 such as future interest payments on a finance lease. The Group manages this risk through monthly reporting and analysis of commitments and cash flow projections.

Strategic report (continued)

Principal risks and uncertainties (continued)

Foreign currency exchange risk

The Group is exposed to foreign exchange risks primarily arising from commercial transactions denominated in foreign currencies. The Group uses annual foreign currency forward contracts to reduce exposure to the variability of foreign exchange rates for Euros. During the year the Group had in place medium term foreign currency forward contracts to purchase Euros on a quarterly basis in order to hedge the contracted commitments with media rights holders. The total value of these contracts totalled €17.5m (2016: €12.5m).

Interest rate risk

Other than fixed rate finance leases, the Group is currently debt free and therefore has no exposure to the risk of changes in market interest rates.

Competition

The Group operates in a number of competitive markets. This can result in a downward pressure on prices and loss of customers. The Group aims to mitigate this risk by continually expanding the range of products and services, monitoring the competition and its pricing strategy and continually investing in technology to ensure that the quality of service delivery remains unrivalled.

Data and transmission services

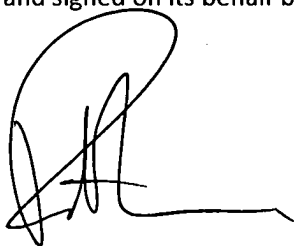
The Group's customers rely on real time data and uninterrupted content delivery. Loss of content would result in reduced quality in its services and potentially reduce income. Therefore, the Group has developed advanced disaster recovery solutions and has back-up facilities located around the country.

Employees

The Group recognises that its employees are a key asset within the business. Losing key employees and being unable to recruit replacements with the right experience and skills could adversely impact the Group's performance. To manage this, the Group has training programmes to develop employees and has implemented several reward schemes that are linked to the Group's results and designed to retain key individuals.

Approved by the Board and signed on its behalf by:

R J Ames
Director
27 July 2017



Registered No. 01939932

Directors' report

The directors present their report of Sports Information Services (Holdings) Limited for the year ended 31 March 2017.

Results and dividends

The Group profit for the year after taxation amounted to £17,034,000 (2016 – profit of £16,601,000). A dividend of £20,000,787 was declared and paid during the year to 31 March 2017, in respect of ordinary shares (2016 – £nil).

Going concern

The Company and Group's business activities together with the factors affecting its future performance are described in the review of business in the Strategic Report. After making appropriate enquiries, the Directors believe that the Company and Group have sufficient resources and support to continue as a going concern for at least the next twelve months. Accordingly, the Company and Group continue to adopt the going concern basis in preparing the report and financial statements.

Directors

The directors who served the Company during the year were as follows:

R W Devlin	(Chairman)
G J Smith	
F Done	
S Flanagan	
C H B Mills	
J J M Scanlon	
S Reid	
M P O'Kane	(resigned 27 Apr 2017)

Alternate directors

D E Johnson	Alternate for S Flanagan
M A Lawson	Alternate for C H B Mills
A R Lyman	Alternate for S Reid
M Coshott	Alternate for M P O'Kane

(resigned 27 Sept 2016)

Transactions with directors are disclosed in note 27 to the financial statements.

Political and charitable contributions

Charitable donations totalling £20,017 (2016 – £16,934) were paid during the year. No political donations were made in the current or prior year.

Disabled employees

The Group's policy is that applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. Furthermore, in the event of members of staff becoming disabled every effort would be made to ensure that their employment with the Group continued and appropriate training arranged. It is the policy of the Group that the training, career development and promotion of a disabled person should be, as far as possible, identical to that of a person who does not suffer from a disability.

Directors' report (continued)

Employee involvement

Consultation with employees or their representatives has continued at all levels, with the aim of ensuring that their views are taken into account in decisions which are likely to affect their interests, and that all employees are aware of the financial and economic performance of their business units, and of the Group as a whole.


Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the Group's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

The auditors, Ernst & Young LLP were appointed during the year ended 31 March 2008.

On behalf of the Board:

A handwritten signature in black ink, appearing to be 'R J Ames', with a large, stylized initial 'R' and a horizontal line extending to the right.

R J Ames
Director
27 July 2017

Directors' Responsibilities Statement

The directors are responsible for preparing the strategic report and the directors' report and the group and parent company financial statements (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 Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including Financial Reporting Standard 102 "The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102)".

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 group and company and of the profit or loss of the group 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 estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards including FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 102 used in the preparation of financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors' report

to the members of Sports Information Services (Holdings) Limited

We have audited the financial statements of Sports Information Services (Holdings) Limited for the year ended 31 March 2017 which comprise of the Consolidated Income Statement, Consolidated Statement of Comprehensive income, Consolidated Statement of Financial Position, Company Statement of Financial Position, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity and Consolidated Statement of Cash Flows and the related notes 1 to 27. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 10, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and parent undertaking's affairs as at 31 March 2017 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Independent auditors' report (continued)

to the members of Sports Information Services (Holdings) Limited

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

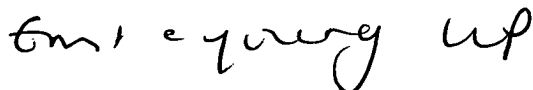
- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Group and its environment obtained in the course of the audit, we have identified no material misstatements in the Strategic Report or Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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



Julie Carlyle (Senior Statutory Auditor)

For and on behalf of Ernst & Young LLP (Statutory Auditor)

London

28 July 2017

Consolidated Income Statement

for the year ended 31 March 2017

	Notes	2017 £000	2016 £000
Turnover			
Group and share of joint venture's turnover	2	218,337	231,203
Less: share of joint venture's turnover		–	(3,273)
Group turnover		218,337	227,930
Operating expenses		(197,345)	(207,534)
Operating profit before exceptional items		20,291	20,396
Exceptional items	4	701	–
Group operating profit	3	20,992	20,396
Share of operating loss of:			
- joint venture		–	(36)
Total operating profit: Group and share of joint venture		20,992	20,360
Non-operating exceptional items:			
Profit/(loss) on the managed wind down of business	4	923	(490)
Profit on disposal of joint venture	4	–	642
Profit on disposal of tangible fixed assets		25	317
Net interest receivable	8	534	458
Profit on ordinary activities before taxation		22,474	21,287
Tax on profit on ordinary activities	9	(5,440)	(4,686)
Profit for the financial year		17,034	16,601

Consolidated Statement of Comprehensive Income

for the year ended 31 March 2017

	2017 £000	2016 £000
Profit for the financial year	17,034	16,601
Other comprehensive (loss)/income:		
Remeasurements of net defined benefit obligation	(1,500)	(1,500)
Cash flow hedges		
- change in value of hedging instrument	(1,017)	1,337
Total tax on components of other comprehensive income	500	33
Other comprehensive (loss)/income for the year, net of tax	(2,017)	(130)
Total comprehensive income for the year	15,017	16,471

All amounts relate to continuing activities.

The Company has elected to take the exemption under section 408 of the Companies Act 2006 not to present the Company Income Statement. The profit for the Company for the year was £14,884,000 (2016: £5,240,000).

