Sports Information Services Limited

Annual Report and Financial Statements

31 March 2019

Registered No. 04243307

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

Contents

Company Information

Directors
R J Ames
N Stocks

Secretary
SIS Cosec Limited

Auditor
KPMG LLP
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Strategic report for the year ended 31 March 2019

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

Principal activities and review of the business

The Company's principal activities are:

- Provision of integrated television and information services delivered via satellite or over IP to licensed betting offices (LBO) in the UK and overseas to provide betting opportunities for customers of the licensed betting offices (SIS Betting - Retail); and
- the provision of digital sportsbook products and services to the online betting and gaming industry (SIS Betting - Digital)

The Company sold its subsidiary, SIS Live Ltd, during the year to NEP Group, with the sale completing on 9th October 2018. The sale of the business was in line with strategy to focus on delivery of linear betting opportunities to worldwide operators both for retail and digital consumption.

The Company has seen a reduction in Operation Profit before individually significant items from £6.4m to £4.5m principally driven by the reduction in media rights year on year, prior to new media rights agreements commencing on 1st April 2018, and increased non-trading costs.

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

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

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

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

Business environment

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

In preparation for the declines the Company has made a significant investment in its capabilities to deliver bespoke services to both retail and online bookmakers in the UK and globally.

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

Strategic report for the year ended 31 March 2019 (continued)

Strategy

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

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

Minimise decline of UK retail business

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

Become the key provider to chosen international retail markets

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

Grow the digital business

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

Refocus the business model to core capabilities

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

Key performance indicators

	2019	*2018*	*Definition, calculation and analysis*
Turnover (%)	31.9%	(14.2%)	Year on year turnover expressed as a percentage. The increase in turnover in 2019 largely relates to the increased content within the main SIS Betting retail product.
Operating profit margin before individually significant items(%)	2.0%	3.7%	Operating profit margin is the ratio of operating profit (total operating profit before individually significant items) to turnover, expressed as a percentage. The operating profit margin has decreased against the prior year largely due to the new lower margin / lower risk model introduced in April 2018.
Average number of employees	310	357	The average number of employees in employment within the Group. This has reduced due to the ongoing efficiency programmes driven by the business strategy and also due in part to the sale of SIS Live part way through the year. The number of employees at the end of March 2019 was 271.

Principal risks and uncertainties

As part of Corporate Governance, the Company's risks as part of the Company'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:

Strategic report for the year ended 31 March 2019 (continued)

Principal risks and uncertainties (continued)

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 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 has not renewed its revolving credit facilities given the current surplus cash balances, however is confident that facilities could be re-introduced in the future should the need arise.

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, however, the net exposure has reduced significantly during the year. The Company no longer uses annual foreign currency forward contracts to reduce exposure to the variability of foreign exchange rates for Euros and had no outstanding forward exchange contracts at 31 March 2019 (2018: €6.25m).

Interest rate risk

The Company is currently debt free and therefore has no exposure to the risk of changes in market interest rates.

Regulatory / Legislative risk

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

Competition

The 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.

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.

Strategic report for the year ended 31 March 2019 (continued)

Principal risks and uncertainties (continued)

Brexit

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

Approved by the Board and signed on its behalf by:

N Stocks
Director
12th July 2019

Registered No. 04243307

Directors' report for the year ended 31 March 2019

The directors present their annual report and the audited financial statements of Sports Information Services Limited ('the Company') for the year ended 31 March 2019.

Results and dividends

The profit for the year after taxation amounted to £16,838,000 (2018 – profit of £3,030,000). A dividend of £40,000,000 was declared and paid during the year (2018 – £15,000,000).

Directors

The directors who served the company during the year were as follows:

R J Ames
N Clark (resigned 23 May 2018)
N Stocks

Directors' remuneration is disclosed in note 5 and 26 to the financial statements.

Political and charitable contribution

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

Research and Development

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

Disabled employees

The 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.

Disclosure of information to the auditor

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

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

Directors' report for the year ended 31 March 2019 (continued)

Auditor

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

On behalf of the Board

N Stocks
Director
12th July 2019

Directors' responsibilities statement

The directors are responsible for preparing the strategic report and the directors' report and the company financial statements (the "financial statements") in accordance with applicable law and regulations.

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

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the 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 including FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities

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

Independent Auditor's Report to the Members of Sports Information Services Limited

for the year ended 31 March 2019

Opinion

We have audited the financial statements of Sports Information Services (Holdings) Limited ("the company") for the period ended 31 March 2019 which comprise the Income Statement, the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity 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 2019 and of it's profit for the period then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

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

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

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

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

for the year ended 31 March 2019

Going concern

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

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, 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 company will continue in operation.

