YouView TV Limited

Strategic report, Directors' report and financial statements

Registered number 7308805

31 March 2023

Contents

Strategic Review

Review of the Business

I am delighted to have taken on the Chief Executive role at YouView in November of 2022: there is an awful lot going on in the TV market as viewing patterns are stabilising after peaking during the pandemic; the good news is that UK households are still watching over 3.5 hours of TV per day and this has remained substantially flat over the last 8 years. Live TV continues to see a decline in share to the benefit of VoD (Video on Demand), but linear still represents over 60% of viewing making the offering of linear channels (Public Service Broadcasters above all) a must have for any credible TV platform. New subscription-on-demand services keep hitting the market with circa 17m homes signed up to at least one of these services making the need for user-friendly super-aggregation of free and pay, linear and on demand content as relevant as ever. All content providers are reacting to the increased competitive pressure by re-evaluating their business models especially in the context of the IP revolution underway: dynamic advertising insertion, hybrid models of D2C and carriage, foray into Sport, emergence of FAST channels, in-app super-aggregation of services, and new variants of freemium. IP only homes are the big growth story and industry forecasters predict that IP distribution will become the main means of access to content by 2027 overtaking DTT; traditional players are seeking to counter the growing direct consumption through Smart TVs by leveraging superior User Interfaces: Sky Glass and Stream, Virgin Stream and BT's TV Box Pro and TV Box Mini are recent examples of launches in a space which will be the new battleground of the UI wars.

YouView continues to provide the software and the cloud services that power the discovery and viewing experiences for BT TV, TalkTalk TV and a range of Smart TV services. We are well positioned in this arena as our shareholders bring to the table a wealth of assets: distribution muscle, content, IP expertise, audiences, data and installed bases. Our purpose is to harness the assets of the Public Service Broadcasters and our Internet Service Providers through Technology and Innovation to deliver a brilliant content aggregation experience to everyone in the UK and safeguard the role played by free, British, quality TV.

We reach out to 2.4m homes in the UK today and have an ambition to double our installed base over the next 3 years and grow our revenues by 30%.

Our strategy to achieve these goals, focuses on supporting BT and TalkTalk's growth efforts in the IP only space, on supporting Public Service Broadcasters in redefining the paradigm of content consumption in IP only homes, on attracting new customers and on extending our reach beyond set top boxes. FY22/23 has been an incredible year of new innovation for us: we launched two new set top boxes, delivered our first IP only service, signed a new customer with Everyone TV, introduced new brilliant features in our User Experience, onboarded new exciting content providers, and landed our user interface onto Android/Google Operating Systems. We also launched dynamic advertising capability on the platform enabling advertisers to. serve targeted programmatic adverts to our installed base. Looking forward into FY23/24 we strive to successfully deliver the roadmaps for our old and new customers, further enhance the experience for end users by onboarding new content providers, kick off new set top box projects and importantly agree improved terms for the current deficit funding agreement with BT and TalkTalk for the period beyond the 31st March 2024.

From a Corporate Social Responsibility point of view we are committed to building an open, bold and inclusive culture which can drive positive impact on the environment, our local community and our employees lives through our product innovation, our practices and values: to measure our impact we are partnering with B Corp and strive to achieve accreditation by the end of next financial year.

2nd Floor, Aldgate Tower
2 Leman Street
London
E1 8FA
6th March 2023

Riccardo Balestiero
Chief Executive

Directors' report

The directors present their report and financial statements of YouView TV Limited ('the Company') for the period ended 31 March 2023.

Directors

The directors who held office during the period and up to the date of this report are as follows:

S Duffy	Appointed	1st January 2014
S Wallage	Appointed	31st March 2023
D Coughtrie	Appointed	16th September 2022
K Richardson	Appointed	29th April 2022
M Robinson	Appointed	25th February 2022
P Thornton-Jones	Appointed	23rd August 2022
A Wilson	Appointed	30th August 2022
J Kini	Resigned	31st March 2023
L Kewley	Resigned	16th September 2022
R Balestiero	Resigned	30th August 2022
K Clifton	Resigned	23rd August 2022
A Gunatillaka	Resigned	1st July 2022
M Goswami	Resigned	11th April 2022
J Tatam	Resigned	29th April 2022

Company Secretary

Christina Pettit

The Directors of the company benefited from third party professional indemnity insurance throughout the year and up to the date of this report.

Principal activity

The Company's principal activity is the development of software and cloud services to create and develop a proprietary hybrid internet-connected and DTT television platform, open to all UK content providers.

