

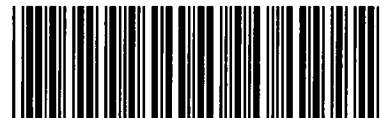
# **Sports Information Services (Holdings) Limited**

## **Annual Report and Consolidated Financial Statements**

31 March 2019

Registered No. 01939932

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## **Annual report and financial statements for the year ended 31 March 2019**

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## Company Information

### Directors

R J Ames  
F Done  
S Flanagan  
C H B Mills  
J M Scanlon  
T K Beaumont  
M R Chambers  
M Ford (appointed 12 July 2018)  
J M B Gibson (appointed 1 Sept 2018)

### Alternate directors

D E Johnson	Alternate for S Flanagan
M A Lawson	Alternate for C H B Mills
P J Kirszanek (appointed 22 May 2018)	Alternate for J M Scanlon

### Secretary

SIS Cosec Limited

### Auditor

KPMG LLP  
1 St Peter's Square  
Manchester  
M2 3AE

### Registered Office

Unit 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 Consolidated Financial Statements comprising a Strategic Report, a Directors' Report and the Financial Statements for the year ended 31 March 2019.

### Principal activities and review of the business

The Group's principal activities during the year were:

- Provision of integrated television and information services delivered via satellite or over IP to licensed betting offices (LBOs) in the UK and overseas to provide betting opportunities for customers of the LBOs (SIS Betting - Retail);
- the provision of digital sportsbook products and services to the online betting and gaming industry (SIS Betting - Digital); and
- the provision of connectivity services for live events including major sports and news-gathering (SIS Live).

The Group divested its connectivity services business, SIS Live, during the year to NEP Group, with the sale completing on 9<sup>th</sup> October 2018. The sale of the business was in line with the Group strategy to focus on delivery of linear betting opportunities to worldwide operators both for retail and digital consumption.

The Group has seen a reduction in Operating Profit before individually significant items from £8.4m to £7.4m, this can be separated into two elements, firstly the change in media rights year on year, prior to new media rights agreements commencing on 1<sup>st</sup> April 2018, as well as increased non-trading costs associated with restructuring the business.

Operating profit after individually significant items has decreased to £2.2m (2018 - £6.6m). The reduction is largely due to increased litigation fees incurred in the year.

SIS Group is committed to being the number one partner for innovative betting and gaming services worldwide and this year has seen further significant development of the business' offering to achieve this aim.

SIS Retail – Retail remains at the core of the Group and with the financial year seeing an overall increase in long term rights deals; Horse Racing Ireland (HRI), Association of Irish Racecourses (AIR), Chelmsford City Racecourse (CCR), Racecourse Media Group (RMG) and the SIS British Greyhound Service were all provided for the full financial year. Additionally, other International content has increased with additions of US, South American, South Korea and Melbourne Racing content into the services.

January 2019 saw a change in the international rights and sales arrangements with RMG and SIS commencing new partnership arrangements to exploit UK, and Irish Horseracing rights and Greyhound rights both internationally and online. This followed the closure of GBI Racing Limited, a Joint Venture between Racing UK Ltd and Attheraces Holdings Limited which previously exploited UK horseracing rights.

SIS Digital – the digital business has continued to grow with increased streaming volumes on existing content as well as new products launched to the digital market. The portfolio of products includes both Watch and Bet as well as Bet and Watch streaming, internet protocol TV delivery and pricing services. The business is also investing in development of new additional products, which it expects to launch in the new financial year and will drive digital revenue growth over the coming years.

## Strategic report (continued)

The Group has largely wound down the external activities of the Outside Broadcast business during 2014-2015, however it has since been managing the liabilities of the defined benefit 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 £7.4m (£nil in 2018-19) towards the scheme which reached the objective of achieving self-sufficiency and minimising risk for the Group.

### Business environment

The Group is one of the most experienced television, production and data providers to the retail betting industry.

After several years of growth, the retail betting market has contracted during the last four years, due to increasing online competition, taxation charges and regulatory pressures faced by retail bookmakers. The Department for Digital, Culture, Media and Sport concluded the Triennial Review during the year announcing a reduction in maximum Fixed Odds Betting Terminals (FOBT) stakes from £100 to £2 with the implementation of this legislation coming into effect from 1 April 2019. Although the Group have several contracts in place now that enable SIS to share the risk of LBO closures there remains exposure to a decline in LBOs.

In anticipation of the decline in LBO numbers 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.

In all its areas of activity the Group will differentiate itself from the competition by adopting a customer led approach. This is further enhanced by ensuring that the management and sales team is made up of highly experienced professionals.

### Strategy

In January 2018, and re-affirmed in January 2019, the board approved a business strategy. The Group's organisational business model, customer and content strategy is aimed at supporting a new customer focused business with potential for sustainable growth. There are four main strands to the Group's strategy:

- Minimise decline of current UK retail business
- Become the key provider to chosen international retail markets
- Grow the digital business
- Refocus the business model to core capabilities

#### *Minimise decline of UK retail business*

Maximise and protect revenue streams from existing content, investigate new business models for customers and transform cost structure to cut the cost of delivery.

#### *Become the key provider to chosen international retail markets*

The Group will acquire complementary International content with leverage in other new markets.

#### *Grow the digital business*

The Group will acquire rights to appropriate content to produce a balanced portfolio bringing a new compelling short form linear format to market.

