

Fox Networks Group (UK) Limited

Strategic Report, Directors' Report and Financial Statements

30 June 2018



Directors

D Londono
T Downing
J Koeppen
N Patel
C McLeod

Auditors

Ernst & Young LLP
1 More London Place
London SE1 2AF

Bankers

Citibank
C/o Citigroup Centre
Canada Square
Canary Wharf
London E14 5LB

Secretary

Jordan Company Secretaries Limited
First Floor
Templeback
10 Temple Back
Bristol, BS1 6FL

Registered Office

Third Floor
10 Hammersmith Grove
London
W6 7AP

Registered No. 04467859

Strategic report

The directors present their strategic report for the year ended 30 June 2018.

Principal activities and review of the business

The company's principal activity continued to be operating, developing and distributing the entertainment television channels, FOX, FOX HD and the free-to-air channel, YourTV. The television operations during the year have continued to be in the United Kingdom and Republic of Ireland.

Key performance indicators

<i>Measure</i>	<i>Description</i>	<i>2018</i>	<i>2017</i>
Turnover		£93,207,583	£81,135,744
Margin analysis (%)	Gross Profit as a % of Turnover	32%	30%
Liquidity analysis	Current assets as a % of Current liabilities	107.5%	100.7%

The loss for the year after taxation amounted to £1,810,272 (2017: profit £7,884,789). The main reason for the worsened performance is a one off adjustment to intercompany debtors of £10,800,000. This was partially offset by a stronger business performance as can be seen from the margin analysis improvement.

The growth in both turnover and margin analysis is driven by the launch of our new Fox+ product and large increases in syndication sales.

Principal risks and uncertainties

The company uses various financial instruments which include cash, trade debtors, trade creditors and amounts due to group undertakings that arise directly from its operations. The existence of these financial instruments exposes the company to a number of financial risks, which are described in more detail below.

The main risks arising from the company's financial instruments are currency risk, interest rate risks, credit risk and liquidity risk. The directors review and agree policies for managing each of these risks, and they are summarised below. These policies have remained unchanged from previous years.

Currency risk

Although the majority of the company's costs and revenue are denominated in United Kingdom Pounds Sterling, the company is exposed to translation and transaction foreign exchange risk from US Dollars and Euros. Costs and revenue are incurred in both of these currencies. Currently management does not use any hedging contracts to manage this risk and the company does not adopt a prescribed policy to eliminate currency exposures.

Liquidity risk

The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

The company's policy throughout the year has been to achieve this objective through management's day-to-day involvement in business decisions rather than through setting maximum or minimum liquidity ratios.

Interest rate risk

The company finances its operations through equity and debt.

The interest rate exposure of the financial assets and liabilities of the company as at 30 June 2018 is shown in the balance sheet. The balance sheet includes trade debtors and creditors as these do not attract interest and are therefore subject to fair value interest rate risk.

Credit risk

The company's principal financial assets are amounts owed by trade debtors.

The credit risk associated with cash is limited as the counterparties have high credit ratings assigned by international credit-rating agencies. The principal credit risk arises, therefore, from trade debtors.

In order to manage credit risk, management sets limits for customers based on a combination of payment history and third-party credit references. Credit limits are reviewed by Management on a regular basis in conjunction with debt ageing and collection history.

On behalf of the Board



T Downing
Director

21 June 2019

Registered No. 04467859

Directors' report

The directors present their report and financial statements for the year ended 30 June 2018.

Results and dividends

The loss for the year after taxation amounted to £1,810,272 (2017: profit £7,884,789). The company has paid no dividends during the year (2017: £nil).

No dividends are proposed for 2018 (2017: £nil).

Going concern

The Company's business activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives and exposure to price, credit, liquidity and cash flow risk are described in the principal activities and review of business in the Strategic Report.

The Company has considerable financial resources together with long-term contracts with a number of customers and suppliers. As a consequence, the directors believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statement.

Future developments

The directors intend that the activity of the company will continue for the foreseeable future.

Events after the Balance Sheet date

On 20 March 2019, The Walt Disney Company acquired the media and entertainment assets of 21st Century Fox including Fox Networks Group (UK) Limited. The acquisition had no impact on the financial position of the company as at 30 June 2018. The Directors consider that there will be no material change to the Company's strategy or operations as a result of the acquisition.

