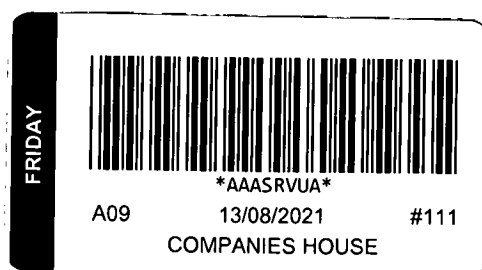


Red Bee Media Limited
Report and Financial Statements
Year ended 31 December 2020



Red Bee Media Limited

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Red Bee Media Limited

Registered No: 04257461

Strategic report

The Directors submit their strategic report and the audited financial statements of Red Bee Media Limited (the "Company") for the full year ended 31 December 2020. The previous strategic report and audited financial statements were for the year ended 31 December 2019.

Review of the business

The Company specialises in television broadcast, postproduction, studio facilities and creating, managing, enhancing, delivering, promoting and navigating video content, working across all media distribution platforms, from TV to the web, to mobile phones, using the unique combination of its media distribution, Access, technical and creative services.

Playout and Media Management ("P&MM") specialises in media preparation, management and delivery solutions including broadcast playout outsourcing, streaming IP content to online devices and interactive digital services.

Access provides subtitling, signing and audio description as well as language localisation of content. Access operates in the UK providing services to customers throughout Europe and Australia.

Creative comprises multi-platform identity, promotions, on-brand TV, TV production, user interface design and brand strategy services to customers worldwide.

The Company's expertise comes from the long standing provision of these services to major broadcast and media clients including the BBC, Channel 4, UKTV, BT, ITV and Channel 5.

When Red Bee Media manages broadcast services, the Company handles the technical platforms and operational services including content logistics, library management, quality control, playout services, WebTV and mobile services. The Media service offering enables broadcasters to reduce time to market, minimize business continuity risk and achieve significant OPEX and CAPEX savings.

The Company performance continued to be challenged in 2020 and impacted by restructuring. Overall the gross margin remained broadly similar at 6%. While continuing to develop our capabilities, we are exploring opportunities to drive scale and succeed in the evolving media landscape. The Company is transferring investments from legacy hardware based products to next-generation software and cloud based solutions, while focusing on a go-to-market model that drives profitable growth. Our priority is to improve profitability while also taking action to revitalize technology and market leadership.

Principal risks and uncertainties

The Company's operations expose it to a variety of risks that include;

We may not be able to properly respond to market trends in the industries in which we operate, including the ongoing convergence of the telecom, data and media industries, which may harm our market position relative to our competitors.

We are affected by market conditions and trends within the industries in which we operate, including the convergence of the telecom, data and media industries. Convergence is largely driven by technological developments for example in software and cloud. This is changing the competitive landscape as well as business models and affects our objective-setting, risk assessment and strategies. Competitors new to our business have entered and may continue to enter this new business context and negatively impact our market share in selected areas. If we fail to understand the market development, or fail to acquire the necessary competencies to develop and sell products, services and solutions that are competitive in this changing business environment, our business, operating results and financial condition will suffer.

We depend upon the development of new products and enhancements to our existing products, and the success of our substantial research and development investments is uncertain.

Rapid technological and market changes in our industry require us to make significant investments in technological innovation. We invest significantly in new technology, products and solutions. In order for us to be successful, those technologies, products and solutions must be accepted by relevant standardization bodies and by the industry as a whole. The failure of our research and development efforts to be technically or commercially successful could have adverse effects on our business, operating results and financial condition. If we invest in the development of technologies, products and solutions that do not function as expected, are not adopted by the industry, are not ready in time, or are not successful in the marketplace, our sales may materially suffer. Additionally, it is common for research and development projects to encounter delays due to unforeseen problems. Delays in production and research and development may increase the cost of research and development efforts and put us at a disadvantage against our competition. This could have a material adverse effect upon our business, operating results and financial condition.

Cyber security incidents may have a material adverse effect on our business, financial condition, reputation and brand.

Ericsson's business operations involve areas that are particularly vulnerable to cyber security incidents that may impact confidentiality, availability or integrity of products, services or solutions. These incidents may include data breaches, intrusions, espionage, know-how and data privacy infringements, leakage, unauthorized or accidental modification of data and general malfeasance. Examples of these areas include, among others, research and development, managed services, usage of cloud solutions, software development, lawful interception, product engineering, IT, finance and HR operations. Any cyber security incident including unintended use, involving our operations, product development, services, our third-party providers or installed product base, could cause severe harm to Ericsson and could have a material adverse effect on our business, financial condition, reputation and brand. Ericsson relies heavily on third-parties to whom we have outsourced significant aspects of our IT infrastructure, product development, engineering services, finance and HR operations. While we have taken precautions relating to the selection, integration and ongoing management of these third-parties, any event or incident that is caused as a result of vulnerabilities in their operations or products supplied to us could have a material adverse effect upon Ericsson, our business, financial condition, reputation and brand, potentially slowing operations, leaking valuable intellectual property or sensitive information or damaging our products which have been installed in our customers' networks.

We must continue to attract and retain highly qualified employees to remain competitive.

We believe that our future success largely depends on our continued ability to hire, develop, motivate and retain engineers and other qualified personnel needed to develop successful new products, support our existing product range and provide services to our customers. Competition for skilled personnel and highly qualified managers in the industries in which we operate remains intense. We are continuously developing our corporate culture, remuneration, promotion and benefits policies as well as other measures aimed at empowering our employees and reducing employee turnover. However, there are no guarantees that we will be successful in attracting and retaining employees with appropriate skills in the future, and failure in retention and recruiting could have a material adverse effect on our business and brand.

Red Bee Media Limited

Registered No: 04257461

Strategic report (continued)

If our customers' financial conditions decline, we will be exposed to increased credit and commercial risks.