Strategic Report and Directors' Report

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

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

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

Matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

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

for the year ended 31 March 2019

Directors' responsibilities

As explained more fully in their statement set out on page 9, 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 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.

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

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

Stuart Burdass

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

12 July 2019

Income Statement and Statement of Comprehensive Income

for the year ended 31 March 2019

	Note	2019 £000 Before individually significant items	2019 £000 Individually significant items (note 4)	2019 £000 Total	2018 £000 Before individually significant items	2018 £000 Individually significant items (note 4)	2018 £000 Total
Turnover	2	229,216	–	229,216	173,807	–	173,807
Operating expenses		(224,709)	(8,886)	(233,595)	(167,429)	(2,420)	(169,849)
Group operating profit	3	4,507	(8,886)	(4,379)	6,378	(2,420)	3,958
Profit on sale of business		–	21,387	21,387	–	–	–
Profit on disposal of tangible fixed assets		–	–	–	6	–	6
Other interest receivable and similar income	7	714	–	714	488	–	488
Interest payable and similar expenses	8	(5)	–	(5)	(3)	–	(3)
Profit before taxation		5,216	12,501	17,717	6,869	(2,420)	4,449
Tax on profit	9	(1,264)	385	(879)	(1,756)	337	(1,419)
Profit after taxation		3,952	12,886	16,838	5,113	(2,083)	3,030
Other comprehensive (loss) / income:							
Remeasures of net defined benefit obligation	23	7,026	–	7,026	58	–	58
Cashflow hedges		–	–	–	–	–	–
Change in value of hedging instrument		(134)	–	(134)	494	–	494
Total tax on components of other comprehensive income	9	(2,434)	–	(2,434)	165	–	165
Other comprehensive (loss) / income for the year, net of tax		4,458	–	4,458	717	–	717
Total comprehensive income for the year		8,410	12,886	21,296	5,830	(2,083)	3,747

Statement of Financial Position

at 31 March 2019

	Notes	2019 £000	2018 £000
Fixed assets			
Intangible assets	10	7,013	12,265
Tangible assets	11	6,342	6,757
Investments	12	1	2,453
		13,356	21,475
Current assets			
Stock	13	1,118	505
Debtors	14	27,532	36,434
Cash at bank and in hand (including restricted cash of £247,000 (2018: £530,000)	15	77,062	88,515
		105,712	125,454
Creditors: amounts falling due within one year	16	(61,512)	(67,250)
Net current assets		44,200	58,204
Total assets less current liabilities		57,556	79,679
Provisions for liabilities			
Other provisions	17	(3,354)	(2,079)
Deferred tax liability	9	(2,528)	–
Net assets excluding pension asset		51,674	77,600
Defined benefit pension asset	23	7,222	–
Net assets		58,896	77,600
Capital and reserves			
Called up share capital	19	–	–
Retained earnings		58,896	77,466
Hedging reserve		–	134
Shareholders' funds		58,896	77,600

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

N Stocks

Director

Company registration number: 04243307

Statement of Changes in Equity

at 31 March 2019

	Called-up share capital *£000*	*Retained earnings* *£000*	*Hedging reserve* *£000*	*Total* *£000*
Balance as at 1 April 2017	–	89,213	(360)	88,853
Profit for the year	–	3,030	–	3,030
Other comprehensive income for the year	–	223	494	717
Total comprehensive income for the year	–	3,253	494	3,747
Dividends	–	(15,000)	–	(15,000)
Total transactions with owners, recognised directly in equity				
Balance as at 31 March 2018	–	77,466	134	77,600
Balance as at 1 April 2018	–	77,466	134	77,600
Profit for the year	–	16,838	–	16,838
Other comprehensive income for the year	–	4,592	(134)	4,458
Total comprehensive income for the year	–	21,430	(134)	21,296
Dividends	–	(40,000)	–	(40,000)
Total transactions with owners, recognised directly in equity				
Balance as at 31 March 2019	–	58,896	–	58,896

Notes to the financial statements

at 31 March 2019

1. Accounting policies

General Information

Sports Information Services Limited is a private company limited by shares and is incorporated, domiciled and registered in the United Kingdom. The registered office address is Unit 1/2 Whitehall Avenue, Kingston, Milton Keynes, Buckinghamshire, MK10 0AX. The financial statements are prepared for year ended 31 March 2019.

Statement of compliance

The individual financial statements of Sports Information Service Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" (FRS 102) and the Companies Act 2006. The presentational currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

The financial statements have been prepared on the going concern basis, in accordance with applicable UK Accounting Standards, under the historical cost convention, as modified by certain financial assets and liabilities measured at fair value through profit or loss.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in the section "Critical judgements and estimates in applying the accounting policies" of this note.