Directors

The directors who served the company during the year, and subsequent to the year-end, were as follows:

T Downing, appointed 8 January 2018

D Londono

J Koeppen

N Patel

C McLeod, appointed 19 April 2018

J Ford, resigned 8 January 2018

Disclosure of information to the auditors

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

Auditors

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

On behalf of the Board



T Downing
Director

21 June 2019

21

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, the Director's 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), including FRS 102 'The Financial Reporting Standard applicable to 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 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping 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 AUDITOR'S REPORT TO THE MEMBERS OF Fox Networks Group (UK) Limited

Opinion

We have audited the financial statements of Fox Networks Group (UK) Limited for the year ended 30 June 2018 which comprise the Statement of Comprehensive Income, the Statement of Changes in Equity, the Balance Sheet and the related notes 1 to 20 including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 30 June 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF Fox Networks Group (UK) Limited

whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters 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 strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

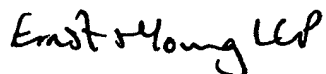
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF Fox Networks Group (UK) Limited

Use of our report

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.



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

21 June 2019

Statement of Comprehensive Income

for the year ended 30 June 2018

	Notes	2018 £	2017 £
Turnover	2	93,207,583	81,135,744
Cost of sales		<u>(63,445,741)</u>	<u>(56,541,980)</u>
Gross Profit		29,761,842	24,593,764
Administrative expenses		<u>(29,318,670)</u>	<u>(13,977,919)</u>
Operating Profit	3	443,172	10,615,845
Interest receivable and similar income	6	<u>288,903</u>	<u>551,094</u>
Profit before taxation		732,075	11,166,939
Tax	7	<u>(2,161,668)</u>	<u>(3,282,149)</u>
(Loss)/Profit for the financial year		<u>(1,429,593)</u>	<u>7,884,790</u>
Other comprehensive (loss)/income for the year		<u>(253,630)</u>	<u>207,818</u>
Total comprehensive (loss)/income for the year		<u><u>(1,683,223)</u></u>	<u><u>8,092,608</u></u>

All amounts relate to continuing activities.

Statement of Changes in Equity

for the year ended 30 June 2018

	<i>Share Capital</i>	<i>Share Premium Account</i>	<i>Profit and Loss Account</i>	<i>Total Equity</i>
	£	£	£	£
At 1 July 2016	11	11,513,596	18,395,396	29,909,003
Profit for the year	-	-	7,884,789	7,884,789
Other comprehensive income	-	-	207,818	207,818
At 30 June 2017	<u>11</u>	<u>11,513,596</u>	<u>26,488,003</u>	<u>38,001,610</u>
Loss for the year	-	-	(1,429,593)	(1,429,593)
Other comprehensive losses	-	-	(253,630)	(253,630)
Credit relating to equity settled share based payments	-	-	2,239,291	2,239,291
At 30 June 2018	<u>11</u>	<u>11,513,596</u>	<u>27,044,071</u>	<u>38,557,678</u>

Balance sheet

at 30 June 2018

	Notes	2018 £	2017 £
Fixed assets			
Intangible assets	8	150,000	350,000
Tangible assets	9	2,151,717	2,670,664
Investments	10	40,040	40,040
Programme stock	11	23,877,183	38,008,896
		<u>26,218,940</u>	<u>41,069,600</u>
Current assets			
Programme stock	11	34,866,301	22,186,491
Debtors	12	133,764,383	95,745,194
Cash at bank and in hand		30,449,786	11,125,535
		<u>199,080,470</u>	<u>129,057,220</u>
Creditors: amounts falling due within one year	13	<u>(184,987,915)</u>	<u>(128,080,982)</u>
Net current assets		<u>14,469,896</u>	<u>976,238</u>
Total assets less current liabilities		<u>40,311,495</u>	<u>42,045,838</u>
Creditors: amounts falling due after more than one year	14	<u>(1,753,817)</u>	<u>(4,044,228)</u>
Net Assets		<u>38,557,678</u>	<u>38,001,610</u>
Capital and reserves			
Called up share capital	15	11	11
Share premium reserve	16	11,513,596	11,513,596
Profit and loss account		<u>27,044,071</u>	<u>26,488,003</u>
Equity Shareholders' funds		<u>38,557,678</u>	<u>38,001,610</u>

The financial statements of Fox Networks Group (UK) Limited were approved by the Board of Directors and signed on its behalf by:



T Downing

Director

21 June 2019

Notes to the financial statements

at 30 June 2018

1. Accounting policies

Basis of preparation

Fox Networks Group (UK) Limited is a limited company incorporated in the United Kingdom. The registered office is 10 Hammersmith Grove, Hammersmith, London W6 7AP.

