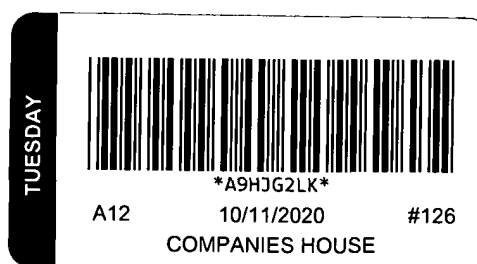


# **Freesat (UK) Limited**

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

**Registered number 6250097**

**Year ended 31 March 2020**



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## Directors' report

The Directors present their Directors' report and audited financial statements for the year ended 31 March 2020.

### Principal activity

The principal activity of Freesat (UK) Limited during the year was to provide a universally available free-to-air satellite platform in the UK.

### Research and development activity

During the year, the Company has completed the development of a new generation Set Top Box (STB) for the UK market. The product was launched for sale in the UK in February 2020.

### Proposed dividend

The Directors do not recommend the payment of a dividend (2019: *£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 13 days (2019: 10 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  
TW Ansell  
PA Thornton-Jones  
F Aftab

### Political and charitable contributions

The Company made charitable donations of £253 during the year (2019: *£nil*). The Company made no political donations or political expenditure during the year (2019: *£nil*).

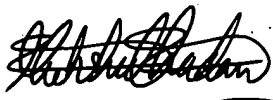
### Disclosure of information to auditor

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



M Hadavinia  
Secretary

23-24 Newman Street  
London  
W1T 1PJ

28<sup>th</sup> October 2020

## **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 judgements 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;
- 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 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 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.

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

### **Opinion**

We have audited the financial statements of Freesat (UK) Limited ("the company") for the year ended 31 March 2020 which comprise the Profit and Loss Account, Balance Sheet, Statement of Changes in Equity, 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 company's affairs as at 31 March 2020 and of its profit for the year 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 company 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.

### **Going concern**

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that 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 its 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 company's business model and analysed how those risks might affect the 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 company will continue in operation.

### **Directors' report**

The directors are responsible for the directors' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read 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 directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has 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, 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.

We have nothing to report in these respects.

### **Directors' responsibilities**

As explained more fully in their 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; 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 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 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.



**John Edwards (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
15 Canada Square  
London  
E14 5GL  
28 October 2020

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

	<u>Note</u>	<b>2020</b> <b>£'000</b>	2019 <u>£'000</u>
<b>Turnover</b>		<b>14,139</b>	14,457
Cost of sales		<b>(3,508)</b>	(4,214)
		<hr/>	<hr/>
<b>Gross profit</b>		<b>10,631</b>	10,243
Administrative expenses		<b>(7,352)</b>	(8,297)
		<hr/>	<hr/>
<b>Operating profit</b>		<b>3,279</b>	1,946
Interest receivable		<b>55</b>	13
Interest payable		<b>(1,074)</b>	(1,039)
		<hr/>	<hr/>
<b>Profit on ordinary activities before taxation</b>	2	<b>2,260</b>	920
Tax (charge)/credit on profit/(loss) on ordinary activities	5	<b>149</b>	(10)
		<hr/>	<hr/>
<b>Profit after taxation</b>	12	<b>2,409</b>	910
<b>Other comprehensive income</b>		-	-
		<hr/>	<hr/>
<b>Total comprehensive income for the year</b>		<b>2,409</b>	910
		<hr/> <hr/>	<hr/> <hr/>

The operating profit 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.

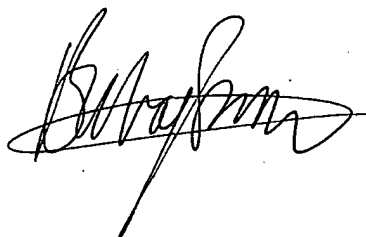
Notes on pages 9 to 19 form part of the financial statements