Going concern

The company had net assets of £58,896,000 (2018: £77,600,000). The Directors have prepared detailed forecasts and trading projections for at least 12 months following the date of these financial statements. The Directors' forecasts, updated for the current trading and the Directors' latest view of market conditions, demonstrate that the company will be able to meet its projected working capital requirements and satisfy its liabilities as they arise. In addition, the Directors have also considered a number of sensitised forecasts to reflect the inherent uncertainty in the economic climate and are satisfied that there is sufficient headroom to meet any financial obligations that arise.

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

Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, if certain conditions, have been complied with, including notification of and no objection to, the use of exemptions by the Company's shareholders. A qualifying entity is defined as a member of a group that prepares publicly available financial statements, which give a true and fair view, in which that member is consolidated. Sports Information Services Limited is a qualifying entity as its results are consolidated into the financial statements of Sports Information Services (Holdings) Limited which are publicly available. As a qualifying entity, the Company has taken advantage of the following exemptions:

Notes to the financial statements (continued)

at 31 March 2019

1. Accounting policies (continued)

Exemptions for qualifying entities under FRS 102 (continued)

i) from the requirement to prepare a statement of cash flows as required by paragraph 3.17(d) of FRS 102;

ii) from the requirement to present certain financial instrument disclosures, as required by sections 11 and 12 of FRS 102;

iii) from the requirement to present a reconciliation of the number of shares outstanding at the beginning and end of the period as required by paragraph 4.12(a)(iv) of FRS 102; and

iv) from the requirement to disclose the key management personnel compensation in total as required by paragraph 33.7 of FRS 102.

Consolidated financial statements

The financial statements contain information about Sports 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 400 of the Companies Act 2006 from the requirement to prepare Group financial statements as it and its subsidiary undertakings are included in the Group financial statements of Sports Information Services (Holdings) Limited, a Company registered in England and Wales, which are publicly available.

Turnover

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

Rendering of services

Turnover is recognised to the extent that the 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.

Foreign currencies

(i) Functional and presentation currency

The Company's functional and presentation currency is pound sterling.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Income Statement within 'finance (expense)/ income'. All other foreign exchange gains and losses are presented in the Income Statement within 'Other operating (losses)/gains'.

Notes to the financial statements (continued)

at 31 March 2019

1. Accounting policies (continued)

Employee benefits

The entity provides a range of benefits to employees, including paid holiday arrangements and defined contribution and defined benefit pension scheme.

Short term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits are recognised as an expense in the period in which the service is received.

Defined benefit pension plan

A subsidiary undertaking of the Company, SIS Outside Broadcasts Limited, operated a defined benefit pension scheme, which requires contributions to be made to separately administered funds. The scheme was closed to new members in April 2008, from which time membership of a defined contribution plan has been available. The defined benefit pension scheme was closed from 31 March 2011. In March 2014 a flexible apportionment arrangement was implemented to transfer the liabilities in the scheme from SIS Outside Broadcasts Limited to its parent undertaking Sports Information Services Limited.

The cost of providing benefits under the defined benefit plan is determined using the projected unit method, which attributes entitlement to benefits to the current period (to determine current service cost) and to the current and prior periods (to determine the present value of defined benefit obligations) and is based on actuarial advice. Past service costs are recognised in profit or loss in the period in which they occur. When a settlement or a curtailment occurs the change in the present value of the scheme liabilities and the fair value of the plan assets reflects the gain or loss which is recognised in the statement of comprehensive income. Losses are measured at the date that the employer becomes demonstrably committed to the transaction and gains when all parties whose consent is required are irrevocably committed to the transaction.

The interest element of the defined benefit cost represents the change in present value of scheme obligations resulting from the passage of time, and is determined by applying the discount rate to the opening present value of the benefit obligation, taking into account material changes in the obligation during the year. The expected return on plan assets is based on an assessment made at the beginning of the year, adjusted for the effect on the fair value of plan assets of contributions received and benefits paid during the year and is determined by multiplying the fair value of the scheme assets by the same discount rate which is used in arriving at the present value of the benefit obligation. The difference between the expected return on plan assets and the interest cost is recognised in Income Statement as other finance income or expense.

Actuarial gains and losses are charged or credited to other comprehensive income in the period in which they occur. The defined benefit pension asset or liability in the Statement of Financial Position comprises the total for each plan of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds that have been rated at AA or equivalent status), less any past service cost not yet recognised and less the fair-value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information and in the case of quoted securities is the published bid price. The value of a net pension benefit asset is limited to the amount that may be recovered either through reduced contributions or agreed refunds from the scheme.