#### *Refocus the business model to core capabilities*

The Group will consolidate capabilities to pictures-with-data content acquisition and packaging to create and deliver compelling and value adding betting content in order to become a customer driven 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:

	2019	2018	Definition, calculation and analysis
Group turnover	26.1%	(12.3%)	Year on year turnover expressed as a percentage. The increase in turnover in 2019 largely relates to the increased content within the main SIS Betting retail product partly offset by reduced turnover due the sale of SIS Live Ltd part way through the year.
Group operating profit margin (before individually significant items)	3.1%	4.4%	Group operating profit margin is the ratio of group operating profit (total operating profit before individually significant items) to group turnover, expressed as a percentage. The Group operating profit margin has decreased against the prior year largely due to the new lower margin / lower risk model introduced in April 2018.
Net cash inflow from operating activities (before tax payments)	£9.9m	£31.0m	Net cash inflow is calculated by reconciling operating profit to cash generated from the Group's activities. This has reduced from the prior year due to the reduction in cash profits under the reduced margin and risk business model.
Average number of employees	364	459	The average number of employees in employment within the Group. This has reduced due to the ongoing efficiency programmes driven by the business strategy and also due in part to the sale of SIS Live part way through the year. The number of employees at the end of March 2019 was 271.

### 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 16 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.

## Strategic report (continued)

### ***Exposure to credit, counterparty, liquidity and cash flow risk (continued)***

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.

### ***Foreign currency exchange risk***

The Group is exposed to foreign exchange risks primarily arising from commercial transactions denominated in foreign currencies. However, the net exposure has reduced significantly during the year following contractual changes. The Group no longer uses annual foreign currency forward contracts to reduce exposure to the variability of foreign exchange rates for Euros and had no outstanding forward exchange contracts at 31 March 2019 (2018: €6.25m).

### ***Interest rate risk***

The Group is currently debt free and therefore has limited exposure to the risk of changes in market interest rates.

### ***Regulatory/Legislative risk***

The Government announcement on minimum stakes placed on FOBTs is likely to impact the wider retail betting market and have an impact on LBO closures. The company has several contracts now in place to minimise this risk but remain partially exposed.

### ***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.

### ***Brexit***

There is currently uncertainty in the UK surrounding the terms of its departure from the European Union. Due to this uncertainty it is not yet fully clear how this will impact the Group. The directors have taken sufficient steps in the period to mitigate against this risk, particularly by establishing a new subsidiary in Ireland that has applied for and been granted broadcasting contracts under section 71 of the Broadcasting Act 2009 to enable the continuing lawful delivery of services into the EU.

## Strategic report (continued)

Approved by the Board and signed on its behalf by:

A handwritten signature in black ink, consisting of a large, stylized capital 'R' followed by a horizontal line and a small upward flick.

R J Ames

Director

12<sup>th</sup> July 2019



Registered No. 01939932

## Directors' report

The directors present their report of Sports Information Services (Holdings) Limited for the year ended 31 March 2019.

### Results and dividends

The Group profit for the year after taxation amounted to £18,275,000 (2018: £5,098,000). A dividend of £39,999,579 was declared and paid during the year to 31 March 2019, in respect of ordinary shares (2018: £15,000,592).

### Directors

R J Ames

F Done

S Flanagan

C H B Mills

J M Scanlon

T K Beaumont

M R Chambers

M Ford

(appointed 12 July 2018)

J M B Gibson

(appointed 1 Sept 2018)

### Alternate directors

D E Johnson

Alternate for S Flanagan

M A Lawson

Alternate for C H B Mills

P J Kirszanek

(appointed 22 May 2018)

Alternate for J M Scanlon

Transactions with directors are disclosed in note 6 and 28 to the financial statements.

### Political and charitable contributions

Charitable donations totalling £8,994 (2018 – £23,029) were paid during the year. No political donations were made in the current or prior year.

### Research and development

SIS continually invests in developing new and innovative products and solutions to ensure they offer customers value for money when providing regular short form betting opportunities.

### 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 auditor

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Group's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

### Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

On behalf of the Board:



R J Ames

Director

12<sup>th</sup> July 2019

## 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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice) including FRS 102 *The Financial Reporting Standard Applicable in the UK and Republic of Ireland*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent 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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG LLP  
1 St. Peter's Square  
Manchester  
M2 3AE  
United Kingdom

## **Independent Auditor's Report to the Members of Sports Information Services (Holdings) Limited**

**for the year ended 31 March 2019**

### **Opinion**

We have audited the financial statements of Sports Information Services (Holdings) Limited ("the company") for the period ended 31 March 2019 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the company Statement of Financial Position, the Consolidated Statement of Changes in Equity, the company Statement of Changes in Equity, the Consolidated Cash Flow Statement and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2019 and of the group's profit for the period then ended;
- have been properly prepared in accordance with UK accounting standards, 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.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### **The impact of uncertainties due to the UK exiting the European Union on our audit**

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, such as assumptions used in the pension scheme, provisions and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the group's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the group's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

# **Independent Auditor's Report to the Members of Sports Information Services (Holdings) Limited (continued)**

**for the year ended 31 March 2019**

## **Going concern**

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the group or the company or to cease their operations, and as they have concluded that the group and the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the group's business model, including the impact of Brexit, and analysed how those risks might affect the group and company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the group or the company will continue in operation.

## **Strategic Report and Directors' Report**

The directors are responsible for the Strategic Report and the Directors' Report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the Strategic Report and the Directors' Report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the Strategic Report and the Directors' Report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

## **Matters on which we are required to report by exception**

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

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

We have nothing to report in these respects.

# **Independent Auditor's Report to the Members of Sports Information Services (Holdings) Limited (continued)**

**for the year ended 31 March 2019**

## **Directors' responsibilities**

As explained more fully in their 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; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

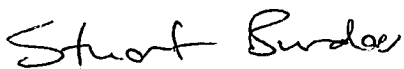
## **Auditor's responsibilities**

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

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

## **The purpose of our audit work and to whom we owe our responsibilities**

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.