These services comprise the provision of live television channels, on-demand content, and web-based services all whilst focusing on facilitating and enhancing video content discovery through the user interface. Since the product was launched in July 2012, the services available to the viewer have expanded to include more content as well as new features and functionality improving the viewing experience. YouView is available through subscription services provided by Internet Service Providers as well as a connected TV manufacturer.

Key performance indicators

Revenue

The revenue for the period was £24,338,732 for 2023 (2022: £9,206,885)

Innovation

The company's investment in innovation was £18,255,739 in 2023 (2022: £17,054,008). This reflects our continued commitment to an ongoing programme of technology innovation improving the customer experience and underlying technical capabilities required to be a competitive content aggregation and hybrid TV platform.

Principal risks and uncertainties

The company regularly monitors the major risks to the business through its Risk Committee and reports those risks on a quarterly basis to the Audit Committee.

Potential Risk	**Mitigating Factor**
There is a sustained cyber/viral attack causing prolonged system denial or major reputational damage, for example the ability to broadcast programmes from the EPG or VOD players.	YouView security teams continually evolve technical and procedural controls to harden YouView's security posture with industry best practice. These controls include perimeter protections; 24x7 security monitoring, alerting and operations; external specialist partners; cyber insurance; and risk management through a Security Steering Group.
System outages could impact on business operations	We continually review the systems which are hosted on premises and in the cloud to ensure the effect of any system outage is mitigated and we continue to mitigate the impact of any system outages through our business continuity plan and process.

Results

The statement of comprehensive income for the period is set out on page 11. The net loss after tax for the period was £11,364,675 for 2023, which has been transferred to reserves (2022: restated net loss of £24,887,739)*

Employees

The Company places emphasis on its employees' involvement in the business at all levels. Managers and staff are remunerated according to performance against our corporate key performance indicators which are agreed by the Remuneration Committee and ratified by the board each year. All employees are kept informed of issues affecting the Company through formal and informal meetings as well as through the Company's bi-monthly newsletter.

It is the Company's policy to assist the employment of disabled people, their training and career development, having regard to aptitudes and abilities. Every endeavour is made to find suitable alternative employment and to re-train any employee who becomes disabled while serving the Company.

The Company is committed to equality in every aspect of employment since it is believed to be the foundation for maximising the Company's potential. The Company also believes in the value of diversity, and that different ideas, beliefs and cultural traditions can only add value to the business and people.

Going Concern

On their assessment of the Company's current level of activities and the continued funding support from its shareholders, particularly the main funders of the Company, the directors have a reasonable expectation that the Company will be able to continue in operational existence for at least 12 months from the date these financial statements are signed. See note 1.2 for basis of preparation. These financial statements, have therefore, been prepared on a going concern basis.

Dividends

In accordance with the provisions of Clause 17 of the Shareholders Agreement, if at any point the board considers it reasonably likely that platform income for the financial year will exceed the annual gross cost for the financial year resulting in there being available profits at the end of the financial year, the board shall prepare a draft dividend policy for the company as regards its available profits and shall circulate it to shareholders for their approval.

There will be no dividend distribution following the finalisation of these financial statements.

Political contributions

The Company made no political donations during the period. * Refer to note 1.15.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Research and Development

The Company has benefitted from the Government's Research and Development ('R&D') incentive scheme for the past several years. YouView makes their R&D claim under the R&D SME scheme and received a tax credit of £3,983,162 for the FY21/22 claim. From FY23/24 (to be received FY24/25) the value of this claim is likely to decline by c45% due to recent changes in the legislation announced by the chancellor in the March 2023 budget.

Credit Risk

Credit Risk is the risk of financial loss to the Company if a customer fails to meet its contractual obligations and arises principally from the Company's receivables from customers. This is a relatively low risk for YouView because the majority (c70% per FY22/23) of our trade receivables are with shareholders who are contractually obligated to fund as named deficit funders per the shareholder agreement.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. YouView acknowledges the potential of liquidity risk. However, this risk is mitigated by the shareholder agreement and its associated funding commitment from our shareholders.

Financial Management Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. YouView acknowledges the potential of foreign exchange risk in relation to our payments to US$ suppliers and have therefore taken out a forward exchange contract with Barclays to insure against any future exchange rate volatility.