After completing sales to customers, we may encounter difficulty collecting accounts receivables and could be exposed to risks associated with uncollectable accounts receivable. We regularly assess the credit worthiness of our customers and based on that we determine a credit limit for each one of them. Challenging economic conditions have impacted some of our customers' ability to pay their invoices. Although our credit losses have historically been low and we have policies and procedures for managing customer finance credit risk, we may be unable to avoid future losses on our trade receivables. We have also experienced demands for customer financing, and in adverse financial markets or more competitive environments, those demands may increase. Upon the financial failure of a customer, we may experience losses on credit extended and loans made to such customer, losses relating to our commercial risk exposure, and the loss of the customer's ongoing business. If customers fail to meet their obligations to us, we may experience reduced cash flows and losses in excess of reserves, which could materially adversely impact our operating results and financial condition.

Financial key performance indicators (KPIs)

The Company's key financial performance indicators during the year were as follows:

	2020 £000	2019 £000	% Change
Revenue	88,742	97,661	(9%)
Gross profit	5,010	6,111	(18%)
Gross Margin**	6%	6%	(0%)
Operating loss	(5,567)	(2,054)	171%
Operating loss percentage**	(6%)	(2%)	(4%)

* rounded to zero decimal places

Revenue for the business decreased by 9% compared to prior year. The core business broadly remained unchanged, however the variable business was impacted by COVID 19 and the cancellation of the majority of sporting/entertainment events reducing variable project revenues and producing tougher market conditions as Broadcasting Operators lost advertising revenues.

Gross profit margin percentage remained in line with prior year at 6%. Although there was a reduction in variable revenues, variable costs were also reduced and cost out programmes initiated to right size the business to the new revenue level.

The operating loss percentage increased by 4%, with the operating loss increasing by 171%. The underlying core business has remained broadly the same between years, however 2019 was impacted by two non-operational items. The first was the divestment of the Piero Sports graphics business unit and the second the write down of investment in subsidiary relating to the dissolving of Broadcasting Data Services Ltd.

Financial position

The financial position of the Company is presented in the balance sheet, on page 13, and is summarised as follows:

	2020 £000	2019 £000
Total equity:		
Total assets	156,149	155,358
Total liabilities	(148,335)	(140,289)
Total equity:	7,814	15,069

Brexit

Brexit has changed the UK's relationship with the EU, the EU-UK Trade and Cooperation Agreement, which came into effect on 1 January 2021, provides greater clarity on the trading relationship between the UK and the EU. Red Bee Media Limited has been planning for Brexit for a number of years through a cross-functional steering committee established early in the Brexit process to identify risks and produce a comprehensive mitigation plan. To date there has been no material impact from the EU-UK Trade and Cooperation Agreement on our operations and service offerings to our customers. We continue to monitor the impact of the agreement, and any legal challenges to elements of the agreement, with further mitigations put in place where necessary to ensure our services operate as normal.

Covid-19

The COVID-19 pandemic has highlighted the vital role telecommunications companies play in society enabling people to work remotely, allowing businesses to remain operational, supporting emergency services and government responses, and providing access to online education. It has accelerated the pace of digital transformation and confirmed that wireless connectivity is critical infrastructure that underpins society, a reversion back to the status quo that existed before the pandemic is less likely, as for example, we will most likely see remote working as part of the new normal.

During the Financial year end 31 December 2020, Red Bee Media Ltd (and the Ericsson Group as a whole) focus throughout has been on the health and safety of our employees, customers and other stakeholders. At the start of the pandemic, we transitioned the majority of our staff to working from home, with minimal disruption to our customers, we have closely monitored the evolution of COVID-19 as it has continued to affect different countries and adapted our risk profile as required. The UK Government continues to ease restrictions of lockdown during Q2 of 2021 (at the time of signing these financial statements), and are monitoring the reproductive rate closely. While the future effects on the economy and the business cannot be accurately predicted, to date there has been no discernible impact on the Company's financial or operational performance. The UK management has in place a regular meeting of the "Crisis Management Task Force" (CMTF) which continues to monitor the potential impact and take the necessary steps it believes is required in order to minimise the risk to the company's operations, employees and stakeholders alike.

After ensuring that financial, operational and liquidity forecasting updates are maintained and reviewed on an ongoing basis, the positive results for the half year 2021 of both the company and the group with little financial impact being felt from the pandemic and receiving an undertaking from the ultimate parent company, Telefonaktiebolaget LM Ericsson, that it will provide all necessary financial support to the Company for at least 12 months from the date of approval of these financial statements, the directors have formed a judgement at the time of approving the financial statements that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they have adopted the going concern basis in preparing financial statements.

Red Bee Media Limited

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Strategic report (continued)**SECR Report Summary****Company Information**

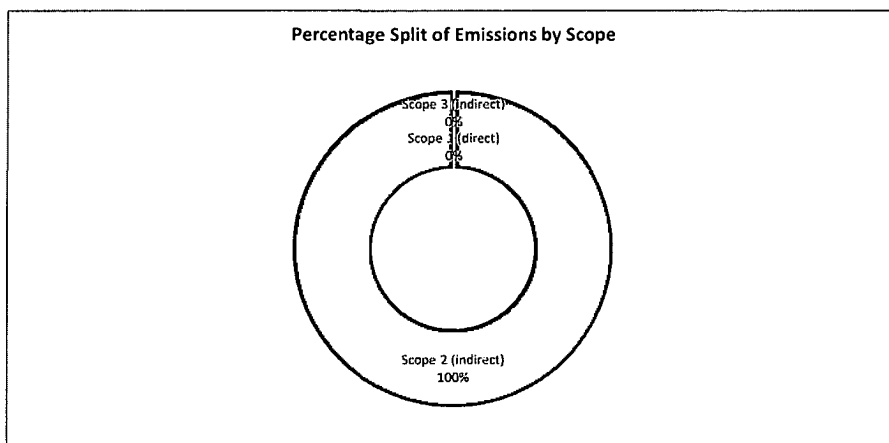
Red Bee Media Limited, incorporated in the UK Reg number 04257461. Registered address is Building 1, 566 Chiswick High Road, London, W4 5BE