Defined contribution pension plan

The 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.

Termination benefits

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognises termination benefits when the entity recognises costs for a restructuring and involves the payment of termination benefits.

Notes to the financial statements (continued)
at 31 March 2019

1. Accounting policies (continued)

Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Deferred taxation

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

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

Current and deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the reporting date.

Intangible fixed assets

Rights

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses. Costs to acquire broadcast rights are capitalised as intangible assets as at the date when the Company has a contractual obligation to pay the acquisition cost. Where the payments are for a period over one year, the intangible asset is carried at the present value of the contracted future payments.

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

Notes to the financial statements (continued)

at 31 March 2019

1. Accounting policies (continued)

Tangible fixed assets

Tangible fixed assets are stated at their purchase price, together with any expenses of acquisition and installation less accumulated depreciation and accumulated impairment losses.

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

Installed equipment	–	3 - 8 years
Studio equipment	–	5 years
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). Assets in the course of construction are stated at cost. These assets are not depreciated until it is available for use. Once completed these assets are transferred to depreciating tangible fixed assets.

Tangible fixed assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss and included in 'Other operating (losses)/gains'.

Leased Assets

Operating leases

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the Income Statement on a straight-line basis over the period of the lease.

The Company has taken advantage of the exemption in respect of lease incentives on leases in existence on the date of transition to FRS 102 (1 April 2014) and continues to credit such lease incentives to the Income Statement over the period to the first review date on which the rent is adjusted to market rates.

Finance leases

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the Company, and hire purchase contracts are capitalised in the Statement of Financial Position and depreciated over the shorter of the lease term and the asset's useful lives. The capital elements of future obligations under leases and hire purchase contracts are included as liabilities in the Statement of Financial Position. Lease payments are apportioned between capital repayment and finance charge, using the effective interest rate method. The interest elements of the rental obligations are charged in the Income Statement over the periods of the leases and hire purchase contracts and represent a constant proportion of the balance of capital repayments outstanding.

Impairment of non-financial assets

At each reporting date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset may be impaired. If there is such an indication the recoverable amount of the asset is compared to the carrying amount of the asset.

The recoverable amount of the asset is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future pre-tax and interest cash flows obtainable as a result of the asset's continued use. The pre-tax and interest cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the Income Statement, unless the asset

Notes to the financial statements (continued)

at 31 March 2019

1. Accounting policies (continued)

Impairment of non-financial assets (continued)

has been revalued when the amount is recognised in the other comprehensive income to the extent of any previously recognised revaluation. Thereafter any excess is recognised in the Income Statement.

If an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the Income Statement.

Investments

Investments in subsidiaries companies are held at historical cost less accumulated impairment losses.

Stocks

The stock holding comprises stock that is used within the LBO estate, largely decoders and other small items that can be transferred out as a fixed asset or consumable items The stock cost formula is on a FIFO basis and is valued at the lower of cost and estimated selling price less costs to complete and sell. The fair value is based upon a professional internal estimate less any further anticipated costs to be incurred during the disposal.

At the end of each reporting date stocks are assessed for impairment. If an item of stock is impaired, the identified stock is reduced to its selling price less costs to complete and sell and an impairment charge is recognised in the Income Statement. Where a reversal of the impairment is recognised the impairment charge is reversed, up to the original impairment loss, and is recognised as a credit in the Income Statement.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Financial instruments

The Company has chosen to adopt sections 11 and 12 of FRS 102 in respect of financial instruments.

Financial assets

Basic financial assets, including trade and other debtors and cash and bank balances, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method where applicable.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the Income Statement.

Financial assets are derecognised when (i) the contractual rights to the cash flows from the asset expire or are settled, or (ii) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (iii) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Notes to the financial statements (continued)
at 31 March 2019

1. Accounting policies (continued)

Financial instruments (continued)

Financial Liabilities

Basic financial liabilities, including trade and other creditors are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless they are included in a hedging arrangement.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Offsetting

Financial assets and liabilities are offset and the net amount presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Hedging arrangements

The Company applies hedge accounting for transactions entered into to reduce exposure to the variability of foreign exchange rates for Euros. There were no interest rate swaps remaining during the year.

The effective portion of changes in the fair value of the designated hedging instrument is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss. Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods in which the hedged item affects profit or loss or when the hedging relationship ends.

Hedge accounting is discontinued when the Company revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Any gain or loss accumulated in equity at that time is reclassified to profit or loss when the hedged item is recognised in profit or loss. When a forecast transaction is no longer expected to occur, any gain or loss that was recognised in other comprehensive income is reclassified immediately to profit or loss.

