

# **Satellite Information Services Limited**

**Directors' report and financial statements  
for the year ended 31 March 2012**

**Registered No: 04243307**



# **Satellite Information Services Limited**

## **Report of the directors for the year ended 31 March 2012**

The directors present their report and the audited financial statements of Satellite Information Services Limited ("the Company") for the year ended 31 March 2012

### **Principal activities, review of business and future developments**

The Company's principal activities are

- the provision of satellite news-gathering and associated transmission services through its market-leading SISLink division (Uplink Services),
- its long-established business of providing integrated television and information services delivered via satellite to licensed betting offices in the United Kingdom, Ireland and overseas (Racing Services), and,
- the provision of television production services for other broadcasters (Production & Data Services)

In April 2011 the Group announced plans to undergo one of the biggest developments in its history with the move of its head offices to MediaCityUK, Salford. Plans are under way for the Group to move out of its Corsham Street offices and expand its Milton Keynes operation. Some departments have already moved and therefore relocation and redundancy costs have been incurred during the year. Consultations continue with staff about the move and those wishing to relocate have been given detailed information and advice on moving to either the Milton Keynes or Manchester areas. Exceptional costs relating to the relocation of £2.4 million have been charged to the Profit and Loss account in the year ended 31<sup>st</sup> March 2012, and further costs will be incurred in the following year. The relocation is expected to be completed by the end of 2012.

The development marks a milestone in the Group's growth as a leading provider of services to the betting and broadcast markets. Going to MediaCityUK puts the Group at the heart of the UK media and broadcast industry, building on the position already established by the formation in 2011 of a joint venture with MediaCityUK owners, Peel Media. The JV provides studio, post production and technical facilities to other tenants, such as the BBC and ITV.

Following the award of the Commonwealth Games (CWG) contract in October 2009, a partnership in the name of SIS LIVE was set up on 7<sup>th</sup> January 2010 by Satellite Information Services Limited and SIS Outside Broadcasts Limited to deliver the host broadcast production and facilities contract for the 2010 CWG. SIS LIVE provided full host broadcast television production facilities for the CWG in India during October 2010. Whilst TV coverage was concluded successfully (and has generated plaudits from the International television community), due to post Games developments in India in Government circles, approximately 40% of the contract has still not been paid. SIS LIVE has withheld payment of a corresponding proportion from its principal Indian subcontractor. Arbitration proceedings have been initiated to recover the outstanding payment from the Indian broadcaster. Hearings are expected to begin in late 2012 or early 2013. A provision of £5.9m was charged to the profit and loss account in the year ended 31<sup>st</sup> March 2011 and it remains appropriate to maintain the provision at that level to cover any exposure against these outstanding transactions.

# Satellite Information Services Limited

## Report of the directors for the year ended 31 March 2012 (continued)

### Results and dividends

The Company's profit after taxation for the financial year is £21,705,000 (2011 profit of £19,476,000) and turnover of £189,152,000 (2011 £168,879,000). The Company has net assets of £58,430,000 (2011 £52,725,000). Dividends of £16,000,000 were proposed and paid to the company's parent undertaking, Satellite Information Services (Holdings) Limited, during the year in respect of ordinary shares (2011 £nil).

### Key Performance Indicators ("KPIs")

The Company has made progress on its strategies during the year. The monitoring process is through KPIs, which are shown below.

	2012	2011	Definition, calculation and analysis
Growth in Turnover (%)	12.0%	5.2%	Year on year sales growth expressed as a percentage. Sales have improved through consistent content pricing strategy and additional product offerings to the LBO customer base.
Operating profit margin before exceptional costs (%)	16.4%	14.3%	Operating profit margin is the ratio of operating profit (total operating profit before exceptional items) to sales, expressed as a percentage.
Average number of employees	502	502	The average number of employees in employment with the Company.

### Business Environment

The Company is one of the most experienced television and production service providers in Europe. With a fleet of over 90 uplinks covering the spectrum of state-of-the-art uplink trucks, and its proprietary automated uPOD technology and its rapidly deployed, dismountable Drive Fly kits, it is now the largest provider of transportable satellite uplink services in the world, transmitting tens of thousands of hours of live coverage every year to broadcasting customers worldwide.

The Company intends to stay ahead of the competition by offering visual and data services that are of the highest quality and competitively priced.

