

Registration number: 03729042

Switchdigital (London) Limited

Report and financial statements

for the year ended 30 June 2019



Switchdigital (London) Limited

Contents

Directors' Report	1 - 2
Independent Auditor's Report	3 - 5
Profit and Loss Account	6
Statement of Comprehensive Income	6
Balance Sheet	7
Statement of Changes in Equity	8
Notes to the Financial Statements	9 - 17

Switchdigital (London) Limited

Directors' Report For the year ended 30 June 2019

The directors present their report and the financial statements for the year ended 30 June 2019.

Principal activities and business review

The principal activity of the company is continued to be that of local digital multiplex operator under a licence issued by the Radio Authority. The directors plan to continue this operation.

A strategic report and a business review have not been completed for the company because it is entitled to claim the exemption from doing so under Section 414B and 415A of the Companies Act 2006.

Principal risks and uncertainties

A summary of the principal risks and uncertainties facing the company has not been completed because it is entitled to claim the exemption from preparing the strategic report under Section 414B of the Companies Act 2006.

Going concern

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Results and dividends

The profit for the year after taxation, amounted to £1,500,000 (2018 - £1,297,000).

Dividends of £1,600,000 were paid during the year (2018 - £950,000). The directors do not recommend a final dividend (2018 - £nil).

Directors of the company

The directors who held office during the year were as follows:

G.M. Allan

P.H. Collins

C.R. Cox

S.W. Taunton

All directors served throughout the year and are still directors at the date of this report.

The Articles of Association do not require directors to retire either by rotation or in the year of appointment.

Switchdigital (London) Limited

Directors' Report (continued) For the year ended 30 June 2019

Directors' responsibilities statement

The directors acknowledge their responsibilities for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

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

Disclosure of information to the auditor

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Auditor

The directors have passed a resolution to dispense with the requirement to reappoint the auditors annually. Ernst & Young LLP are deemed to be reappointed as auditor in the absence of a notice that the appointment is to be terminated.

Approved by the Board on 5 November 2019 and signed on its behalf by:



P.H. Collins
Director

1 London Bridge Street
London
SE1 9GF

Independent Auditor's Report to the Members of Switchdigital (London) Limited

Opinion

We have audited the financial statements of Switchdigital (London) Limited for the year ended 30 June 2019 which comprise the Profit and Loss Account, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, and related notes 1 to 17, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the company's affairs as at 30 June 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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 under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

The other information comprises the information included in the Report and financial statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Independent Auditor's Report to the Members of Switchdigital (London) Limited (continued)

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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; or
- the directors were not entitled to take advantage of the small companies exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Independent Auditor's Report to the Members of Switchdigital (London) Limited (continued)

Use of our report

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.



Neil Cullum (Senior statutory auditor)

For and on behalf of Ernst & Young LLP, Statutory Auditor, London

Date: 13/11/2019

Switchdigital (London) Limited

Profit and Loss Account For the year ended 30 June 2019

		2019	2018
	Note	£ 000	£ 000
Turnover	3	2,049	1,868
Administrative expenses		<u>(549)</u>	<u>(546)</u>
Operating profit	4	1,500	1,322
Interest payable and similar expenses		<u>-</u>	<u>(1)</u>
Profit before tax		1,500	1,321
Taxation	8	<u>-</u>	<u>(24)</u>
Profit for the financial year		<u><u>1,500</u></u>	<u><u>1,297</u></u>

The above results were derived from continuing operations.

Statement of Comprehensive Income For the year ended 30 June 2019

	2019	2018
	£ 000	£ 000
Profit for the financial year	<u>1,500</u>	<u>1,297</u>
Total comprehensive income for the year	<u><u>1,500</u></u>	<u><u>1,297</u></u>

The notes on pages 9 to 17 form part of these financial statements.

