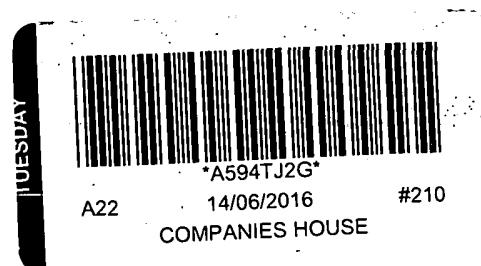


# **Freesat (UK) Limited**

## **Directors' report and financial statements**

Registered number 6250097

Year ended 31 March 2016



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## Strategic report

### Principal activity

The principal activity of the Company during the year was to provide a universally available free to air satellite platform in the UK.

### Business review

#### Summary

The company, Freesat, is a joint venture between the UK's leading broadcasters ITV and the BBC, offering over 200 subscription free satellite channels to over 1.9 million homes in the UK; including On Demand and connected services ranging from BBC iPlayer to YouTube.

Freesat aims to provide UK homes with access to the best of Free To Air (FTA) content through its next generation connected TV service, Freetime, which has features such as the Backwards EPG and the editorially curated recommendation service, Showcase.

Freetime is available within smart TVs and set top boxes as well as being accessible through the Freetime Mobile companion app to help UK FTA viewers quickly find even more great things to watch.

#### 2015/16 Milestones

The Company's focus for the past year has been to develop the Freetime brand, product and features available, to enhance the Freesat offering and raise its appeal amongst the FTA UK audience.

Freesat had an exceptional year in retail with set top box sales exceeding the market and growing year on year. This was driven by the launch of Humax's value proposition Freetime set top boxes (STB) to offer a more attractive form factor box that also has Wi-Fi as standard.

Freesat also relaunched its mobile App to create a consistent experience across Kindle, Android and iOS devices, which helped the App surpass 750,000 downloads to date.

Platform improvements continued during the year with the development of new features such as Audience Measurement and Single Customer View allowing Freesat to use platform data more effectively to further its objectives.

A key achievement in 2015/16 was the development of the Metaphor business model to provide Freesat's TV platform service in other geographical regions and the opportunity to develop significant commercial revenues in the future.

Freesat invested in its platform infrastructure to develop the mSaaS metadata back-end system enabling it to increase scale as well as support its Metaphor business.

Freesat's portfolio of channels and services totals over 200 and offers a varied choice of news and entertainment, including 12 free HD channels.

Additional channels and services that have launched on Freesat include new On Demand services such as Netflix on Humax Freetime devices; plus new linear TV channels Drama, Yesterday, Really, PBS America, Spike, Your TV (Fox) and four music services.

Since the Company's launch, manufacturing partners have sold over 5.0 million receivers, which means that Freesat is now watched in over 1.9 million homes.

Freesat has the highest level of customer satisfaction in the market, as this continues to track above 85% and over eight out of ten Freesat viewers have recommended the service to others.

The results of the Company show a pre-tax loss of £4.0 million (2015: £5.2 million) based on turnover of £8.0 million (2015: £7.5 million).

#### Principal risks and uncertainties

The major risks for the Company in the short to medium term are:

- 1) **Competition:** the Company operates in a highly competitive environment with rivals that have significantly larger budgets. Despite this, Freesat is committed to grow the number of homes by using innovative and targeted marketing to promote the features and benefits of Freetime to UK consumers.

- 2) Reliance on one key revenue stream: any shift in market conditions or the economic climate could have a significant impact (positive or negative) to the Company's revenue potential. The management team are aware of this risk and considering ways to diversify and reduce the exposure.
- 3) Change in regulation: Freesat operates within a regulated environment and could be adversely impacted by any change in rules enacted by OfCom. The Company continually monitors wider regulatory issues within the industry to assess the likely impact to the business.

#### Future outlook

The outlook for the business in the forthcoming year is positive and Freesat's continuing growth demonstrates the strong appeal of premium TV on a subscription-free basis.