Provisions

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

Notes to the financial statements (continued)

at 31 March 2019

1. Accounting policies (continued)

Related party transactions

The Company is exempt under the terms of section 33.1A of FRS 102, from disclosing related party transactions with entities that are wholly owned subsidiaries of the Sports Information Services (Holdings) Limited Group.

Critical judgements and estimates in applying the accounting policies

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, revenue and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Pension benefits

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations. The Company determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Company considers
the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension obligation.

Other key assumptions for pension obligations are based in part on current market conditions. Additional information is disclosed in note 25.

Pension surplus recognition

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

Other litigation

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

Notes to the financial statements (continued)

at 31 March 2019

2. Turnover

An analysis of turnover by geographical market is given below:

	2019	2018
	£000	£000
UK and Ireland	217,916	161,249
Other	11,300	12,558
	229,216	173,807

3. Operating Profit

This is stated after charging/(crediting):

	2019	2018
	£000	£000
Depreciation of owned fixed assets (note 11)	2,242	2,812
Depreciation of assets held under finance leases (note 11)	–	757
Amortisation of Intangible asset (note 10)	5,902	9,515
Operating lease rentals	1,279	1,170
Services provided by the company's auditor and its associates:		
Fees payable for the audit of the parent undertaking and group financial statements	65	65
Fees payable for other services	169	50
Fees payable for tax services	84	124
Gain on foreign exchange	(100)	(603)

Notes to the financial statements (continued)
at 31 March 2019

4. Individually significant items

	2019	*2018*
	£000	*£000*
Litigation fees	5,147	–
Sale of business	(21,387)	–
Provision against intercompany debtors	3,738	646
Pension ETV Exercise	–	1,774
	(12,502)	2,420

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

On the 9th October, 2018 the Company sold its connectivity services business, SIS Live, to the NEP Group. *The sale of the business generated a profit on disposal of £21,387,000 and was in line with the Group* strategy to focus on the delivery of linear betting opportunities to worldwide operators both for retail and digital consumption.

In 2013, the Company reviewed its recoverability of intercompany debtors following the announcement by its subsidiary undertaking, SIS Outside Broadcasts Limited, to exit the external outside broadcast sector, and thus made an exceptional charge of £23,633,000 through the Income Statement. In 2015, 2016, 2017 and 2018 a total of £17,098,000 has been released against this provision. The charge in 2019 relates to a further increase to the provision following the review of the expected recoverable amount at the reporting date. There are no tax or cash impacts in either year.

The pension ETV relates to the managed wind down of the Outside Broadcast business that provided services to third parties. Since the operation was wound down in April 2014, the Group has been managing the liabilities of the defined benefit pension scheme. During 2017-18 an enhanced transfer value exercise was offered to the deferred members of the pension scheme and the charge above relates to the settlement loss as a result of members transferring out their benefits (£1,411,000) along with the administration cost of running the exercise (£363,000).

5. Directors' remuneration

	2019	*2018*
	£000	*£000*
Directors' remuneration in respect of qualifying services (excluding pension contributions)	967	1,390
Remuneration (excluding pension fund contributions) of the highest paid director were:	567	508

Included within the above in the prior year is a payment of £344,000 in relation to compensation for loss of office. The Company made contributions to a money purchase pension scheme totalling £24,927 (2018 – £70,217) on behalf of its directors and of £12,813 (2018 – £45,742) on behalf of the highest paid director.

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

Notes to the financial statements (continued)

at 31 March 2019

6. Staff costs

	2019	*2018*
	£000	*£000*
Wages and salaries	15,739	16,334
Social security costs	1,393	1,606
Pension costs	1,055	1,058
	18,187	18,998

The average monthly number of persons (including directors) employed by the Company was 310 (2018 – 357).

	2019	*2018*
Directors	2	3
Senior Management	7	7
Operational	166	206
Support	135	141
	310	357

7. Interest receivable and similar income

	2019	*2018*
	£000	*£000*
Bank interest receivable	518	488
Pension interest receivable	196	–

8. Interest payable and similar charges

	2019	*2018*
	£000	*£000*
Other finance costs	(5)	21
Finance charges payable under finance leases	–	(24)
	(5)	(3)

Notes to the financial statements (continued)

at 31 March 2019

9. Tax

Tax expense included in the income statement

The tax charge is made up as follows:

	2019	*2018*
	£000	*£000*
Current tax:		
UK corporation tax on the profit for the year	548	1,396
Adjustments to current taxation in respect of prior years	(78)	127
Foreign Tax	(1)	8
Total current tax	469	1,531
Deferred tax:		
Origination and reversal of timing differences	234	(122)
Adjustment to deferred tax in respect of prior periods	–	–
Effect of change in rates	176	10
Total tax charge on profit on ordinary activities (note 9)	879	1,419