The financial statements are prepared in compliance with FRS 102 as it applies to the financial statements of the Company for the year ended 30 June 2018. The financial statements are presented in pounds sterling (£), which is both the presentation and functional currency of the company. The amounts presented are rounded to the nearest £.

Judgements and estimations

The preparation of the 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 revenues and expenses during the year.

Management's key judgement is the assessment of useful lives for programme assets and the considerations surrounding the need for impairment provisions, as outlined in the section on Programme stock below.

Going concern

The Company's business activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives and exposure to price, credit, liquidity and cash flow risk are described in the Principal activities and review of Business in the Strategic Report.

The Company has considerable financial resources together with long-term contracts with a number of customers and suppliers. As a consequence, the directors believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statement.

Group financial statements

The company is exempt by virtue of section 401 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the company as an individual undertaking and not as a group. Note 18 gives details about the publicly available financial statements of the company's ultimate parent undertaking, in which the company and its subsidiaries are consolidated.

FRS 102 exemptions

The company has taken advantage of the exemption available in FRS102 from disclosing related party transactions with members of the group on the grounds that the company is a wholly owned member of the group.

The company has taken advantage of the exemption available under FRS 102 not to prepare a statement of cash flows or a key management remuneration disclosure, as it is a wholly owned subsidiary of another undertaking, whose consolidated financial statements, in which the company is included, are publicly available.

The following principal accounting policies have been applied:

Turnover

Turnover is stated net of value added tax and, in respect of advertising revenue, net of agency fees. Advertising revenue is recognised in the month of airing, subscription is recognised over the period to which it relates and other revenue (which includes Syndication and Sub-licensing revenue) is recognised in full at the date of sale.

Interest income is recognised as interest accrues.

Notes to the financial statements

at 30 June 2018

1. Accounting policies (continued)

Intangible fixed assets

Broadcast rights relate to audio visual rights acquired. They are valued at acquisition cost less impairment and amortisation using the straight line method over the licence period or a maximum of 5 years.

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

Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation, and any provision for impairment. Depreciation is provided on all fixed assets at rates calculated to write off the cost, less estimated residual value of each asset evenly over its expected useful life as follows:

Computer equipment and office machinery – Over 3 years

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.

Investments

Fixed asset investments are shown at cost less provisions for impairment.

The carrying values of fixed asset investments are required to be annually assessed for impairment.

Cash at bank and in hand

Cash and cash equivalents in the balance sheet comprise cash at banks and in hand and short term deposits with an original maturity date of three months or less.

Share-Based payments

The company participates in a share-based payment arrangement established by Twenty-First Century Fox Inc, the ultimate parent company. The company takes advantage of the alternative treatment allowed under Section 26 of FRS 102. The awards are granted by Twenty-First Century Fox Inc and the Company has no obligation to settle the awards. The Company recognises the share-based payment expense based on an allocation of its share of the group's total expense calculated in proportion to the number of shares granted to its participating employees. The corresponding credit is recognised in retained earnings as a component of equity.

Programme stock

Programme stock consist of programme rights.

Programme rights are stated at cost less accumulated amortisation. Programme rights, and the related liability, are recorded at cost when the programmes are available for transmission. Provisions are made for any programme rights which are in excess of the Channel's requirements or which will not be shown for any reason.

Programme payments made in advance of the company having the ability to transmit the related programmes are treated as prepayments.

Programme rights are amortised on a straight-line basis over the licence period with the exception of internally produced programming which are amortised at the following rates:

Year 1: 50%

Year 2: 30%

Year 3: 20%

Notes to the financial statements

at 30 June 2018

1. Accounting policies (continued)

Deferred taxation

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

- 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 balance sheet 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.

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 balance sheet date.

Foreign currencies

Trading activities denominated in foreign currencies are recorded in sterling at actual exchange rates as of the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the period end are reported at the rates of exchange prevailing at the period end.

Operating leases

Total payments under operating leases are charged to the profit and loss account on a straight line basis over the term of the lease.

Pensions

The company makes payments into a defined contribution scheme maintained by another group undertaking. The pension costs charged against profits represents the amount payable to the scheme in respect of the accounting period.