In all its areas of activity the Company believes it differentiates itself from the competition by adopting best-of-breed technologies which have been tried and tested. This is further enhanced by ensuring that the management team is made up of highly experienced, leading industry experts.

# Satellite Information Services Limited

## Report of the directors for the year ended 31 March 2012 (continued)

### Strategy

The Company's overriding objective is to achieve sustainable levels of growth and returns through a combination of organic growth and, where appropriate, acquisitions

The key elements to the Company's strategy are

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

#### *Content*

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

#### *Delivery of Service*

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

#### *Needs of the Customer*

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

#### *Training and development*

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

# Satellite Information Services Limited

## Report of the directors for the year ended 31 March 2012 (continued)

### Principal risks and uncertainties

As part of Corporate Governance, the Company's risks as part of the Group's risks are formally reviewed by the Board of Directors twice a year, and appropriate processes are put in place to monitor and mitigate them

The key business risks affecting the Company are set out below

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

Credit risk is the risk that one party to a financial instrument will cause a financial loss for that other party by failing to discharge an obligation. Company policies are aimed at minimising such losses. Details of the Company's debtors are shown in Note 12 to the financial statements. Details of the Group's intangible rights creditors are shown in Notes 13 and 14 to the financial statements. Counterparty risk with respect to rights is monitored by the Board regularly.

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company aims to mitigate liquidity risk by managing cash generation from its operations and applying cash collection targets throughout the Company. The Company also manages liquidity risk via revolving credit facilities and long term debt.

Cash flow risk is the risk of exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability such as future interest payments on a finance lease. The company manages this risk through monthly reporting and analysis of commitments and cash flow projections.

#### *Foreign currency exchange risk*

The Company is exposed to foreign exchange risks primarily arising from commercial transactions denominated in foreign currencies. This risk is managed by the Company's parent, using annual foreign currency forward contracts to reduce exposure to the variability of foreign exchange rates for EUR and USD. The Group has put in place medium term foreign currency forward contracts to purchase USD on a monthly basis through the financial years 2012. These forward contracts match the contracted commitments with USD suppliers for satellite provision. After the year end, the Group entered into EUR and USD dollar contracts for the financial year 2012/13.

#### *Interest rate risk*

The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term loan with floating interest rate. To manage this, the Company entered into an interest rate swap to fix interest payments.

#### *Competition*

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

# Satellite Information Services Limited

## Report of the directors for the year ended 31 March 2012 (continued)

### Principal risks and uncertainties (continued)

#### *Data and Transmission services*

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

#### *Employees*

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

#### *Going Concern*

The Company's business activities together with the factors affecting its future performance are described in the review of business above. After making appropriate enquiries, the Director believes that the Company has sufficient resources and support to continue as a going concern for the next twelve months and into the future. Accordingly the Company continues to adopt the going concern basis in preparing the annual report and accounts.

### Charitable donations

Donations totalling £78,126 (2011 £61,540) were paid during the year.

### Directors

The following held office during the year, unless stated otherwise:

D K Holdgate	
J Campbell	
N Clark	(appointed 3 May 2011)
G Irvine	(appointed 3 May 2011)
D Meynell	(appointed 3 May 2011)
G J Smith	(appointed 2 July 2012)
M Kingston	(resigned 3 May 2011)
P Siers	(appointed 3 May 2011, resigned 31 March 2012)

### Policy on payment of creditors

The Company agrees terms and conditions for business transactions with their suppliers. Payment is made on these terms, subject to these terms being met by the supplier. The Company has approximately 25 days' purchases outstanding at 31 March 2012 (2011 41 days) based on the average daily amount invoiced by suppliers during the year.

# Satellite Information Services Limited

## Report of the directors for the year ended 31 March 2012 (continued)

### Disabled persons

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

### Employee involvement

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

### Provision of information to auditors

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

### Auditors

The auditors, Ernst & Young LLP were appointed during the year ended 31 March 2008. In accordance with section 487(2) of the Companies Act 2006, Ernst & Young LLP are deemed to have been reappointed as auditors of the Company.



BY ORDER OF THE BOARD

Kevin Smith  
Duly authorised as attorney for SIS Cosec Limited  
Company Secretary  
Satellite Information Services Limited  
17 Corsham Street  
London  
N1 6DR

10 SEPTEMBER 2012

## **Satellite Information Services Limited**

### **Statement of Directors' responsibilities**

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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 those 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 proper 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.