Tax credit included in other comprehensive income

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

		2019			2018	
	£000	**£000**	**£000**	£000	£000	£000
	Current tax	**Deferred tax**	**Total tax**	Current tax	Deferred tax	Total tax
Recognised in income statement	469	410	879	1,531	(112)	1,419
Recognised in other comprehensive income	–	2,434	2,434	(259)	94	(165)
Total tax	469	2,844	3,313	1,272	(18)	1,254

Notes to the financial statements (continued)
at 31 March 2019

9. Tax (continued)

Reconciliation of effective tax rate

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

	2019 *£000*	*2018* *£000*
Profit for the year	16,838	3,030
Tax charge for the year	879	1,419
Profit before tax	17,717	4,449
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 – 19%)	3,366	845
Effects of:		
Expenses not deductible for tax purposes	1,107	318
Income not taxable	(29)	(58)
Difference in tax rate on gain on sale of discontinued operation	(3,594)	–
Other differences	(26)	(36)
Partnership profits and losses	(15)	(50)
Adjustments in respect of prior years	(48)	127
Adjustments in respect of pensions	(47)	259
Effect of change in rates	165	14
Tax charge for the year	879	1,419

Deferred tax assets and liabilities are attributable to the following:

	Assets		**Liabilities**		**Net**	
	2019	2018	**2019**	2018	**2019**	2018
	£000	£000	**£000**	£000	**£000**	£000
Decelerated capital allowances	(1,048)	(1,281)	–	–	(1,048)	(1,281)
Hedging instruments	–	–	–	25	–	25
Deferred tax on pension surplus	–	–	2,528	–	2,528	–
Other timing differences	(189)	(297)	–	–	(189)	(297)
Net tax (assets) / liabilities	(1,237)	(1,578)	2,528	25	1,291	(1,553)

It is expected that £nil (2018 - £25,000) of the deferred tax liability will reverse in the next twelve months

Factors affecting future tax charges

A reduction in the UK corporation tax rate from 19% to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly. The deferred tax asset at 31 March 2019 has been calculated based on the rate that is expected to be applicable at the time of reversal of the asset.

Notes to the financial statements (continued)

at 31 March 2019

10. Intangible fixed assets

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

The Company invests in future core media rights from significant UK and overseas racecourse and dog track groups. 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.

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

11. Tangible fixed assets

	Installed equipment	*Studio equipment*	*Fixtures, fittings and other equipment*	*Leasehold improve-ment*	*Payment on account /AUC's*	*Total*
	£000	*£000*	*£000*	*£000*	*£000*	*£000*
Cost:						
At 1 April 2018	30,276	6,903	14,269	8,084	1,074	60,606
Additions	494	733	392	14	449	2,082
Transfers	308	624	106	11	(1,049)	–
Disposals	(78)	(293)	(91)	–	–	(462)
At 31 March 2019	31,000	7,967	14,676	8,109	474	62,226
Depreciation:						
At 1 April 2018	29,082	5,594	11,623	7,550	–	53,849
Charge for the year	527	553	1,064	98	–	2,242
Disposals	(34)	(105)	(68)	–	–	(207)
At 31 March 2019	29,575	6,042	12,619	7,648	–	55,884
Net book amount:						
At 31 March 2019	1,425	1,925	2,057	461	474	6,342
At 1 April 2018	1,194	1,309	2,646	534	1,074	6,757

Notes to the financial statements (continued)
at 31 March 2019

12. Investments

	Total
	£000
Cost:	
At 1 April 2018	4,808
Disposals	(4,807)
At 31 March 2019	1
Provision for impairment:	
At 1 April 2018	2,355
Disposals	(2,355)
At 31 March 2019	–
Net book amount:	
At 31 March 2019	1
At 1 April 2018	2,453

Name	*Country of Incorporation*	*Ownership*
SIS Outside Broadcasts Limited	England	100%
SIS Live Limited	England	100%
SIS Link Inc	USA	100%
SISBet (Ireland) Limited	Ireland	100%
SIS Live Partnership	n/a	70%
SIS Greyhounds (Holdings) Limited	England	100%

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

In December 2009, the Company 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 2015 the carrying value of Sports 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:

	2019	2018
	£000	£000
Share of assets	1,086	1,123
Share of liabilities	(4,980)	(4,936)
	(3,894)	(3,813)

Notes to the financial statements (continued)
at 31 March 2019

13. Stocks

	2019	*2018*
	£000	*£000*
Finished goods	1,118	505

14. Debtors

	2019	*2018*
	£000	*£000*
Trade debtors	12,972	18,200
Amounts owed by group undertakings	9	7,266
Other debtors	1,299	647
Prepayments and accrued income	12,015	8,634
Derivative financial instruments	–	134
Deferred tax asset (note 9)	1,237	1,553
	27,532	36,434