Reporting Period

1st January 2020 - 31st December 2020

UK Energy & Carbon**Total Emission Scope Summary**

Emission Type	Total Volume (kWh)	Calculated Emissions (Tonnes of CO ₂ e)
Scope 1 (direct)	-	-
Scope 2 (indirect)	6,339,506	1,478
Scope 3 (indirect)	5,472	1
Total	6,344,978	1,479

**Scope 1 Emissions (Direct)**

Emissions from activities owned or controlled by Red Bee Media Limited that release emissions into the atmosphere. Examples of Scope 1 emissions include emissions from combustion in owned or controlled boilers, furnaces, vehicles; emissions from chemical production in owned or controlled process equipment.

Energy Type	Definition	Total Volume (kWh)	Calculated Emissions (Tonnes of CO ₂ e)
Gas	Emissions from combustion of gas	-	-
Transport	Emissions from combustion of fuel for transport purposes	-	-
Total		-	-

Scope 2 Emissions (In-direct)

Emissions released into the atmosphere associated with Red Bee Media Limited's consumption of purchased electricity, heat, steam and cooling. These are indirect emissions that are a consequence of Red Bee Media Limited's activities, but which occur at sources that Red Bee Media Limited do not own or control.

Energy Type	Definition	Total Volume (kWh)	Calculated Emissions (Tonnes of CO ₂ e)
Electricity	Emissions from purchased electricity	6,339,506	1,478
Total		6,339,506	1,478

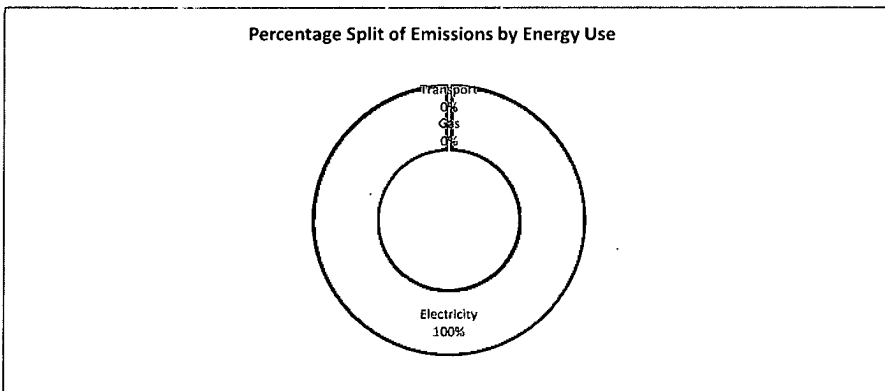
Red Bee Media Limited

Registered No: 04257461

Strategic report (continued)**SECR Report Summary (continued)****Scope 3 Emissions (In-direct)**

Emissions that are a consequence of Red Bee Media Limited's actions, which occur at sources which Red Bee Media Limited do not own or control and which are not classed as Scope 2 emissions. Examples of Scope 3 emissions are business travel by means not owned or controlled by Red Bee Media Limited (e.g. grey fleet and rental cars).

Energy Type	Definition	Total Volume (kWh)	Calculated Emissions (Tonnes of CO ₂ e)
Employee Owned Cars	Emissions from business travel in rental cars or employee-owned vehicles where the company is responsible for purchasing the fuel (mandatory)	5,472	1
Total		5,472	1

**Out of Scope**

All fuels with biogenic content (such as 'Diesel and petrol (average biofuel blend)') should have the 'outside of scopes' emissions reported to ensure a complete picture of an organisation's emissions is created. However, these are not required to be included in Red Bee Media Limited's emissions total.

Energy Type	Total Volume (kWh)	Calculated Emissions (Tonnes of CO ₂ e)
Transport (e.g. cars)	-	0.05
Total	-	0.05

How does it compare

The company must state the emissions and energy use from previous years reports. This allows the company to track their emissions to encourage monitoring performance. As this is the first year of reporting, there are no comparisons of change from previous years.

Emission	Year 1 2020	Year 2 2021	Year 3 2022	Year 4 2023
Tonnes of CO ₂ e	1,479	-	-	-

Intensity Ratio

Intensity ratios compare emissions data with an appropriate business metric or financial indicator. Red Bee Media Limited has chosen to use tonnes of CO₂e per £ Turnover for its Intensity Ratio. As this is the first year of reporting, there are no comparisons of change from previous years.

Intensity Measurement	Turnover (£000)	Intensity Ratio (tCO ₂ e / Turnover £000)
Tonnes of CO ₂ e per total £m sales revenue	88,742	16.7

Red Bee Media Limited

Registered No: 04257461

Strategic report (continued)

SECR Report Summary (continued)

Quantification and Reporting Methodology

Red Bee Media Limited has taken guidance from the UK Government Environmental Reporting Guidelines (March 2019), the GHG Reporting Protocol - Corporate Standard, and from the UK Government GHG Conversion Factors for Company Reporting document for calculating carbon emissions. Energy usage information (gas and electricity) has been obtained directly from the company's energy suppliers and HH/AMR data, where available, for those supplies with HH/AMR meters. Transport mileage and/or fuel usage data was provided for their company and employee owned vehicles. CO2e emissions were calculated using the appropriate emission factors from the UK Government GHG conversion information and retained within the organisations Data File for reference where required.

Energy Efficiency Action

No energy efficiency actions have been completed within the reporting year.