Freesat's offering is an attractive option for those who are switching away from expensive pay TV packages. Freesat occupies a unique place in the market for those that want great, free satellite television delivered through innovative, simple equipment. Sales continue to grow, attracting new customers to satellite TV, as well as those seeking to make use of their existing satellite dish.

Going forward, Freesat will continue to evolve its proposition by delivering new products, new features, new channels, new content (including Pay As You Go Video On Demand) and new services, as well as maturing its direct relationships with customers in order to meet the ever-changing needs of viewers.

By order of the Board

  
P Badala  
Secretary

23-24 Newman Street  
London  
W1T 1PJ

8th June 2016

## Directors' report

The directors present their directors' report and audited financial statements for the year ended 31 March 2016.

### Proposed dividend

The directors do not recommend the payment of a dividend (2015: £nil).

### Policy and practice on payment of creditors

It is the policy of the Company to pay creditors within 30 days of the invoice date. At the year end, there were 29 days (2015: 7 days) purchases in trade creditors.

### Directors

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

BS Samra  
R Hoyle ~  
M Brooke  
C Swords

### Political and charitable contributions

The Company made no political or charitable donations or incurred any political expenditure during the financial year.

### Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company'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.

By order of the Board



R Badala  
Secretary

23-24 Newman Street  
London  
W1T 1PJ

8th June 2016

## **Statement of directors' responsibilities in respect of the Directors' Report and the financial statements**

The directors are responsible 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 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 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 then apply them consistently;
- make judgments and 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 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.

## Independent auditor's report to the members of Freesat (UK) Limited

We have audited the financial statements of Freesat (UK) Limited for the year ended 31 March 2016 set out on pages 6 to 19. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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

### Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement as set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.


### Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

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

- adequate accounting records have not been kept, 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
- the directors were not entitled to take advantage of the small companies exemption in not preparing a strategic report.

  
John Edwards, (Senior Statutory Auditor)  
for and on behalf of KPMG LLP, Statutory Auditor  
Chartered Accountants  
15 Canada Square  
London  
E14 5GL  
United Kingdom  
9 June 2016

**Profit and Loss Account**  
*for the year ended 31 March 2016*

		2016	2015
	<u>Note</u>	<u>£000</u>	<u>£000</u>
Turnover	1,2	8,026	7,561
Cost of sales		(4,181)	(4,101)
<b>Gross profit</b>		<b>3,845</b>	<b>3,460</b>
Administrative expenses		(7,152)	(7,937)
<b>Operating loss</b>	3	<b>(3,307)</b>	<b>(4,477)</b>
Interest receivable	6	14	8
Interest payable	7	(799)	(738)
<b>Loss on ordinary activities before taxation</b>	3	<b>(4,092)</b>	<b>(5,207)</b>
Tax credit on loss on ordinary activities	8	802	1,077
<b>Loss after taxation</b>	14	<b>(3,290)</b>	<b>(4,130)</b>
<b>Other comprehensive income</b>		-	-
<b>Total comprehensive income for the year</b>		<b>(3,290)</b>	<b>(4,130)</b>

The operating loss for the year arises from the Company's continuing operations.

No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been presented in the profit and loss account.



## Balance Sheet

as at 31 March 2016

	<u>Note</u>	<u>2016</u> <u>£000</u>	<u>2016</u> <u>£000</u>	<u>2015</u> <u>£000</u>	<u>2015</u> <u>£000</u>
<b>Fixed assets</b>					
Tangible assets	9		111		221
<b>Current assets</b>					
Debtors (including £185,000 (2015: £185,000) due after more than one year)	10	16,140		15,914	
Cash at bank and in hand		4,002		4,409	
		<u>20,142</u>		<u>20,323</u>	
Creditors: amounts falling due within one year	12	(66,247)		(63,248)	
<b>Net current liabilities</b>			(46,105)		(42,925)
<b>Total assets less current liabilities</b>			(45,994)		(42,704)
<b>Net liabilities</b>			<u>(45,994)</u>		<u>(42,704)</u>
<b>Capital and reserves</b>					
Called up share capital	13		-		-
Profit and loss account	14		(45,994)		(42,704)
<b>Shareholders' deficit</b>			<u>(45,994)</u>		<u>(42,704)</u>