Consolidated Statement of Financial Position

at 31 March 2017

	Notes	2017 £000	2016 £000
Fixed assets			
Intangible assets	11	13,917	28,124
Tangible assets	12	16,116	19,538
Investments	13	–	–
		<u>30,033</u>	<u>47,662</u>
Current assets			
Stock	14	439	1,320
Debtors	15	56,985	47,951
Cash at bank and in hand		<u>74,278</u>	<u>62,195</u>
		<u>131,702</u>	<u>111,466</u>
Creditors: amounts falling due within one year	16	<u>(66,730)</u>	<u>(56,800)</u>
Net current assets		<u>64,972</u>	<u>54,666</u>
Total assets less current liabilities		<u>95,005</u>	<u>102,328</u>
Creditors: amounts falling due after more than one year	17	<u>(1,750)</u>	<u>(3,977)</u>
Provisions for liabilities	19	<u>(2,969)</u>	<u>(3,081)</u>
Net assets		<u>90,286</u>	<u>95,270</u>
Capital and reserves			
Called up share capital	21	20	20
Share premium account		9,836	9,836
Capital redemption reserve		2	2
Retained earnings		80,788	84,755
Hedging reserve		<u>(360)</u>	<u>657</u>
Shareholders' funds		<u>90,286</u>	<u>95,270</u>

The financial statements were approved by the board of directors on 27 July 2017 and signed on its behalf by:



R J Ames

Director

Company registration number: 01939932

Company Statement of Financial Position

at 31 March 2017

	Notes	2017 £000	2016 £000
Fixed assets			
Investments	13	–	–
		–	–
Current assets			
Debtors	15	10,939	16,172
Cash at bank and in hand		100	–
		11,039	16,172
Creditors: amounts falling due within one year	16	–	(16)
Net current assets		11,039	16,156
Total assets less current liabilities		11,039	16,156
Creditors: amounts falling due after more than one year	17	–	–
Net assets		11,039	16,156
Capital and reserves			
Called up share capital	21	20	20
Share premium account		9,836	9,836
Capital redemption reserve		2	2
Retained earnings		1,181	6,298
Shareholders' funds		11,039	16,156

The financial statements were approved by the board of directors on 27 July 2017 and signed on its behalf by:

R J Ames
Director



Company registration number: 01939932

Consolidated Statement of Changes in Equity

at 31 March 2017

	<i>Called-up share capital</i>	<i>Retained earnings</i>	<i>Hedging reserve</i>	<i>Share premium account</i>	<i>Capital redemption reserve</i>	<i>Total</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Balance as at 1 April 2015	20	69,621	(680)	9,836	2	78,799
Profit for the year	–	16,601	–	–	–	16,601
Other comprehensive income for the year:	–	(1,467)	1,337	–	–	(130)
Total comprehensive income for the year	–	15,134	1,337	–	–	16,471
Dividends paid	–	–	–	–	–	–
Total transactions with owners, recognised directly in equity	–	–	–	–	–	–
Balance as at 31 March 2016	20	84,755	657	9,836	2	95,270
Balance as at 1 April 2016	20	84,755	657	9,836	2	95,270
Profit for the year	–	17,034	–	–	–	17,034
Other comprehensive income for the year	–	(1,000)	(1,017)	–	–	(2,017)
Total comprehensive income for the year	–	16,034	(1,017)	–	–	15,017
Dividends paid	–	(20,001)	–	–	–	(20,001)
Total transactions with owners, recognised directly in equity	–	(20,001)	–	–	–	(20,001)
Balance as at 31 March 2017	20	80,788	(360)	9,836	2	90,286

Company Statement of Changes in Equity

at 31 March 2017

	<i>Called-up share capital</i>	<i>Retained earnings</i>	<i>Share premium account</i>	<i>Capital redemption reserve</i>	<i>Total</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Balance as at 1 April 2015	20	1,058	9,836	2	10,916
Profit for the year	–	5,240	–	–	5,240
Other comprehensive income for the	–	–	–	–	–
Total comprehensive income for the year	–	5,240	–	–	5,240
Dividends paid	–	–	–	–	–
Total transactions with owners, recognised directly in equity	–	–	–	–	–
Balance as at 31 March 2016	20	6,298	9,836	2	16,156
Balance as at 1 April 2016	20	6,298	9,836	2	16,156
Profit for the year	–	14,884	–	–	14,884
Other comprehensive income for the	–	–	–	–	–
Total comprehensive income for the year	–	14,884	–	–	14,884
Dividends paid	–	(20,001)	–	–	(20,001)
Total transactions with owners, recognised directly in equity	–	(20,001)	–	–	(20,001)
Balance as at 31 March 2017	20	1,181	9,836	2	11,039

Consolidated Statement of Cash Flows

for the year ended 31 March 2017

	Note	2017 £000	2016 £000
Net cash inflow from operating activities	23	43,360	48,037
Taxation paid		(6,008)	(4,818)
Net cash generated from operating activities		<u>37,352</u>	<u>43,219</u>
Cash flow from investing activities			
Purchase of tangible fixed assets		(4,880)	(3,288)
Proceeds from sale of tangible fixed assets		25	381
Payments to acquire intangible fixed assets		—	—
Proceeds from the sale of a joint venture		—	2,500
Proceeds from the sale of a business		1,950	—
Investment in trade and assets		—	—
Interest received		266	282
Net cash used in investing activities		<u>(2,639)</u>	<u>(125)</u>
Cash flow from financing activities			
Repayment of obligations under finance leases		(2,485)	(2,404)
Repayment of bank borrowings		—	—
Dividends paid		(20,001)	—
Interest paid		(144)	(444)
Net cash used in financing activities		<u>(22,630)</u>	<u>(2,848)</u>
Net increase in cash and cash equivalents		12,083	40,246
Cash and cash equivalents at the beginning of the year		62,195	21,949
Cash and cash equivalents at the end of the year		<u>74,278</u>	<u>62,195</u>
Cash and cash equivalents consists of:			
		2017 £000	2016 £000
Cash at bank and in hand		74,278	62,195
Cash and cash equivalents		<u>74,278</u>	<u>62,195</u>

Notes to the financial statements

at 31 March 2017

1. Accounting policies

General Information

The Group's principal activities are the provision of connectivity services for live events including major sports and news-gathering (SIS Live) and integrated television and information services delivered via satellite to licensed betting offices and the production of television and data services for other broadcasters and betting organisations (SIS Betting).

Sports Information Services (Holdings) Limited is a private limited company, incorporated in the United Kingdom. The address of its registered office is Unit 1/2 Whitehall Avenue, Kingston, Milton Keynes, Buckinghamshire, MK10 0AX. The financial statements are prepared for year ended 31 March 2017.

Statement of compliance

The Group and individual financial statements of Sports Information Services (Holdings) 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 the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

Summary of significant accounting policies

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

Basis of preparation

The financial statements have been prepared on the going concern basis, in accordance with applicable UK Accounting Standards, under the historical cost convention, as modified by certain financial assets and liabilities measured at fair value through profit or loss.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group and Company 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 the section "Critical judgements and estimates in applying the accounting policy" of this note.

The Company has taken advantage of the exemption in section 408 of the Companies Act from disclosing its individual Income Statement.

Going concern

The Company and Group's business activities together with the factors affecting its future performance are described in the review of business in the Strategic Report. After making appropriate enquiries, the Directors believe that the Company and Group have sufficient resources and support to continue as a going concern for at least the next twelve months. Accordingly, the Company and Group continue to adopt the going concern basis in preparing the report and financial statements.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the senior management that make strategic decisions.

Notes to the financial statements at 31 March 2017

1. Accounting policies (continued)

Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, if certain conditions, have been complied with, including notification of and no objection to, the use of exemptions by the Company's shareholders. A qualifying entity is defined as a member of a Group that prepares publicly available financial statements, which give a true and fair view, in which that member is consolidated.

As a qualifying entity, the Company has taken advantage of the following exemptions:

- (i) from the requirement to prepare a statement of cash flows as required by paragraph 3.17(d) of FRS 102;
- (ii) from the requirement to present certain financial instrument disclosures, as required by sections 11 and 12 of FRS 102;
- (iii) from the requirement to present a reconciliation of the number of shares outstanding at the beginning and end of the period as required by paragraph 4.12(a)(iv) of FRS 102; and
- (iv) from the requirement to disclose the key management personnel compensation in total as required by paragraph 33.7 of FRS 102.