Auditor

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

By order of the board

Simon Duffy

Simon Duffy (Mar 6, 2024 13:44 GMT)

Simon Duffy

Chairman

2nd Floor, Aldgate Tower
2 Leman Street
London
E1 8FA
6th March 2023

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Strategic Report, 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 they have elected to prepare the financial statements in accordance international accounting standards in conformity with the requirements of the Companies Act 2006 and applicable law.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF YOUVIEW TV LIMITED

Opinion

We have audited the financial statements of YouView TV Limited ("the Company") for the year ended 31 March 2023 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Cash Flow Statement and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2023 and of its loss for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for 31 March 2023 from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of Directors as to the Company's high-level policies and procedures to prevent and detect fraud as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board meeting minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risk throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because, as the nature of revenue is non-complex and achievement of specific revenue results do not inform company bonuses, we do not consider there to be overriding incentive for employees to manipulate revenue. We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing to identified entries to supporting documentation. These included those posted by senior finance management.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably to expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislations (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences on non-compliance could have a material effect on amounts of disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery, employment laws and GDPR compliance. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic report and directors' report

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

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

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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, 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 exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 7, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing 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 they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

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

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

Jeremy Hall

Jeremy Hall (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

15 Canada Square

London

E14 5GL

6th March 2023

Statement of Comprehensive Income

for the period from 01 April 2022 to 31 March 2023

	Note	2023 £000	(Restated*) 2022 £000
Revenue	2	**24,339**	9,207
Cost of sales		**(29,103)**	(22,798)
Gross loss		**(4,764)**	(13,591)
Administrative expenses	3	**(6,188)**	(6,608)
Operating loss		**(10,952)**	(20,199)
Financial expenses	6	**(4,841)**	(7,733)*
Loss before tax		**(15,793)**	(27,933)*
Tax credit	7	**4,428**	3,045
Total comprehensive loss for the period		**(11,365)**	(24,888)*

The results stated above have been derived from continuing operations.

* Refer to note 1.15.

The accompanying notes on pages 16 to 29 form an integral part of these financial statements.

Statement of Financial Position

At 31 March 2023

	Note	2023 £000	(Restated*) 2022 £000	(Restated*) 2021 £000
Non-current assets				
Property, plant, and equipment	*8*	**1,312**	1,563	256
Intangible Assets	*9*	**12**	24	-
Right of use asset	*10*	**1,985**	2,241	584
		3,309	3,828	840
Current assets				
Trade and other receivables	*13*	**5,058**	5,160	3,568
Corporation Tax Receivable	*7*	**3,983**	2,795	2,545
Derivative asset	*18*	**-**	50	121
Cash and cash equivalents		**9,048**	9,746	3,884
		18,089	17,751	10,118
Total assets		**21,398**	21,579	10,958
Current Liabilities				
Trade and other payables	*14*	**(4,075)**	(4,844)	(2,238)
Employee benefits	*15*	**(4,063)**	(2,514)	(2,150)
Short term lease liability	*11*	**(268)**	(130)	(537)
		(8,406)	(7,488)	(4,925)
Non-current liabilities				
Derivative Liability	*18*	**(25)**	-	
Long term loan	*16*	**(53,791)**	(97,411)*	(71,579)*
Lease liability	*11*	**(2,293)**	(2,309)	-
		(56,109)	(99,720)*	(71,579)*
Total Liabilities		**(64,515)**	(107,208)*	(76,504)*
Net (liabilities)/assets		**(43,117)**	(85,629)*	(65,546)*
Equity				
Share capital	*12*	-	-	-
Retained (loss)/earnings		**(43,117)**	(85,629)*	(65,546)*
Total equity		**(43,117)**	(85,629)*	(65,546)*

* Refer to note 1.15.

The accompanying notes on pages 16 to 29 form an integral part of these financial statements. These financial statements were approved by the Board of Directors on the 6th March and were signed on its behalf by

Simon Duffy
Simon Duffy (Mar 6, 2024 13:44 GMT)

Simon Duffy

Chairman

Company registered number: 7308805

Statement of Changes in Equity

for the period from 1 April 2022 to 31 March 2023

	Note	Share Capital £000	Retained Earnings £000	Total Equity £000
As at 1st April 2020			**(75,502)**	**(75,502)**
Impact of Restatement*	*1.15*		26,041	26,041
As at 1st April 2020 Restated*			**(49,461)**	**(49,461)**
Loss for the year			(16,018)	(16,018)
Impact of Restatement*	*1.15*		(67)	(67)
As at 31st March 2021 Restated*			**(65,546)***	**(65,546)***
Loss for the year			(17,386)	(17,386)
Impact of Restatement*	*1.15*		(2,697)	(2,697)
As at 31st March 2022 Restated*			**(85,629)***	**(85,629)***
Capital Contribution in the year (new loan)	*16*		1,880	1,880
Capital Contribution in the year (Tier 2)**	*16*		51,997	51,997
Loss for the year			(11,365)	(11,365)
As at 31st March 2023			**(43,117)**	**(43,117)**

*Refer to note 1.15.