These financial statements were approved by the board of directors and authorised for issue on 8th June 2016 and were signed on its behalf by:



**Christy Swords**  
Director

Notes on pages 10 to 19 form part of the financial statements

**Statement for changes in equity**  
*for the year ended 31 March 2016*

	Called up share capital	Profit and loss account	Total equity	Called up share capital	Profit and loss account	Total equity
	<u>2016</u> <u>£000</u>	<u>2016</u> <u>£000</u>	<u>2016</u> <u>£000</u>	<u>2015</u> <u>£000</u>	<u>2015</u> <u>£000</u>	<u>2015</u> <u>£000</u>
Balance as at 1 April	-	(42,704)	(42,704)	-	(38,574)	(38,574)
Total comprehensive income for the period						
Loss for the period	-	(3,290)	(3,290)	-	(4,130)	(4,130)
Other comprehensive income	-	-	-	-	-	-
Balance as at 31 March	-	(45,994)	(45,994)	-	(42,704)	(42,704)

Notes on pages 10 to 19 form part of the financial statements

## Cash Flow Statement

for the year ended 31 March 2016

	<i>Note</i>	<b>2016 £000</b>	<b>2016 £000</b>	<b>2015 £000</b>	<b>2015 £000</b>
<b>Cash flows from operating activities</b>					
Loss for the year			(3,290)		(4,130)
Adjustments for:					
Depreciation, amortisation and impairment		123		131	
Interest receivable and similar charges		(14)		(8)	
Interest payable and similar charges		799		738	
Taxation		(802)		(1,077)	
			106		(216)
			(3,184)		(4,346)
Decrease in debtors		575		13	
(Decrease) in creditors		(1,639)		(160)	
			(1,064)		(147)
<b>Net cash from operating activities</b>			<b>(4,248)</b>		<b>(4,493)</b>
<b>Cash flows from investing activities</b>					
Interest received		14		8	
Acquisition of tangible fixed assets	9	(13)		(62)	
<b>Net cash from investing activities</b>			<b>1</b>		<b>(54)</b>
<b>Cash flows from financing activities</b>					
Shareholder loans		3,840		4,000	
<b>Net cash from financing</b>			<b>3,840</b>		<b>4,000</b>
<b>Net decrease in cash and cash equivalents</b>			<b>(407)</b>		<b>(547)</b>
Cash and cash equivalents as at 1 April 2015			<b>4,409</b>		<b>4,956</b>
<b>Cash and cash equivalents as at 31 March 2016</b>	11		<b>4,002</b>		<b>4,409</b>

Notes on pages 10 to 19 form part of the financial statements

## Notes

### *(forming part of the financial statements)*

#### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

##### ***Basis of preparation***

These financial statements were prepared in accordance with Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102") as issued in August 2014. The amendments to FRS 102 issued in July 2015 and effective immediately have been applied. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000. In the transition to FRS 102 from old UK GAAP, the Company has made no measurement and recognition adjustments.

The Company has net liabilities of £45,993,933 (2015: £42,703,961) and net current liabilities of £46,105,202 (2015: £42,925,250), of which shareholders' loans represent £59,369,937 (2014: £54,731,361) (see note 11).

Notwithstanding these facts, the financial statements have been prepared on the going concern basis, which the directors believe to be appropriate for the following reasons.