**Stuart Burdass (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP**  
*Chartered Accountants and Statutory Auditors*  
1 St Peter's Square  
Manchester  
M2 3AE

12 July 2019

## Consolidated Income Statement and Statement of Comprehensive Income

for the year ended 31 March 2019

	<i>Note</i>	2019 £000	2019 £000	2019 £000	2018 £000	2018 £000	2018 £000
		Con- tinuing	Disc- ontinued	Total	Con- tinuing	Disc- ontinued	Total
<b>Turnover</b>	2	222,504	18,900	241,404	157,479	34,011	191,490
<b>Operating expenses</b>		(217,238)	(16,780)	(234,018)	(151,534)	(31,603)	(183,137)
<b>Group operating profit before individually significant items</b>	4	5,266	2,120	7,386	5,945	2,408	8,353
<b>Individually significant items</b>	5	(5,147)	–	(5,147)	(1,830)	56	(1,774)
<b>Group operating profit after individually significant items</b>		119	2,120	2,239	4,115	2,464	6,579
Profit on disposal of tangible fixed assets		–	–	–	51	–	51
Profit on disposal of operations	3,5	–	17,836	17,836	–	–	–
Other interest receivable and similar income	8	619	–	619	297	–	297
Interest payable and similar expenses	9	(6)	–	(6)	(5)	(11)	(16)
<b>Profit before taxation</b>		732	19,956	20,688	4,458	2,453	6,911
<b>Tax on profit</b>	10	(547)	(1,866)	(2,413)	(1,433)	(380)	(1,813)
<b>Profit after taxation</b>		185	18,090	18,275	3,025	2,073	5,098
<b>Other comprehensive (loss) / income:</b>							
Remeasures of net defined benefit obligation	24	7,026	–	7,026	58	–	58
Cashflow hedges							
- change in value of hedging instrument		(134)	–	(134)	494	–	494
<b>Total tax on components of other comprehensive income</b>		(2,434)	–	(2,434)	165	–	165
<b>Other comprehensive (loss) / income for the year, net of tax</b>		4,458	–	4,458	717	–	717
<b>Total comprehensive income for the year</b>		4,643	18,090	22,733	3,742	2,073	5,815

**Consolidated Statement of Financial Position**

at 31 March 2019

	Notes	2019 £000	2018 £000
<b>Fixed assets</b>			
Intangible assets	12	7,013	12,265
Tangible assets	13	6,342	14,624
		<u>13,355</u>	<u>26,889</u>
<b>Current assets</b>			
Stock	15	1,120	535
Debtors	16	27,507	35,627
Cash at bank and in hand (including restricted cash of £247,000 (2018: £530,000))	17	70,317	79,389
		<u>98,944</u>	<u>115,551</u>
<b>Creditors: amounts falling due within one year</b>	18	<u>(49,534)</u>	<u>(58,708)</u>
<b>Net current assets</b>		<u>49,410</u>	<u>56,843</u>
<b>Total assets less current liabilities</b>		<u>62,765</u>	<u>83,732</u>
<b>Creditors: amounts falling due after more than one year</b>		–	–
<b>Provisions for liabilities</b>			
Other provisions	19	(3,626)	(2,632)
Deferred tax liability	10	(2,528)	–
<b>Net assets excluding pension asset</b>		<u>56,611</u>	<u>81,100</u>
<b>Defined benefit pension asset</b>	24	7,222	–
<b>Net assets</b>		<u>63,833</u>	<u>81,100</u>
<b>Capital and reserves</b>			
Called up share capital	21	20	20
Share premium account		9,836	9,836
Capital redemption reserve		2	2
Retained earnings		53,975	71,108
Hedging reserve		–	134
<b>Shareholders' funds</b>		<u>63,833</u>	<u>81,100</u>

The financial statements were approved by the board of directors on 12 July 2019 and signed on its behalf by:

R J Ames  
Director



Company registration number: 01939932



## Company Statement of Financial Position

at 31 March 2019

	Notes	2019 £000	2018 £000
<b>Fixed assets</b>			
Investments	14	—	—
		—	—
<b>Current assets</b>			
Debtors	16	10,831	10,939
Cash at bank and in hand		8	3
		10,839	10,942
<b>Creditors: amounts falling due within one year</b>	18	—	—
<b>Net current assets</b>		10,839	10,942
<b>Total assets less current liabilities</b>		10,839	10,942
<b>Creditors: amounts falling due after more than one year</b>		—	—
<b>Net assets</b>		10,839	10,942
<b>Capital and reserves</b>			
Called up share capital	21	20	20
Share premium account		9,836	9,836
Capital redemption reserve		2	2
Retained earnings		981	1,084
<b>Shareholders' funds</b>		10,839	10,942

The financial statements were approved by the board of directors on 12 July 2019 and signed on its behalf by:

R J Ames  
Director



Company registration number: 01939932

## Consolidated Statement of Changes in Equity

at 31 March 2019

	<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 2017	20	80,788	(360)	9,836	2	90,286
Profit for the year	–	5,098	–	–	–	5,098
Other comprehensive income for the year	–	223	494	–	–	717
<b>Total comprehensive income for the year</b>	–	5,321	494	–	–	5,815
Dividends	–	(15,001)	–	–	–	(15,001)
Total transactions with owners, recognised directly in equity	–	(15,001)	–	–	–	(15,001)
<b>Balance as at 31 March 2018</b>	<b>20</b>	<b>71,108</b>	<b>134</b>	<b>9,836</b>	<b>2</b>	<b>81,100</b>
Balance as at 1 April 2018	20	71,108	134	9,836	2	81,100
Profit for the year	–	18,275	–	–	–	18,275
Other comprehensive income for the year	–	4,592	(134)	–	–	4,458
<b>Total comprehensive income for the year</b>	–	22,867	(134)	–	–	22,733
Dividends	–	(40,000)	–	–	–	(40,000)
Total transactions with owners, recognised directly in equity	–	(40,000)	–	–	–	(40,000)
<b>Balance as at 31 March 2019</b>	<b>20</b>	<b>53,975</b>	<b>–</b>	<b>9,836</b>	<b>2</b>	<b>63,833</b>