** Relates to loan extension, refer to note 16.

The accompanying notes on pages 16 to 29 form an integral part of these financial statements.

Cash Flow Statement

for the period from 1 April 2022 to 31 March 2023

	2023	Restated** 2022
	£000	£000
Cash Flows from Operating Activities		
Loss for the period before tax	**(15,793)**	(27,933)*
Adjustments for:		
Loan Interest	**4,841**	7,733*
Depreciation, amortisation, and impairment	**753**	1,053
Foreign currency effect on cash and cash equivalents	**(40)**	(71)
	(10,239)	(19,217)
Decrease/(Increase) in trade and other receivables	**101**	(1,592)
(Decrease)/ Increase in trade and other payables	**(768)**	2,606
(Decrease)/Increase in employee benefits	**1,549**	364
Taxation (paid)/receipt	**3,240**	2,795
Interest received/(paid)	**54**	(9)
	4,176	4,164
Net cash outflow from operating activities	**(6,063)**	(15,053)
Cash flows from investing activities		
Acquisition of property, plant and equipment	**(255)**	(1,563)
Acquisition of intangible assets	**-**	(34)
Net cash outflow from investing activities	**(255)**	(1,597)
Cash flows from financing activities		
Long term borrowing	**5,715**	23,134
Lease Payments	**(95)**	(622)
Net cash inflow from financing activities	**5,620**	22,512
Net Increase/(decrease) in cash and cash equivalents	**(698)**	5,862
Cash and cash equivalents at the beginning of the year	**9,746**	3,884
Cash and cash equivalents at year end	**9,048**	9,746

The accompanying notes on pages 16 to 29 form an integral part of these financial statements.

* Refer to note 1.15.

** In the prior year the cash flow statement started from loss before tax and interest. In the current year this has been restated to start from loss before tax. There is no impact on cash flows from operating activities.

Notes

(forming part of the financial statements)

1 Accounting policies

YouView TV Limited (the "Company") is a private limited company incorporated and domiciled in the UK. The Company's financial statements have been prepared and approved by the directors in accordance within accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 ("Adopted IFRSs").

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements. All accounts are presented in pound sterling.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

1.2 Going Concern

As stated in the Directors' report, the financial statements have been prepared based on the Directors' assessment of the Company's current level of activities and continued funding support from its shareholders.

Notwithstanding net liabilities of £43,117k as at 31 March 2023, a loss for the year then ended of £11,365k and operating cash outflows for the year of £6,063k, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared cash flow forecasts for a period of at least 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds, through the combination of revenues and the new loan facility to meet its liabilities as they fall due for that period. Additionally, the company has received letters of support from its two key shareholder funders.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

1.3 Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, and trade and other payables.

Trade and other receivables

Trade and other receivables are not interest bearing and are stated at their original invoiced value reduced by appropriate allowances for estimated irrecoverable amounts.

Trade and other payables

Trade payables on normal terms are not interest bearing and are stated at original investment amount.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

1.4 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. The estimated useful lives are as follows:

- Plant and equipment - 3-5 years

- Fixtures and fittings - 3-5 years

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

1.5 Intangible Assets

Research and development

Expenditure on research activities is recognised in the income statement as an expense as incurred.

Expenditure on development activities and other assets is capitalised if the product or process is technically and commercially feasible and the Company intends and has the technical ability and sufficient resources to complete development, future economic benefits are probable and if the Company can measure reliably the expenditure attributable to the intangible asset during its development. Development activities involve a plan or design for the production of new or substantially improved products or processes. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads and capitalised borrowing costs.

Other development expenditure is recognised in the income statement as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses.

Other intangible assets

Other intangible assets that are acquired by the Company are stated at cost less accumulated amortisation and less accumulated impairment losses.

Amortisation

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life and goodwill are systematically tested for impairment at each balance sheet date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows

- Software - 3 years

1.6 Impairment

The carrying amounts of the Company's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each period at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit" or "CGU").

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit on a *pro rata* basis.

The impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.7 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods during which services are rendered by employees.

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

1.8 Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

1.9 Revenue

Revenue is stated net of VAT and other sales related taxes. 2022/23 saw the adoption of a new funding model as part of the new Shareholder Agreement. As per the new funding model, revenue is derived from the following services: platform development, maintenance and services (Platform Services); bespoke development work done on behalf of customers; fees paid by the shareholders; and other professional services in relation to running a TV platform with associated technical services.