# **Satellite Information Services Limited**

## **Independent Auditors' report to the members of Satellite Information Services Limited**

We have audited the financial statements of Satellite Information Services Limited for the year ended 31 March 2012 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 23. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

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

### **Opinion on the financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2012 and of the company's 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.

### **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.

## **Satellite Information Services Limited**

### **Independent Auditors' report to the members of Satellite Information Services Limited (continued)**

#### **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 by the company, 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

*Ernst & Young LLP*

Michael Rudberg (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
London

# Satellite Information Services Limited

## Profit and loss account

for the year ended 31 March 2012

	Notes	Year ended 31 March 2012 £'000	Year ended 31 March 2011 £'000
Turnover	2	189,152	168,879
Operating expenses		(160,569)	(144,699)
Operating profit before exceptional items	3a	31,024	24,180
Exceptional items	3b	(2,441)	—
Operating profit		28,583	24,180
Profit on disposal of tangible fixed assets		4	3
Net interest payable	6	(46)	(241)
Profit on ordinary activities before taxation		28,541	23,942
Tax on profit on ordinary activities	7	(6,836)	(4,466)
Profit on ordinary activities after taxation	18	21,705	19,476

All operations are continuing and the Company has no recognised gains or losses other than those shown above

# Satellite Information Services Limited

## Balance sheet

as at 31 March 2012

	Notes	31 March 2012 £'000	31 March 2011 £'000
<b>Fixed assets</b>			
Intangible assets	8	78,650	49,270
Tangible assets	9	29,852	21,680
Investments	10	2,734	1,509
<b>Total fixed assets</b>		<b>111,236</b>	<b>72,459</b>
<b>Current assets</b>			
Stock	11	3,169	3,981
Debtors	12	66,449	72,371
Cash at bank and in hand		4,940	10,038
		<b>74,558</b>	<b>86,390</b>
<b>Creditors amounts falling due within one year</b>	13	<b>(99,253)</b>	<b>(77,603)</b>
<b>Net current (liabilities)/assets</b>		<b>(24,695)</b>	<b>8,787</b>
<b>Total assets less current liabilities</b>		<b>86,541</b>	<b>81,246</b>
<b>Creditors amounts falling due after more than one year</b>	14	<b>(24,967)</b>	<b>(25,867)</b>
Provisions for liabilities	15	(3,144)	(2,654)
<b>Net assets</b>		<b>58,430</b>	<b>52,725</b>
<b>Capital and reserves</b>			
Called-up share capital	17	-	-
Profit and loss account	18	58,430	52,725
<b>Shareholders' funds</b>	19	<b>58,430</b>	<b>52,725</b>

The financial statements on pages 10 to 27 were approved by the Board on 10<sup>th</sup> September 2012 and were signed on its behalf by



D K Holdgate  
Director

Company registration number 04243307

# Satellite Information Services Limited

## Notes to the financial statements for the year ended 31 March 2012 (continued)

### 1 Accounting policies

#### a) Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with UK accounting standards. The principal accounting policies are set out below.

##### *Exemption from Consolidation*

The financial statements contain information about Satellite Information Services Limited as an individual company and do not contain consolidated financial information as the parent of a group. The Company has taken the exemption under section 405 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included in the consolidated financial statements of Satellite Information Services (Holdings) Limited, a company registered in England and Wales, which is publicly available.

#### b) Going Concern

The Company's business activities together with the factors affecting its future performance are described in the review of business above. After making appropriate enquiries, the Director believes that the Company has sufficient resources and support to continue as a going concern for the next twelve months and into the future. Accordingly the Company continues to adopt the going concern basis in preparing the annual report and accounts.

#### c) Turnover

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

##### *Rendering of services*

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

#### d) Related party transactions

The Company is exempt under the terms of Financial Reporting Standard 8 from disclosing related party transactions with entities that are wholly owned subsidiaries of the Satellite Information Services (Holdings) Limited Group.

#### e) Investments

Investments are accounted for at the lower of cost or net realisable value.

#### f) Operating leases

Rentals payable under operating leases are charged to the profit and loss account on a straight-line basis over the lease term.