## Balance Sheet as at 31 March

		2020	2020	2019	2019
	<i>Note</i>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
<b>Fixed assets</b>					
Tangible assets	6		399		185
Intangible assets	7		1,427		572
<b>Current assets</b>					
Stock	8	763		-	
Debtors (including £185,000 (2019: £185,000) due after more than one year)	9	22,649		23,338	
Cash at bank and in hand		7,610		5,052	
		<u>31,022</u>		<u>28,390</u>	
<b>Creditors: amounts falling due within one year</b>	10	<u>(82,434)</u>		<u>(81,142)</u>	
<b>Net current liabilities</b>			<u>(51,412)</u>		<u>(52,752)</u>
<b>Total assets less current liabilities</b>			<u>(49,586)</u>		<u>(51,995)</u>
<b>Net liabilities</b>			<u>(49,586)</u>		<u>(51,995)</u>
<b>Capital and reserves</b>					
Called up share capital	11		-		-
Profit and loss account	12		(49,586)		(51,995)
<b>Shareholders' deficit</b>			<u>(49,586)</u>		<u>(51,995)</u>

These financial statements were approved by the Board of Directors and authorised for issue on 28<sup>th</sup> October 2020 and were signed on its behalf by:

BS Samra  
Director



Notes on pages 9 to 19 form part of the financial statements



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

	Called up share capital	Profit and loss account	Total equity	Called up share capital	Profit and loss account	Total equity
	<u>2020</u> <u>£'000</u>	<u>2020</u> <u>£'000</u>	<u>2020</u> <u>£'000</u>	<u>2019</u> <u>£'000</u>	<u>2019</u> <u>£'000</u>	<u>2019</u> <u>£'000</u>
Balance as at 1 April	-	(51,995)	(51,995)	-	(52,905)	(52,905)
Total comprehensive income for the period						
Profit for the year	-	2,409	2,409	-	910	910
Balance as at 31 March	-	(49,586)	(49,586)	-	(51,995)	(51,995)

Notes on pages 9 to 19 form part of the financial statements

## Cash Flow Statement for the year ended 31 March

	<u>Note</u>	<b>2020</b> <b>£'000</b>	<b>2020</b> <b>£'000</b>	<b>2019</b> <b>£'000</b>	<b>2019</b> <b>£'000</b>
<b>Cash flows from operating activities</b>					
Profit for the year			<b>2,409</b>		910
Adjustments for:					
Depreciation, amortisation and impairment		113		30	
Interest receivable and similar charges		(55)		(13)	
Interest payable and similar charges		1,074		1,039	
Taxation		(149)		10	
			<b>983</b>		1,066
			<b>3,392</b>		1,976
(Increase) in stock		(763)		-	
Decrease in debtors		838		745	
(Decrease)/Increase in creditors		218		(827)	
			<b>293</b>		(82)
<b>Net cash from operating activities</b>			<b>3,685</b>		1,894
<b>Cash flows from investing activities</b>					
Interest received		55		13	
Acquisition of tangible fixed assets	6	(303)		(130)	
Development of intangible assets	7	(879)		(572)	
<b>Net cash from investing activities</b>			<b>(1,127)</b>		(689)
<b>Net decrease in cash and cash equivalents</b>			<b>2,558</b>		1,205
Cash and cash equivalents as at 1 April			<b>5,052</b>		3,847
<b>Cash and cash equivalents as at 31 March</b>	13		<b>7,610</b>		5,052

Notes on pages 9 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 presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000. The financial statements are prepared on the historical cost basis.

The Company has net liabilities of £49,586,000 (2019: £51,995,000) and net current liabilities of £51,412,000 (2019: £52,752,000), of which shareholders' loans represent £70,663,000 (2019: £69,589,000) (see note 10).

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:

With specific consideration to the financial position of the Company in the context of the coronavirus pandemic, the Directors recognise that, at the date of approving these financial statements, the full impact of the outbreak is unknown at this time and is unpredictable. The directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements, considering the potential plausible downsides resulting from the pandemic, including delays in receipts of outstanding customer payments, reduced sales demand, increased trade credit risk and customer churn; and unfavourable fluctuations in FX. The Directors consider such scenarios unlikely, however, in the event of such circumstances, the forecasts indicate that the company will have sufficient funds to meet its liabilities as they fall due for that period. For the period commencing 1<sup>st</sup> April 2020 the Company will be dependent on its revenues to meet future liabilities as they fall due and not dependent on funding provided 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 not seek repayment of the amounts previously made available.