Notes to the financial statements

at 30 June 2018

2. Turnover

The turnover is wholly attributable to the principal activity of the company, it can be analysed as follows:

	2018 £	2017 £
By class of business:		
Subscriber revenue	50,831,271	46,810,447
Advertising revenue	25,248,445	24,713,029
Other Revenue (Syndication and Intercompany Revenue)	17,127,867	9,612,268
	<u>93,207,583</u>	<u>81,135,744</u>

3. Operating Profit

This is stated after charging:

	2018 £	2017 £
Auditors' remuneration – audit services	<u>96,912</u>	<u>93,592</u>
Depreciation of fixed assets (see note 9)	1,380,409	1,148,613
Amortisation of intangible fixed assets (see note 8)	200,000	200,000
Amortisation - programme costs (see note 11)	<u>40,946,298</u>	<u>37,206,744</u>
Loss on foreign currency transactions	<u>199,093</u>	<u>25,826</u>
Operating lease rentals – land and buildings	<u>226,453</u>	<u>213,451</u>

There are no non audit services in the current or prior year.

Notes to the financial statements

at 30 June 2018

4. Staff costs

	2018	2017
	£	£
Wages and salaries	3,292,708	1,536,700
Social security costs	431,188	196,692
Other pension costs	195,995	100,278
	<u>3,919,891</u>	<u>1,833,670</u>

The average monthly number of employees during the year was made up as follows:

	2018	2017
	No.	No.
Management	1	1
Sales and marketing	73	71
Administration	72	82
Broadcast and other	76	72
	<u>222</u>	<u>226</u>

Included in wages and salaries is a total expense of share-based payments £337,000 (2017: £342,000) of which arises from transactions accounted for as equity-settled share-based payment transactions.

Directors' remuneration

Directors remuneration for qualifying services paid in 2018 was £741,013 (2017: £566,652). There were no contributions to a defined benefit pension scheme for any director (2017: nil). The highest paid director received remuneration of £387,392 (2017: £337,722) during the year.

Certain directors are also directors in other group undertakings and receive emoluments in respect of services to the group. It is not possible to identify the proportion of these emoluments that relate to qualifying services to this company.

5. Share-based payments

During 2013 the company joined the Long-term Incentive Plan share awards scheme operated by the ultimate parent company Twenty-First Century Fox Inc. The scheme provides selected key employees with the right to buy specified amounts of shares in the ultimate parent undertaking Twenty-First Century Fox Inc. The right extends for 10 years from the date of the grant. The shares vest equally in three tranches on the first, second and third anniversaries of the grant date. Employees are required to remain in employment with the group.

Upon exercise, shares are purchased at the option grant price and automatically sold the next day at market price. No recharges for the costs of the scheme are made to the Company by Twenty-First Century Fox Inc.

During the financial year the company recognised a charge of £2,239,000 (2017 nil) as noted in note 4.

Notes to the financial statements

at 30 June 2018

5. Share-based payments (continued)

A reconciliation of share option movements over the year to 30 June 2018 is shown below:

	2018		2017	
	No.	Weighted average share price	No.	Weighted average share price
Outstanding at 1 July	589,721	\$30.46	339,461	\$29.25
Granted	212,141	\$29.18	250,260	\$24.04
Forfeited	-	-	-	-
Exercised	(182,582)	\$29.79	-	-
Expired	-	-	-	-
Outstanding 30 June	619,280	\$28.84	589,721	\$27.04
Exercisable at 30 June	175,433	\$29.46	171,763	\$30.46

6. Interest receivable and similar income

	2018	2017
	£	£
Bank interest receivable	288,903	551,094
	<u>288,903</u>	<u>551,094</u>

7. Tax

	2018	2017
	£	£
Current tax included in profit and loss:		
UK corporation tax on profits for the year	2,606,835	585,562
Foreign tax suffered	926,590	985,095
Foreign tax relief	(926,590)	-
Adjustment in respect of previous year	(9,593)	-
Total current tax	<u>2,597,242</u>	<u>1,570,657</u>
Deferred tax included in profit and loss:		
Origination and reversal of timing differences	(621,176)	1,681,064
Adjustment in respect of previous years	87,400	26,499
Effect of changes in tax rates	98,202	3,929
Total deferred tax	<u>(435,574)</u>	<u>1,711,492</u>
Total tax per income statement	<u>2,161,668</u>	<u>3,282,149</u>