15. Cash at bank

	2019	*2018*
	£000	*£000*
Cash at bank	76,815	87,985
Restricted Cash	247	530
Cash at bank and in hand	77,062	88,515

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

16. Creditors: amounts falling due within one year

	2019	*2018*
	£000	*£000*
Trade creditors	2,152	8,871
Amounts owed to group undertakings	12,352	12,460
Corporation tax	–	440
Other creditors	899	965
Other taxation and social security	1,072	3,626
Deferred income and payments in advance	23,976	25,322
Accruals	21,061	15,566
	61,512	67,250

Notes to the financial statements (continued)

at 31 March 2019

17. Other provisions

	Property	*WEEE*	*Total*
	£000	*£000*	*£000*
At 1 April 2018	1,632	447	2,079
Utilised during the year	(192)	–	(192)
Charge for the year	1,452	15	1,467
At 31 March 2019	2,892	462	3,354

Property

The property provision relates to the obligations on surrender of property leases to re-instate the premises to the same state and condition as before occupancy including making good all damage caused by removal as well as the onerous element of lease commitments for properties that are vacant prior to the lease end date. The provision is based on independent advice and is management's best estimate of the provision required as at 31 March 2019. The provision will be utilised by 2031.

WEEE

The Waste Electrical and Electronic Equipment (WEEE) Directive aims to minimise the impact of electrical goods on the environment by increasing re-use and recycling, reducing the amount of WEEE going to landfill. It asks producers to be responsible for financing the collection, treatment, and recovery of WEEE, and distributors to allow consumers to return their waste for free. Therefore, the WEEE provision relates to the collection, treatment and recovery of waste electrical equipment that is leased to licensed betting offices in the UK.

Notes to the financial statements (continued)
at 31 March 2019

18. Derivative financial instruments

	Current		Non-current	
	2019	*2018*	*2019*	*2018*
	£000	*£000*	*£000*	*£000*
Derivatives that are designated and effective as hedging instruments carried at fair value				
Assets				
Forward foreign currency contracts	–	134	–	–
Liabilities				
Forward foreign currency contracts	–	–	–	–

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

19. Issued share capital

		2019		*2018*
Allotted, called up and fully paid	*No.*	*£*	*No.*	*£*
Ordinary shares of £1 each	1	1	1	1

20. Dividends

During the year, a dividend of £40,000,000 was declared and paid (2018 – £15,000,000).

Notes to the financial statements (continued)
at 31 March 2019

21. Financial instruments

The Company has the following financial instruments:

	2019	2018
	£000	£000
Financial assets at fair value through profit or loss		
Derivative financial assets	–	134
Financial assets that are debt instruments measured at amortised cost:		
Trade debtors	12,972	18,200
Amounts owed by group undertakings	9	7,266
Cash and cash equivalents	77,062	88,515
Other debtors	1,299	647
	91,342	114,628
Financial liabilities measured at amortised cost:		
Trade creditors	2,152	8,871
Amounts owed to group undertakings	12,352	12,460
Other creditors	899	965
	15,403	22,296

22. Capital commitments

The Company has the following capital commitments:

	2019	2018
	£000	£000
Capital expenditure	1,242	1,913

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

Notes to the financial statements (continued)
at 31 March 2019

23. Pensions

The Company is the parent undertaking of SIS Outside Broadcasts Limited. The SIS Outside Broadcasts Pension Scheme began on 1 April 2008 and was created to reflect the old BBC defined benefit scheme for SIS Outside Broadcasts Limited employees. In March 2014 a flexible apportionment arrangement was implemented to transfer the liabilities in the scheme from SIS Outside Broadcasts Limited to the Company.

The valuation used in these accounts has been based on the most recent actuarial valuation at 31 March 2016. The scheme assets are stated at their market values at the respective reporting dates and overall expected rates of return are established by applying discount rate to each category of scheme assets.

The final salary defined pension scheme was closed from 31 March 2011.