Section 172(1) Statement

The revised UK Corporate Governance Code ('2018 Code') was published in July 2018 and applies to accounting periods beginning on or after January 1, 2019. The Companies (Miscellaneous Reporting) Regulations 2018 ('2018 MRR') require Directors to explain how they considered the interests of key stakeholders and the broader matters set out in section 172(1) (A) to (F) of the Companies Act 2006 ('S172') when performing their duty to promote the success of the Company under S172.

The S172 statement focuses on matters of strategic importance to the Company, and the level of information disclosed is consistent with the size and the complexity of the business. When making decisions, each Director ensures that they act in the way they consider, in good faith, would most likely promote the Company's success for the benefit of its members as a whole, and in doing so have regard (among other matter) to:

S172(1) (A) "The likely consequences of any decision in the long term"

The Directors understand the business and the evolving environment in which we operate, including the challenges of navigating through the telecommunication industry. With the evolution of 5G and beyond, we are moving technological boundaries forward to create the biggest innovation platform ever. The number of connected applications and devices will continue to increase exponentially, so too will the economic value which relies on their integrity. Intelligent networks will carry an abundance of industry and consumer data, changing the nature of business competition. Securing those assets will make future network security key to ensuring trustworthiness of society and industry.

S172(1) (B) "The interests of the company's employees"

The Directors recognise that our employees are fundamental to our business and delivery of our strategic ambitions. The success of our business depends on attracting, retaining and motivating employees. See Employment policies and Employee consultation in the Director's Report.

During the past three years Ericsson Group has set the foundation and re-designed our ways of working to create an even more positive employee experience in support of our company transformation. During 2020 we have focused on the following areas: Ethics and compliance; Succession and people planning; Performance management; and Employee engagement.

S172(1) (C) "The need to foster the company's business relationships with suppliers, customers and others"

Our business model is built to manage changing market requirements and to capture new business opportunities. Customer focus and motivated employees are key to drive our business, create stakeholder value and to build a stronger company long term. With an agile and efficient business model, we create value for our stakeholders by providing industry leading, high performing, sustainable and cost-efficient solutions to our customers.

The Company's business partners, including suppliers adhere to Ericsson's Responsible sourcing program, covering four main areas: business ethics and anti-corruption, human and labour rights, occupational health and safety and environmental management. Ericsson offers free online training to ensure compliance.

S172(1) (D) "The impact of the company's operations on the community and the environment"

Sustainability is central to Ericsson's purpose. We are committed to creating positive impacts in society and reducing risks to Ericsson, our customers and society through our technology, our solutions and the expertise of our people. The work is a continuous journey and our Sustainability and Corporate Responsibility strategy covers three focus areas: Responsible business, Environmental sustainability and Digital inclusion.

Red Bee Media Limited adheres to the Ericsson Group policy on Sustainability and Corporate Responsibility. For more information on this please read our Sustainability and Corporate Responsibility Report 2020 on pages 173-213 within the PDF of the Telefonaktiebolaget LM Ericsson Group 2020 Annual Report (<https://www.ericsson.com/494193/assets/local/investors/documents/2020/annual-report-2020-en.pdf>).

Proactive management of topics relating to climate action and environment is a core component of Ericsson's Group sustainability strategy. We leverage a circular economy (design, use, re-use, recycle) approach in everything we do; and work to reduce environmental impacts and emissions from our operations, our portfolio and in society.

Red Bee Media Limited

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Strategic report (continued)

S172(1) (E) "The desirability of the company maintaining a reputation for high standards of business conduct"

Ericsson Group's purpose is to empower an intelligent, sustainable and connected world in ways which are economically, environmentally and socially responsible. Ericsson Group has clear frameworks, such as Code of Conduct, Code of Business Ethics & Compliance manuals, and its Modern Slavery Statements, to ensure that its high standards are maintained both within Ericsson and the business relationships we maintain.

Please visit the appropriate corporate website addresses for more information on the following subjects:

- Telefonaktiebolaget LM Ericsson Group 2020 Annual Report (please see pages 131-213 within PDF)
<https://www.ericsson.com/494193/assets/local/investors/documents/2020/annual-report-2020-en.pdf>
- Code of business ethics - <https://www.ericsson.com/en/about-us/corporate-governance/code-of-ethics>
- Code of conduct for suppliers - <https://www.ericsson.com/en/about-us/corporate-governance/code-of-ethics>
- Occupational Health & Safety policy (please see pages 188-189 within PDF)
<https://www.ericsson.com/494193/assets/local/investors/documents/2020/annual-report-2020-en.pdf>

S172(1) (F) "The need to act fairly as between members of the company"

After weighing up all relevant factors, the Directors consider which course of action best enables delivery of our strategy through the long-term, taking into consideration the impact on all stakeholders (suppliers, customers, employees, society and shareholders).

In discharging its section 172 duties the Company has regard to the factors set out above. The directors also take into account the views and interests of a wider set of stakeholders when making decisions. During the year the Directors received information to enable them to consider the impact of the company's decisions on its key stakeholders. This information was distributed in a range of different formats, including through reports and presentations on our financial and operational performance, non-financial KPIs and risk matters. We acknowledge that every decision we make will not necessarily result in a positive outcome for all of our stakeholders and the Directors have to make difficult decisions based on competing priorities. By considering the company's purpose and values, together with its strategic priorities and having a process in place for decision-making, we do, however, aim to balance those different perspectives.

As is normal for large companies, Directors have delegated authority for day-to-day management of the company to its key management executives and then engage management in setting, approving and overseeing the execution of the strategy and related policies. During the year, we reviewed the company's financial and operational performance; key transactions (if any); matters relating to the commitments which were made as part of the Ericsson's Group DPA with the US Department of Justice; regulatory, funding and pensions matters, mechanisms of stakeholder engagement and diversity and inclusion. The Directors received papers and reports on these matters which were then reviewed, discussed and approved, as necessary.