Revenue for time-based fees is recognised over the invoiced contract period. Revenue for other services is recognised as and when the performance obligation is satisfied at the agreed price.

1.10 Taxation

Tax on the profit or loss for the period comprises current and deferred tax, as well as tax credits for qualifying research and development (R&D) expenditure, in line with HMRC guidelines. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

1.11 Derivative Financial Instruments

The Company enters into a foreign exchange forward contract to manage its exposure to currency movements. Further details of derivative financial instruments are disclosed in note 18. Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain or loss is recognised in profit or loss.

1.12 Leases

The company accounts for its office lease under standard IFRS 16.

The main impact of IFRS 16 for the Company is the recognition of all future lease liabilities related to its existing office space lease on the balance sheet. A corresponding right-of-use asset has also been recognised on the balance sheet representing the economic benefit of the Company's right to use the underlying leased asset.

Right-of-use assets

Right-of-use assets are initially measured at cost, which is the amount equal to the corresponding lease liabilities adjusted for any lease payments made at or before the commencement date, less any lease incentives received.

Lease liabilities

The Company assesses whether a contract is or contains a lease based on whether the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

Under IFRS 16, the Company recognises right-of-use assets and liabilities at the lease commencement date. The lease liabilities are initially measured at the present value of the lease payments that are not yet paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. For the office lease the Company has used the incremental borrowing rate as the discount rate.

Lease liabilities are subsequently measured at amortised cost and are increased by the interest charge and decreased by the lease payments made. Lease liabilities are remeasured if there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee.

1.13 Future accounting developments

There are no other new standards, amendments to existing standards or interpretations that are not yet effective that would be expected to have a material impact on the Company.

1.14 Loan Accounting

The company has two separate loan agreements in place, the legacy Tier 2 loan and the 'new' loan.

Tier 2 Loan / New Loan Facility

Amounts borrowed from shareholders are initially measured at fair value. A market rate of interest to calculate the fair value of the loan at inception. Any difference between the cash received and the fair value of the loan is recognised as an equity contribution from shareholders. After initial recognition, the shareholder loans are measured at amortised cost using the effective interest method with the interest expense recognised in profit or loss.

Where the terms of a loan are modified after inception, an assessment is made as to whether a substantial modification has arisen. If the modification is substantial, the original loan is derecognised and a new loan using a new effective interest rate is recognised with any gain or loss, in the case of a shareholder loan, being recognised as a capital contribution or dividend. If the modification is not substantial, then the original effective interest rate of the loan is retained and applied to the new cash flows with the gain or loss recognised as above.

New Loan Facility

On conversion of the debt instrument at maturity, the Company will derecognise the liability component and recognise it as equity. There will be no gain or loss on conversion at maturity.

1.15 Prior Year Adjustments

The company has made an adjustment to the legacy Tier 2 loan following an assessment under IFRS 9. The Tier 2 loan, from shareholders, has been assessed as not being on commercial terms due to the lack of interest attached to the loan over the fixed redemption period. Therefore, the company has now recalculated the fair value of the loan from the inception of each tranche by discounting the future loan repayments using the rate the company would pay to a third-party lender for a loan with otherwise similar conditions. The key assumption within this calculation is the interest rate used to discount the future repayments.

This rate has been determined at 10% across all loan tranches/draw downs, reflecting the company's most recent valuation analysis in 2022 (shadow credit rating performed by an outside professional services firm) and taking into consideration the historic, stable interest rates in the UK (during the period from the inception of the loan). Alternative rates of 8% and 12% were also explored, these produced a range of equity restatements of £40.1m - £53.5m respectively as at the end of 2023.

The difference between the cash amount of the loan and the recalculated fair value is now accounted for within equity as a capital contribution for shareholders. The 2021/2022 comparatives have been restated to reflect the adjustment to the loan value, the effective interest charge and the capital contribution. There was no impact on the tax credit in any period. The effect of the adjustment is detailed below.

	2021 Previous Balance	2021 Adjustment	2021 Restated Balance
	£000	£000	£000
Increase in interest expense	(19)	(5,405)	(5,424)
Increase in Loss After Tax	(16,018)	(5,405)	(21,423)
Decrease in loan liability	(97,553)	25,974	(71,579)
Increase in Equity	(91,520)	25,974	(65,546)

	2022 Previous Balance	2022 Adjustment	2022 Restated Balance
	£000	£000	£000
Increase in interest expense	(231)	(7,502)	(7,733)
Increase in Loss After Tax	(17,385)	(7,502)	(24,887)
Decrease in loan liability	(120,687)	23,276	(97,411)
Increase in Equity	(108,905)	23,276	(85,629)

The specific effect of the adjustment upon the Retained Earnings figure in the Statement of Changes in Equity is as follows:

	Capital Contributions in the Year	Interest on Loan	In-year Impact on Retained Earnings	Total Impact on Retained Earnings
	£000	£000	£000	£000
2020	37,095*	(11,054)**	26,041	26,041
2021	5,338	(5,405)	(67)	25,974
2022	4,805	(7,502)	(2,697)	23,277

* Capital contributions in the year, represent the difference between the fair value of any loans drawn down in the year and the amount of cash received in the year. For the 2020 year this also includes the cumulative effect of all loan amounts received in periods prior to 2020.

