Switchdigital (B&H) Limited

Formerly UTV Digital (B&H) Limited

Report and financial statements

For the 18 months ended 30 June 2017

Registered number: 04404178

Corporate information

Directors
S Taunton
P Collins
C. C. S Longcroft

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
1 London Bridge Street
London
England
SE1 9GF

Directors' report

Registered number: 04404178

The directors present their report for the 18 months ended 30 June 2017.

Directors of the company

The directors who served the Company during the period were as follows:

S Taunton

P Collins

C Longcroft (appointed 30 November 2016)

Change of accounting reference date

During the period, the Company changed its accounting reference date from 31 December to 30 June. The change is to align the year end of Switchdigital (B&H) Limited with the year end of News Corporation, which is 30 June. As a result, the financial statements of the Company are prepared for the 18 month period ending 30 June 2017. The comparatives are for the year ended 31 December 2015.

Results and dividends

The profit for the period after taxation amounted to £497,188 (2015: £213,551). No dividends were paid during the period (2015: £nil).

Principal activities and future developments

The principal activity of the Company during the period continued to be that of a local digital multiplex operator under a licence issued by the Radio Authority. The directors intend to continue this operation.

Change of name

On 19 February 2016 the Company changed its name from UTV Digital (B&H) Limited to Switchdigital (B&H) Limited.

Going concern

The company's business activities, together with the factors likely to affect its future development, performance and position, are set out in the Directors' report.

The company has financial resources and contracts with customers and suppliers across different geographic areas and industries. As a consequence, the Directors believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Auditors

The directors have passed a resolution to dispense with the requirement to reappoint auditors annually. Ernst & Young LLP are deemed to be reappointed as auditor in the absence of a notice that the appointment is to be terminated.

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

Directors' report (continued)

Registered number: 04404178

Directors' statement as to disclosure of information to auditors (continued)

- 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.

By order of the board,

S Taunton

Director

28 March 2018

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 *(formerly UTV Digital (B&H) Limited)*

We have audited the financial statements of Switchdigital (B&H) Limited for the period ended 30 June 2017 which comprise the Income Statement, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 14. 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 FRS 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 auditor

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

Scope of the audit of the financial statements

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 financial statements 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 30 June 2017 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.
- the Directors' Report has been prepared in accordance with applicable legal requirements.

Independent auditors' report (continued)

to the members of Switchdigital (B&H) Limited

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have identified no material misstatements in the Directors' Report.

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; or
- the directors were not entitled to take advantage of the small companies' exemptions in preparing the Directors' report and from the requirement to prepare a Strategic report.

Ernst & Young LLP

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

29 March 2018

Income statement

for the period ended 30 June 2017

	Notes	For the period from 1 January 2016 to 30 June 2017 £	For the year ended 31 December 2015 £
Turnover	3	781,827	422,577
Operating expenses		(286,103)	(151,620)
Operating profit	4	495,724	270,957
Interest receivable and similar income	7	142	180
Profit on ordinary activities before taxation		495,866	271,137
Tax (charge)	8	1,322	(57,586)
Profit for the financial period		497,188	213,551

All amounts relate to continuing activities.

Statement of comprehensive income

for the period ended 30 June 2017

There are no items of other comprehensive income other than the profit attributable to the shareholders of the Company of £497,188 (2015: £213,551).

Balance sheet

at 30 June 2017

Registered number: 04404178

	Notes	30 June 2017 £	31 December 2015 £
Current assets			
Debtors: amounts falling due within one year	9	1,045,525	450,201
Debtors: amounts falling due after more than one year	8(d)	22,473	23,795
UK Corporation tax		2,854	-
Cash at bank and in hand		5,313	17,358
		1,076,165	491,354
Creditors: amounts falling due within one year			
Intercompany and other creditors	10	(296,144)	(172,405)
UK corporation tax		-	(36,116)
		(296,144)	(208,521)
Net current assets		780,021	282,833
Net assets		780,021	282,833
Capital and reserves			
Share capital	12	100	100
Retained earning		779,921	282,733
Total equity		780,021	282,833

The financial statements were approved by the Board of Directors and authorised for issue on 28 March 2018. They were signed on its behalf by:

S Taunton

Director

28 March 2018

Statement of changes in equity

for the period ended 30 June 2017

	Share capital	Retained earnings	Total equity
	£	£	£
At 1 January 2015	100	69,182	69,282
Profit for the financial year	–	213,551	213,551
At 31 December 2015	100	282,733	282,833
Profit for the financial period	–	497,188	497,188
At 30 June 2017	100	779,921	780,021

Notes to the financial statements

for the period ended 30 June 2017

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

The financial statements of Switchdigital (B&H) Limited (formerly UTV Digital (B&H) Limited) (the "Company") for the 18 months ended 30 June 2017 were authorised for issue by the board of directors on 28 March 2018 and the balance sheet was signed on the board's behalf by S. Taunton. 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 and in line with Companies Act 2006.

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 accounting policies which follow set out those policies which apply in preparing the financial statements for the 18 months ended 30 June 2017.

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 period. 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.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding agency commissions, discounts, rebates, value added tax and other sales taxes or duties. The following criteria must also be met before revenue is recognised:

Notes to the financial statements (continued)

for the period ended 30 June 2017

2. Accounting policies (continued)

***Revenue recognition** (continued)*

Rendering of services

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.