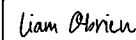
The impact of the company's activities on our stakeholders, including our colleagues, customers and suppliers is an important consideration when making decisions. The Directors will sometimes engage directly with stakeholders on certain issues, but the size and distribution of our stakeholders and of Telefonaktiebolaget LM Ericsson Group means that stakeholder engagement often takes place at an operational or group level. This is deemed as being a more efficient and effective approach, also helping to achieve a greater positive impact on environmental, social and other issues than by working alone as an individual company. For details on how the Ericsson Group engages with its stakeholders and how stakeholder interests and section 172 duties have been considered in reaching certain key strategic decisions, please see pages 182-193 of the Telefonaktiebolaget LM Ericsson Group 2020 Annual Report, which is available from:

<https://www.ericsson.com/494193/assets/local/investors/documents/2020/annual-report-2020-en.pdf>

As set out above, decisions taken by the Directors consider the interests of our key stakeholders and the impacts of these decisions. The Directors of the Company feel that there has not been a singular example of what they consider is a key decision that has been made in regard to the matters set out in section 172(1)(a)-(f) when discharging our section 172 duties.

Approved for issue by the board of directors

DocuSigned by:



MFL0Brien

Director

10 August 2021

Red Bee Media Limited

Registered No: 04257461

Directors' report

The Directors submit their directors' report and the audited financial statements of Red Bee Media Limited (the "Company") for the full year ended 31 December 2020. The previous directors' report and audited financial statements were for the year ended 31 December 2019.

Principal activities

The Company is a private company, limited by shares and incorporated and domiciled in the United Kingdom. Its registered office and principal place of business is Building 1 566 Chiswick High Road, London, England, W4 5BE.

The Company operates in the business to business media services industry. The principal activity of the Company is to provide outsourced and managed services and technology solutions related to television broadcast, post production, studio facilities also the creation, distribution, enhancement and promotion of video content over any platform and via any display device or screen.

Going concern

The telecommunications and media industries are highly prioritized industries in times of crisis and currently the Ericsson group (NASDAQ: ERIC) delivers under the Business as usual mode. During the COVID-19 pandemic, our teams ensure that critical infrastructure and therefore critical services for customers run uninterrupted 24/7. Our ability to maintain services becomes even more vital in times like we all pass now as we have a responsibility to our customers and wider society to ensure that telecommunication and media networks remain up and running to the highest standard.

Currently we run business at same capacity and the customer contracts continue to be honored according to the plan, without any discontinuance. Of course, the maintenance services are the highest focus in this period but also the other business lines continue as per usual in order to strengthen even more the telecommunication and media infrastructure in the country. At this point we have not received any alarming message from our customers which might have an immediate impact on our business.

While this is still an evolving situation at the time of issuing the financial statements of the Company, we consider that this crisis will not have an immediate impact on our business in the country and as well in the business sector we operate. However the evolution is highly unpredictable and the management will continue to monitor the potential impact and take the necessary steps to minimize any potential effects.

After ensuring that financial, operational and liquidity forecasting updates are maintained and reviewed on an ongoing basis, the positive results for the half year 2021 of both the company and the group with little financial impact being felt from the pandemic and receiving an undertaking from the ultimate parent company, Telefonaktiebolaget LM Ericsson, that it will provide all necessary financial support to the Company for at least 12 months from the date of approval of these financial statements, the directors have formed a judgement at the time of approving the financial statements that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they have adopted the going concern basis in preparing financial statements.

Future developments

The broadcast and media industry continues to undergo major change as it responds to evolving media consumption habits and the increasing predominance of global platforms such as Facebook, Apple, Netflix and Google. Red Bee will target these platforms as future customers, as well as the multiple other online video services platforms; and be the transformation partner of choice for other content owners, broadcasters and TV and media service providers.

Red Bee has a highly evolved OTT video managed services proposition. We will combine this with our wider managed services portfolio that spans the broadcast and media value chains. We are also further strengthening our portfolio through significant platform investments to increase market competitiveness and offer greater customer service flexibility. Our unique ability to offer consolidated broadcast and media managed services will enable our customers to realise synergies to create the ultimate broadcast and media experiences. In turn, this can drive opportunity for our customers and promote consumer loyalty.

Red Bee is the trusted advisor to guide, support, implement and manage its customers' transformation in the evolution of their video and data services customer propositions.

Specifically we are adopting common service based technology platforms augmented with automation and standardised processes, methods and tools, while applying our customer focused global delivery model and managed services capabilities. Our offering will enable our customers to reduce time to market, minimize business continuity risk, and achieve significant CAPEX and OPEX savings.

Employee engagement and business relationships

Please see the Strategic Report S172(1) (B) and S172(1) (C) on page 6.

Dividends

The directors have not declared a final dividend in respect of 2020 (2019: £nil). No interim dividend payment was made in 2020 (2019: £nil).

Post balance sheet event

On 19 March 2021, a loan agreement from the immediate parent undertaking, Red Bee Media Holding, was signed by the company. This loan amounted to £75,000k and was used to clear the outstanding loan. The loan is repayable in full (including any accrued interests) in 180 days from the date of disbursement, with interest being charged at 0.88% per annum, and payable on the last day of the loan 15 September 2021.

On 27 April 2021, an additional loan agreement from the immediate parent undertaking, Red Bee Media Holding, was signed by the company. This loan amounted to £5,000k. The loan is repayable in full (including any accrued interests) in 139 days from the date of disbursement (29 April 2021), with interest being charged at 0.8798% per annum, and payable on the last day of the loan 15 September 2021.

Red Bee Media Limited

Registered No: 04257461

Directors' report (continued)

Directors and their interests

The directors of the Company who were in office during the year and up to the date of signing the financial statements were as follows:

Mr S Nylund
Mr L O'Brien
Mr J Arnold
Mr B Odevall

None of the directors held any interest in the share capital of the Company or that of its Swedish parent, Red Bee Media Holding AB, at any time during the year. During the year and at the date of approval of the financial statements, the Company held third party indemnity cover in respect of directors.