Switchdigital (London) Limited
Registered number: 03729042

Balance Sheet
As at 30 June 2019

	Note	2019 £ 000	2018 £ 000
Current assets			
Debtors	9	4,186	3,937
Cash and cash equivalents	11	<u>4</u>	<u>4</u>
		4,190	3,941
Creditors: amounts falling due within one year	12	<u>(3,098)</u>	<u>(2,749)</u>
Net assets		<u>1,092</u>	<u>1,192</u>
Called up share capital	13	1	1
Profit and loss account		<u>1,091</u>	<u>1,191</u>
Shareholders' funds		<u>1,092</u>	<u>1,192</u>

Approved and authorised by the Board on 5 November 2019 and signed on its behalf by:


P.H. Collins

Director

The notes on pages 9 to 17 form part of these financial statements.

Switchdigital (London) Limited

Statement of Changes in Equity For the year ended 30 June 2019

	Share capital £ 000	Profit and loss account £ 000	Total £ 000
At 2 July 2018	1	1,191	1,192
Profit for the financial year	-	1,500	1,500
Total comprehensive income for the year	-	1,500	1,500
Equity dividends paid (note 15)	-	(1,600)	(1,600)
At 30 June 2019	1	1,091	1,092

Statement of Changes in Equity For the year ended 1 July 2018

	Share capital £ 000	Profit and loss account £ 000	Total £ 000
At 1 July 2017	1	844	845
Profit for the financial year	-	1,297	1,297
Total comprehensive income for the year	-	1,297	1,297
Equity dividends paid (note 15)	-	(950)	(950)
At 1 July 2018	1	1,191	1,192

The notes on pages 9 to 17 form part of these financial statements.

Switchdigital (London) Limited

Notes to the Financial Statements For the year ended 30 June 2019

1 General information

The company is a private company limited by shares incorporated in England and Wales under the Companies Act.

The address of its registered office is:

1 London Bridge Street
London
SE1 9GF
England

These financial statements were authorised for issue by the Board on 5 November 2019.

The nature of the company's operations and its principal activities are set out in the Directors' Report on page 1.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

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.

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006.

Basis of preparation

The financial statements of Switchdigital (London) Limited have been prepared on a going concern basis, under the historical cost convention, modified to include certain items at fair value.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the 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 below.

The financial statements are made up to the Sunday closest to 30 June in each year. Consequently, the financial statements for the current period cover the 52 weeks ended 30 June 2019 (prior period 52 weeks ended 1 July 2018). The financial statements are presented in pounds sterling which is the functional currency of the company, and rounded to the nearest £'000.

Switchdigital (London) Limited

Notes to the Financial Statements

For the year ended 30 June 2019 (continued)

2 Accounting policies (continued)

Summary of disclosure exemptions

FRS 102 paragraph 1.12 allows a qualifying entity certain disclosure exemptions, subject to certain conditions which have been complied with, including notification of and no objection to the use of exemptions by the company's shareholders. The equivalent disclosures are included in the consolidated financial statements of News Corporation, the ultimate parent undertaking.

The company has taken advantage of the following exemptions:

- (a) From preparing a statement of cash flows and related notes as required by Section 7 Statement of Cash Flows and Section 3 Financial Statement Presentation paragraph 3.17(d);
- (b) From the financial instruments disclosures as required by FRS 102 paragraph 11.42 to 11.48A and paragraphs 12.26 to 12.27, 12.29 (a) & (b) and 12.29A, including:
 - categories of financial instruments;
 - items of income, expenses, gains or losses relating to financial instruments; and
 - exposure to and management of financial risks.
- (c) From disclosing the company key management personnel compensation, as required by FRS 102 paragraph 33.7.

Going concern

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Revenue recognition

Revenue is measured at the fair value of the consideration received or recoverable, and represents the amount receivable for goods supplied or services rendered, net of returns, discounts and rebates allowed by the company, and value added taxes.

