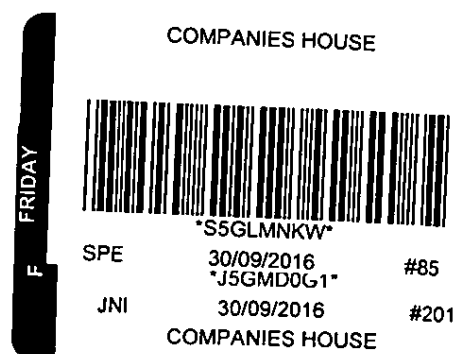
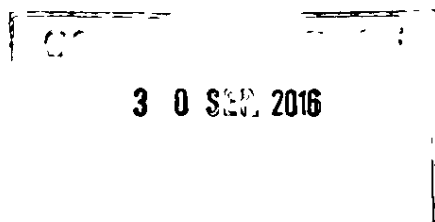


# Switchdigital (B&H) Limited

Formerly UTV Digital (B&H) Limited

## Report and financial statements

31 December 2015



## Corporate information

### **Directors**

S Taunton  
P Collins

### **Secretary**

P Collins

### **Auditors**

Ernst & Young LLP  
Bedford House  
16 Bedford Street  
Belfast BT2 7DT

### **Bankers**

Bank of Ireland  
Corporate & Retail Banking  
1 Donegall Square South  
Belfast BT1 5LR

### **Solicitors**

A&L Goodbody  
6th Floor  
42-46 Fountain Street  
Belfast BT1 5EF

### **Registered Office**

18 The Hatfields  
London  
England  
SE1 8DJ

## Directors' report

The directors present their report for the year ended 31 December 2015

### Directors of the company

The directors who served the company during the year were those listed on page 1

### Results and dividends

The profit for the year after taxation amounted to £213,551 (2014 £174,032) The directors paid a dividend of £nil during the year (2014 £400,000)

### Principal activities and future developments

The principal activity of the company during the year continued to be that of a local digital multiplex operator under a licence issued by the Radio Authority The Company intends to continue this operation

### Events since the balance sheet date

On 29 February 2016, following approval from the Company's board of directors (in accordance with the Company's articles of association), the Company announced that it had changed its registered name from "UTV Digital B&H Limited" to "Switchdigital (B&H) Limited" with immediate effect

### Going concern

The financial statements have been prepared on the going concern basis which assumes that the Company will be able to continue in operational existence for the foreseeable future and to meet its liabilities as they fall due In preparing the financial statements, the directors have taken into account both the Company's future trading and cash flows and support from its parent undertaking and believe that it is appropriate to prepare the financial statements on the going concern basis

### Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting

### Directors' statement as to disclosure of information to auditors

The directors who were members of the board at the time of approving the directors' report are listed on page 1 Having made enquiries of fellow directors and of the Company's auditors, each of these directors confirms that

- To the best of each director's knowledge and belief, there is no information (that is, information needed by the Company's auditors in connection with preparing their report) of which the Company's auditors are unaware, and
- Each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditors are aware of that information

### Small company exemptions

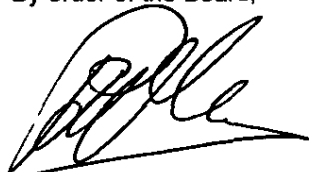
This report has been prepared in accordance with the special provisions applicable to companies subject to the small companies regime within Part 15 of the Companies Act 2006

### Strategic report

The directors have not prepared a strategic report as the company is entitled to the special provisions applicable to companies subject to the small companies regime within Part 15 of the Companies Act 2006

## Directors' report

By order of the Board,

A handwritten signature in black ink, appearing to be 'P Collins', written over a horizontal line.