## Company Statement of Changes in Equity

at 31 March 2019

	<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 2017	20	1,181	9,836	2	11,039
Profit for the year	–	14,904	–	–	14,904
Other comprehensive income for the year	–	–	–	–	–
<b>Total comprehensive income for the year</b>	–	14,904	–	–	14,904
Dividends	–	(15,001)	–	–	(15,001)
Total transactions with owners, recognised directly in equity	–	(15,001)	–	–	(15,001)
<b>Balance as at 31 March 2018</b>	20	1,084	9,836	2	10,942
Balance as at 1 April 2018	20	1,084	9,836	2	10,942
Profit for the year	–	39,897	–	–	39,897
Other comprehensive income for the year	–	–	–	–	–
<b>Total comprehensive income for the year</b>	–	39,897	–	–	39,897
Dividends	–	(40,000)	–	–	(40,000)
Total transactions with owners, recognised directly in equity	–	(40,000)	–	–	(40,000)
<b>Balance as at 31 March 2019</b>	20	981	9,836	2	10,839

## Consolidated Statement of Cash Flows

at 31 March 2019

		2019	2018
	Note	£000	£000
<b>Cash flows from operating activities</b>			
Profit for the year		18,275	5,098
Adjustments for:			
Depreciation of tangible assets	13	3,491	6,841
Amortisation of intangible assets	12	5,902	9,515
Gain on sale of discontinued operations	4	(17,836)	–
Interest receivable and similar income	8	(619)	(297)
Interest payable and similar expenses	9	6	16
Profit on disposal of fixed assets		–	(51)
Taxation	10	2,413	1,813
Increase in trade and other debtors		(9,044)	13,985
Decrease in stocks		(615)	(96)
Increase in trade and other creditors		6,948	(5,465)
Decrease in provisions		994	(337)
		<u>9,914</u>	<u>31,022</u>
Tax paid		(843)	(2,037)
<b>Net cash from operating activities</b>		<b>9,071</b>	<b>28,985</b>
<b>Cash flows from investing activities</b>			
Proceeds from sale of tangible fixed assets		–	51
Proceeds from the sale of a business		25,653	–
Interest received		423	208
Acquisition of tangible fixed assets		(3,563)	(5,105)
Acquisition of other intangible assets		(650)	(1,750)
<b>Net cash provided by/(used in) investing activities</b>		<b>21,863</b>	<b>(6,596)</b>
<b>Cash flows from financing activities</b>			
Interest paid		(6)	(49)
Payment of finance leases liabilities		–	(2,228)
Dividends paid		(40,000)	(15,001)
<b>Net cash used in financing activities</b>		<b>(40,006)</b>	<b>(17,278)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(9,072)</b>	<b>5,111</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>79,389</b>	<b>74,278</b>
<b>Cash and cash equivalents at 31 March 2019</b>		<b>70,317</b>	<b>79,389</b>

## Notes to the financial statements

at 31 March 2019

### 1. Accounting policies

#### General Information

Sports Information Services (Holdings) Limited is a private limited company, incorporated, domiciled and registered in the United Kingdom. The address of its registered office is Unit 2 Whitehall Avenue, Kingston, Milton Keynes, Buckinghamshire, MK10 0AX. The financial statements are prepared for year ended 31 March 2019.

#### 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. The presentational currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

#### 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 Group had net assets of £63,833,000 (2018: £81,100,000). The Directors have prepared detailed forecasts and trading projections for at least 12 months following the date of these financial statements. The Directors' forecasts, updated for the current trading and the Directors' latest view of market conditions, demonstrate that the Group will be able to meet its projected working capital requirements and satisfy its liabilities as they arise. In addition, the Directors have also considered a number of sensitised forecasts to reflect the inherent uncertainty in the economic climate and are satisfied that there is sufficient headroom to meet any financial obligations that arise.

Taking the above into account, the Directors consider it appropriate to adopt the going concern assumption in preparing these financial statements.

## Notes to the financial statements

at 31 March 2019

### 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 2019.

#### *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 2019

### 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 2019

### 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 2019

### 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 2019

### 1. Accounting policies (continued)

#### *Business combination and goodwill (continued)*

On acquisition, goodwill is allocated to cash-generating units ('CGUs') 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
Motor vehicles	–	4 - 10 years
Fixtures, fittings and other equipment	–	3 - 7 years
Leasehold improvements	–	4 years or over the life of the lease

The motor vehicles include the value of any modifications made to incorporate broadcasting equipment.

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 2019

### 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*

The stock holding comprises items that are used within the LBO estate, largely decoders and other small items, that can be transferred out as a fixed asset or consumable items. 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 2019

### 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 2019

### 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) India*

The Group continues to deal with tax and legal issues from the broadcasting of the 2010 Commonwealth games. Arbitration proceedings to recover the outstanding payment from the Indian broadcaster are in progress.

## Notes to the financial statements

at 31 March 2019

### 1. Accounting policies (continued)

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

Each year management assess the situation based on factual information and make fair judgements on the position of this liability. The position of the arbitration and tax proceedings is such that no further provision is deemed necessary at this stage. Additional information is disclosed in note 26.