The Company is dependent for its working capital on funds provided to it by BBC Free to View (Satellite) Limited and ITV Broadcasting Limited, the Company's shareholders. BBC Free to View (Satellite) Limited and ITV Broadcasting Limited have indicated to the Company that for at least 12 months from the date of approval of these financial statements, they will continue to make available such funds as are needed by the Company and in particular will not seek repayment of the amounts currently made available. The directors consider that this should enable the Company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. As with any Company placing reliance on related entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Based on these indications the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. However, the continued availability of shareholder support represents a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern and, therefore, to continue realising its assets and discharging its liabilities in the normal course of business. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

##### ***Fixed assets and depreciation***

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Leasehold land and buildings	-	life of lease or useful economic life of assets, if shorter
Plant and machinery	-	over 3 years
Fixtures, fittings, tools and equipment	-	over 4 years
Motor vehicles	-	over 4 years

##### ***Stock***

Stocks of Freesat approved receivers are stated at the lower of cost and net realisable value. Cost includes all direct costs in bringing the stocks to their present location and condition. Net realisable value is based on estimated selling price less any further cost expected to be incurred on disposal.

##### ***Basic financial instruments***

###### ***Cash and cash equivalents***

Cash and cash equivalents comprise cash balances and call deposits.

###### ***Shareholder Loans***

Shareholder loans are repayable on demand and as such are classified as creditors due within one year and measured at the undiscounted amount expected to be paid in accordance with paragraph 11.14(a) of FRS102.

##### ***Leases***

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

## Notes (continued)

### 1 Accounting policies (continued)

#### Post-retirement benefits

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

#### Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

#### Turnover

Turnover which is stated net of value added tax, represents annual subscription fees and registration fees invoiced to broadcasters.

Annual subscription fees are paid in advance and treated as deferred income. The deferred income is recognised as revenue in the profit and loss account monthly instalments over the period of the subscription contract.

### 2 Analysis of turnover

	2016 <u>£000</u>	2015 <u>£000</u>
<b>By activity</b>		
Electronic Program Guide fees	7,732	7,227
Registration fees	30	27
Other	264	307
	<u>8,026</u>	<u>7,561</u>
<b>By geographical market</b>		
UK	<u>8,026</u>	<u>7,561</u>

## Notes (continued)

### 3 Notes to the profit and loss account

	<b>2016</b> <b>£000</b>	<b>2015</b> <b>£000</b>
<b>Loss on ordinary activities before taxation is stated after charging:</b>		
Depreciation of owned tangible fixed assets	123	131
Operating lease payments	166	166
	<hr/>	<hr/>

Auditor's remuneration:

	<b>2016</b> <b>£000</b>	<b>2015</b> <b>£000</b>
Audit of these financial statements	15	19
	<hr/>	<hr/>

### 4 Remuneration of directors

No emoluments were paid to the directors during the financial year (2015: £nil).

### 5 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the year, analysed by category, was as follows:

	<b>Year Ended</b> <b>2016</b>	<b>Year ended</b> <b>2015</b>
Management and administration	9	10
Marketing	10	10
Technical	11	10
	<hr/>	<hr/>
	30	30
	<hr/>	<hr/>

The aggregate payroll costs of these persons were as follows:

	<b>2016</b> <b>£000</b>	<b>2015</b> <b>£000</b>
Wages and salaries	2,002	2,355
Social security costs	265	289
Pension costs	117	130
Other benefits	21	26
	<hr/>	<hr/>
	2,405	2,800
	<hr/>	<hr/>

## Notes *(continued)*

### 6 Interest receivable

	<b>2016</b> <b>£000</b>	<b>2015</b> <b>£000</b>
Bank interest receivable	<b>14</b>	<b>8</b>

### 7 Interest payable

	<b>2016</b> <b>£000</b>	<b>2015</b> <b>£000</b>
Interest payable on shareholder loans	<b>799</b>	<b>738</b>