P Collins

Director

28 September 2016

## Directors' responsibilities statement

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

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

**Independent auditors' report**  
to the members of Switchdigital (B&H) Limited

We have audited the financial statements of Switchdigital (B&H) Limited for the year ended 31 December 2015 which comprise the Income Statement, the Statement of Comprehensive Income, the Statement of Changes in Equity, the Balance Sheet and the related notes 1 to 19. 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), including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

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 auditors**

As explained more fully in the Directors' Responsibilities Statement set out on page 3, 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 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 report and accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**Opinion on 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 December 2015 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been properly prepared in accordance with the Companies Act 2006.

**Opinion on other matters prescribed by the Companies Act 2006**

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

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

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

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

*Ernst & Young LLP*

Keith Jess (Senior Statutory Auditor)

For and on behalf of Ernst & Young LLP

Statutory Auditor

Belfast

Date

*30 September 2016*

**Income Statement**  
for the year ended 31 December 2015

|  | Notes | 2015<br>£ | 2014<br>£ |
|--|-------|-----------|-----------|
| <b>Turnover</b>                                      | 3     | 422,577   | 562,488   |
| Operating expenses                                   |       | (151,620) | (338,992) |
| <b>Operating Profit</b>                              | 4     | 270,957   | 223,496   |
| Interest receivable and similar income               | 7     | 180       | 265       |
| <b>Profit on ordinary activities before taxation</b> |       | 271,137   | 223,761   |
| Tax (expense)  | 8     | (57,586)  | (49,729)  |
| <b>Profit for the financial year</b>                 |       | 213,551   | 174,032   |

All amounts relate to continuing activities

**Statement of Comprehensive Income**  
for the year ended 31 December 2015

There are no recognised gains or losses other than the profit attributable to the shareholders of the company of £213,551 in the year ended 31 December 2015 (2014 £174,032)

**Statement of Changes in Equity**  
for the year ended 31 December 2015

|                                | <b>Share<br/>capital<br/>£</b> | <b>Retained<br/>earnings<br/>£</b> | <b>Total<br/>equity<br/>£</b> |
|--------------------------------|--------------------------------|------------------------------------|-------------------------------|
| At 1 January 2014              | 100                            | 295,150                            | 295,250                       |
| Profit for the financial year  | -                              | 174,032                            | 174,032                       |
| Equity dividends paid (Note 9) | -                              | (400,000)                          | (400,000)                     |
|                                | <hr/> 100                      | <hr/> 69,182                       | <hr/> 69,282                  |
| At 31 December 2014            |                                |                                    |                               |
| Profit for the financial year  | -                              | 213,551                            | 213,551                       |
|                                | <hr/> 100                      | <hr/> 282,733                      | <hr/> 282,833                 |
| <b>At 31 December 2015</b>     |                                |                                    |                               |



**Balance Sheet**  
at 31 December 2015

|  | Notes | 2015<br>£        | 2014<br>£       |
|--|-------|------------------|-----------------|
| <b>Current assets</b>                                |       |                  |                 |
| Debtors amounts falling due within one year          | 10    | 450,201          | 91,979          |
| Debtors amounts falling due after more than one year | 8(d)  | 23,795           | 22,694          |
| Cash at bank and in hand                             |       | 17,358           | 5,469           |
|  |       | <u>491,354</u>   | <u>120,142</u>  |
| <b>Creditors</b> amounts falling due within one year |       |                  |                 |
| Intercompany and other creditors                     | 11    | (172,405)        | (27,050)        |
| UK corporation tax                                   |       | (36,116)         | (23,810)        |
|  |       | <u>(208,521)</u> | <u>(50,860)</u> |
| <b>Net current assets</b>                            |       | <u>282,833</u>   | <u>69,282</u>   |
| <b>Net assets</b>                                    |       | <u>282,833</u>   | <u>69,282</u>   |
| <b>Capital and reserves</b>                          |       |                  |                 |
| Share capital  | 13    | 100              | 100             |
| Retained earning                                     |       | 282,733          | 69,182          |
|  |       | <u>282,833</u>   | <u>69,282</u>   |

The financial statements were approved by the Board of Directors and authorised for issue on 28 September 2016. They were signed on its behalf by



P Collins

Director

28 September 2016

## Notes to the Financial Statements (continued)

for the year ended 31 December 2015

### 1. Authorisation of financial statements and statement of compliance with FRS 101

The financial statements of Switchdigital (B&H) Limited (the "Company") for the year ended 31 December 2015 were authorised for issue by the board of directors on 28 September 2016 and the balance sheet was signed on the board's behalf by P Collins. Switchdigital (B&H) Limited is a private company limited by shares and is incorporated and domiciled in England.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

The Company's financial statements are presented in Sterling and all values are rounded to the nearest pound except when otherwise indicated.