Basis of consolidation

The Group consolidated financial statements include the financial statements of the Company and all of its subsidiary undertakings made up to 31 March.

Subsidiaries

A subsidiary is an entity controlled by the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Where the Group owns less than 50% of the voting powers of an entity but controls the entity by virtue of an agreement with other investors which give it control of the financial and operating policies of the entity it accounts for that entity as a subsidiary.

Where a subsidiary has different accounting policies to the Group, adjustments are made to those subsidiary financial statements to apply the Group's accounting policies when preparing the consolidated financial statements.

Any subsidiary undertakings sold or acquired during the year are included up to, or from, the dates of change of control respectively.

Where control of a subsidiary is lost, the gain or loss is recognised in the Consolidated Income Statement. The cumulative amounts of any exchange differences on translation, recognised in equity, are not included in the gain or loss on disposal and are transferred to retained earnings. The gain or loss also includes amounts included in other comprehensive income that are required to be reclassified to profit or loss but excludes those amounts that are not required to be reclassified.

Where control of a subsidiary is achieved in stages, the initial acquisition that gave the Group control is accounted for as a business combination. Thereafter where the Group increases its controlling interest in the subsidiary the transaction is treated as a transaction between equity holders. Any difference between the fair value of the consideration paid and the carrying amount of the non-controlling interest acquired is recognised directly in equity. No changes are made to the carrying value of assets, liabilities or provisions for contingent liabilities.

All intra-Group transactions, balances, income and expenses are eliminated on consolidation. Adjustments are made to eliminate the profit or loss arising on transactions with associates to the extent of the Group's interest in the entity.

Notes to the financial statements at 31 March 2017

1. Accounting policies (continued)

Turnover

Turnover, which excludes value added tax, represents the invoiced value of services supplied. Amounts received in advance from customers are deferred, and recognised in the Income Statement only once the service has been provided and, if for a period, over the term of the related contract.

Rendering of services

Turnover is recognised to the extent that the Group obtains the right to consideration in exchange for its performance. Turnover is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty.

Foreign currencies

(i) Functional and presentation currency

The Group financial statements are presented in pound sterling and rounded to thousands.

The Company's functional and presentation currency is pound sterling.

(ii) 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 the Income Statement except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Income Statement within 'finance (expense)/income'. All other foreign exchange gains and losses are presented in the Income Statement within 'Other operating (losses)/gains'.

(iii) Translations

The trading results of Group undertakings are translated into sterling at the average exchange rates for the year. The assets and liabilities of overseas undertakings, including goodwill and fair value adjustments arising on acquisition, are translated at the exchange rates ruling at the year end. Exchange adjustments arising from the retranslation of opening net investments and from the translation of the profits or losses at average rates are recognised in 'Other comprehensive income' and allocated to non-controlling interest as appropriate.

Employee benefits

The entity provides a range of benefits to employees, including paid holiday arrangements, annual bonus arrangements and defined contribution and defined benefit pension scheme.

Short term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits are recognised as an expense in the period in which the service is received.

Notes to the financial statements

at 31 March 2017

1. Accounting policies (continued)

Employee benefits (continued)

Defined benefit pension plan

The Group operated a defined benefit pension scheme for SIS Outside Broadcasts Limited, which requires contributions to be made to separately administered funds. The scheme was closed to new members in April 2008, from which time membership of a defined contribution plan has been available. The defined benefit pension scheme was closed from 31 March 2011. In March 2014, a flexible apportionment arrangement was implemented to transfer the liabilities in the scheme from SIS Outside Broadcasts Limited to its present company Sports Information Services Limited.

The cost of providing benefits under the defined benefit plan is determined using the projected unit method, which attributes entitlement to benefits to the current period (to determine current service cost) and to the current and prior periods (to determine the present value of defined benefit obligations) and is based on actuarial advice. Past service costs are recognised in profit or loss in the period in which they occur. When a settlement or a curtailment occurs the change in the present value of the scheme liabilities and the fair value of the plan assets reflects the gain or loss which is recognised in the statement of comprehensive income. Losses are measured at the date that the employer becomes demonstrably committed to the transaction and gains when all parties whose consent is required are irrevocably committed to the transaction.

The interest element of the defined benefit cost represents the change in present value of scheme obligations resulting from the passage of time, and is determined by applying the discount rate to the opening present value of the benefit obligation, taking into account material changes in the obligation during the year. The expected return on plan assets is based on an assessment made at the beginning of the year, adjusted for the effect on the fair value of plan assets of contributions received and benefits paid during the year and is determined by multiplying the fair value of the scheme assets by the same discount rate which is used in arriving at the present value of the benefit obligation. The difference between the expected return on plan assets and the interest cost is recognised in the Income Statement as other finance income or expense

Actuarial gains and losses are charged or credited to other comprehensive income in the period in which they occur. The defined benefit pension asset or liability in the Statement of Financial Position comprises the total for each plan of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds that have been rated at AA or equivalent status), less any past service cost not yet recognised and less the fair-value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information and in the case of quoted securities is the published bid price. The value of a net pension benefit asset is limited to the amount that may be recovered either through reduced contributions or agreed refunds from the scheme

Defined contribution pension plan

The Group operates a contributory money-purchase pension scheme. Payments made to the fund are charged in the financial statements as part of employment costs as incurred.

Annual bonus plan

An expense is recognised in the Income Statement when the Group has a legal or constructive obligation to make payments under the plans as a result of past events and a reliable estimate of the obligation can be made.

Termination benefits

Termination benefits are payable when employment is terminated by the group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The group recognises termination benefits when the entity recognises costs for a restructuring and involves the payment of termination benefits.

Notes to the financial statements

at 31 March 2017

1. Accounting policies (continued)

Taxation

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

Current tax

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

Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the reporting date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax, with the following exceptions:

- Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, or gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the reporting date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the reporting date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.
- Provision is made for deferred taxation that would arise on remittance of the retained earnings of subsidiaries, associates and joint ventures only to the extent that, at the reporting date, dividends have been accrued as receivable.
- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Current and deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the reporting date.

Business combination and goodwill

Business combinations are accounted for by applying the purchase method.

The cost of a business combination is the fair value of the consideration given, liabilities incurred or assumed and of equity instruments issued plus the costs directly attributable to the business combination. Where control is achieved in stages the cost is the consideration at the date of each transaction.

Contingent consideration is initially recognised at estimated amount where the consideration is probable and can be measured reliably. Where (i) the contingent consideration is not considered probable or cannot be reliably measured but subsequently becomes probable and measurable or (ii) contingent consideration previously measured is adjusted, the amounts are recognised as an adjustment to the cost of the business combination.

On acquisition of a business, fair values are attributed to the identifiable assets, liabilities and contingent liabilities unless the fair value cannot be measured reliably, in which case the value is incorporated in goodwill. Where the fair value of contingent liabilities cannot be reliably measured, they are disclosed on the same basis as other contingent liabilities.

Goodwill recognised represents the excess of the fair value and directly attributable costs of the purchase consideration over the fair values to the Group's interest in the identifiable net assets, liabilities and contingent liabilities acquired.

Notes to the financial statements

at 31 March 2017

1. Accounting policies (continued)

Business combination and goodwill (continued)

On acquisition, goodwill is allocated to cash-generating units ('CGU's') that are expected to benefit from the combination.

Goodwill is amortised over its expected useful life, which is considered to be 20 years. Goodwill is assessed for impairment when there are indicators of impairment and any impairment is charged to the statement of comprehensive income. Reversals of impairment are recognised when the reasons for the impairment no longer apply.