Based on these indications, the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

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

Tangible fixed assets are stated at cost less accumulated 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 improvements	-	life of lease or useful economic life of assets, if shorter
Plant and machinery	-	over 3 to 5 years
Fixtures, fittings, tools and equipment	-	over 4 years
Motor vehicles	-	over 4 years

## Notes (continued)

### 1 Accounting policies (continued)

#### **Intangible assets**

Expenditure on research activities is recognised in the profit and loss account as an expense as incurred. Expenditure on development activities may be capitalised if the product or process is technically and commercially feasible and the Company intends and has the technical ability and sufficient resources to complete development, future economic benefits are probable and if the Company can measure reliably the expenditure attributable to the intangible asset during its development. Development activities involve design for, construction or testing of the production of new or substantially improved products or processes. The expenditure capitalised includes the cost of direct labour and technical costs. Other development expenditure is recognised in the profit and loss account as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses.

#### **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.

##### *Trade and other debtors/creditors*

Trade and other debtors are recognised initially at transaction price plus attributable transaction costs. Trade and other creditors are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors.

##### *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.

#### **Impairment**

##### *Financial asset*

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment, an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

## **Notes** *(continued)*

### **1 Accounting policies** *(continued)*

#### ***Non-financial asset***

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

#### ***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, registration fees, product development, support fees and maintenance invoiced to broadcasters.

Annual subscription fees are invoiced in advance of the subscription period. Where the Company has a right to invoice customers in advance, a receivable is recognised to the extent the Company has an enforceable right to collect the advance, together with deferred revenue and refundable advances for the non-refundable portion and refundable portions respectively.

Revenue from product development fees are recognised based on project milestones achieved. Revenue from support and maintenance contracts are recognised over the term of the contract

## Notes (continued)

### 2 Notes to the profit and loss account

	2020 <u>£'000</u>	2019 <u>£'000</u>
<b><i>Profit on ordinary activities before taxation is stated after charging:</i></b>		
Depreciation of owned tangible fixed assets	89	30
Amortisation of owned intangible assets	24	-
Operating lease payments	235	235
	<u>          </u>	<u>          </u>

Auditor's remuneration:

	2020 <u>£'000</u>	2019 <u>£'000</u>
Audit of these financial statements	25	18
	<u>          </u>	<u>          </u>

### 3 Remuneration of Directors

No emoluments were paid to the Directors during the financial year (2019: £nil).

### 4 Staff numbers and costs

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

	Number of employees	
	Year ended <u>2020</u>	Year ended <u>2019</u>
Management and administration	12	10
Marketing	10	11
Technical	12	11
	<u>          </u>	<u>          </u>
	34	32
	<u>          </u>	<u>          </u>

The aggregate payroll costs of these persons were as follows:

	2020 <u>£'000</u>	2019 <u>£'000</u>
Wages and salaries	2,279	2,301
Social security costs	274	276
Pension costs	327	136
Other benefits	23	25
	<u>          </u>	<u>          </u>
	2,903	2,738
	<u>          </u>	<u>          </u>

## Notes (continued)

### 5 Taxation

#### Analysis of charge/(credit) in year

	2020 <u>£'000</u>	2019 <u>£'000</u>
<b>Current tax</b>		
UK corporation tax	-	-
Adjustments in respect of previous years	(195)	12
<b>Total current tax charge/(credit)</b>	<u>(195)</u>	<u>12</u>
<b>Deferred tax</b>		
Origination and reversal of temporary differences	47	(1)
Prior year adjustments	1	-
Change of tax rate	(2)	(1)
<b>Total deferred tax</b>	<u>46</u>	<u>(2)</u>
<b>Tax charge/(credit) on results on ordinary activities</b>	<u><u>(149)</u></u>	<u><u>10</u></u>

The difference between the total tax shown above and the amount calculated by applying the standard rate of UK corporation tax is as follows:

#### Factors affecting the tax charge/(credit) for the year

	2020 <u>£'000</u>	2019 <u>£'000</u>
<b>Current tax reconciliation</b>		
Profit on ordinary activities before tax	2,260	920
<b>Current tax at 19% (2019: 19%)</b>	<u>429</u>	<u>175</u>
<b>Effects of:</b>		
Expenses not deductible for tax purposes	6	1
Depreciation (less than)/in excess of capital allowances	(47)	(8)
Origination and reversal of temporary differences	47	(1)
Other temporary differences	-	9
Adjustment in respect of prior years	(194)	12
Tax rate reduction	(2)	(1)
Tax losses utilised	(388)	(177)
<b>Total current tax charge/(credit) on results on ordinary activities (see above)</b>	<u><u>(149)</u></u>	<u><u>10</u></u>

The elements of deferred taxation are as follows:

	2020 <u>£'000</u>	2019 <u>£'000</u>
Accelerated capital allowances	(38)	9
Other temporary differences	10	9
<b>Total deferred tax</b>	<u><u>(28)</u></u>	<u><u>18</u></u>

## Notes (continued)

### 5 Taxation (continued)

A deferred tax liability of £28,000 (2019: deferred tax asset of £18,000) exists at the year end (see note 8).