#### *(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 24.

#### *(c) Pension surplus recognition*

During the period a detailed review of the scheme rules was undertaken. On review, the Directors have taken the judgement that the group is able to recognise the scheme surplus under the gradual settlement route following the principles of IFRIC 14. Please refer to note 24 for further details.

#### *(d) Other litigation*

As with any commercial operation, the company may from time to time, be party to certain legal cases. Each year management assess the situation based on factual information and make fair judgements on the position of this potential liability. Management then make the best estimate to provide accordingly within the financial statements. Additional information is discussed in note 5.

### 2. Turnover

An analysis of turnover by geographical market is given below:

	2019	2018
	£000	£000
UK and Ireland	230,104	178,932
Other	11,300	12,558
	<u>241,404</u>	<u>191,490</u>

## Notes to the financial statements

at 31 March 2019

### 3. Acquisition and disposal of businesses

#### Disposal of businesses in the current period

##### *Discontinued operation*

The Group divested its connectivity services business, SIS Live, during the year to NEP Group, with the sale completing on 9<sup>th</sup> October 2018 and has as such transactions in SIS Live have been classified as a discontinued operation. This was in line with the Group strategy to focus on the delivery of linear betting opportunities to worldwide operators both for retail and digital consumption.

##### *Effect of disposal*

The disposal had the following effect on the Group's assets and liabilities.

	<b>Book values on disposal £000</b>
<b>Net assets at the disposal date:</b>	
Tangible fixed assets	8,098
Stocks	31
Trade and other debtors	7,644
Cash	4,104
Trade and other creditors	(8,031)
Deferred tax assets	1,151
Net identifiable assets and liabilities	<u>12,997</u>
<b>Total value of business combination:</b>	
Consideration received:	<b>£000</b>
Initial cash consideration relating to business combination	30,995
Costs directly attributable to the business combination	(1,313)
Total consideration	<u>29,682</u>
Less net assets as identified above	(12,997)
Deferred tax asset	1,151
Profit on disposal	<u>17,836</u>

## Notes to the financial statements

at 31 March 2019

### 4. Group operating profit

*This is stated after charging:*

	2019 £000	2018 £000
Amortisation of intangible assets (note 12)	5,902	9,515
Depreciation of owned assets (note 13)	3,491	5,347
Depreciation of assets held under finance leases (note 13)	–	1,494
Operating lease rentals	5,165	8,818
Services provided by the company's auditor and its associates:		
Fees payable for the audit of the parent undertaking and group financial statements	95	95
Fees payable for other services	169	124
Fees payable for tax services	84	50
(Gain)/loss on foreign exchange	(120)	(699)

Included within the above figures is £5,000 paid in respect of the parent undertaking audit (2018 – £5,000).

### 5. Individually significant items

	2019 £000	2018 £000
Litigation fees	5,147	–
Pension ETV Exercise	–	1,774
	5,147	1,774

As with any commercial operation, the company may from time to time, be party to certain legal cases. During the year the company settled one legal case and is continuing to defend another. The total cost of these claims including anticipated legal costs included in the Profit and Loss account for the year is £5,147,000. Due to the size of this number in the context of the overall profit for the year and the fact that costs of this magnitude are not expected to reoccur on a frequent basis the amount has been separately disclosed as an exceptional item.

The pension ETV exercise in the prior year relates 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 has been managing the liabilities of the defined benefit pension scheme. During 2017-18 an enhanced transfer value exercise was offered to the deferred members of the pension scheme and the charge above relates to the settlement loss as a result of members transferring out their benefits (£1,411,000) along with the administration cost of running the exercise (£363,000).



## Notes to the financial statements

at 31 March 2019

### 6. Directors' remuneration

	2019	2018
	£000	£000
Directors' remuneration in respect of qualifying services (excluding pension contributions)	868	1,190
Remuneration in respect of qualifying services (excluding pension fund contributions) of the highest paid director were:	567	508

The Group made contributions to money-purchase pension schemes on behalf of the highest paid director of £12,813 (2018 – £45,742) and £nil (2018 - £10,000) 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:

	2019	2018
	£000	£000
Key management remuneration in respect of qualifying services (excluding pension contributions)	2,519	2,596

The Group made contributions to money-purchase pension schemes on behalf of the key management personnel of £61,689 (2018 – £100,217).

### 7. Staff costs

	2019	2018
	£000	£000
Wages and salaries	18,959	21,932
Social security costs	1,732	2,151
Pension costs	1,265	1,426
	21,956	25,509

The average monthly number of persons employed by the Group, including the executive director, during the year was 364 (2018 – 459).

	2019	2018
Executive Director	1	1
Senior Management	12	14
Operational	207	282
Support	144	162
	364	459

## Notes to the financial statements

at 31 March 2019

### 8. Interest receivable and similar income

	2019	2018
	£000	£000

Bank interest receivable	(423)	(297)
Pension interest receivable	(196)	–

### 9. Interest payable and similar charges

	2019	2018
	£000	£000
Other finance costs	6	(20)
Finance charges payable under finance leases	–	36
	<u>6</u>	<u>16</u>

### 10. Tax

Tax expense included in the Income Statement

The tax charge is made up as follows:

	2019	2018
	£000	£000

#### **Current tax:**

UK corporation tax on the profits for the year	931	1,870
Adjustment to current taxation in respect of prior years	(78)	24
Foreign tax	(1)	8
Total current tax	<u>852</u>	<u>1,902</u>

#### **Deferred tax:**

Origination and reversal of timing differences	1,386	(100)
Adjustments to deferred tax in respect of prior periods	–	1
Effect of change in rates	175	10
Total tax charge on profit	<u>2,413</u>	<u>1,813</u>