Intangible fixed assets

Rights

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses. Costs to acquire broadcast rights are capitalised as intangible assets as at the date when the Company has a contractual obligation to pay the acquisition cost. Where the payments are for a period over one year, the intangible asset is carried at the present value of the contracted future payments.

When the right to broadcast commences, the intangible asset is amortised over the contract term of the rights. The carrying value of broadcast rights are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Tangible fixed assets

Tangible fixed assets are stated at their purchase price, together with any expenses of acquisition and installation less accumulated depreciation and accumulated impairment losses.

Tangible fixed assets are written off in equal instalments over the following estimated useful asset lives:

Installed equipment	–	3 - 8 years
Studio equipment	–	5 years
Transport equipment	–	4 - 10 years
Fixtures, fittings and other equipment	–	3 - 7 years
Leasehold improvements	–	4 years or over the life of the lease

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Assets that are in the process of being built for use are categorised as Assets Under Construction (AUCs). Assets in the course of construction are stated at cost. These assets are not depreciated until it is available for use. Once completed these assets are transferred to depreciating tangible fixed assets.

Tangible fixed assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the Income Statement and included in 'Other operating (losses)/gains'.

Leased assets

At inception, the Group assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

Operating leases

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the Income Statement on a straight-line basis over the period of the lease. Incentives received to enter into an operating lease are credited to the Income Statement, to reduce the lease expense, on a straight-line basis over the period of the lease. However, the Group has taken advantage of the exemption in respect of lease incentives on leases in existence on the date of transition to FRS 102 (1 April 2014) and continues to credit such lease incentives to the Income Statement over the period to the first review date on which the rent is adjusted to market rates.

Notes to the financial statements

at 31 March 2017

1. Accounting policies (continued)

Leased assets (continued)

Finance leases

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the Group, and hire purchase contracts are capitalised in the Statement of Financial Position and depreciated over the shorter of the lease term and the asset's useful lives. The capital elements of future obligations under leases and hire purchase contracts are included as liabilities on the inception of the arrangement. Lease payments are apportioned between capital repayment and finance charge, using the effective interest rate method. The interest elements of the rental obligations are charged in the Income Statement over the periods of the leases and hire purchase contracts and represent a constant proportion of the balance of capital repayments outstanding.

Impairment of non-financial assets

At each reporting date, non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset may be impaired. If there is such an indication the recoverable amount of the asset is compared to the carrying amount of the asset.

The recoverable amount of the asset is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future pre-tax and interest cash flows obtainable as a result of the asset's continued use. The pre-tax and interest cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the Income Statement, unless the asset has been revalued when the amount is recognised in the other comprehensive income to the extent of any previously recognised revaluation. Thereafter any excess is recognised in the Income Statement.

If an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the Income Statement.

Investments

The Group has taken advantage of the exemption under paragraph 35.10(f) of FRS 102 to measure investments in subsidiaries and jointly controlled entities in its separate opening Statement of Financial Position at cost. Investments are accounted for at cost less any accumulated impairment losses.

Stocks

All stock receipted into the warehouse is accounted as stock. The stock holding comprises stock that is used within the LBO estate and can be transferred out as a fixed asset or consumable item. The stock cost formula is on a FIFO basis and is valued at the lower of cost and fair value less cost to sell. The fair value is based upon a professional internal estimate less any further anticipated costs to be incurred during the disposal.

At the end of each reporting date stocks are assessed for impairment. If an item of stock is impaired, the identified stock is reduced to its selling price less costs to complete and sell and an impairment charge is recognised in the Income Statement. Where a reversal of the impairment is recognised the impairment charge is reversed, up to the original impairment loss, and is recognised as a credit in the Income Statement.

Notes to the financial statements at 31 March 2017

1. Accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Financial instruments

The Group has chosen to adopt sections 11 and 12 of FRS 102 in respect of financial instruments.

Financial assets

Basic financial assets, including trade and other debtors and cash and bank balances, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method where applicable.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the Income Statement.

Financial assets are derecognised when (i) the contractual rights to the cash flows from the asset expire or are settled, or (ii) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (iii) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Financial Liabilities

Basic financial liabilities, including trade and other creditors are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless they are included in a hedging arrangement.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Notes to the financial statements

at 31 March 2017

1. Accounting policies (continued)

Financial instruments (continued)

Offsetting

Financial assets and liabilities are offset and the net amount presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Hedging arrangements

The Group applies hedge accounting for transactions entered into to reduce exposure to the variability of foreign exchange rates for Euros. There were no interest rate swaps remaining during the year.

The effective portion of changes in the fair value of the hedging instruments designated as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss. Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods in which the hedged item affects profit or loss or when the hedging relationship ends.

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Any gain or loss accumulated in equity at that time is reclassified to profit or loss when the hedged item is recognised in profit or loss. When a forecast transaction is no longer expected to occur, any gain or loss that was recognised in other comprehensive income is reclassified immediately to profit or loss.

Provisions

A provision is recognised when the Group has a present legal or constructive obligation as a result of a past event; it is probable that an outflow of economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions for the expected costs of maintenance under guarantees are charged against profits when products have been invoiced. The effect of the time value of money is not material and therefore the provisions are not discounted.

Related party transactions

The Group discloses transactions with related parties which are not wholly owned within the same Group. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the directors, separate disclosure is necessary to understand the effect of the transactions on the Group financial statements.

Critical judgements and estimates in applying the accounting policy

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, revenue and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

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) Fair value of derivatives and other financial instruments

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period.

Notes to the financial statements

at 31 March 2017

1. Accounting policies (continued)

Critical judgements and estimates in applying the accounting policy (continued)

(b) Pension benefits

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension obligation.

Other key assumptions for pension obligations are based in part on current market conditions. Additional information is disclosed in note 25.

2. Segmental information

The senior management are the Group's chief operating decision-makers. Management has determined the operating segments based on the information reviewed by the senior management for the purposes of allocating resources and assessing performance.

The senior management considers the business from both a geographic and business unit perspective. Geographically, management considers the performance in the UK and others. From a business unit perspective, management separately considers SIS Betting Services and SIS Live services activities in these geographies. The Betting Services segments derive their revenue primarily from the production and supply horse and dog racing pictures and data to licensed betting offices in the UK and Overseas. The Live services segments derive their revenue from supplies of satellite and fibre uplinks from sport and news events to network providers.

All other segments primarily relate to the Managed Wind down of the outside broadcast business and the activities of SIS Live partnership re CWG. These activities are excluded from the reportable operating segments, as they are reported separately to the senior management on an ad hoc basis.

The senior management assesses the performance of the operating segments based on a measure of adjusted EBITDA. This measurement basis excludes discontinued operations and the effects of non-recurring expenditure from the operating segments such as restructuring costs, legal expenses and goodwill impairments when the impairment is the result of an isolated, non-recurring event. The measure also excludes the effects of unrealised gains/losses on financial instruments. Interest income and expenditure are not allocated to segments, as this type of activity is driven by the central treasury function, which manages the cash position of the Group.

Notes to the financial statements

at 31 March 2017

2. Segmental information (continued)

Revenue

Sales between segments are carried out at arm's length. The revenue from external parties reported to the senior management is measured in a manner consistent with that in the Income Statement.