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

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

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

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

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

	2019	*2018*
	£000	*£000*
Recognised in the income statement		
Expected return on assets	(596)	(715)
Interest cost	400	519
Loss on settlement	–	1,411
Restriction on return of assets	–	204
Total charge to the income statement	(196)	1,419

Notes to the financial statements (continued)

at 31 March 2019

23. Pensions (continued)

	2019	*2018*
	£000	*£000*
Taken to the other comprehensive income		
Actual return on scheme assets	1,381	171
Less expected return on scheme assets	(596)	(715)
Restriction on return of assets	–	204
	785	(340)
Irrecoverable surplus	52	152
Actuarial loss on the defined benefit obligation	(1,033)	246
Surplus recognition	7,222	–
Actuarial gain recognised in the statement of comprehensive income	7,026	58

	2019	*2018*
Main assumptions:		
Discount rate	2.50%	2.70%
Salary growth	N/A	N/A
Inflation assumption	3.60%	3.50%
Rate of increase in pension payments – RPI up to 10%	3.60%	3.50%
Rate of increase in pension payments – RPI up to 5%	3.45%	3.35%
Base Mortality Table	S3P MA_L/S3PFA_L	S2PMA_L/S2PFA_ L tables
Loading to mortality rates	90.0%	90.0%
Mortality Projection Basis	CMI 2018 (core) projection with 1% p.a. long-term improvement	CMI 2017 (core) projection with 1% p.a. long term improvements

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

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

Notes to the financial statements (continued)

at 31 March 2019

23. Pensions (continued)

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

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

Amounts for the current year is:

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

The cumulative amount of actuarial gains and losses recognised since 1 April 2014 in the other comprehensive income of the Company is a net loss of £1,279,000 (2018 – £5,943,000).

24. Other financial commitments

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

	2019	*2018*
	£000	*£000*
Operating leases which expire:		
Not later than one year	1,186	1,328
Later than one year and not later than five years	3,839	4,346
Later than five years	4,243	5,388
	9,268	11,062

Notes to the financial statements (continued)

at 31 March 2019

25. Contingent liabilities

Other litigation

The Company is currently subject to an active litigation claim, with the full outcome still unknown at year end. The Directors have included an estimate on the total costs of the claim within this years results (note 4).

Cross Guarantee

The Company is an obligor to a wider group banking arrangement and as such has entered into a cross guarantee of the SIS group of companies headed by Sports Information Services (Holdings) Limited. This agreement covers any liabilities of SIS Live Partnership in which Sports Information Services Limited is a partner (note 12). At 31 March 2019 the net cash position of the group was £70,317,000 (2018: £79,389,000).

26. Related party transactions

During the year the Company entered into transactions, in the ordinary course of business, with other related parties. The Company has taken advantage of the exemption in section 33.1A of FRS 102, not to disclose transactions with its wholly owned subsidiaries. Transactions entered into, and trading balances outstanding at 31 March 18, are as follows:

	Sales to related party	*Purchases from related party*	*Tax losses of related party utilised*	*Amounts owed from related party*	*Amounts owed to related party*
	£000	*£000*	*£000*	*£000*	*£000*
Ladbrokes Coral Group Limited					
2019	75,116	18,939	–	4,813	–
2018	58,259	15,340	–	3,761	–
William Hill Organisation Limited					
2019	45,373	30	–	5,591	–
2018	33,315	30	–	9,302	–
Betfred Group					
2019	33,005	30	–	37	8
2018	24,337	38	–	1	-
Catalyst Media Group plc					
2019	–	–	4	–	–
2018	–	–	22	–	–
Caledonia Investments plc					
2019	–	–	–	–	–
2018	–	–	949	–	–

Notes to the financial statements (continued)

at 31 March 2019

26. Related party transactions (continued)

Ladbrokes Coral Group Limited owns 23.41%, William Hill Organization Limited owns 19.51%, Catalyst Media Group plc owns 20.54% and Caledonia Investments plc owns 22.55% of the ordinary shares in the holding company, Sports Information Services (Holdings) Limited. The Betfred Group, made up of Done Brothers (Cash Betting) Limited and Tote (Successor Company) Limited, owns 6% of the ordinary shares in the holding Company.

During April 2017, SIS signed an agreement with Great Leighs Estates Limited to extend the media rights at Chelmsford City Racecourse. This resulted in the conversion of £6,750,000 secured loan notes, along with accrued interest and penalties (total of £7,862,330) being converted into intangible assets as upfront media rights payments, with the balance repayable to SIS (by way of discounted media rights fees) in equal monthly instalments over the duration of the extended rights agreement (December 2025). It should be noted that Mr Fred Done, a director and shareholder of the holding company, provides a personal guarantee for the full outstanding balance at any point in time.

See note 5 for disclosure of the directors' remuneration.

Amounts contributed to pension funds are as follows:

	£'000
Sports Information Services Limited Pension Scheme (Standard Life)	1,763
SIS Outside Broadcast Limited Pension Scheme	–

27. Ultimate parent undertaking and controlling party

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

Sports Information Services (Holdings) Limited
Unit 2 Whitehall Avenue
Kingston
Milton Keynes
Buckinghamshire
MK10 0AX