**Notes to the financial statements**

at 31 March 2019

**10. Tax (continued)**

Tax credit included in other comprehensive income

	2019 £000	2018 £000
Current tax credit on pension scheme	–	(259)
Deferred tax in relation to the pension scheme	2,459	–
Deferred tax charge/(credit) on change in value of hedging instrument	(25)	94
Total tax credit included in other comprehensive income	<u>2,434</u>	<u>(165)</u>

	2019			2018		
	£000	£000	£000	£000	£000	£000
	Current tax	Deferred tax	Total tax	Current tax	Deferred tax	Total tax
Recognised in income statement	852	1,561	2,413	1,902	(89)	1,813
Recognised in other comprehensive income	–	2,434	2,434	(259)	94	(165)
Total tax	<u>852</u>	<u>3,995</u>	<u>4,847</u>	<u>1,643</u>	<u>5</u>	<u>1,648</u>

**Reconciliation of the effective tax rate**

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 19% (2018 – 19%). The differences are explained below:

	2019 £000	2018 £000
Profit for the year	18,275	5,098
Tax charge for the year	<u>2,413</u>	<u>1,813</u>
Profit before tax	<u>20,688</u>	<u>6,911</u>

Profit multiplied by standard rate of corporation tax in the UK of 19% (2018 – 19%)

3,931      1,313

**Effects of:**

Expenses not deductible for taxation purposes	917	262
Difference in tax rate on gain on sale of discontinued operation	(2,476)	–
Adjustments in respect of prior years	(43)	25
Income not taxable for tax purposes	(29)	(58)
Adjustment in respect of pensions	(47)	259
Effect of change in rates	<u>160</u>	<u>12</u>
Tax charge for the year	<u>2,413</u>	<u>1,813</u>

## Notes to the financial statements

at 31 March 2019

### 10. Tax (continued)

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2019	2018	2019	2018	2019	2018
	£000	£000	£000	£000	£000	£000
Decelerated capital allowances	(1,048)	(2,370)	–	–	(1,048)	(2,370)
Hedging instruments	–	–	–	25	–	25
Deferred tax on pension surplus	–	–	2,528	–	2,528	–
Other timing differences	(189)	(358)	–	–	(189)	(358)
Net tax (assets) / liabilities	(1,237)	(2,728)	2,528	25	(1,291)	(2,703)

In addition to the deferred tax liability above, the Group has additional unrecognised gross tax losses of £1,581,000 (2018: £1,478,000).

Factors affecting future tax charges:

A reduction in the UK corporation tax rate from 19% to 17% (effective from 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 2019 has been calculated based on the rate that is expected to be applicable at the time of reversal of the asset.

### 11. Dividends

	2019	2018
	£000	£000
Equity dividends paid: £200.47 (2018 – £75.18) per share	40,000	15,001

## Notes to the financial statements

at 31 March 2019

### 12. Intangible assets

<i>Group</i>	<i>Rights £000</i>	<i>Total £000</i>
Cost:		
At 1 April 2018	40,423	40,423
Additions	650	650
Disposals	(30,810)	(30,810)
At 31 March 2019	10,263	10,263
Amortisation:		
At 1 April 2018	28,158	28,158
Charge for the year	5,902	5,902
Disposals	(30,810)	(30,810)
At 31 March 2019	3,250	3,250
Net book value:		
At 31 March 2019	7,013	7,013
At 1 April 2018	12,265	12,265

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 the term of the contract.

The carrying value of the intangible assets will be fully amortised by December 2025.

## Notes to the financial statements

at 31 March 2019

### 13. Tangible fixed assets

Group	Installed equipment £000	Studio equipment £000	Motor Vehicles £000	Fixtures, fittings and other equipment £000	Leasehold improve- ments £000	Payments on account / AUCs £000	Total £000
Cost:							
At 1 April 2018	30,277	8,376	31,388	28,041	9,588	2,659	110,329
Additions	494	733	22	515	14	1,784	3,562
Transfers	308	624	23	1,668	11	(2,634)	–
Disposals	(78)	(603)	(6,688)	(11,613)	(1,046)	(1,333)	(21,361)
At 31 March 2019	31,001	9,130	24,745	18,611	8,567	476	92,530
Depreciation:							
At 1 April 2018	29,082	7,065	28,629	22,162	8,767	–	95,705
Charge for the year	527	556	441	1,812	155	–	3,491
Disposals	(34)	(414)	(4,675)	(7,070)	(815)	–	(13,008)
At 31 March 2019	29,575	7,207	24,395	16,904	8,107	–	86,188
Net book value:							
At 31 March 2019	1,426	1,923	350	1,707	460	476	6,342
At 1 April 2018	1,195	1,311	2,759	5,879	821	2,659	14,624

At the prior year end, assets with a net book value of £55,000 for studio equipment, £1,048,000 for Fixtures, Fittings and other equipment and £394,000 for leasehold improvements related to leased assets. As at 31 March 2019 there are no leased assets.

Disposals in the above table include the disposal of assets in the period, as well as the disposal of the business (note 3).

## Notes to the financial statements

at 31 March 2019

### 14. Investments

#### Company

<i>Name</i>	<i>Country of incorporation</i>	<i>Ownership</i>	<i>2019 £000</i>	<i>2018 £000</i>
<b>Cost of investment</b>				
Sports Information Services Limited	England	100%	–	–
SIS Live Limited **	England	100%	–	–
SIS Outside Broadcasts Limited **	England	100%	–	–
Frontrelay Limited *	England	100%	–	–
Intercontinental Racing Limited *	England	50%	–	–
SISBet Limited *	England	100%	–	–
SISBet (Ireland) Limited	Ireland	100%	–	–
SISLink Inc **	USA	100%	–	–
SIS Live Partnership **	n/a	100%	–	–
SIS Cosec Limited	England	100%	–	–
SIS Greyhounds (Holdings) Limited **	England	100%	–	–
<b>Total cost of investments</b>			–	–

\* Dormant.