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.

Leases

Company as a lessee

Leases where the lessor retains a significant portion of the risks and benefits of ownership of the asset are classified as operating leases and rentals payable are charged in the income statement on a straight line basis over the lease term.

Income taxes

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date. Deferred income tax assets and liabilities are offset, only if a legally enforceable right exists to set off current tax assets against current tax liabilities, the deferred income taxes relate to the same taxation authority and that authority permits the Company to make a single net payment.

Income tax is charged or credited to other comprehensive income if it relates to items that are charged or credited to other comprehensive income. Similarly, income tax is charged or credited directly to equity if it relates to items that are credited or charged directly to equity. Otherwise income tax is recognised in the income statement.

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:

	For the period from 1 January 2016 to 30 June 2017	For the year ended 31 December 2015
	£	£
Operating lease payments	275,055	158,866

Notes to the financial statements (continued)

for the period ended 30 June 2017

5. Auditors remuneration

The Company paid the following amounts to its auditors in respect of the audit of the financial statements and for other services provided to the Company.

	For the period from 1 January 2016 to 30 June 2017	For the year ended 31 December 2015
	£	£
Audit of the financial statements	5,442	3,000

6. Staff costs and Directors' remuneration

a) *Staff costs:*

The Company did not employ any staff during the period or in the prior year.

b) *Directors' remuneration:*

Directors were not paid any emoluments in respect of services to the Company (2015: £nil).

7. Interest receivable

	For the period from 1 January 2016 to 30 June 2017	For the year ended 31 December 2015
	£	£
Interest receivable on the net amount owed by group undertakings	142	180

8. Taxation

a) *Tax charged in the income statement:*

	For the period from 1 January 2016 to 30 June 2017	For the year ended 31 December 2015
	£	£
Current income tax:		
UK corporation tax	–	58,687
Total current income tax	–	58,687
Deferred tax:		
Increase in deferred tax asset	1,322	(1,101)
Total deferred tax	1,322	(1,101)
Tax charged in the income statement	1,322	57,586

Notes to the financial statements (continued)

for the period ended 30 June 2017

8. **Taxation** (continued)

b) *Reconciliation of the total tax charge:*

The tax on profit before tax for the period is higher than the standard rate of corporation tax in the UK (2015: higher than the standard rate of corporation tax in the UK) of 19.83% (2015: 20.25%). The differences are reconciled below:

	For the period from 1 January 2016 to 30 June 2017	For the year ended 31 December 2015
	£	£
Profit before tax	495,866	271,137
Corporation tax at standard rate	98,330	54,905
Group relief claimed	(98,330)	-
Temporary differences	1,322	2,681
Total tax charge	1,322	57,586

c) *Factors that may affect future tax charges:*

Following the 2015 summer budget and the 2016 budget, the UK corporation tax rate reduced from 20% to 19% from 1 April 2017 and will reduce to 17% from 1 April 2020.

d) *Deferred tax:*

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

	30 June 2017	31 December 2015
	£	£
Deferred tax asset		
Temporary differences	22,473	23,795
Deferred tax asset	22,473	23,795
Disclosed on the balance sheet		
Deferred tax asset	22,473	23,795

	For the period from 1 January 2016 to 30 June 2017	For the year ended 31 December 2015
	£	£
Deferred tax in the income statement		
Temporary differences	1,322	(1,101)
Deferred tax credit	1,322	(1,101)

Notes to the financial statements (continued)

for the period ended 30 June 2017

9. Debtors

	30 June 2017	31 December 2015
	£	£
Trade debtors	42,799	65,167
Amounts owed by group undertakings	991,763	374,464
Prepayments and accrued income	10,963	10,570
	1,045,525	450,201

10. Creditors: amounts falling due within one year

	30 June 2017	31 December 2015
	£	£
Amounts owed to group undertakings	228,652	99,820
Other taxation and social security	8,271	9,287
Accruals and deferred income	59,221	63,298
	296,144	172,405

11. Obligation under leases

Operating lease agreements where the Company is lessee

The Company had entered into commercial leases on certain items of equipment. These leases have an average duration of between 8 and 15 years. There are no restrictions placed upon the lessee by entering into these leases.

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

	30 June 2017	31 December 2015
	£	£
Not later than one year	218,931	124,548
After one year but not more than five years	917,774	527,971
After five years	101,410	271,585
	1,238,115	924,104

12. Share capital

	30 June 2017		31 December 2015	
	No.	£	*No.*	
Allotted, called up and fully paid				
A Ordinary shares of £1 each	20	20	20	20
B Ordinary shares of £1 each	80	80	80	80
	100	100	100	100

13. 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.

Notes to the financial statements (continued)

for the period ended 30 June 2017

14. Ultimate group undertaking and controlling party

The company's immediate parent company is The Wireless Group Media (GB) Limited, a company incorporated in England and Wales.

The ultimate parent company and controlling party is News Corporation, a company incorporated in Delaware in the United States.

The smallest and largest group in which the results of the company are consolidated is that headed by News Corporation, whose principal place of business is at 1211 Avenue of the Americas, New York, NY10036. The consolidated financial statements are available to the public and may be obtained from 1 London Bridge Street, London, SE1 9GF.