	Year ended 31 March 2017			Year ended 31 March 2016		
	<i>Total segment revenue</i>	<i>Inter- segment revenue</i>	<i>Revenue from external customers</i>	<i>Total segment revenue</i>	<i>Inter- segment revenue</i>	<i>Revenue from external customers</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
UK SIS Betting Services	202,524	–	202,524	209,284	–	209,284
UK SIS Live Services	35,315	19,502	15,813	31,831	13,185	18,646
All other segments	–	–	–	–	–	–
Total	237,839	19,502	218,337	241,115	13,185	227,930

EBITDA

	<i>2017 £000</i>	<i>2016 £000</i>
UK SIS Betting Services	37,440	42,141
UK SIS Live Services	6,835	4,533
All other segments	35	(640)
Total EBITDA	44,310	46,034
Depreciation	8,163	8,798
Amortisation	14,207	16,407
Finance costs – net	(534)	(458)
Profit before tax	22,474	21,287

Notes to the financial statements

at 31 March 2017

2. Segmental information (continued)

Other Income Statement disclosures

	Year ended 31 March 2017			
	<i>Depreciation and amortisation</i>	<i>Goodwill impairment</i>	<i>Restructuring costs</i>	<i>Income tax expense</i>
	£000	£000	£000	£000
UK SIS Betting Services	18,339	–	–	4,503
UK SIS Live Services	4,031	–	–	696
All other segments	–	–	–	241
Total	22,370	–	–	5,440

	Year ended 31 March 2016			
	<i>Depreciation and amortisation</i>	<i>Goodwill impairment</i>	<i>Restructuring costs</i>	<i>Income tax expense</i>
	£000	£000	£000	£000
UK SIS Betting Services	20,924	–	–	4,676
UK SIS Live Services	4,281	–	–	10
All other segments	–	–	–	–
Total	25,205	–	–	4,686

Assets

	Year ended 31 March 2017			Year ended 31 March 2016		
	<i>Total assets</i>	<i>Investments in joint venture</i>	<i>Additions to non-current assets</i>	<i>Total assets</i>	<i>Investments in joint venture</i>	<i>Additions to non-current assets</i>
	£000	£000	£000	£000	£000	£000
UK SIS Betting Services	139,405	–	2,345	132,086	–	1,485
UK SIS Live Services	14,759	–	2,535	20,031	–	1,803
All other segments	4,863	–	–	3,938	–	–
Total	159,027	–	4,880	156,055	–	3,288
Deferred income tax	2,708	–	–	2,416	–	–
Derivative financial instruments	–	–	–	657	–	–
Total assets per statement of financial position	161,735	–	4,880	159,128	–	3,288

Notes to the financial statements

at 31 March 2017

2. Segmental information (continued)

Liabilities

	2017	2016
	£000	£000
UK SIS Betting Services	(49,147)	(35,660)
UK SIS Live Services	(12,920)	(19,234)
All other segments	(9,022)	(8,964)
Total	(71,089)	(63,858)
Deferred income tax	–	–
Derivative financial instruments	(360)	–
Borrowings (excluding finance leases)	–	–
Total liabilities per statement of financial position	(71,449)	(63,858)

The Group's borrowings, excluding finance leases and derivative financial liabilities are not considered to be segment liabilities for reporting to the senior management as they are managed by the central treasury function.

Entity-wide information

The Group's revenue is derived principally from the rendering of services.

Revenues from external customers by country, based on the destination of the customer:

	2017	2016
	£000	£000
UK and Ireland	203,755	216,008
Other	14,582	15,195
Total	218,337	231,203

Revenues from the individual countries included in other countries are not material. Non-current assets from individual countries other than UK and Ireland are not material.

Notes to the financial statements

at 31 March 2017

3. Group operating profit

This is stated after charging:

	2017 £000	2016 £000
Amortisation of intangible assets (note 11)	14,207	16,407
Depreciation of owned assets (note 12)	5,776	5,817
Depreciation of assets held under finance leases (note 12)	2,387	2,981
Operating lease rentals	8,209	10,201
Services provided by the company's auditor and its associates:		
Fees payable for the audit of the parent undertaking and group financial statements	124	141
Fees payable for other services	–	43
Fees payable for tax services	471	527
(Gain)/loss on foreign exchange	(1,742)	1,132

Auditors' remuneration includes £5,000 (2016 – £5,000) in respect of the parent undertaking audit.

4. Exceptional items

<i>Operating exceptional items</i>	2017 £000	2016 £000
Profit on the sale of the hardware division	(701)	–
	(701)	–

The sale of the SIS Live hardware division to General Dynamics completed during December 2016, with a transitional services agreement ongoing through to June 2017.

<i>Non-operating exceptional items</i>	2017 £000	2016 £000
Profit on disposal of joint venture	–	(642)
Gains/Losses on the managed wind down of business:		
Lease termination (income)/costs	(902)	409
Loss on disposal of assets	–	91
Other costs	(21)	(10)
	(923)	(152)

The non-operating exceptional items relate to the managed wind down of the Outside Broadcast business that provided services to third parties. Since the operation was wound down in April 2014, the Group had been providing for the onerous element of its property lease. The full assignment of this lease was agreed during 2016-17 resulting in a partial release of the provision. Legal contracts were signed in May 2017. The tax effect of the income is a charge of £184,000 (2016: credit of £98,000) and there has been a net cash outflow of £670,000 (2016: £108,000) during the year ended 31 March 2017.

During August 2015, the Group sold its 50% stake in dock10 which resulted in a profit on disposal of £642,000.

Notes to the financial statements

at 31 March 2017

5. Directors' remuneration

	2017	2016
	£000	£000
Directors' remuneration in respect of qualifying services (excluding pension contributions)	623	1,009
Remuneration in respect of qualifying services (excluding pension fund contributions) of the highest paid director were:	315	657

The Group made contributions to money-purchase pension schemes on behalf of the highest paid director of £10,000 (2016 – £32,620) and £nil (2016 - £nil) in respect of other directors.

No share options have been granted to or exercised by any of the directors.

Key management compensation

Key management includes the directors and members of senior management. The compensation paid or payable to key management for employee services is shown below:

	2017	2016
	£000	£000
Key management remuneration in respect of qualifying services (excluding pension contributions)	1,983	2,479

The Group made contributions to money-purchase pension schemes on behalf of the key management personnel of £129,396 (2016 – £162,097).

6. Staff costs

	2017	2016
	£000	£000
Wages and salaries	22,865	25,065
Social security costs	2,264	2,408
Pension costs	1,474	1,644
	26,603	29,117

The monthly number of persons employed by the Group, including executive directors, during the year was 517 (2016 – 587).

Notes to the financial statements at 31 March 2017

7. Interest receivable and similar income

	2017	2016
	£000	£000
Bank interest receivable	(669)	(764)

8. Interest payable and similar charges

	2017	2016
	£000	£000
Interest payable on overdrafts and bank loans	–	36
Other finance costs	7	50
Finance charges payable under finance leases	128	220
Total interest payable	135	306
Net interest receivable	(534)	(458)

9. Tax

(a) Tax expense included in the Income Statement

The tax charge is made up as follows:

	2017	2016
	£000	£000
Current tax:		
UK corporation tax on the profits for the year	5,220	4,864
Adjustment to UK corporation tax in respect of prior years	312	179
Total current tax	5,532	5,043
Deferred tax:		
Origination and reversal of timing differences	(259)	(446)
Adjustments to deferred tax in respect of prior periods	27	(166)
Effect of change in rates	140	255
Total tax charge on profit on ordinary activities (note 9(c))	5,440	4,686

Notes to the financial statements

at 31 March 2017

9 Tax (continued)

(b) Tax credit included in other comprehensive income

	2017	2016
	£000	£000
Current tax credit on pension scheme	(300)	(300)
Deferred tax (credit)/charge on change in value of hedging instrument	(200)	267
Total tax credit included in other comprehensive income	<u>(500)</u>	<u>(33)</u>

(c) Factors affecting the current tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 20% (2016 – 20%). The differences are explained below:

	2017	2016
	£000	£000
Profit on ordinary activities before tax	<u>22,474</u>	<u>21,287</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2016 – 20%)	4,495	4,257
<i>Effects of:</i>		
Expenses not deductible for taxation purposes	450	3,098
Other timing differences	5	(5)
Adjustments in respect of prior years	338	13
Income not taxable for tax purposes	(34)	(2,486)
Origination and reversal of timing differences	–	(446)
Effect of change in rates	186	255
Tax charge for the year	<u>5,440</u>	<u>4,686</u>

Notes to the financial statements

at 31 March 2017

9. Tax (continued)

(d) Deferred tax

The deferred tax included in the Statement of Financial Position is as follows:

	2017 £000	2016 £000
Included in debtors (note 15)	2,708	2,416
Decelerated capital allowances	2,367	2,290
Other timing differences	341	126
Net deferred tax asset	2,708	2,416

The opening and closing deferred tax positions can be reconciled as follows:

	£000
At 1 April 2016	2,416
Retained earnings credit	92
Adjustments in respect of prior years	-
Credit to statement of comprehensive income	200
At 31 March 2017	2,708

There are no unprovided amounts in respect of deferred tax.