\*\* Held by subsidiary undertakings.

Each undertaking has the following registered address: Unit 2 Whitehall Avenue, Kingston, Milton Keynes, Buckinghamshire, MK10 0AX; with the exception of SISBet (Ireland) Limited whose registered address is: 6<sup>th</sup> Floor, South Bank House, Barrow Street, Dublin 4, Ireland.

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 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 2019

**15. Stocks**

	2019		2018	
	Group	Company	Group	Company
	£000	£000	£000	£000
Finished goods	1,120	–	535	–

**16. Debtors**

	2019	2019	2018	2018
	Group	Company	Group	Company
	£000	£000	£000	£000
Trade debtors	12,972	–	21,308	–
Amounts owed by group undertakings	–	10,831	–	10,939
Other debtors	1,283	–	1,415	–
Prepayments and accrued income	12,015	–	10,067	–
Deferred tax (note 10)	1,237	–	2,703	–
Derivative financial instruments (note 20)	–	–	134	–
	27,507	10,831	35,627	10,939

**17. Cash at bank**

	2019	2018
	£000	£000
Cash at bank	70,070	78,859
Restricted Cash	247	530
Cash at bank and in hand	70,317	79,389

Restricted cash is the amount held in a bond with Lloyds bank relating to rent free periods given to the assignee of a property lease.

**18. Creditors: amounts falling due within one year**

	2019	2019	2018	2018
	Group	Company	Group	Company
	£000	£000	£000	£000
Trade creditors	2,153	–	9,950	–
Other creditors	907	–	1,035	–
UK corporation and overseas tax	310	–	501	–
Other taxes and social security costs	1,072	–	4,336	–
Deferred income and payments in advance	23,976	–	25,082	–
Accruals	21,116	–	17,804	–
	49,534	–	58,708	–



## Notes to the financial statements

at 31 March 2019

### 19. Other provisions

<i>Group</i>	<i>Property</i> <i>£000</i>	<i>WEEE</i> <i>£000</i>	<i>Total</i> <i>£000</i>
At 1 April 2018	2,185	447	2,632
Utilised	(473)	–	(473)
Charge/(credit) for the year	1,452	15	1,467
At 31 March 2019	<u>3,164</u>	<u>462</u>	<u>3,626</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 are 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 2019. The provision will be fully utilised by 2032.

#### **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.

## Notes to the financial statements

at 31 March 2019

### 20. Derivative financial instruments

	<i>Current</i>		<i>Non-current</i>	
	<i>2019</i>	<i>2018</i>	<i>2019</i>	<i>2018</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>				
<b>Assets</b>				
Forward foreign currency contracts	–	134	–	–
<b>Liabilities</b>				
Forward foreign currency contracts	–	–	–	–

Trading derivatives have previously been classified as a current asset or liability. The notional principal amounts of the outstanding forward foreign exchange contracts at 31 March 2019 were €nil (2018: €6.25m).

### 21. Issued share capital and other reserves

<i>Group and Company</i>		<i>2019</i>		<i>2018</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 capital redemption reserve is created when the Company purchases its own shares and is non-distributable.

## Notes to the financial statements

at 31 March 2019

### 22. Financial instruments

	2019		2018	
	Group £000	Company £000	Group £000	Company £000
Financial assets at fair value through profit or loss	–	–	134	–
<i>Financial assets that are debt instruments measured at amortised cost</i>				
Trade debtors	12,972	–	21,308	–
Amounts owed by group undertakings	–	10,831	–	10,939
Other debtors	1,283	–	1,415	–
	<u>14,255</u>	<u>10,831</u>	<u>22,723</u>	<u>10,939</u>
<i>Financial liabilities that are debt instrument measured at amortised cost</i>				
Trade creditors	2,153	–	9,950	–
Other creditors	907	–	1,035	–
Finance leases	–	–	–	–
	<u>3,060</u>	<u>–</u>	<u>10,985</u>	<u>–</u>

### 23. Capital commitments

The Group has the following capital commitments:

Group	2019 £000	2018 £000
Capital expenditure	<u>1,242</u>	<u>2,591</u>

The committed capital expenditure relates to the investment in production and betting shop equipment.

## Notes to the financial statements

at 31 March 2019

### 24. 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. 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.

During 2017-18 the Group worked with the pension administrators and trustees to offer an enhanced transfer value exercise to the deferred members of the pension scheme. Free Independent financial advice was provided to all members who considered the option. The exercise resulted in a number of members transferring their benefits out of the scheme into alternative arrangements that more suited their requirements.

During the period a detailed review of the scheme rules was undertaken. On review, the Directors have taken the judgement that the group is able to recognise the scheme surplus under the gradual settlement route following the principles of IFRIC 14. Therefore, the Directors have recognised the surplus of £7.2m for the first time within this set of financial statements.