** Interest on loan is the effective interest rate charge for all loans balances held in the period, which were initially measured at fair value. For the 2020 year this also includes the cumulative effect of interest on loan amounts received in periods prior to 2020."

2. Revenue

	2023	2022
	£000	£000
Services fee for funding by shareholders	**4,500**	1,858
Platform Fees	**7,523**	7,349
Professional services and bespoke development	**11,513**	-
Other revenues	**803**	-
Total Revenue	**24,339**	9,207

3. Expenses and auditor's remuneration

Included in profit are the following:

	2023	2022
	£000	£000
Depreciation and amortisation (Note 8, 9 & 10)	**753**	1,053
Research and development expensed as incurred	**18,256**	17,054
	19,009	18,107

As set out in note 1.5 YouView TV Limited's accounting policy is to capitalise development costs only where the associated product is technically, and commercially feasible and future economic benefits are probable.

Auditor's remuneration:	2023	2022
	£000	£000
Audit of these financial statements	**65**	53
Other services relating to taxation	**55**	61
	120	114

4. Staff numbers and costs

The average number of persons employed by the Company (including directors) during the period, analysed by category, was as follows:

	Number of employees	Number of employees
	2023	2022
Administration	**35**	35
Research and Development	**204**	161
	239	196

The aggregate payroll costs of these persons were as follows:

	2023	2022
	£000	£000
Wages and salaries	19,985	14,969
Social security costs	2,477	2,017
Contributions to defined contribution plans	1,110	884
	23,572	17,870

5. Directors' remuneration

	2023	2022
	£000	£000
Directors' emoluments	**113**	113

The aggregate of emoluments of the highest paid director was £112,500.

The aggregate of remuneration and amounts receivable under long term incentive schemes of the highest paid director was £0 and company pension contributions of £0 were made to a money purchase scheme on his behalf. Remuneration for all other members of the Board of Directors is paid for by their individual employers/shareholders of which no amounts were recharged to the company in either period.

6. Finance income and expense

Recognised in the income statement:

		(Restated)*
	2023	2022
	£000	£000
Interest on lease liability on expired lease	-	(9)
Interest on lease liability relating to new lease	-	(222)
Interest received	**54**	-
Loan Interest Paid	**(114)**	-
Interest on Lease Liability	**(239)**	-
Loan Interest (Tier 2 Loan)	**(4,542)**	(7,502)*
	(4,841)	(7,733)

* Refer to note 1.15.

7. Taxation

Recognised in the income statement:

	2023	2022
	£000	£000
Current tax credit (R&D)	**3,983**	2,795
Prior year tax credit adjustment	**445**	250
Current tax expense	**4,428**	3,045
Deferred tax expense	-	-
Total tax credit	**4,428**	3,045

There are unrecognised deferred tax assets and tax loss carry forwards at March 31st, 2023:

	2023	Expiration
	£000	Date
Current tax credit (R&D)	**56,767**	Indefinite
Net deferred tax asset	**56,767**	

Factors affecting current tax charge for the period.

The current tax charge for the period is higher as the standard rate of corporation tax in the UK. The differences are explained below.

Reconciliation of effective tax rate

		(Restated*)
	2023	2022
	£000	£000
Profit/(loss) for the period before tax	(15,793)	(27,702)*
Trading losses	-	-
	(15,793)	(27,702)*
Tax using the UK corporation tax rate of 19% (2022:19%)	(3,000)	(5,263)*
Tax losses not carried forward	3,000	5,263*
Total tax credit adjustment	3,983	3,045
Total tax credit	3,983	3,045

8. Property, plant and equipment

	Plant and equipment	Fixtures & Fittings	Total
	£000	**£000**	**£000**
Cost			
At 01 April 2022	1,746	1,502	3,248
Additions	199	57	256
At 31 March 2023	**1,945**	**1,559**	**3,504**
Depreciation			
At 01 April 2022	1,613	72	1,685
Charge for the period	152	355	507
At 31 March 2023	**1,765**	**427**	**2,192**
Net book value			
At 31 March 2022	**133**	**1,430**	**1,563**
At 31 March 2023	**180**	**1,132**	**1,312**