Notes to the financial statements

at 30 June 2018

8. Tax (continued)

The tax assessed on the loss on ordinary activities for the year differs from the standard rate of corporation tax in the UK of 19.75% (2017: 19.75%). The differences are reconciled below:

	2018 £	2017 £
Profit on ordinary activities before tax	<u>732,075</u>	<u>11,166,939</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2017: 19.75%).	139,094	2,205,470
<i>Effects of:</i>		
Expenses not deductible	1,968,841	238,640
Effects of overseas tax rates	-	790,532
Adjustment from previous years	(44,470)	26,499
Tax rate changes	98,202	3,929
Other	-	17,078
Roundings	1	1
Total tax charge	<u>2,161,668</u>	<u>3,282,149</u>

	2018 £	2017 £
Current assets/(liability):		
Corporation tax	<u>(576,146)</u>	<u>79,082</u>

	2018 £	2017 £
Deferred tax assets/(liabilities):		
Provision at start of year	399,187	2,110,679
Adjustment in respect of prior years	(87,400)	(26,499)
Deferred tax charge to income statement for the year	621,176	(1,684,993)
Effect of changes in tax rates	(98,202)	-
Provision at end of year	<u>834,761</u>	<u>399,187</u>

Notes to the financial statements

at 30 June 2018

7. Tax (continued)

Details of the deferred tax asset is given below:

	2018 £	2017 £
Fixed asset timing differences		
Short-term timing differences		
Losses		
Deferred tax relating to equity settled share-based payments		
Total Deferred tax asset	<u>834,761</u>	<u>399,187</u>

8. Intangible fixed assets

	Broadcast rights £
<i>Cost:</i>	
At 1 July 2017	1,600,000
Additions	
At 30 June 2018	<u>1,600,000</u>
<i>Amortisation:</i>	
At 1 July 2017	1,250,000
Provided in the year	200,000
At 30 June 2018	<u>1,450,000</u>
<i>Net book value:</i>	
At 1 July 2017	<u>350,000</u>
At 30 June 2018	<u>150,000</u>

Notes to the financial statements

at 30 June 2018

9. Tangible fixed assets

	<i>Computer equipment and office machinery</i>
	<i>£</i>
<i>Cost:</i>	
At 1 July 2017	5,208,431
Additions	861,482
Disposals	(48,445)
At 30 June 2018	<u>6,021,468</u>
<i>Depreciation:</i>	
At 1 July 2017	2,537,768
Provided during the year	1,380,409
Disposals	(48,426)
At 30 June 2018	<u>3,869,751</u>
<i>Net book value:</i>	
At 1 July 2017	<u>2,670,663</u>
At 30 June 2018	<u>2,151,717</u>

10. Investments

	<i>Subsidiary undertakings</i>
	<i>£</i>
<i>Cost:</i>	
At 1 July 2017 and 30 June 2018	<u>- 40,040</u>

The above investments are held at cost less impairment. The investments have been assessed for impairment, with none noted.

Details of the material investments in which the company holds 100% of the nominal value of any class of share capital are as follows:

<i>Name</i>	<i>Country of incorporation</i>	<i>Holding</i>	<i>Nature of business</i>
Fox Networks Group Spain S.L.	Spain	Ordinary shares	Audio-visual rights and broadcasting
Fox Networks Group Italy S.R.L.	Italy	Ordinary shares	Audio-visual rights and broadcasting

Notes to the financial statements

at 30 June 2018

11. Programme stock

	<i>Programme stock £</i>	
Cost:		
As 1 July 2017		191,753,282
Additions during the year		39,494,395
At 30 June 2018		<u>231,247,677</u>
Amortisation:		
At 1 July 2017		131,557,895
Charged during the year		40,946,298
At 30 June 2018		<u>172,504,193</u>
Net book value:		
At 1 July 2017		<u>60,195,387</u>
At 30 June 2018		<u>58,743,484</u>
<i>Of which:</i>		
	2018	2017
	£	£
Non-current assets	23,877,183	38,008,896
Current assets	34,866,301	22,186,491
Total programme costs	<u>58,743,484</u>	<u>60,195,387</u>

12. Debtors

	2018	2017
	£	£
Trade debtors	8,047,378	7,664,433
Deferred tax asset	834,761	399,187
Amounts owed by group undertakings	96,322,099	58,416,684
Amounts owed by related party undertakings (note 18)	10,577,398	11,564,935
Corporation Tax Asset	-	79,082
Prepayments and accrued income	17,982,747	17,699,955
	<u>133,764,383</u>	<u>95,745,194</u>