The Company recognises revenue when (a) the significant risks and rewards of ownership have been transferred to the buyer; (b) the company retains no continuing involvement or control over the goods; (c) the amount of revenue can be recognised reliably; (d) the costs incurred or to be incurred in respect of the transaction can be measured reliably and (e) it is probably that future economic benefits will flow to the entity. Specific revenue recognition criteria also apply depending on the revenue stream, as described below:

Rendering of services

Revenue is recognised to the extent that the company obtains the right to consideration in exchange for its performance through the provision of services under its licence.

Operating leases

Rentals payable under operating leases are charged on a straight line basis to the profit and loss account over the lease term. Benefits received and receivable as an incentive to sign an operating lease are similarly recognised on a straight line basis over the lease term.

Switchdigital (London) Limited

Notes to the Financial Statements For the year ended 30 June 2019 (continued)

2 Accounting policies (continued)

Taxation

Taxation expense for the reporting period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, 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.

Deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised. Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Deferred tax assets are considered as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits or deferred tax liabilities in the foreseeable future against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the rate ruling on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at present value of future payments, discounted at a market rate of interest, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at the present value of amounts payable discounted at a market rate of interest, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Critical accounting judgements and key sources of estimation uncertainty

No critical judgements or key sources of estimation uncertainty in applying the company's accounting policies have been identified in the current or preceding year.

3 Turnover

All turnover arose wholly the United Kingdom. The directors consider that the business of the company is all of one class.

Switchdigital (London) Limited

Notes to the Financial Statements For the year ended 30 June 2019 (continued)

4 Operating profit

Arrived at after charging:

	2019	2018
	£ 000	£ 000
Operating lease expense - equipment	<u>536</u>	<u>529</u>

5 Auditor's remuneration

The company has recognised the following in respect of amounts paid or payable to its auditor in respect of the audit of financial statements and for other services provided to the company.

	2019	2018
	£ 000	£ 000
Audit of the financial statements	<u>13</u>	<u>13</u>

6 Employees

The company did not employ any staff during the year (2018 - None).

7 Directors' remuneration

Directors were not paid any emoluments in respect of services to the company (2018- £Nil).

Switchdigital (London) Limited

Notes to the Financial Statements For the year ended 30 June 2019 (continued)

8 Taxation

Tax charged in the profit and loss account:

	2019 £ 000	2018 £ 000
Current taxation		
Adjustments in respect of prior periods	-	1
Deferred taxation		
Adjustments in respect of prior periods	-	23
Tax expense in the profit and loss account	-	24

The tax on profit before tax for the period is lower than the standard rate of corporation tax in the UK (2018 - lower than the standard rate of corporation tax in the UK) of 19% (2018 - 19%).

The differences are reconciled below:

	2019 £ 000	2018 £ 000
Profit before tax	1,500	1,321
Corporation tax at standard rate	285	251
Expenses not deductible for tax purposes	-	1
Deferred tax adjustments in respect of prior years	-	23
Current tax adjustments in respect of prior years	-	1
Group relief	(285)	(252)
Total tax charge	-	24

Factors that may affect future tax charges:

The UK corporation tax rate reduced from 20% to 19% from 1 April 2017 and will reduce to 17% from 1 April 2020. The 2016 Budget announced that the rate would reduce to 17% from 1 April 2020, which was enacted on 16 September 2016. No subsequent changes have been announced in relation to UK corporation tax rates.

9 Debtors

	Note	2019 £ 000	2018 £ 000
Amounts owed by group undertakings	16	4,093	3,846
Prepayments		33	31
Income tax receivable		60	60
		4,186	3,937

Switchdigital (London) Limited

Notes to the Financial Statements For the year ended 30 June 2019 (continued)

9 Debtors (continued)

All amounts owed by group undertakings relate to trading balances repayable on demand with no fixed repayment terms and no interest charged.