# Satellite Information Services Limited

## Notes to the financial statements for the year ended 31 March 2012 (continued)

### 1 Accounting policies (continued)

#### g) Tangible fixed assets, depreciation and impairment

Tangible fixed assets are stated at their purchase price, together with any expenses of acquisition and installation

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

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

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

Assets that are in the process of being built for use are categorised as Assets Under Construction (AUCs) Once completed these assets are transferred to depreciating tangible fixed assets

#### h) Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at exchange rates ruling at the end of the financial year Transactions denominated in foreign currencies are translated into sterling at the exchange rate ruling on the date the transaction takes place unless related or matching forward foreign exchange contracts have been entered into when the rate specified in that contract is used Any resultant foreign exchange differences are taken to the profit and loss account in the period in which they arise

#### i) Deferred taxation

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

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

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

# Satellite Information Services Limited

## Notes to the financial statements for the year ended 31 March 2012 (continued)

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

#### **j) Stock**

All stock receipted into the warehouses is accounted for as stock until transferred to an uplink vehicle or licensed betting office (LBO). At this point the stock is transferred to fixed assets. Stock is valued at the lower of cost and net realisable value.

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

#### **k) Intangible fixed assets**

##### **Rights**

Costs to acquire broadcast rights are capitalised as intangible assets as at the date when the company has a contractual obligation to pay the acquisition cost. Where the payments are for a period over one year, the intangible asset is carried at the present value of the contracted future payments.

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

#### **l) Classification of shares as debt or equity**

When shares are issued, any component that creates a financial liability of the Company is presented as a liability in the balance sheet, measured initially at fair value net of transaction costs and thereafter at amortised cost until extinguished on conversion or redemption. The corresponding dividends relating to the liability component are charged as interest expense in the profit and loss account.

#### **m) Finance lease**

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the company, and hire purchase contracts are capitalised in the balance sheet and depreciated over the shorter of the lease term and the asset's useful lives. The capital elements of future obligations under leases and hire purchase contracts are included as liabilities in the balance sheet. The interest elements of the rental obligations are charged in the profit and loss account over the periods of the leases and hire purchase contracts and represent a constant proportion of the balance of capital repayments outstanding.

Where the Company operates as the lessor under a finance lease, the value of the leased asset is recorded as a receivable in the balance sheet. When the lease payments are received they are split into capital and interest elements and the capital element reduces this receivable. The interest on each payment is recorded as interest received.

#### **n) Cash flow statement**

The Company is a wholly owned subsidiary undertaking of Satellite Information Services (Holdings) Limited, and is included in the publicly available consolidated financial statements of Satellite Information Services (Holdings) Limited. Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (revised 1996).

# Satellite Information Services Limited

## Notes to the financial statements for the year ended 31 March 2012 (continued)

### 1 Accounting policies (continued)

#### o) Provisions

A provision is recognised when the group has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions for the expected costs of maintenance under guarantees are charged against profits when products have been invoiced. The effect of the time value of money is not material and therefore the provisions are not discounted.

#### Property

The property provision relates to the obligations on surrender of property leases to re-instate the premises to the same state and condition as before occupancy including making good all damage caused by removal and the onerous element of lease commitments for properties that will become vacant prior to the lease end date. The accounting for provisions for liabilities and charges is shown in Note 15.

#### WEEE

The Waste Electrical and Electronic Equipment Directive (WEEE Directive) aims to minimise the impact of electrical and electronic goods on the environment by increasing re-use and recycling and reducing the amount of WEEE going to landfill. It seeks to achieve this by making producers responsible for financing the collection, treatment, and recovery of waste electrical equipment, and by obliging distributors to allow consumers to return their waste equipment free of charge. Therefore the WEEE provision relates to the collection, treatment and recovery of waste electrical equipment that is leased to licensed betting offices in the UK. The accounting for provisions for liabilities is shown in Note 15.

#### p) Pension scheme arrangements

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

#### q) Derivative instruments

The Company uses forward foreign currency to reduce exposure to foreign exchange rates. The Company also uses interest rate swaps to adjust interest rate exposures. FRS 26 Financial Instruments Measurement has not been applied.

### 2 Segmental analysis

Revenue earned by destination (location of customer) is split as follows

	Year ended 31 March 2012 £'000	Year ended 31 March 2011 £'000
UK and Ireland	173,333	160,323
Other	15,819	8,556
	<b>189,152</b>	<b>168,879</b>

Additional segmental disclosure by business unit is disclosed in the Satellite Information Services (Holdings) Limited financial statements.