(e) Factors affecting future tax charges

A reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly. The deferred tax asset at 31 March 2017 has been calculated based on these rates.

10. Dividends

	2017 £000	2016 £000
Equity dividends paid: £100.24 (2016 – nil) per share	20,001	-

Notes to the financial statements

at 31 March 2017

11. Intangible assets

<i>Group</i>	<i>Goodwill</i> <i>£000</i>	<i>Rights</i> <i>£000</i>	<i>Total</i> <i>£000</i>
Cost:			
At 1 April 2016	14,334	80,434	94,768
Disposals	–	(33,400)	(33,400)
At 31 March 2017	14,334	47,034	61,368
Amortisation:			
At 1 April 2016	14,334	52,310	66,644
Charge for the year	–	14,207	14,207
Disposals	–	(33,400)	(33,400)
At 31 March 2017	14,334	33,117	47,451
Net book value:			
At 31 March 2017	–	13,917	13,917
At 1 April 2016	–	28,124	28,124

The Group invests in future core media rights from significant UK and overseas racecourse and dog track Groups. Lead-in amounts are occasionally payable on these agreements between the date the contracts were signed and the start date for the rights.

Rights are amortised on a straight-line basis over their term, usually up to five years.

The carrying value of the intangible assets will be fully amortised by December 2019.

Notes to the financial statements

at 31 March 2017

12. Tangible fixed assets

Group	Installed equipment £000	Studio equipment £000	Transport equipment £000	Fixtures, fittings and other equipment £000	Leasehold improve- ments £000	Payments on account / AUCs £000	Total £000
Cost:							
At 1 April 2016	29,346	7,899	33,189	28,942	11,085	463	110,924
Additions	118	447	12	1,949	624	1,732	4,882
Transfers	64	237	8	144	10	(463)	–
Disposals	(39)	(15)	(1,587)	(5,063)	(2,181)	–	(8,885)
At 31 March 2017	29,489	8,568	31,622	25,972	9,538	1,732	106,921
Depreciation:							
At 1 April 2016	28,088	6,385	27,885	19,744	9,284	–	91,386
Charge for the year	523	869	1,503	4,335	934	–	8,164
Disposals	(14)	(9)	(1,575)	(4,966)	(2,181)	–	(8,745)
At 31 March 2017	28,597	7,245	27,813	19,113	8,037	–	90,805
Net book value:							
At 31 March 2017	892	1,323	3,809	6,859	1,501	1,732	16,116
At 1 April 2016	1,258	1,514	5,304	9,198	1,801	463	19,538

Included in the amounts above are the following amounts relating to leased assets:

	Studio equipment £000	Transport equipment £000	Fixtures, fittings and other equipment £000	Leasehold improve- ments £000	Total £000
Cost:					
At 1 April 2016	938	–	7,710	3,348	11,996
Additions	–	–	–	–	–
Disposals	–	–	–	–	–
At 31 March 2017	938	–	7,710	3,348	11,996
Depreciation:					
At 1 April 2016	705	–	5,122	2,285	8,112
Charge for the year	178	–	1,540	669	2,387
Disposals	–	–	–	–	–
At 31 March 2017	883	–	6,662	2,954	10,499
Net book amount					
At 31 March 2017	55	–	1,048	394	1,497
At 1 April 2016	233	–	2,588	1,063	3,884

Notes to the financial statements

at 31 March 2017

13. Investments

Company

<i>Name</i>	<i>Country of incorporation</i>	<i>Ownership</i>	<i>2017 £000</i>	<i>2016 £000</i>
Cost of investment				
Sports Information Services Limited	England	100%	–	–
SIS Live Limited **	England	100%	–	–
Satellite Sports Services Limited †	England	100%	–	–
SIS Outside Broadcasts Limited **	England	100%	–	–
Satellite Racing Services Limited †	England	100%	–	–
Frontrelay Limited *	England	100%	–	–
Spacebit Limited †	England	100%	–	–
Intercontinental Racing Limited *	England	50%	–	–
SISBet Limited *	England	100%	–	–
SISLink SARL ** †	France	100%	–	347
SISLink Inc **	USA	100%	–	–
SIS Live Partnership **	n/a	100%	–	–
SIS Cosec Limited	England	100%	–	–
SIS Greyhounds (Holdings) Limited **	England	100%	–	–
Total cost of investment			–	347
Provision for impairment against cost of investment				
SISLink SARL			–	(347)
Total provision for impairment			–	(347)
Net book amount of investments				
			–	–

* Dormant.

** Held by subsidiary undertakings.

† Dissolved during 2016-17

The trading activities of subsidiaries are the same as the principal activity of the Group.

The above companies have been consolidated in the Group financial statements. In August 2015, Sports Information Services Limited disposed of its joint venture in Dock 10 Limited.

In December 2009, Sports Information Services Limited and SIS Outside Broadcasts Limited entered into a partnership agreement. The purpose of this partnership is to carry on the joint obligations under the Commonwealth Games 2010 (CWG) contract. The name of the partnership, under the terms of the partnership agreement, is SIS Live.

Notes to the financial statements

at 31 March 2017

13. Investments (continued)

<i>Group</i>	<i>2017</i> <i>£000</i>	<i>2016</i> <i>£000</i>
Joint venture:		
At 1 April	–	1,895
Share of loss retained by joint venture	–	(36)
Disposal during the year	–	(1,859)
At 31 March	–	–

In August 2015, the Group sold its share of the dock10 joint venture to Peel Media Services (Studios) Limited.

14. Stocks

	<i>2017</i>		<i>2016</i>	
	<i>Group</i>	<i>Company</i>	<i>Group</i>	<i>Company</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Finished goods	439	–	1,320	–

Stocks recognised as an expense during the year were £70,000 (2016: £69,000). There is no significant difference between the replacement cost of the inventory and its carrying amount.

15. Debtors

	<i>2017</i>	<i>2017</i>	<i>2016</i>	<i>2016</i>
	<i>Group</i>	<i>Company</i>	<i>Group</i>	<i>Company</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Trade debtors	28,186	–	19,724	–
Amounts owed by group undertakings	–	10,939	–	16,172
Other debtors	8,622	–	9,867	–
Prepayments and accrued income	17,469	–	15,287	–
Deferred tax (note 9(d))	2,708	–	2,416	–
Derivative financial instruments (note 20)	–	–	657	–
	56,985	10,939	47,951	16,172

After the end of the reporting period, SIS signed an agreement with GLEL to extend the media rights at Chelmsford City Racecourse. The secured loan notes, along with accrued interest and penalties (total of £7,862,330) have been converted into intangible assets as upfront media rights payments, with the balance repayable to SIS (by way of discounted media rights fees) in equal monthly instalments over the duration of the extended rights agreement (December 2025).