The principal accounting policies adopted by the Company are set out in note 2.

### 2 Accounting policies

#### *Basis of preparation*

The Company transitioned from previously extant UK GAAP to FRS 101 for all periods presented. There were no material amendments on adoption of FRS.

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2015.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- a) the requirements of IFRS 7 Financial Instruments Disclosures,
- b) the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of,
  - i) paragraph 79 (a) (iv) of IAS1,
- c) the requirements of paragraphs 10(d), 38A, 111 and 134 to 136 of IAS 1 Presentation of Financial Statements,
- d) the requirements of IAS 7 Statement of Cash Flows,
- e) the requirements of paragraph 17 of IAS 24 Related Party Disclosures, and
- f) the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is party to the transaction is wholly owned by such a member.

#### *Judgements and key sources of estimation uncertainty*

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for the revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The following judgements have had the most significant effect on amounts recognised in the financial statements:

#### *Income taxes*

The Company recognises expected liabilities for tax based on an estimation of the likely taxes due, which requires significant judgement as to the ultimate tax determination of certain items. Where the actual liability arising from these issues differs from these estimates, such differences will have an impact on income tax and deferred tax provisions in the period when such determination is made.

#### *Provisions*

A provision is recognised when the Company 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.

#### *Revenue recognition*

Revenue is recognised to the extent that the company obtains the right to consideration in exchange for its performance through the provision of services under its licence. Revenue is measured at the fair value of the consideration received, excluding agency commissions, discounts, rebates, VAT and other sales taxes or duty.

#### *Interest income*

Revenue is recognised as interest accrues using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to its net carrying amount.

**Notes to the Financial Statements (continued)**  
for the year ended 31 December 2015

**Leases**

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Rentals payable under operating leases are charged in the profit and loss account on a straight-line basis over the lease term.

**Current taxation**

The tax charge represents the sum of tax currently payable and is charged or credited in the income statement. Tax currently payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the income statement because it excludes both items of income or expense that are taxable or deductible in other years as well as items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantially enacted by the balance sheet date.

**Deferred taxation**

Deferred tax is recognised in respect of all temporary 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 replacement assets, only to the extent that, at the 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,
- 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 periods in which temporary differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

**Dividends**

Final dividends are recorded in the Company's accounts in the period in which they are approved by the Board of Directors. Interim dividends are recorded in the period in which they are paid.

**3. Turnover**

Turnover represents amounts derived from the provision of services in the period which fall within the company's ordinary activities, stated net of value added tax. All turnover arose wholly within the United Kingdom. The directors consider that the business of the company is all of one class, and is attributable to continuing operations.

**4 Operating profit**

This is stated after charging/(crediting)

|  | 2015    | 2014    |
|--|---------|---------|
|  | £       | £       |
| Hire of plant and machinery under operating leases | 158,866 | 320,637 |
| Auditors remuneration                              | 3,000   | 3,700   |
|  | <hr/>   | <hr/>   |

**5 Auditors remuneration**

The Company has recognised the following in respect of amounts paid or payable to its auditors in respect of the audit of the financial statements and for other services provided to the Company:

|                                   | 2015  | 2014  |
|-----------------------------------|-------|-------|
|                                   | £     | £     |
| Audit of the financial statements | 3,000 | 3,700 |
|                                   | <hr/> | <hr/> |

The company has taken advantage of the exemption not to disclose amounts paid for non-audit services as these are disclosed in the group accounts of its parent Wireless Group plc.