The directors are the only key management personnel of the Company and their remuneration is included in the disclosure in note 21 of the financial statements.

Financial risk management

The Company's financial risk management policy is primarily managed by Ericsson Group Treasury. The principal aim is to ensure that appropriate financing is in place to manage the Company's liquidity as well as financial assets and liabilities, and to control financial risk exposures in a manner consistent with underlying business risks and financial policies. The Company does not undertake any local hedging activities.

See Note 19 for further details on foreign exchange, interest rate and liquidity risks.

Disabled employees

Applications for employment by disabled persons are fully considered, bearing in mind the aptitudes of the applicants concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee consultation

The Company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Company. This is achieved through formal and informal meetings. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

Employees are engaged with on a group wide basis via Voice Surveys, where by the engagement is delegated via departmental heads. These surveys serve as a multi directional tool to feedback to the Ericsson group on subjects that matter and affect the staff and their interests and discussions are implemented on improvements and actions needed.

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors are required to prepare the group financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards (IFRS Standards) adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union. The financial statements also comply with International Financial Reporting Standards as issued by the IASB. 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable IFRSs as issued by the IASB and as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 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.

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.

Directors' confirmations

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent auditors

Pursuant to section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and Deloitte LLP will therefore continue in office.

Approved for Issue by the board of directors

DocuSigned by:

Liam O'Brien

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Mr L O'Brien

Director

10 August 2021

Red Bee Media Limited

Independent auditors' report to the members of Red Bee Media Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Red Bee Media Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2020 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 International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the income statement;
- the statement of comprehensive income;
- the balance sheet;
- the statement cashflows
- the statements of changes in equity; and
- the related notes 1 to 23.

The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006 and IFRSs as issued by the IASB.

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.

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 Financial Reporting Council's (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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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

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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Red Bee Media Limited

Independent auditors' report to the members of Red Bee Media Limited (continued)

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, pensions legislation, tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included Employment rights, Equality Act, Health and Safety at work, Trade Union and Labour relations and Environmental Protection Act.

We discussed among the audit engagement team including relevant internal specialists such as tax, IT and pensions specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our specific procedures performed to address it are described below:

The risk that the entity does not account for its material revenue contracts in accordance with the applicable financial reporting framework in particular where they contain measurement elements that could result in a material misstatement. In response to the risk, we have identified controls to ensure accurate contract assessment and accounting treatment of identified performance obligations are accurately set up. We have tested design and implementation of relevant controls that are in place to ensure that the accounting treatment of contracts are correctly assessed according to the contract and IFRS 15. Our substantive testing procedures include assessment of the accounting treatment with IFRS15 and concluding if it is in compliance with IFRS 15.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management, internal audit and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance, and reviewing internal audit reports, and reviewing any correspondence with HMRC.

Report on other legal and regulatory requirements

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 the directors' report have been prepared in accordance with applicable legal requirements.

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 any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception


Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept by the parent company, 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.

We have nothing to report in respect of these matters.

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.



James Hunter (FCA) (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Abbots House,
Abbey St,
Reading,
RG1 3BD

Date: 10 August 2021

Red Bee Media Limited

Income statement**Year ended 31 December 2020**

	Note(s)	2020 £000	2019 £000
Revenue	2	88,742	97,661
Cost of sales		(83,732)	(91,550)
Gross profit		5,010	6,111
Administration and selling expenses		(10,577)	(11,348)
Exceptional items	7	-	3,183
Operating loss		(5,567)	(2,054)
Finance income	6	80	3,052
Finance expense	6	(2,703)	(4,442)
Loss before income tax		(8,190)	(3,444)
Income tax expense	5(a), 5(b)	(2,227)	(463)
Loss for the financial year		(10,417)	(3,907)

All of the above results relate to continuing activities.

Statement of comprehensive income**Year ended 31 December 2020**

	Note	2020 £000	2019 £000
Loss for the financial year		(10,417)	(3,907)
Other comprehensive (expense) / Income :			
Items that will not be reclassified to profit or loss			
Remeasurements of defined benefit pension plan	20	(1,895)	(12,051)
Tax on item that will not be reclassified to profit or loss	5(c)	5,057	2,378
Total comprehensive expense		(7,255)	(13,580)

The total comprehensive expense above is attributable to the owners of the Company.

Red Bee Media Limited

Balance sheet
At 31 December 2020

	Note	2020 £000	2019 £000
ASSETS			
Non-current assets			
Intangible assets	8	-	7
Property, plant and equipment	9	67,441	65,374
Right-of-use assets	18	22,854	23,016
Deferred tax assets	5(c)	41,389	40,253
		131,684	128,650
Current assets			
Inventories	11	1,465	2,510
Investments	10	5	5
Contract assets	2	1,798	1,880
Trade and other receivables	12	14,659	16,182
Cash and cash equivalents	13	6,538	6,131
		24,465	26,708
TOTAL ASSETS		156,149	155,358
EQUITY AND LIABILITIES			
Equity			
Share capital	16	12,000	12,000
Retained deficit / earnings	17	(4,186)	3,069
Total equity		7,814	15,069
Non-current liabilities			
Lease liabilities	18	19,858	20,553
Provisions for other liabilities and charges	15	81	96
Pension liability	20	22,676	22,310
		42,615	42,959
Current liabilities			
Contract Liabilities	2	7,741	3,938
Trade and other payables	14	91,174	87,081
Lease liabilities	18	4,452	3,412
Provisions for other liabilities and charges	15	2,353	2,899
		105,720	97,330
TOTAL EQUITY AND LIABILITIES		156,149	155,358

The financial statements on pages 12 to 37 were approved and authorised for issue by the Board on 10 August 2021 and were signed on their behalf by Mr L O'Brien on 10 August 2021.