# Satellite Information Services Limited

## Notes to the financial statements for the year ended 31 March 2012 (continued)

### 3 Operating Profit

#### a) Operating profit is stated after charging/ (crediting):

	Year ended 31 March 2012 £'000	Year ended 31 March 2011 £'000
Depreciation of owned assets (Note 9)	8,394	7,125
Amortisation of Intangible asset (Note 8)	2,320	150
Operating lease rentals		
Land and buildings	1,060	1,119
Other	6,776	6,247
Employment costs (Note 5)	25,101	24,133
Services provided by the Company's auditor and its associates		
Fees payable for the audit of Company	109	109
Fees payable for tax services	219	155
Fees payable for other services	69	-
Profit on foreign exchange	(107)	(307)

#### b) Exceptional items

	Year ended 31 March 2012 £'000	Year ended 31 March 2011 £'000
Redundancy and relocation costs	1,276	-
Accelerated depreciation of tangible fixed assets (Note 9)	1,165	-
	<b>2,441</b>	<b>-</b>

The exceptional costs relate to the relocation of production facilities and central functions from London and Milton Keynes to MediaCity in Salford. The relocation is expected to be completed by 31<sup>st</sup> March 2013. The tax effect of the costs is a credit of £332,000 and there has been a cash outflow of £823,000 during the year ended 31<sup>st</sup> March 2012.

# Satellite Information Services Limited

## Notes to the financial statements for the year ended 31 March 2012 (continued)

### 4 Directors' emoluments

	Year ended 31 March 2012 £'000	Year ended 31 March 2011 £'000
Aggregate emoluments (excluding pension contributions)	1,649	890
	<b>1,649</b>	<b>890</b>

The Company made contributions to a money purchase pension scheme totalling £125,750 (2011 £61,668) on behalf of 7 directors (2011 3)

Included in the above is compensation for loss of office of £165,186 (2011 £Nil)

#### Highest paid director

	Year ended 31 March 2012 £'000	Year ended 31 March 2011 £'000
Emoluments (excluding pension fund contributions) of the highest paid director	523	355

The Company made contributions to a money-purchase pension scheme totalling £20,000 (2011 £26,440) for the highest paid director

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

### 5 Employee information

The average monthly number of persons (including directors) employed by the Company was 502 (2011 502)

The salaries and related costs of employees, including directors, were

	Year ended 31 March 2012 £'000	Year ended 31 March 2011 £'000
Wages and salaries	21,533	20,972
Social security costs	2,323	2,064
Other pension costs	1,245	1,097
	<b>25,101</b>	<b>24,133</b>

# Satellite Information Services Limited

## Notes to the financial statements for the year ended 31 March 2012 (continued)

### 6 Interest

	Year ended 31 March 2012 £'000	Year ended 31 March 2011 £'000
<b>Bank interest receivable</b>	<b>86</b>	<b>15</b>
<b>Interest payable and similar charges</b>		
Other finance costs	(116)	(240)
Interest payable on loans from other group undertakings	(16)	(16)
<b>Total interest payable</b>	<b>(132)</b>	<b>(256)</b>
<b>Net interest payable</b>	<b>(46)</b>	<b>(241)</b>

### 7 Taxation

	Year ended 31 March 2012 £'000	Year ended 31 March 2011 £'000
<b>Current tax</b>		
UK corporation tax charge for the year	7,686	4,889
Group relief payable	55	72
Adjustments to current taxation in respect of prior years	(1,357)	727
Overseas tax	592	44
Double tax relief	(107)	(17)
<b>Total current tax</b>	<b>6,869</b>	<b>5,715</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences (Note 16)	(33)	(1,249)
<b>Tax on profit on ordinary activities</b>	<b>6,836</b>	<b>4,466</b>

#### Factors affecting future tax charges

The Chancellor announced in the 2012 Budget on 21<sup>st</sup> March 2012 that the standard rate of tax would be reduced from the expected rate of 25% to 24% with effect from 1<sup>st</sup> April 2012. Further reductions of 1% per annum will take place in 2013 and 2014 to bring the tax rate to 22% from 1<sup>st</sup> April 2014. The reduction in the tax rate to 24% was enacted by the use of the Provisional Collection of Taxes Act 1968 on 26<sup>th</sup> March 2012. Deferred tax has therefore been provided at 24%.