10 Deferred tax asset

The movement on deferred tax asset is as follows:

	2019 £ 000	2018 £ 000
Opening deferred tax	-	23
Adjustments in respect of previous periods	-	(23)
	<u>-</u>	<u>-</u>

11 Cash and cash equivalents

	2019 £ 000	2018 £ 000
Cash at bank	<u>4</u>	<u>4</u>

News Corp UK & Ireland operates a collective overdraft facility with its bankers, which allows individual companies in the News UK group to overdraw subject to an agreed limit of £20 million, not being exceeded in aggregate. The overdraft facility is also guaranteed by News Corporation.

12 Creditors: amounts falling due within one year

	Note	2019 £ 000	2018 £ 000
Amounts owed to group undertakings	16	2,700	2,253
Social security and other taxes		-	65
Accrued expenses		228	192
Deferred income		<u>170</u>	<u>239</u>
		<u>3,098</u>	<u>2,749</u>

All amounts owed to group undertakings relate to trading balances repayable on demand with no fixed repayment terms and no interest charged.

Switchdigital (London) Limited

Notes to the Financial Statements For the year ended 30 June 2019 (continued)

13 Share capital

Allotted, called up and fully paid shares

	2019		2018	
	No.	£	No.	£
A Ordinary shares of £1 each	425	425	425	425
B Ordinary shares of £1 each	425	425	425	425
C Ordinary shares of £1 each	100	100	100	100
D Ordinary shares of £1 each	50	50	50	50
	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>

The shares have attached to them full voting, dividend and capital distribution (including winding up) rights; they do not confer any rights of redemption. These shares rank pari passu with each other.

14 Obligations under leases

Operating leases

The Company has entered into commercial leases on certain items of equipment. These leases have an average duration of between 5 and 12 years.

The total of future minimum lease payments is as follows:

	2019	2018
	£ 000	£ 000
Not later than one year	493	495
Later than one year and not later than five years	1,976	1,984
Later than five years	466	960
	<u>2,935</u>	<u>3,439</u>

15 Dividends

	2019	2018
	£ 000	£ 000
Interim dividend of £1,600 (2018 - £950) per ordinary share	<u>1,600</u>	<u>950</u>

The directors do not recommend a final dividend (2018 - £Nil).

Switchdigital (London) Limited

Notes to the Financial Statements For the year ended 30 June 2019 (continued)

16 Related party transactions

The company has billed companies, related to its shareholders, the following revenues (net of VAT) for the transmission of their digital output on the multiplex:

	2019 £ 000	2018 £ 000
Transmission charges		
talkSPORT Limited	99	157
Absolute Radio Limited	215	209
Jazz FM Limited	130	-
	<u>444</u>	<u>366</u>

The following balances (including VAT where appropriate) were outstanding at the current and prior period ends:

	2019 £ 000	2018 £ 000
Debtors		
Switchdigital (Scotland) Limited	590	271
talkSPORT Limited	3,500	2,351
The Wireless Group Holdings Limited	-	496
Switchdigital (B&H) Limited	-	728
U105 Ltd	3	-
	<u>4,093</u>	<u>3,846</u>

	2019 £ 000	2018 £ 000
Creditors		
News UK & Ireland Limited	1,421	204
Wireless Group Media (GB) Limited	1,072	2,030
Switchdigital (S&S) Limited	-	16
Wireless Group (ILRs) Limited	3	3
The Wireless Group Holdings Limited	204	-
	<u>2,700</u>	<u>2,253</u>

Switchdigital (London) Limited

Notes to the Financial Statements For the year ended 30 June 2019 (continued)

17 Parent and ultimate parent undertaking

The company's immediate parent is The Wireless Group Holdings Limited, a company incorporated in England and Wales.

The ultimate parent company is News Corporation, a company incorporated in Delaware in the United States.

The smallest and largest group in which the results of the company are consolidated is that headed by News Corporation, whose principal place of business is at 1211 Avenue of the Americas, New York, NY 10036. The consolidated financial statements are available to the public and may be obtained from 1 London Bridge Street, London, SE1 9GF.