Notes to the Financial Statements (continued)  
for the year ended 31 December 2015

**6 Staff costs and Directors' remuneration**

*a) Staff costs*

The company did not employ any staff during the year or in the prior year

*b) Directors' remuneration*

Directors were not paid any emoluments in respect of services to the company (2014 £nil)

**7. Interest receivable**

|  | 2015 | 2014 |
|--|------|------|
|  | £    | £    |
| Interest receivable on the net amount owed by group undertakings | 180  | 265  |

**8. Taxation**

*a) Tax charged in the income statement*

|   | 2015    | 2014    |
|---|---------|---------|
|   | £       | £       |
| <i>Current income tax</i>               |         |         |
| UK corporation tax                      | 58,687  | 51,689  |
| Amounts underprovided in previous years | -       | 1,370   |
| Total current income tax                | 58,687  | 53,059  |
| <i>Deferred tax</i>                     |         |         |
| (Decrease) in deferred tax asset        | (1,101) | (3,330) |
| Tax expense in the income statement     | 57,586  | 49,729  |

*b) Reconciliation of the total tax charge*

The tax expense in the income statement for the year is higher than the standard rate of corporation tax in the UK of 20.25% (2014 21.5%). The differences are reconciled below

|   | 2015    | 2014    |
|---|---------|---------|
|   | £       | £       |
| Profit on ordinary activities before tax                                      | 271,137 | 223,761 |
| Tax calculated at UK standard rate of corporation tax of 20.25% (2014 21.50%) | 54,905  | 48,109  |
| Temporary differences   | 2,681   | 250     |
| Tax underprovided in previous years   | -       | 1,370   |
|   | 57,586  | 49,729  |

*c) Factors that may affect future tax charges*

A reduction to the UK corporation tax rate was substantively enacted on 26 October 2015 which will reduce the corporation tax rate to 19% from 1 April 2017. A further reduction in the tax rate to 17% from 1 April 2020 has been announced but has not yet been substantively enacted. There are no potential income tax consequences resulting from the payment of dividends.

Notes to the Financial Statements (continued)  
for the year ended 31 December 2015

8. Taxation (continued)

d) *Deferred tax*

The deferred tax included in the balance sheet is as follows

|                           | 2015<br>£     | 2014<br>£     |
|---------------------------|---------------|---------------|
| <b>Deferred tax asset</b> |               |               |
| Temporary differences     | 23,795        | 22,694        |
| Deferred tax asset        | <u>23,795</u> | <u>22,694</u> |

**Disclosed on the balance sheet**

|                    |               |               |
|--------------------|---------------|---------------|
| Deferred tax asset | <u>23,795</u> | <u>22,694</u> |
|--------------------|---------------|---------------|

|   | 2015<br>£      | 2014<br>£      |
|---|----------------|----------------|
| <b>Deferred tax in the income statement</b> |                |                |
| Temporary differences                       | (1,101)        | (3,330)        |
| Deferred tax credit                         | <u>(1,101)</u> | <u>(3,330)</u> |

9 Dividends paid

|  | 2015<br>£ | 2014<br>£ |
|--|-----------|-----------|
| <i>Declared and paid during the year</i>                         |           |           |
| Equity dividends on ordinary shares                              |           |           |
| Interim dividend for 2015 £nil per share (2014 £4,000 per share) | -         | 400,000   |

10 Debtors

|                                    | 2015<br>£      | 2014<br>£     |
|------------------------------------|----------------|---------------|
| Trade debtors                      | 65,167         | 35,672        |
| Amounts owed by group undertakings | 374,464        | 56,307        |
| Prepayments and accrued income     | 10,570         | -             |
|                                    | <u>450,201</u> | <u>91,979</u> |