Deferred tax assets have not been recognised in respect of prior year losses brought forward. The carry forward balance of these losses at year end is £5,110,586 with a tax amount of £971,011 (2019: £7,154,272 with a tax amount of £1,359,312). The Directors do not believe that the prior year losses will be recoverable against future probable taxable profits, even as the Company has made a profit in the current year as the company is expected to re-invest these profits into future business development.

The March 2020 Budget announced that a Corporation Tax rate of 19% would continue to apply with effect from 1 April 2020 and this change was substantively enacted on 17 March 2020. The deferred tax liability at 31 March 2020 has been calculated based on this rate.

### 6 Tangible assets

	Leasehold improvements £'000	Plant and machinery £'000	Fixtures, fittings, tools and equipment £'000	Total £'000
<b>Cost</b>				
As at 1 April 2019	296	612	109	1,017
Additions	-	303	-	303
	<hr/>	<hr/>	<hr/>	<hr/>
<b>As at 31 March 2020</b>	<b>296</b>	<b>915</b>	<b>109</b>	<b>1,320</b>
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>				
As at 1 April 2019	(295)	(500)	(37)	(832)
Charge for year	(1)	(68)	(20)	(89)
	<hr/>	<hr/>	<hr/>	<hr/>
<b>As at 31 March 2020</b>	<b>(296)</b>	<b>(568)</b>	<b>(57)</b>	<b>(921)</b>
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net book value</b>				
As at 31 March 2020	-	347	52	399
	<hr/>	<hr/>	<hr/>	<hr/>
As at 31 March 2019	1	112	72	185
	<hr/>	<hr/>	<hr/>	<hr/>



## Notes (continued)

### 7 Intangible assets

	<b>Capitalised Development £'000</b>	<b>Total £'000</b>
<b>Cost</b>		
As at 1 April 2019	572	572
Additions – Internally developed	879	879
	<hr/>	<hr/>
<b>As at 31 March 2020</b>	<b>1,451</b>	<b>1,451</b>
	<hr/>	<hr/>
<b>Amortisation</b>		
As at 1 April 2019	-	-
Charge for year	(24)	(24)
Disposed	-	-
	<hr/>	<hr/>
<b>As at 31 March 2020</b>	<b>(24)</b>	<b>(24)</b>
	<hr/>	<hr/>
<b>Net book value</b>		
<b>As at 31 March 2020</b>	<b>1,427</b>	<b>1,427</b>
	<hr/>	<hr/>
As at 31 March 2019	572	572
	<hr/>	<hr/>

During the year the company completed the development of a new generation Set Top Box (STB) for the UK market. The product was launched for sale in the UK in February 2020.

Capitalised development costs are not treated as a realised loss for the purpose of determining the Company's distributable profits as the costs meet the conditions requiring them to be treated as an asset in accordance with FRS 102 Section 18.

### 8 Stock

	<b>2020 £'000</b>	<b>2019 £'000</b>
Finished goods and goods for resale	<b>763</b>	-
	<hr/>	<hr/>

Stock consists of Freesat's new generation Set Top Box (STB) launched in the UK market in February 2020. Stock is stated at the lower of cost and net realisable value.

## Notes (continued)

### 9 Debtors

	2020	2019
	<u>£'000</u>	<u>£'000</u>
Trade debtors	5,474	6,710
Rent deposit	185	185
Amounts due from related parties	16,069	15,853
Deferred tax asset (see note 5)	-	18
Other debtors	14	22
Prepayments and accrued income	907	550
	<u>22,649</u>	<u>23,338</u>

Debtors include a rent deposit of £185,000 (2019: £185,000) due after more than one year.

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

	2020	2019
	<u>£'000</u>	<u>£'000</u>
Trade creditors	256	249
Amounts payable to related parties	193	-
Other creditors	648	1,130
Accruals and deferred revenue	7,921	7,358
Refundable advances	2,725	2,816
Deferred tax liability (see note 5)	28	-
Shareholders' loans (note 15)	70,663	69,589
	<u>82,434</u>	<u>81,142</u>

Shareholder loans are repayable on demand, but both shareholders have indicated that they will not seek repayment in 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.