# Satellite Information Services Limited

## Notes to the financial statements for the year ended 31 March 2012 (continued)

### 7 Taxation (continued)

The difference between the tax on the profit on ordinary activities for the year and the tax assessed on the profit on ordinary activities for the year assessed at the standard rate of corporation tax in the UK 26% (2011 28%) can be explained in the next table

	Year ended 31 March 2012 £'000	Year ended 31 March 2011 £'000
Profit on ordinary activities before taxation	28,541	23,942
Profit before taxation multiplied by the UK statutory rate of 26% (2011 28%)	7,421	6,704
Effects of		
Decelerated/(accelerated) capital allowances	(3)	118
Expenses not deductible for taxation purposes	545	1,458
Group relief claimed for nil payment	(533)	(3,535)
Other timing differences	312	215
Adjustments in respect of prior years	(873)	755
<b>Actual current tax charge</b>	<b>6,869</b>	<b>5,715</b>

#### Deferred Tax

A detailed analysis of the movement in deferred tax is shown in note 16

### 8 Intangible assets

	Total £'000
<b>Cost</b>	
At 1 April 2011	49,420
Additions	31,700
<b>At 31 March 2012</b>	<b>81,120</b>
<b>Amortisation</b>	
At 1 April 2011	150
Charge for the year	2,320
<b>At 31 March 2012</b>	<b>2,470</b>
<b>Net book amount.</b>	
<b>At 31 March 2012</b>	<b>78,650</b>
At 1 April 2011	49,270

During the year the group continued to invest in future core rights from Arena Leisure plc, Northern Racing Limited, Coral Racing Limited and the Association of Irish Racecourses. Lead-in amounts are payable on these agreements between the date the contracts were signed and the start date for the rights.

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

# Satellite Information Services Limited

## Notes to the financial statements for the year ended 31 March 2012 (continued)

### 9 Tangible fixed assets

	Installed Equipment £'000	Studio Equipment £'000	Transport Equipment £'000	Fixtures, fittings and Other Equipment £'000	Leasehold Improvement £'000	Payment on account /AUC's £'000	Total £'000
<b>Cost</b>							
At 1 April 2011	29,104	10,579	28,543	9,607	7,228	2,306	87,367
Additions	1,590	1,832	3,743	3,105	—	6,311	16,581
Disposals	(459)	(108)	(3,075)	—	—	—	(3,642)
<b>At 31 March 2012</b>	<b>30,235</b>	<b>12,303</b>	<b>29,211</b>	<b>12,712</b>	<b>7,228</b>	<b>8,617</b>	<b>100,306</b>
<b>Depreciation</b>							
At 1 April 2011	27,590	8,033	20,170	5,387	4,507	—	65,687
Charge for the year	619	1,297	3,224	2,078	1,176	—	8,394
Disposals	(444)	(108)	(3,075)	—	—	—	(3,627)
<b>At 31 March 2012</b>	<b>27,765</b>	<b>9,222</b>	<b>20,319</b>	<b>7,465</b>	<b>5,683</b>	<b>—</b>	<b>70,454</b>
<b>Net book amount</b>							
<b>At 31 March 2012</b>	<b>2,470</b>	<b>3,081</b>	<b>8,892</b>	<b>5,247</b>	<b>1,545</b>	<b>8,617</b>	<b>29,852</b>
At 1 April 2011	1,514	2,546	8,373	4,220	2,721	2,306	21,680

Included within the depreciation charge for the year is an amount of £1,165,000 relating to the accelerated depreciation of assets associated to the relocation of production facilities and central functions from London and Milton Keynes to MediaCity in Salford

# Satellite Information Services Limited

## Notes to the financial statements for the year ended 31 March 2012 (continued)

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### Investments

Name	Country of Incorporation	Ownership	31 March 2012 £'000	31 March 2011 £'000
<b>Cost of investment</b>				
SIS Outside Broadcasts Limited	England	100%	-	-
Fatpipe Satcom Limited	England	100%	988	988
SISLink Inc	USA	100%	1	1
SISLink SARL	France	100%	20	20
SIS Live Partnership	n/a	70%	1,960	1,960
MediaCity Studios Limited	England	50%	1,725	500
<b>Total cost of investments</b>			<b>4,694</b>	<b>3,469</b>

#### Provision for impairment against cost of investment

SIS Live Partnership	(1,960)	(1,960)
<b>Total provision for impairment</b>	<b>(1,960)</b>	<b>(1,960)</b>
<b>Net book amount of investments</b>	<b>2,734</b>	<b>1,509</b>

Fatpipe Satcom Limited was purchased on 5 September 2007. SISLink Inc was formed on 5 December 2007. SIS Outside Broadcasts Limited was incorporated 1 February 2008 and commenced operations on 1 April 2008. SISLink SARL was purchased from Satellite Information Services (Holdings) Ltd on 3 September 2009.