11. Creditors: amounts falling due within one year

|                                    | 2015<br>£      | 2014<br>£     |
|------------------------------------|----------------|---------------|
| Amounts owed to group undertakings | 99,820         | -             |
| Other taxation and social security | 9,287          | 10,214        |
| Accruals and deferred income       | 63,298         | 16,836        |
|                                    | <u>172,405</u> | <u>27,050</u> |

**Notes to the Financial Statements (continued)**  
for the year ended 31 December 2015

**12. Obligation under leases**

***Operating lease agreements where the Company is lessee***

Future minimum rentals payable under non-cancellable operating leases are as follows

|   | 2015<br>£      | 2014<br>£        |
|---|----------------|------------------|
| Not later than one year                     | 124,548        | 125,282          |
| After one year but not more than five years | 527,971        | 515,598          |
| After five years                            | 271,585        | 408,506          |
|   | <u>924,104</u> | <u>1,049,386</u> |

**13. Authorised, issued and called-up share capital**

|   | 2015<br>No | 2014<br>No | 2015<br>£  | 2014<br>£  |
|---|------------|------------|------------|------------|
| <i>Allotted, called up and fully paid</i> |            |            |            |            |
| A Ordinary shares of £1 each              | 20         | 20         | 20         | 20         |
| B Ordinary shares of £1 each              | 80         | 80         | 80         | 80         |
|   | <u>100</u> | <u>100</u> | <u>100</u> | <u>100</u> |

**14 Reserves**

***Equity share capital***

The balance classified as equity share capital includes the total net proceeds (both nominal value and share premium) on issue of the Company's equity share capital, comprising £1 ordinary shares

**15 Post balance sheet events**

On 29 February 2016, following approval from the Company's board of directors (in accordance with the Company's articles of association), the Company announced that it had changed its registered name from "UTV Digital B&H Limited" to "Switchdigital (B&H) Limited" with immediate effect

On 30 June 2016, Wireless Group plc announced a recommended cash offer by News Corp UK & Ireland Limited for the entire issued and to be issued share capital of Wireless Group plc. On 26 September 2016, the offer by News Corp UK & Ireland Limited to acquire the entire issued and to be issued share capital of Wireless Group plc became wholly unconditional

**16 Off-balance sheet arrangements**

The company enters into operating lease arrangements for the hire of equipment as these arrangements are a cost efficient way of obtaining the short-term benefits of these assets. The annual commitments under these arrangements are disclosed in Note 12. There are no other material off-balance sheet arrangements

**17. Other related party transactions**

The Company has taken advantage of the exemption under paragraph 8(k) of FRS 101 not to disclose transactions with fellow wholly owned subsidiaries

**18. Ultimate group undertaking**

The Company's immediate parent undertaking is The Wireless Group Media (GB) Limited. The Company's ultimate parent undertaking at 31 December 2015 was Wireless Group plc. The company is included within these group accounts which are publicly available from Ormeau Road, Belfast, BT7 1EB

**19 Transition to FRS 101**

For all periods up to and including the year ended 31 December 2014, the Company prepared its financial statements in accordance with previously extant United Kingdom generally accepted accounting practice (UK GAAP). These financial statements, for the year ended 31 December 2015, are the first the Company has prepared in accordance with FRS 101

Accordingly, the Company has prepared individual financial statements which comply with FRS 101 applicable for periods beginning on or after 1 January 2014 and the significant accounting policies meeting those requirements are described in the relevant notes

**Notes to the Financial Statements (continued)**  
for the year ended 31 December 2015

**19. Transition to FRS 101 (continued)**

In preparing these financial statements, the Company has started from an opening balance sheet as at 1 January 2014, the Company's date of transition to FRS101, and made those changes in accounting policies and other restatements required for the first-time adoption of FRS 101. There are no principal adjustments made by the Company in restating its balance sheet as at 1 January 2014 prepared under previously extant UK GAAP and its previously published UK GAAP financial statements for the year ended 31 December 2014.

On transition to FRS 101, the Company has applied the requirements of paragraphs 6-33 of IFRS 1 "First time adoption of International Financial Reporting Standards".