Notes to the financial statements

at 31 March 2017

16. Creditors: amounts falling due within one year

	2017	2017	2016	2016
	Group	Company	Group	Company
	£000	£000	£000	£000
Obligations under finance leases (note 18)	2,228	–	2,486	–
Trade creditors	8,676	–	8,915	–
Other creditors	1,804	–	2,488	–
UK corporation and overseas tax	1,152	–	2,183	16
Other taxes and social security costs	5,234	–	4,321	–
Deferred income and payments in advance	18,765	–	10,400	–
Accruals	28,511	–	26,007	–
Derivative financial instruments (note 20)	360	–	–	–
	<u>66,730</u>	<u>–</u>	<u>56,800</u>	<u>16</u>

17. Creditors: amounts falling due after more than one year

	2017		2016	
	Group	Company	Group	Company
	£000	£000	£000	£000
Obligations under finance leases (note 18)	–	–	2,227	–
Deferred rights consideration	1,750	–	1,750	–
	<u>1,750</u>	<u>–</u>	<u>3,977</u>	<u>–</u>

Total deferred rights consideration as at 31 March 2017 of £1,750,000 (2016 – £1,750,000) represents payments due for upfront rights costs.

18. Obligations under finance leases and hire purchase contracts

The Group used finance leases to fund the relocation from London to Milton Keynes and Salford in 2012, which included studio and office fit-outs along with the new satellite teleport at MediaCityUK. The leases will be repaid in full by March 2018.

The future minimum finance lease payments are as follows:

Group	2017	2016
	£000	£000
Amounts payable:		
Not later than one year	2,270	2,616
Later than one year and not later than five years	–	2,268
Later than five years	–	–
Total gross payments	<u>2,270</u>	<u>4,884</u>
Less: finance charges allocated to future periods	<u>(42)</u>	<u>(171)</u>
Carrying amount of liability	<u>2,228</u>	<u>4,713</u>

Notes to the financial statements

at 31 March 2017

19. Provisions for liabilities

<i>Group</i>	<i>Property</i> <i>£000</i>	<i>WEEE</i> <i>£000</i>	<i>Restructuring</i> <i>£000</i>	<i>Total</i> <i>£000</i>
At 1 April 2016	2,715	366	–	3,081
Utilised	(714)	–	–	(714)
Charge for the year	369	6	227	602
At 31 March 2017	<u>2,370</u>	<u>372</u>	<u>227</u>	<u>2,969</u>

Property

The property provision relates to the obligations on surrender of property leases to re-instate the premises to the same state and condition as before occupancy including making good all damage caused by removal, as well as the onerous element of lease commitments for properties that will become vacant prior to the lease end date. The provision is based on independent advice and is management's best estimate of the provision required as at 31 March 2017. The provision will be fully utilised by 2023.

WEEE

The Waste Electrical and Electronic Equipment Directive (WEEE Directive) aims to minimise the impact of electrical and electronic goods on the environment by increasing re-use and recycling and reducing the amount of WEEE going to landfill. It seeks to achieve this by making producers responsible for financing the collection, treatment, and recovery of waste electrical equipment, and by obliging distributors to allow consumers to return their waste equipment free of charge. Therefore, the WEEE provision relates to the collection, treatment and recovery of waste electrical equipment that is leased to licensed betting offices in the UK.

Restructuring

The restructuring provision relates to exit costs in respect of the sale of the hardware division. The provision is expected to be fully utilised by March 2018.

20. Derivative financial instruments

	<i>Current</i>		<i>Non-current</i>	
	<i>2017</i>	<i>2016</i>	<i>2017</i>	<i>2016</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
<i>Derivatives that are designated and effective as hedging instruments carried at fair value</i>				
Assets				
Forward foreign currency contracts	–	657	–	–
Liabilities				
Forward foreign currency contracts	<u>(360)</u>	<u>–</u>	<u>–</u>	<u>–</u>

Notes to the financial statements

at 31 March 2017

20. Derivative financial instruments (continued)

Trading derivatives are classified as a current asset or liability. The full fair value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than 12 months and, as a current asset or liability, if the maturity of the hedged item is less than 12 months.

The notional principal amounts of the outstanding forward foreign exchange contracts at 31 March 2017 were €17.5m (2016: €12.5m).

The hedged highly probable forecast transactions denominated in foreign currency are expected to occur at various dates during the next 12 months. Gains and losses recognised in the hedging reserve in equity on forward foreign exchange contracts as of 31 March 2017 are recognised in the Income Statement in the period or periods during which the hedged forecast transaction affects the Income Statement. This is generally within 12 months of the end of the reporting period.

The forward currency contracts are measured at fair value, which is determined using valuation techniques that utilise observable inputs. The key inputs used in valuing the derivatives are the forward foreign currency contracts are valued using quoted forward exchange rates. The entity has no interest rate swaps.

21. Issued share capital and other reserves

<i>Group and Company</i>		<i>2017</i>		<i>2016</i>
<i>Allotted, called up and fully paid</i>	<i>No.</i>	<i>£</i>	<i>No.</i>	<i>£</i>
Ordinary shares of 10p each	199,529	19,953	199,529	19,953

The Company has one class of ordinary shares which carry no right to fixed income

The Group and Company's other reserves are as follows:

The share premium reserve contains the premium arising on issue of equity shares.

The retained earnings reserve represents cumulative profits or losses net of dividends paid and other adjustments.

The hedging reserve represents the cumulative portion of gains and losses on hedging instruments deemed effective in hedging variable interest rate risk of recognised financial instruments or foreign exchange risk in highly probable forecast transactions. Amounts accumulated in this reserve are reclassified to profit or loss in the periods in which the hedged item affects profit or loss or when the hedging relationship ends.

The capital redemption reserve is created when the Company purchases its own shares and is non-distributable.

Notes to the financial statements

at 31 March 2017

22. Financial instruments

	2017		2016	
	Group £000	Company £000	Group £000	Company £000
Financial assets at fair value through profit or loss	–	–	–	–
Derivative financial assets	–	–	657	–
Financial assets that are debt instruments measured at amortised cost				
Trade debtors	28,186	–	19,724	–
Amounts owed by group undertakings	–	10,939	–	16,171
Other debtors	8,622	–	9,867	–
	<u>36,808</u>	<u>10,939</u>	<u>30,248</u>	<u>16,171</u>
Financial liabilities at fair value through profit or loss				
Derivative financial liabilities	(360)	–	–	–
Financial liabilities that are debt instrument measured at amortised cost	–	–	–	–
Trade creditors	8,676	–	8,915	–
Other creditors	1,804	–	2,488	–
Finance leases	2,228	–	4,713	–
	<u>12,347</u>	<u>–</u>	<u>16,116</u>	<u>–</u>

Notes to the financial statements

at 31 March 2017

23. Notes to the statement of cash flows

Reconciliation of operating profit to net cash inflow from operating activities :

	2017	2016
	£000	£000
Profit for the financial year	17,034	16,601
Adjustments for:		
Tax on profit on ordinary activities	5,440	4,686
Net interest received	(534)	(458)
Non-operating exceptional items	(923)	173
Profit on disposal of fixed assets	(25)	–
Profit on disposal of joint venture	–	(642)
Losses from interests in joint ventures	–	36
Operating profit	20,992	20,396
Depreciation of tangible assets	8,164	8,797
Amortisation of intangible assets	14,207	16,407
Non-operating exceptional items	923	(173)
Profit on disposal of fixed assets	–	(226)
Decrease in stock	880	841
Increase in debtors	(11,710)	(212)
Increase in creditors	10,016	2,314
Decrease in provisions	(112)	(107)
Net cash inflow from operating activities	43,360	48,037

24. Capital commitments

The Group has the following capital commitments:

Group	2017	2016
	£000	£000
Capital expenditure	2,349	2,396

The committed capital expenditure principally relates to the investment in production equipment along with the installation of fibre equipment across various stadia and event venues.