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

As at 31 March 2012 the carrying value of Satellite Information Services Limited's investment in the SIS Live Partnership has been fully provided for due to the partnership holding an overall net liability position of which the Company's share was as follows:

	31 March 2012 £'000	31 March 2011 £'000
Share of assets	5,412	8,573
Share of liabilities	(6,369)	(9,708)
	<b>(957)</b>	<b>(1,135)</b>

On 5 July 2010 SIS Limited entered into a joint venture agreement with Peel Media Services (Studios) Limited to form MediaCity Studios Limited. This company commenced trading in December 2010 and provides studio technical and production facilities at Media City in Salford. The company currently has a contractual relationship with Peel Media Services (Studios) Limited for provision of services to the BBC. This contract is for an initial period of 10 years with options to extend.

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### Stock

	31 March 2012 £'000	31 March 2011 £'000
Finished goods	3,169	3,981
	<b>3,169</b>	<b>3,981</b>

# Satellite Information Services Limited

## Notes to the financial statements for the year ended 31 March 2012 (continued)

### 12 Debtors

	31 March 2012 £'000	31 March 2011 £'000
Trade debtors	10,688	8,431
Amounts owed by group undertakings	39,294	54,939
Other debtors	3,005	194
Prepayments and accrued income	11,906	7,069
Finance lease receivables	311	526
Deferred tax asset (Note 16)	1,245	1,212
	<b>66,449</b>	<b>72,371</b>

#### Amounts receivable under finance leases

	31 March 2012 £'000	31 March 2011 £'000
Within one year	271	271
Within 2 to 5 years	68	339
Less finance charges allocated to future periods	(28)	(84)
	<b>311</b>	<b>526</b>

Amounts receivable after more than one year in respect of finance leases above are £66,000 (2011 £311,000). The total costs of assets acquired for the purpose of letting under finance leases and hire purchase contracts are £840,000.

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

	31 March 2012 £'000	31 March 2011 £'000
Trade creditors	13,358	7,694
Amounts owed to group undertakings	38,307	34,977
Corporation tax	2,654	2,308
Other creditors	3,397	2,488
Other taxation and social security	767	1,452
Deferred income and payments in advance	13,359	11,858
Deferred rights consideration	13,726	8,029
Accruals	13,685	8,797
	<b>99,253</b>	<b>77,603</b>

## Satellite Information Services Limited

### Notes to the financial statements for the year ended 31 March 2012 (continued)

#### 14 Creditors: amounts falling due after more than one year

	31 March 2012 £'000	31 March 2011 £'000
Amounts owed to group undertakings	15,845	17,017
Deferred rights consideration	9,122	8,850
	<b>24,967</b>	<b>25,867</b>

Included within amounts owed to group undertakings falling due after more than one year is £2,344,000 representing the deferred consideration and interest on the deferred consideration, calculated at the Royal Bank of Scotland base rate, on the sale in 2002 of the Spacebit Limited business to Satellite Information Services Limited. It has been agreed that the deferred consideration is payable in three equal instalments on 31 March 2013, 31 March 2014 and 31 March 2015.

Total deferred rights consideration as at 31 March 2012 of £22,848,000 (2011 £16,879,000) represents payments due for upfront rights costs.

To mitigate interest rate risk on obligations under finance leases, the Company has entered into an interest rate swap equal to the outstanding value on the lease. The tenor of the swap matches the term of the lease and the fair value of the interest rate swap held at the balance sheet date, determined by reference to its market value, is shown in the following table. To mitigate the exposure to foreign exchange risk inherent in foreign operations and contracts the Company has entered into forward contracts valued as follows:

	31 March 2012 £'000	31 March 2011 £'000
Interest rate swap	(120)	(113)
Forward contracts	79	(13)



# Satellite Information Services Limited

## Notes to the financial statements for the year ended 31 March 2012 (continued)

### 15 Provisions for liabilities

	Property £'000	Redundancy £'000	WEEE £'000	Total £'000
At 1 April 2011	2,168	-	486	2,654
Utilised during the year	-	-	(16)	(16)
Created in the year	-	453	53	506
<b>At 31 March 2012</b>	<b>2,168</b>	<b>453</b>	<b>523</b>	<b>3,144</b>

#### Property

The property provision relates to the obligations on surrender of property leases to re-instate the premises to the same state and condition as before occupancy including making good all damage caused by removal and the onerous element of lease commitments for properties that will become vacant prior to the lease end date. The provision is based on independent advice and is management's best estimate of the provision required as at 31 March 2012. The provision will be utilised by 2023.