### 8 Taxation

#### *Analysis of credit in year*

	<b>2016</b> <b>£000</b>	<b>2015</b> <b>£000</b>
<i>UK corporation tax</i>		
Current tax credit on loss for year	<b>(803)</b>	<b>(1,076)</b>
Adjustments in respect of previous years	<b>-</b>	<b>-</b>
<b>Total current tax credit</b>	<b>(803)</b>	<b>(1,076)</b>
<i>Deferred tax</i>		
Origination/reversal of timing differences	<b>(14)</b>	<b>(14)</b>
Tax rate reduction	<b>15</b>	<b>14</b>
Adjustment in respect of previous years	<b>-</b>	<b>(1)</b>
<b>Total deferred tax</b>	<b>1</b>	<b>(1)</b>
<b>Tax credit on loss on ordinary activities</b>	<b>(802)</b>	<b>(1,077)</b>

## Notes (continued)

### 8 Taxation (continued)

#### Factors affecting the tax credit for the current year

The current tax credit for the year is lower (2015: lower) than the standard rate of corporation tax in the UK 20% (2015: 21%). The differences are explained below.

	2016 £000	2015 £000
<i>Current tax reconciliation</i>		
Loss on ordinary activities before tax	(4,092)	(5,207)
Current tax at 20% (2015: 21%)	(818)	(1,093)
<i>Effects of:</i>		
Expenses not deductible for tax purposes	2	3
Depreciation in excess of capital allowances	13	14
<b>Total current tax credit (see above)</b>	<b>(803)</b>	<b>(1,076)</b>

The elements of deferred taxation are as follows:

	2016 £000	2015 £000
Accelerated capital allowances	24	25

A deferred tax asset of £24,000 (2015: £25,000) exists at the year end (see note 10).

The UK Government has announced a phased reduction in the main rate of corporation tax in the UK. On 1 April 2015, the rate was reduced from 21% to 20%. The next reduction in the rate will be on the 1 April 2017 when the rate will reduce from 20% to 19%. The deferred tax asset at 31 March 2016 has been calculated based on the rate of 20% substantively enacted at the balance sheet date.



## Notes (continued)

### 9 Tangible fixed assets

	Leasehold improvements £000	Plant and machinery £000	Fixtures, fittings, tools and equipment £000	Motor vehicles £000	Total £000
<b>Cost</b>					
As at 1 April 2015	296	461	29	66	852
Additions	-	13	-	-	13
Disposals	-	-	-	-	-
<b>As at 31 March 2016</b>	<b>296</b>	<b>474</b>	<b>29</b>	<b>66</b>	<b>865</b>
<b>Depreciation</b>					
As at 1 April 2015	(179)	(368)	(18)	(66)	(631)
Charge for year	(61)	(55)	(7)	-	(123)
Disposed	-	-	-	-	-
<b>As at 31 March 2016</b>	<b>(240)</b>	<b>(423)</b>	<b>(25)</b>	<b>(66)</b>	<b>(754)</b>
<b>Net book value</b>					
<b>As at 31 March 2016</b>	<b>56</b>	<b>51</b>	<b>4</b>		<b>111</b>
As at 31 March 2015	117	93	11	-	221

### 10 Debtors

	2016 £000	2015 £000
Trade debtors	2,117	2,474
Rent deposit	185	185
Amounts due from related parties	12,849	13,050
Deferred tax asset (see note 8)	24	25
Other debtors	649	2
Prepayments and accrued income	316	178
	<b>16,140</b>	<b>15,914</b>

Debtors include a rent deposit of £185,000 (2015: £185,000) due after more than one year.

### 11 Cash and cash equivalents

	2016 £000	2015 £000
Cash at bank and in hand	<b>4,002</b>	<b>4,409</b>

## Notes (continued)

### 12 Creditors: amounts falling due within one year

	2016 <u>£000</u>	2015 <u>£000</u>
Trade creditors	599	132
Other creditors	130	556
Accruals and deferred income	6,148	7,829
Shareholders' loans (note 18)	59,370	54,731
	<u>66,247</u>	<u>63,248</u>

Trade creditors include £nil (2014: £nil) payable to related parties due within one year.