25. Pensions

The Group operates one defined benefit pension scheme, the SIS Outside Broadcasts Pension Scheme. The scheme began on 1 April 2008 and was created to reflect the old BBC defined benefit scheme for SIS Outside Broadcasts Limited employees. The scheme is funded by payment contributions to a separately administered trust fund. In March 2014, a flexible apportionment arrangement was implemented to transfer the liabilities in the scheme from SIS Outside Broadcasts Limited to its parent company Sports Information Services Limited.

The valuation used has been based on the last actuarial valuation at 31 March 2016. The scheme assets are stated at their market values at the respective reporting dates and overall expected rates of return are established by applying discount rate to each category of scheme assets.

The final salary defined pension scheme was closed from 31 March 2011.

Notes to the financial statements

at 31 March 2017

25 Pensions (continued)

The assets and liabilities of the schemes at 31 March 2017 are:

	2017	2016
	£000	£000
Fair value of scheme assets		
– Corporate bonds	26,155	19,575
– Cash	1,542	1,525
	<u>27,697</u>	<u>21,100</u>
Present value of defined benefit obligation	(20,271)	(16,577)
Surplus	7,426	4,523
Irrecoverable surplus	(7,426)	(4,523)
Deferred tax (note 9(d))	–	–
Defined benefit pension asset/liability	<u>–</u>	<u>–</u>

The amounts recognised in the Income Statement and in the other comprehensive income for the year are analysed as follows:

	2017	2016
	£000	£000
Recognised in the income statement		
Expected return on assets	(777)	(686)
Interest cost	608	605
Restriction on return of assets	169	81
Total charge to the income statement	<u>–</u>	<u>–</u>
Taken to the other comprehensive income		
	2017	2016
	£000	£000
Actual return on scheme assets	5,842	130
Less expected return on scheme assets	(777)	(686)
Restriction on return of assets	169	81
	<u>5,234</u>	<u>(475)</u>
Irrecoverable surplus	(2,903)	(2,215)
Actuarial loss on the defined benefit obligation	(3,831)	1,190
Actuarial loss recognised in the other comprehensive income	<u>(1,500)</u>	<u>(1,500)</u>

Notes to the financial statements

at 31 March 2017

25 Pensions (continued)

	2017 £000	2016 £000
Main assumptions:		
Discount rate	2.75%	3.75%
Salary growth	N/A	N/A
Inflation assumption	3.65%	3.4%
Rate of increase in pension payments – RPI up to 10%	3.65%	3.4%
Rate of increase in pension payments – RPI up to 5%%	3.45%	3.3%
Base Mortality Table	S2PMA- L/S2PFA_L	S2PMA- L/S2PFA_L
Loading to mortality rates	90.0%	90.0%
Mortality Projection Basis	CMI 2016 (core) projection with 1% p.a long-term improvements	CMI 2015 (core) projection with 1% p.a long-term improvements

Changes in the present value of the defined benefit obligations are analysed as follows:

	2017 £000
At 1 April	16,577
Interest cost	608
Actuarial gain	3,831
Benefits paid	(745)
At 31 March	<u>20,271</u>

Changes in the fair value of plan assets are analysed as follows:

	2017 £000
At 1 April	21,100
Expected return on plan assets	777
Employer contributions	1,500
Actuarial experienced gains	5,065
Benefits paid	(745)
At 31 March	<u>27,697</u>

Notes to the financial statements

at 31 March 2017

25. Pensions (continued)

Amounts for the current year are:

	2017 £000
Fair value of scheme assets	27,697
Present value of defined benefit obligation	(20,271)
Defined benefit pension surplus	7,426
Irrecoverable surplus	(7,426)
Experience adjustment on plan assets	5,065
Experience adjustment on plan liabilities	—

The cumulative amount of actuarial gains and losses recognised since 1 April 2008 in the statement of comprehensive income is a net loss of £7,056,000 (2016 – £5,556,000).

26. Other financial commitments

At 31 March 2017 the Group had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

<i>Group</i>	2017 £000	2016 £000
Not later than one year	8,277	9,724
Later than one year and not later than five years	24,370	29,356
Later than five years	11,501	20,226
Total	44,148	59,306

Company

The Company had no capital or other commitments at 31 March 2017 (2016: £nil).

Notes to the financial statements

at 31 March 2017

27. Related party transactions

During the year the Group entered into transactions, in the ordinary course of business, with other related parties. The Group has taken advantage of the exemption in section 33.1A of FRS 102, not to disclose transactions with its wholly owned subsidiaries. Transactions entered into, and trading balances outstanding at 31 March, are as follows:

	<i>Sales to related party £000</i>	<i>Purchases from related party £000</i>	<i>Tax losses of related party utilised £000</i>	<i>Amounts owed from related party £000</i>	<i>Amounts owed to related party £000</i>
Ladbrokes Coral Group plc					
2017	55,763	1,876	–	5,364	42
2016	44,428	31	–	4,780	8
William Hill Organization Ltd					
2017	40,070	25	–	3,630	–
2016	41,419	164	–	21	–
Catalyst Media Group plc					
2017	–	–	16	–	–
2016	–	–	19	–	–
Caledonia Investments plc					
2017	–	–	–	–	–
2016	–	–	1,288	–	–
dock10 Limited					
2017	–	–	–	–	–
2016	10	27	–	–	–

Ladbrokes Coral Group plc owns 23.41% of the ordinary shares in the Company. William Hill Organization Ltd owns 19.51% of the ordinary shares in the Company. Catalyst Media Group plc owns 20.54% of the ordinary shares in the Company. Caledonia Investments plc owns 22.55% of the ordinary shares in the Company.

On the 1st November 2016 Ladbrokes Coral Group plc announced a merger between Ladbrokes plc and certain businesses within Gala Coral Group Limited. The table above reflects transactions with Ladbrokes plc up to the 31 October 2016 and the merged group from 1 November 2016 onwards.

In July 2010 Sports Information Services Limited entered into a joint venture agreement with Peel Media Services (Studios) Limited to form dock10 Limited which provides studio technical and production facilities at Media City in Salford. In August 2015, Sports Information Services Limited sold its share of the joint venture, and therefore held no interest at the balance sheet date.

Notes to the financial statements

at 31 March 2017

27. Related party transactions (continued)

In August 2014, Sports Information Services Limited exercised an option over its shareholding in Great Leighs Estates Limited (GLEL) which now takes the form of secured loan notes of £6,750,000, offset by deferred media rights payments totalling £1,750,000. Mr Fred Done, a director of the company, provided a personal guarantee in respect of £4,250,000 of loan notes.

During April 2017, after the end of the reporting period, SIS signed an agreement with GLEL to extend the media rights at Chelmsford City Racecourse. The secured loan notes, along with accrued interest and penalties (total of £7,862,330) have been converted into intangible assets as upfront media rights payments, with the balance repayable to SIS (by way of discounted media rights fees) in equal monthly instalments over the duration of the extended rights agreement (December 2025). This transaction does not impact upon these financial statements, however it should be noted that Mr Fred Done provides a personal guarantee for the full outstanding balance at any point in time.

See note 5 for disclosure of the directors' remuneration and key management compensation.

Amounts contributed to pension funds are as follows:

	2017
	£000
Sports Information Services Limited Pension Scheme (Standard Life)	2,182
SIS Outside Broadcast Limited Pension Scheme	<u>1,500</u>