DocuSigned by:

Liam O'Brien

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Mr L O'Brien (Director)
 Registered No: 04257461
 10 August 2021

Red Bee Media Limited

Statement of cash flows

For the year ended 31 December 2020

		2020	2019
	Note(s)	£000	£000
Operating activities			
Loss before income tax		(8,190)	(3,444)
Adjustments for:			
Depreciation of property plant and equipment	9	13,659	14,873
Amortisation	8	7	140
Depreciation of Right-of-Use Assets		3,940	3,549
Impairment of Right-of-Use Assets	18	579	439
Loss on disposal of investment in subsidiary	10	-	2,750
Disposal of Piero		-	(7,416)
Finance Income	6	(7)	(3,007)
Finance Costs	6	2,211	4,442
Loss on disposal of property, plant and equipment		-	8
Bad debt provision		(3)	(121)
Changes in operating net assets			
Decrease in inventories		1,045	667
Decrease in contract assets		82	55
Decrease in trade and other receivables		1,523	1,361
Decrease in contract liabilities		3,803	(3,628)
Increase in trade and other payables		5,815	3,796
Decrease in pension liability		(1,508)	(1,688)
Increase / (decrease) in provisions		(561)	1,386
Cash generated from operations		22,395	14,162
Tax refund / (paid)		-	-
Cash inflow / (outflow) from operating activities		22,395	14,162
Investing activities			
Investments in property, plant and equipment	9	(15,726)	(18,022)
Proceed from Sale of Piero		-	6,013
Dividend received		-	2,956
Interest received		7	51
Cash outflow from investing activities		(15,719)	(9,002)
Financing activities			
Principal elements of lease payments	18	(4,130)	(2,784)
Interest paid		(965)	(1,321)
Interest paid on loan from Parent		(1,246)	(2,861)
Cash (outflow)/inflow from financing activities		(6,341)	(6,966)
Net change in cash and cash equivalents		335	(1,806)
Cash and cash equivalents, at the beginning of year	13	6,131	7,892
Effect of exchange rate changes on cash and cash equivalents	6	73	45
Cash and cash equivalents, at the end of year	13	6,538	6,131

For the purpose of the statement of cash flows, the cash and cash equivalents at the end of the year include amounts held in foreign currencies of £501k (see note 13). The prior year cash and cash equivalents is contains foreign currencies of £358k.

Statement of changes in equity

For the year ended 31 December 2020

	Note	Share capital £000	(Accumulated losses) / Retained earnings £000	Total equity £000
At 1 January 2019	17	12,000	16,649	28,649
Loss for the financial year	17	-	(3,907)	(3,907)
Other comprehensive expense		-	(9,673)	(9,673)
At 31 December 2019		12,000	3,069	15,069
Loss for the financial year	17	-	(10,417)	(10,417)
Other comprehensive income	17	-	3,162	3,162
At 31 December 2020	17	12,000	(4,186)	7,814

Red Bee Media Limited

Notes to the financial statements For the year ended 31 December 2020

1 Accounting policies

Basis of preparation

The Company is a private company, limited by shares and incorporated and domiciled in England, the United Kingdom. Its registered office and principal place of business is Building 1 566 Chiswick High Road, London, England, W4 5BE.

The financial statements of the Company have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB) and have been prepared in accordance with the requirements of the Companies Act 2006.

There is no material difference between the fair value of financial assets and liabilities and their carrying amount. Amounts in the financial reports have been rounded to the nearest thousand pounds.

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

The financial statements have been prepared under the historical cost convention except as described in the accounting policy on financial instruments and plan assets related to defined benefit pension plans.

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

Going concern

The telecommunications and media industries are highly prioritized industries in times of crisis and currently the Ericsson group (NASDAQ: ERIC) delivers under the Business as usual mode. During the COVID-19 pandemic, our teams ensure that critical infrastructure and therefore critical services for customers run uninterrupted 24/7. Our ability to maintain services becomes even more vital in times like we all pass now as we have a responsibility to our customers and wider society to ensure that telecommunication and media networks remain up and running to the highest standard.

Currently we run business at same capacity and the customer contracts continue to be honored according to the plan, without any discontinuance. Of course, the maintenance services are the highest focus in this period but also the other business lines continue as per usual in order to strengthen even more the telecommunication and media infrastructure in the country. At this point we have not received any alarming message from our customers which might have an immediate impact on our business.

While this is still an evolving situation at the time of issuing the financial statements of the Company, we consider that this crisis will not have an immediate impact on our business in the country and as well in the business sector we operate. However the evolution is highly unpredictable and the management will continue to monitor the potential impact and take the necessary steps to minimize any potential effects.

After ensuring that financial, operational and liquidity forecasting updates are maintained and reviewed on an ongoing basis, the positive results for the half year 2021 of both the company and the group with little financial impact being felt from the pandemic and receiving an undertaking from the ultimate parent company, Telefonaktiebolaget LM Ericsson, that it will provide all necessary financial support to the Company for at least 12 months from the date of approval of these financial statements, the directors have formed a judgement at the time of approving the financial statements that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they have adopted the going concern basis in preparing financial statements.

Standards, amendments and interpretations effective in 2020

New standards, amendments and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2020 reporting periods and have not been early adopted by the group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Red Bee Media Limited

Notes to the financial statements
For the year ended 31 December 2020

New standards, amendments and interpretations not yet adopted (continued)

Interest Rate Benchmark Reform Phase 2 - Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

The Phase 2 Amendments are effective for annual periods beginning on or after 1 January 2021 although early application is permitted. The practical expedient and reliefs available regarding changes to effective interest rates and hedge relationships do not apply to the Company.