Shareholder loans are repayable on demand, but both shareholders have indicated that they will not seek repayment for the foreseeable future and in any event for a period of no less than twelve months from the date of approval of these financial statements.

### 13 Called up share capital

	2016 <u>£</u>	2015 <u>£</u>
<b>Allotted, called up and fully paid</b>		
100 ordinary shares of £1 each	100	100

The Company has not issued any shares during the year.

### 14 Reserves

	Profit and loss Account	Profit and loss Account
	2016 <u>£000</u>	2015 <u>£000</u>
At beginning of year	(42,704)	(38,574)
Loss for year	(3,290)	(4,130)
<b>At end of year</b>	<u>(45,994)</u>	<u>(42,704)</u>

## Notes (continued)

### 15 Reconciliation of movement in net debt

	At 1 April 2015 <u>£000</u>	Cash flow <u>£000</u>	Non-cash movements <u>£000</u>	At 31 March 2016 <u>£000</u>
Cash at bank and in hand	4,409	(407)	-	4,002
Shareholders' loans (note 18)	(54,731)	(3,840)	(799)	(59,370)
<b>Total</b>	<u>(50,322)</u>	<u>(4,247)</u>	<u>(799)</u>	<u>(55,368)</u>

### 16 Commitments

Annual commitments under non-cancellable operating leases are as follows:

	2016 <u>£000</u>	2015 <u>£000</u>
<b>(a) Land and buildings operating leases which expire:</b>		
Within one year	185	-
In the second to fifth years inclusive	-	185
Over five years	-	-
	<u>185</u>	<u>185</u>
	2016 <u>£000</u>	2015 <u>£000</u>
<b>(b) Transponder agreement which expires:</b>		
Within one year	-	-
In the second to fifth years inclusive	2,000	2,000
Over five years	-	-
	<u>2,000</u>	<u>2,000</u>

## Notes (continued)

### 17 Defined contribution pension scheme

The Company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the Company to the scheme which amounted to £116,852 (2015: £129,663).

As at 31 March 2016, pension contributions amounting to £17,616 (2015: £16,592) were payable by the company to the scheme and are included within other creditors.

### 18 Related party disclosures

The Company is a joint venture and is equally controlled by two shareholders, being BBC Free to View (Satellite) Limited (50%) and ITV Broadcasting Limited (50%).

The Company entered into the following related party transactions during the year.

	2016 £000	2015 £000
<b>Revenue</b>		
EPG revenue – BBC	1,843	1,608
Registration fees – BBC	2	8
EPG revenue – ITV	966	914
Registration fees – ITV	6	5
	<hr/> 2,817 <hr/>	<hr/> 2,535 <hr/>

Within administration expenses, Freesat incurred expenses that were recharged to related parties as follows:

	2016 £000	2015 £000
<b>BBC</b>	-	54
<b>ITV</b>	-	-
	<hr/> - <hr/>	<hr/> 54 <hr/>

The Company had the following balances with the shareholders as at 31 March 2016:

	2016 £000	2015 £000
<b>Debtors</b>		
Trade debtors – BBC	-	1,210
Trade debtors - ITV Broadcasting Limited	689	483
Tax recoverable - BBC group relief	6,356	5,955
Tax recoverable - BBC Worldwide group relief	1,044	1,044
Tax recoverable - ITV group relief	4,760	4,358
	<hr/> 12,849 <hr/>	<hr/> 13,050 <hr/>

## Notes *(continued)*

### 18 Related party disclosures *(continued)*

The Company had the following balances with the shareholders as at 31 March 2016:

	2016 <u>£000</u>	2015 <u>£000</u>
<b>Creditors: amounts falling due within one year</b>		
Shareholder loan - BBC Free to View (Satellite) Limited	29,935	27,612
Shareholder loan - ITV Broadcasting Limited	29,435	27,119
	<u>59,370</u>	<u>54,731</u>