9. Intangible Assets

	Software	Total
	£000	**£000**
Cost		
At 01 April 2022	394	394
Additions	-	-
At 31 March 2023	**394**	**394**
Amortisation		
At 01 April 2022	(370)	(370)
Charge for the period	(12)	(12)
At 31 March 2023	**(382)**	**(382)**
Net book value		
At 31 March 2022	**24**	**24**
At 31 March 2023	**12**	**12**

10. Right-of-use Assets

As a lessee, the company leases office space and is currently in year 2 of a 10-year lease which expires in 2031.

	2023
	£000
Balance at 31st March 2022	2,241
Depreciation charge for the year at 31 March 2023	(234)
Adjustment in respect of prior period	(22)
Balance at 31st March 2023	**1,985**

11. Lease Liabilities

The following has been included in the financial statements in respect of lease liabilities:

	2023	**2022**
	£000	**£000**
Interest expense on lease liabilities	**(241)**	(231)
Total cash outflow for leases comprising rent and interest	**(95)**	(631)
Lease liabilities are expected to fall due as follows:		
Less than 1 year	**268**	130
Greater than 2 years	**2,293**	2,309
Balance at 31st March	**2,561**	2,439

12. Share Capital

During the period 31 March 2011, the company issued 4,278 £0.01 shares for a consideration of £42.78 settled in cash. Following Arqiva Limited's decision to exit the venture on the 31st of March, 2021, their 600 voting shares and 10 income shares transferred into 610 deferred shares. Deferred shares do not carry any right to receive notice of or attend, speak at, or vote at any general meeting of the Company, or to vote on any written resolution of the Company.

	2023
	£
3,660 voting shares of £0.01 each	**36.00**
60 income shares of £0.01 each	**0.60**
7 founder shares of £0.01 each	**0.07**
1 additional founder share of £0.01	**0.01**
610 deferred shares of £0.01 each	**6.10**
	42.78

13. Trade and other receivables

	2023	2022
	£000	£000
Current	**195**	151
Other receivables	**1,290**	752
Prepayments	**732**	935
Debtors	**2,842**	2,724
Amounts owed by related parties (Note 19)	**-**	598
Tax Receivable		
	5,059	5,160

14. Trade and other payables

	2023	2022
	£000	£000
Current	**532**	399
Trade Payables	**21**	18
Other Payable	**1,510**	-
Tax Payable	**518**	327
Payable to employees	**655**	492
Accrued expenses	**500**	2,800
Amounts owed to related parties (Note 19)	**339**	808
Amounts owed to other parties		
	4,075	4,844

15. Employee benefits

Pension plans

The Company operates a defined contribution pension plan. The total expense relating to the plan in the period was £1,110,336 (2022: £883,709). There was £101,591 (2022: £75,260) outstanding at the year end.

Related parties

There were no related parties transactions within the employee benefit expenses. There was £0 outstanding at the year end.

16. Long term loan

	2023	(Restated)* 2022
	£000	£000
Long Term Borrowing	**49,955**	97,411*
Long Term Borrowing (New)	**3,835**	-
	53,790	**97,411**

*See note 1.15 for prior period adjustment.

YouView has long-term borrowing from both British Telecommunications PLC and TalkTalk Telecom Group Limited under two loan facilities.

No further borrowing was made against the original long-term loan. This balance remains £120,687k and will not incur any interest. The current repayment clause was extended on 1st April 2022 and will now be due for repayment no earlier than 30th June 2032. The company have accounted for this as a substantial modification to the loan facility. The original loan has been derecognised and a new loan using a new effective interest rate has been recognised with any gain or loss, being recognised as a capital contribution.

Total Liability (pre-modification)	Total Liability (post-modification)	Total Capital Contribution
£97.4m	£45.4m	£52m

The key assumption within this calculation is the interest rate used to discount the future repayments. This rate has been determined at 10% across the period, reflecting the company's most recent valuation analysis (shadow credit rating performed by an outside professional services firm) and taking into consideration the historic, stable interest rates in the UK (during this period). A rate of 8% and 12% were also explored these produced a range of capital contributions of £42.5m – £59.7m.