Notes to the financial statements

at 30 June 2018

13. Creditors: amounts falling due within one year

	2018	2017
	£	£
Trade creditors	2,035,238	905,587
Amounts owed to group undertakings	139,457,217	91,434,697
Amounts owed to related party undertakings (note 18)	21,600	62,000
Other taxes and social security costs	1,041,055	3,096,410
Corporation Tax Liability	576,146	-
Accruals	41,856,659	32,582,288
	<u>184,987,915</u>	<u>128,080,982</u>

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

	2018	2017
	£	£
Amounts owed to group undertakings	1,753,817	4,044,228
	<u>1,753,817</u>	<u>4,044,228</u>

15. Issued share capital

	No.	2018	No.	2017
		£		£
<i>Allotted, called up and fully paid</i>				
Ordinary shares of £1 each	11	11	11	11

16. Share premium reserve

This reserve records the amount above the nominal value received for shares sold, less transaction costs.

17. Other financial commitments

At 30 June 2018 the company had annual commitments under non-cancellable operating leases as set out below:

	<i>Land and buildings</i>	
	2018	2017
	£	£
Not later than one year	1,073,453	1,073,453
Later than one year and not later than five years	4,293,815	4,293,815
Later than five years	1,226,384	2,299,838
	<u>6,593,652</u>	<u>7,667,106</u>

The lease commitment is in place until 21 August 2024 and the annual commitment, before lease incentives, is £1,073,453.

Fox Networks Group (UK) Limited is the lease owner and recharges other group entities. Of the annual commitment, £847,000 (2017: £847,000), is to be reimbursed by other group entities.

Notes to the financial statements

at 30 June 2018

17. Other financial commitments (continued)

At 30 June 2018 the company also has annual programming commitments as set out below:

	2018 £	2017 £
Programme commitments, contracted for and authorised	<u>28,975,033</u>	<u>34,000,000</u>

The above commitments are payable in US dollars. At 30 June 2018, these commitments have been translated at the year-end rate of 1.33\$

18. Related party transactions

The company has taken advantage of the exemption available in FRS102 from disclosing related party transactions with members of the group on the grounds that the company is a wholly owned member of the group.

The company conducts business transactions on a normal commercial basis with and receives a number of services from a related company, Sky plc ("Sky") which is related on the basis of controlling ownership by Twenty-First Century Fox Inc which is the ultimate parent of Fox Networks Group (UK) Limited.

Sky provided the company with various services, in particular transmission, production services and the selling of airtime as follows:

	2018 £	2017 £
Income Statement (subscriber revenue)	21,734,444	21,811,543
Income Statement (transmission costs)	3,977,333	84,000
Income Statement (broadcast rights)	413,205	4,467,000
Income Statement (programming and related costs)	90,592	2,656,000
	<u>4,481,130</u>	<u>7,206,000</u>
Receivables and accruals with BskyB at financial year end	<u>10,577,398</u>	<u>309,656</u>
Payable to Sky at financial year end	<u>21,600</u>	<u>62,000</u>

£17,367,664 of advertising revenue was collected by Sky (2017: £16,983,293 on which Sky have charged sales commission of £2,265,347 (2017: £2,215,512). Sales commission is included in turnover.

The company received Box Set revenue of £692,617 from Sky for content to be made available as part of the Library section on the Sky On Demand Service and the Sky Go service (2017: £541,981).

19. Ultimate parent undertaking and controlling party

The immediate parent undertaking is Fox International Channels Luxembourg SARL, a company registered in Luxembourg.

At the balance sheet date, the controlling party is Twenty-First Century Fox Inc, a company registered in the United States of America. The largest and smallest set of financial statements into which these financial statements are grouped is Twenty-First Century Fox Inc. Copies of the financial statements can be obtained from 1211 Avenue of the Americas, New York, NY 10036, USA.

Notes to the financial statements

at 30 June 2018

20. Events after the Balance Sheet date

On 20 March 2019 The Walt Disney Company acquired the media and entertainment assets of Twenty-First Century Fox including Fox Networks Group (UK) Limited. The acquisition had no impact on the financial position of the company as at 30 June 2018. The Directors consider that there will be no material change to the Company's strategy or operations as a result of the acquisition.