The assets and liabilities of the schemes at 31 March 2019 are:

	2019	2018
	£000	£000
Fair value of scheme assets		
– Corporate bonds	23,245	21,035
– Cash	133	1,120
	<u>23,378</u>	<u>22,155</u>
Present value of defined benefit obligation	(16,156)	(14,881)
Surplus	<u>7,222</u>	<u>7,274</u>
Irrecoverable surplus	–	(7,274)
<b>Defined benefit pension asset</b>	<u><u>7,222</u></u>	<u><u>–</u></u>

## Notes to the financial statements

at 31 March 2019

### 24. Pensions (continued)

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

	2019 £000	2018 £000
<b>Recognised in the income statement</b>		
Expected return on assets	(596)	(715)
Interest cost	400	519
Loss on settlement	–	1,411
Restriction on return of assets	–	204
<b>Total (credit)/charge to the income statement</b>	<b>(196)</b>	<b>1,419</b>
<b>Taken to the other comprehensive income</b>	<b>2019 £000</b>	<b>2018 £000</b>
Actual return on scheme assets	1,381	171
Less expected return on scheme assets	(596)	(715)
Restriction on return of assets	–	204
	785	(340)
Irrecoverable surplus	52	152
Actuarial loss on the defined benefit obligation	(1,033)	246
Surplus recognition	7,222	–
<b>Actuarial gain recognised in the other comprehensive income</b>	<b>7,026</b>	<b>58</b>
	<b>2019 £000</b>	<b>2018 £000</b>
<b>Main assumptions:</b>		
Discount rate	2.50%	2.70%
Salary growth	N/A	N/A
Inflation assumption	3.60%	3.50%
Rate of increase in pension payments – RPI up to 10%	3.60%	3.50%
Rate of increase in pension payments – RPI up to 5%%	3.45%	3.35%
Base Mortality Table	S3PMA_L/S3P FA_L	S2PMA_L/S2P FA_L
Loading to mortality rates	90.0%	90.0%
Mortality Projection Basis	CMI 2018 (core) projection with 1% p.a. long-term improvement	CMI 2017 (core) projection with 1% p.a. long-term improvement

## Notes to the financial statements

at 31 March 2019

### 24. Pensions (continued)

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

	2019 £000
At 1 April 2018	14,881
Interest cost	400
Loss on Settlement	–
Actuarial gain	1,033
Benefits paid	(158)
At 31 March 2019	<u>16,156</u>

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

	2019 £000
At 1 April 2018	22,155
Expected return on plan assets	596
Employer contributions	–
Actuarial experienced gains	785
Benefits paid	(158)
At 31 March 2019	<u>23,378</u>

Amounts for the current year are:

	2019 £000
Fair value of scheme assets	23,378
Present value of defined benefit obligation	(16,156)
Defined benefit pension surplus	7,222
Experience adjustment on plan assets	785

The cumulative amount of actuarial gains and losses recognised since 1 April 2008 in the statement of comprehensive income is a net gain of £224,000 (2018 – loss of £6,998,000).

## Notes to the financial statements

at 31 March 2019

### 25. Other financial commitments

At 31 March 2019 the Group had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

<i>Group</i>	<i>2019</i>	<i>2018</i>
	<i>£000</i>	<i>£000</i>
Not later than one year	1,347	8,642
Later than one year and not later than five years	3,923	28,033
Later than five years	4,245	5,387
<b>Total</b>	<b>9,515</b>	<b>42,062</b>

#### *Company*

The Company had no capital or other commitments at 31 March 2019 (2018: £nil).

### 26. Contingent liabilities

#### *India*

The Group continues to deal with tax and legal issues that arose from the broadcasting of the 2010 Commonwealth Games (CWG) in Delhi, India through SIS Live, a general partnership created between two of the group companies.

Following the successful conclusion of the TV coverage by SIS Live, there was continued scrutiny of the entire CWG project by the Indian government and approximately 40% of the contract remains unpaid (with SIS Live withholding 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 has been heard by the DRP at various hearings since September 2014 and has resulted in a significantly reduced final tax demand, with the latest estimates indicating a net refund position.

The position of the arbitration and tax proceedings is such that no further provision is deemed necessary at this stage as the directors do not believe a payment is probable nor can be reliably estimated. The costs associated with recovery are expensed in the year incurred.

#### *Other litigation*

The Group is currently subject to an active litigation claim, with the full outcome still unknown at year end. The Directors have included an estimate on the total costs of the claim within this years results (note 5).

## Notes to the financial statements

at 31 March 2019

### 27. Related party transactions

During the year the Group entered into transactions, in the ordinary course of business, with other related parties. The Company 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 2019, 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>
<b>Ladbrokes Coral Group Limited</b>					
2019	75,116	18,939	–	4,813	–
2018	58,302	15,340	–	3,761	43
<b>William Hill Organization Ltd</b>					
2019	45,373	30	–	5,591	–
2018	33,315	30	–	9,302	–
<b>Betfred Group</b>					
2019	33,005	30	–	37	8
2018	24,337	38	–	1	–
<b>Catalyst Media Group plc</b>					
2019	–	–	4	–	–
2018	–	–	22	–	–
<b>Caledonia Investments plc</b>					
2019	–	–	–	–	–
2018	–	–	949	–	–

Ladbrokes Coral Group Limited 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. The Betfred Group, made up of Done Brothers (Cash Betting) Limited and Tote (Successor Company) Limited, owns 6% of the ordinary shares in the Company.

During April 2017, SIS signed an agreement with Great Leighs Estates Limited to extend the media rights at Chelmsford City Racecourse. This resulted in the conversion of £6,750,000 secured loan notes, along with accrued interest and penalties (total of £7,862,330) being 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). It should be noted that Mr Fred Done, a director and shareholder of the company, provides a personal guarantee for the full outstanding balance at any point in time.

See note 6 for disclosure of the directors' remuneration and key management compensation.



## Notes to the financial statements

at 31 March 2019

### 27. Related party transactions (continued)

Amounts contributed to pension funds are as follows:

	2019
	£000
SIS Limited Defined Contribution Pension Scheme (Standard Life)	1,763
SIS Outside Broadcast Limited Pension Scheme	—

### 28. Ultimate controlling party

These financial statements are the smallest and largest group financial statements in which the results of Sports Information Services (Holdings) Limited results and its subsidiaries are consolidated. The Directors do not consider there to be any one ultimate controlling party.