The company did draw down £5,714k against a new loan facility provided by British Telecommunications PLC and TalkTalk Telecom Group Limited. The principal amount of the loan facility is £25m to be drawn down as required. This new facility attracts an interest rate of 2.5% above the base lending rate of Barclays Bank PLC per annum. YouView accounts for the loan under IFRS which results in both a financial liability and capital contribution element. This is due to there being a convertible feature in the contract and interest rates below market rate. YouView has used an interest rate of 10% as a suitable market interest rate using a combination of a valuation analysis and an assessment of the general market interest rates. This generates a capital contribution which is recognised through loan equity on the statement of financial position.

Total Drawn Down	Total Liability	Total Capital Contribution
£5.6m	£3.7m	£1.9m

17. Capital commitments and contingent liabilities

There were no capital commitments or contingent liabilities at 31 March 2023.

18. Risk

18.1 Credit Risk

Credit risk is the risk of financial loss to the Company if a customer fails to meet its contractual obligations and arises principally from the Company's receivables from customers.

This is a relatively low risk for YouView because (c84% per FY22/23) of our trade receivables throughout the year are with our shareholders.

18.2 Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. YouView acknowledges the potential of a liquidity risk. However, this risk is mitigated by the continuing funding commitment from the shareholders.

18.3 Financial Risk Management

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments.

YouView acknowledges the potential of foreign exchange risk in relation to our payments to USD suppliers and have therefore taken out a forward exchange contract with Barclays to insure against any future exchange rate volatility'. This forward contract buys USD monthly (between $200,000 and $800,000) at an average rate of 1.23 with the last value date on 13th March 2024. The forward contract is revalued monthly with any gains or losses taken through the profit and loss account. Currently the derivative sits as a liability on the balance sheet. As at 31st March 2023, we held $89,841 in our USD account. For financial year FY23/24 we have hedged $4,290,000 at a GBP equivalent of £3,488,982 with Barclays.

19. Related parties

There were transactions in the period between the Company and its shareholders, British Broadcasting Corporation, ITV Broadcasting Limited, British Telecommunications PLC, Channel Four Television Corporation, TalkTalk Telecom Group Limited, and Channel 5 Broadcasting Limited. The transactions in the period related to revenue, expenses, research and development and administration.

19.1 Other Related parties

There were transactions between the Company and Everyone TV. Everyone TV has members in common with the Company shareholders namely; British Broadcasting Corporation, Channel Four Television Corporation, Channel 5 Broadcasting Limited and ITV Broadcasting Limited. The transactions in the period related to software development costs.

Transactions with related parties in the period

	2023	2022
	£000	£000
Services to	**21,590**	6,207

Balances outstanding with related parties at 31 March 2023

	2023	2022
	£000	£000
Trade and other receivables	**3,956**	2,724
Trade payables	**500**	2,800

20. Ultimate parent company

At 31 March 2023, the joint venture partners of YouView TV Limited were British Broadcasting Corporation, ITV Broadcasting Limited, British Telecommunications PLC, Channel Four Television Corporation, TalkTalk Telecom Group Limited and Channel 5 Broadcasting Limited, each holding 16.7% respectively.

The accounts of the above these companies are available to the public and may be obtained from the following addresses:

ITV Broadcasting Limited

ITV White City

201 Wood Lane

London W12 7RU

British Broadcasting Corporation
Broadcasting House, Portland Place,
London, W1A 1AA

British Telecommunications PLC
1 Braham Street
London, E1 8EE

Channel Four Television Corporation
124 Horseferry Road,
London, SW1P 2TX

TalkTalk Telecom Group Limited
Soapworks,
Ordsall Lane, Salford M5 3TT

Channel 5 Broadcasting Limited
Riverbank House
2 Swan Lane
London, EC4R 3TT

YouView TV Limited Financial Statements - 31.03.23 (final v2 with TT update)

Final Audit Report 2024-03-06

Created:	2024-03-06
By:	Legal Team (legal@youview.com)
Status:	Signed
Transaction ID:	CBJCHBCAABAA5HNCG0fUOOhNUfJbW4_TAr_V3Rp6yVmt

"YouView TV Limited Financial Statements - 31.03.23 (final v2 with TT update)" History

Document created by Legal Team (legal@youview.com)
2024-03-06 - 13:34:32 GMT- IP address: 90.212.61.38

Document emailed to Simon Duffy (simon.duffy@sybic.co.uk) for signature
2024-03-06 - 13:34:36 GMT

Email viewed by Simon Duffy (simon.duffy@sybic.co.uk)
2024-03-06 - 13:44:11 GMT- IP address: 81.153.172.51

Document e-signed by Simon Duffy (simon.duffy@sybic.co.uk)
Signature Date: 2024-03-06 - 13:44:31 GMT - Time Source: server- IP address: 81.153.172.51

Agreement completed.
2024-03-06 - 13:44:31 GMT