### 11 Called up share capital

	2020	2019
	<u>£</u>	<u>£</u>
<b>Allotted, called up and fully paid</b>		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>

The Company has not issued any shares during the year (2019: £nil).

## Notes (continued)

### 12 Reserves

	Profit and loss Account	Profit and loss Account
	2020 £'000	2019 £'000
At beginning of year	(51,995)	(52,905)
Profit for year	2,409	910
<b>At end of year</b>	<b>(49,586)</b>	<b>(51,995)</b>

### 13 Reconciliation of movement in net debt

	At 1 April 2019 £'000	Cash flow £'000	Non-cash movements £'000	At 31 March 2020 £'000
Cash at bank and in hand	5,052	2,558	-	7,610
Shareholders' loans (note 16)	(69,589)	-	(1,074)	(70,663)
<b>Total</b>	<b>(64,537)</b>	<b>2,558</b>	<b>(1,074)</b>	<b>(63,053)</b>

### 14 Commitments

Commitments under non-cancellable operating leases are as follows:

	2020 £'000	2019 £'000
<b>(a) Land and buildings operating leases</b>		
Due within one year	235	235
Due between the second to fifth years inclusive	196	235
Due after five years	-	-
	<b>431</b>	<b>470</b>
<b>(b) Transponder agreement</b>		
Due within one year	1,652	1,652
Due between the second to fifth years inclusive	6,608	6,608
Due after five years	1,239	2,891
	<b>9,499</b>	<b>11,151</b>

## Notes (continued)

### 15 Defined contribution pension scheme

The Company operates a defined contribution pension scheme. On 1<sup>st</sup> April 2019, the Company transitioned to a salary sacrifice pension scheme. The pension cost charge for the year represents contributions payable by the Company to the scheme which amounted to £327,122 (2019: £136,305).

As at 31 March 2020, pension contributions amounting to £nil (2019: £nil) was payable by the Company to the scheme and are included within other creditors.

### 16 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.

	2020 <u>£'000</u>	2019 <u>£'000</u>
<b>Revenue</b>		
EPG revenue - BBC	3,732	3,685
EPG revenue - ITV	2,710	2,710
	<u>6,442</u>	<u>6,395</u>

The Company had the following balances with the shareholders as at 31 March 2020:

	2020 <u>£'000</u>	2019 <u>£'000</u>
<b>Debtors</b>		
Tax recoverable - BBC group relief	6,934	6,836
Tax recoverable - BBC Worldwide group relief	1,404	1,403
Tax recoverable - ITV group relief	5,695	5,598
Subscription fees - BBC	1,960	2,016
Support fees - BBC	76	-
	<u>16,069</u>	<u>15,853</u>

## Notes (continued)

	2020 <u>£'000</u>	2019 <u>£'000</u>
<b>Creditors: amounts falling due within one year</b>		
Shareholder loan - BBC Free to View (Satellite) Limited	35,594	35,054
Shareholder loan - ITV Broadcasting Limited	35,069	34,535
Systems upgrade - BBC	193	-
Support fees - BBC	-	16
	<u>70,856</u>	<u>69,605</u>

Shareholder loans are repayable on demand, but both shareholders have indicated that they will not seek repayment in 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. Interest is calculated at commercial rates based on the Bank of England rate plus appropriate margin. During the year, interest charges totalling £540,389 (2019: £522,922) to the BBC and £533,506 (2019: £516,262) to ITV. During the year, the Company paid support fees of £88,056 (2019: £164,056) to the BBC.

## 17 Subsidiaries

The Company's subsidiary undertakings and partnership interests are as follows:

	Country of incorporation	Class of Shares Held	Proportion of shares held  %	Status
Freesat Worldwide Ltd	United Kingdom	Ordinary	100	Dormant
Free TV Alliance Ltd	United Kingdom	Ordinary	25	Dormant

## 18 Subsequent Events

In the period since 31 March 2020 and as of the date of approval of these financial statements the company has been addressing issues arising from the global outbreak of COVID-19. In the directors' judgement the outbreak of COVID-19 has not required any post-balance sheet adjustment to be made to, or specific disclosure of the potential impact of the virus to be provided in respect of, any of the company's balance sheet assets and liabilities reported as at 31 March 2020, although there is an evident economic risk exposure for its business in 2020 and potentially beyond, as discussed in Note 1.