#### Redundancy

Redundancy provision relates to costs associated with the relocation of facilities to MediaCity in Salford and will be utilised by 31<sup>st</sup> March 2013.

#### WEEE

The WEEE provision relates to the collection, treatment and recovery of waste electrical equipment that is leased to licensed betting offices in the UK.

### 16 Deferred tax

The deferred tax included in the balance sheet is as follows:

	31 March 2012 £'000	31 March 2011 £'000
Included in debtors (Note 12)	1,245	1,212
Decelerated capital allowances	885	961
Other timing differences	360	251
<b>Deferred tax asset</b>	<b>1,245</b>	<b>1,212</b>

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

	£'000
Deferred tax asset at 1 April 2011	1,212
Credit to profit and loss account	205
Adjustments in respect of prior years	(172)
<b>Deferred tax asset at 31 March 2012</b>	<b>1,245</b>

There are no unprovided amounts in respect of deferred tax.

# Satellite Information Services Limited

## Notes to the financial statements for the year ended 31 March 2012 (continued)

### 17 Share capital

	31 March 2012 £	31 March 2011 £
Allotted, called-up and fully paid		
1 ordinary share of £1	1	1

### 18 Reserves

	Profit and loss Account £'000
At 1 April 2011	52,725
Total gains and losses recognised for the year	21,705
Dividends paid	(16,000)
At 31 March 2012	58,430

### 19 Reconciliation of shareholders' funds

	31 March 2012 £'000	31 March 2011 £'000
Opening shareholders' funds	52,725	33,249
Dividends paid	(16,000)	-
Total gains and losses recognised for the year	21,705	19,476
Closing shareholders' funds	58,430	52,725

## Satellite Information Services Limited

### Notes to the financial statements for the year ended 31 March 2012 (continued)

#### 20 Capital commitments

The Company has the following capital commitments

	31 March 2012 £'000	31 March 2011 £'000
Capital expenditure	14,923	2,853

The committed capital expenditure principally relates to the relocation project and service delivery equipment

#### 21 Obligations under leases

The Company has annual commitments under non-cancellable operating leases expiring as follows

	31 March 2012		31 March 2011	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Within one year	121	1,191	166	370
Within 2 to 5 years	686	5,205	729	4,260
After 5 years	234	2,646	235	-
	1,041	9,042	1,130	4,630

# Satellite Information Services Limited

## Notes to the financial statements for the year ended 31 March 2012 (continued)

### 22 Related party transactions

During the year the group entered into transactions, in the ordinary course of business, with other related parties. The Company has taken advantage of the exemption in FRS 8, not to disclose transactions with its wholly owned subsidiaries. Transactions entered into, and trading balances outstanding at 31 March, are as follows:

Related party	Sales to related party £'000	Purchases from related party £'000	Tax losses of related party utilised £'000	Amounts owed from related party £'000	Amounts owed to related party £'000
Ladbrokes plc					
2012	30,369	140	—	55	8
2011	28,991	120	—	206	1
William Hill Organization Ltd					
2012	27,858	67	—	28	309
2011	28,043	47	—	—	70
Catalyst Media Group plc					
2012	—	—	55	—	—
2011	—	—	48	—	—
Caledonia Investments plc					
2012	—	—	1,398	—	1,398
2011	—	—	—	—	—
Media City (Studios) Limited					
2012	331	—	—	189	—
2011	—	—	—	—	—

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

In July 2010 Satellite Information Services Limited entered into a joint venture agreement with Peel Media Services (Studios) Limited to form MediaCity Studios Limited which provides studio technical and production facilities at Media City in Salford. The company currently has a contractual relationship with Peel Media Services (Studios) Limited for provision of services to the BBC.

### 23 Ultimate parent undertaking and controlling party

The immediate and ultimate parent undertaking and controlling party is Satellite Information Services (Holdings) Limited, a Company incorporated in England, which is the parent company of the only group to consolidate these financial statements. Copies of Satellite Information Services (Holdings) Limited financial statements are available from the following address:

Satellite Information Services (Holdings) Limited  
17 Corsham Street  
London  
N1 6DR