The Group is currently assessing the need to implement operational and system changes to ensure that valuation and settlement of instruments affected by new benchmark rates can be handled within the internal reporting process. This exercise is not expected to have a significant impact on the financial reporting process.

IFRS 3 - "Business Combinations"

ISAB issued amendments to IFRS 3 Business Combinations, with reference to the Conceptual Framework, with an effective date 1 January 2022

IAS 16 - "Property, Plant and Equipment"

Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss. Amendment has an effective date 1 January 2022

IAS 37 - "Provisions, Contingent Liabilities and Contingent Assets"

Requirement to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach." The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. Amendment has an effective date 1 January 2022.

IFRS 17 - "Insurance contracts"

The new standard seeks to establish principles for the recognition, measurements, presentation and disclosure of insurance contracts. The new standard has effective date 1 January 2023.

The Company has not yet finalized the evaluation of any impact on financial result or position from the above amendments.

Consolidation exemption

The financial statements contain information about Red Bee Media Limited as an individual company and do not contain consolidated financial information as the parent of a group. The Company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its ultimate parent, Telefonaktiebolaget LM Ericsson ("LME").

Statement of cash flows

The statement of cash flows is prepared in accordance with the indirect method. Cash and cash equivalents consist of cash, bank, and short-term investments that are highly liquid monetary financial instruments with a remaining maturity of three months or less at the date of acquisition.

Foreign currency transactions and translation

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Red Bee Media Limited

Notes to the financial statements (continued)**For the year ended 31 December 2020****1 Accounting policies (continued)****Revenue recognition**

IFRS 15, "Revenue from Contracts with Customers" is a principle-based model of recognizing revenue from customer contracts. It has a five-step model that requires revenue to be recognized when control over goods and services are transferred to the customer.

Standard products and services

Products and services are classified as standard solutions if they do not require significant installation and integration services to be delivered. Installation and integration services are generally completed within a short period of time, from the delivery of the related products. These products and services are viewed as separate distinct performance obligations. This type of customer contract is usually signed as a frame agreement and the customer issues individual purchase orders to commit to purchases of products and services over the duration of the agreement.

Revenue for standard products shall be recognized when control over the equipment is transferred to the customer at a point in time. This assessment shall be viewed from a customer's perspective considering indicators such as transfer of titles and risks, customer acceptance, physical possession, and billing rights. For hardware sales, transfer of control is usually deemed to occur when the equipment arrives at the customer site and for software sales, when the licenses are made available to the customer. Contractual terms may vary, therefore judgment will be applied when assessing the indicators of transfer of control. Revenue for installation and integration services is recognized upon completion of the service. Costs incurred in delivering standard products and services are recognized as costs of sales when the related revenue is recognized in the Income Statement. Costs incurred relating to performance obligations not yet fully delivered are recognised as Inventories.

Transaction prices under these contracts are usually fixed, and mostly billed upon delivery of the hardware or software and completion of installation services. A proportion of the transaction price may be billed upon formal acceptance of the related installation services, which will result in a contract asset for the proportion of the transaction price that is not yet billed. Amounts billed are normally subject to payments terms within 60 days from invoice date. Customer finance agreements may be agreed separately with some customers where payment terms exceed 179 days.

Revenue for recurring services such as customer support and managed services is recognized as the services are delivered, generally pro-rata over time. Costs incurred in delivering recurring services are recognized as cost of sales as they are incurred. Transaction prices under these contracts are billed over time, often on a quarterly basis. Transaction price for managed services contract may include variable consideration that is estimated based on performance and prior experience with the customer. Amounts billed are normally subject to payments terms within 60 days from invoice date. Contract liabilities or receivables may arise depending on whether the quarterly billing is in advance or in arrears. Contract for standard products and services applies to business in all segments.

Customized solution

Some products and services are sold together as part of a customized solution to the customer. This type of contract requires significant installation and integration services to be delivered within the solution, normally over a period of more than 1 year. These products and services are viewed together as a combined performance obligation. This type of contract is usually sold as a firm contract in which the scope of the solution and obligations of both parties are clearly defined for the duration of the contract. Customized solution does not have any alternative use to Ericsson as it cannot be sold to or used by other customers.

Revenue for the combined performance obligation shall be recognized over time if progress of completion can be reliably measured and enforceable right to payment exists over the duration of the contract. The progress of completion is estimated by reference to the output delivered such as achievement of contract milestones and customer acceptance. This method determines revenue milestones over the duration of the contract, and it is considered appropriate as it reflects the nature of the customized solution and how integration service is delivered in these projects. If the criteria above are not met, then all revenue shall be recognized upon the completion of the customized solution, when final acceptance is provided by the customer. Costs incurred in delivering customised solutions are recognized as costs of sales when the related revenue milestone is recognized in the Income Statement. Costs incurred relating to future revenue milestones are recognized as Inventories and assessed for recoverability on a regular basis.

Transaction price under these contracts is usually a fixed fee, split into a number of progress payments or billing milestones as defined in the contract. In most cases, revenue recognized is limited to the progress payments or unconditional billing milestones over the duration of the contract, therefore no contract asset or contract liability arises on these contracts. In some contracts, revenue may be recognized in advance of billing milestones if enforceable payment rights exist at all times over the contract duration. This will result in an unbilled receivable balance until billing milestones are reached. Amounts billed are normally subject to payments terms within 60 days from invoice date. Customer finance agreements may be agreed separately with some customers where payment terms exceed 179 days.

Contract for customized solution applies to the Business Support Systems (BSS) business within the segment Digital Services and the Media Solutions business within the segment Emerging Business and Other.

Red Bee Media Limited

Notes to the financial statements (continued)

For the year ended 31 December 2020

1 Accounting policies (continued)

Customer contract related balance

Trade receivables include amounts that have been billed in accordance with customer contract terms and amounts that the Company has an unconditional right to, with only passage of time before the amounts can be billed in accordance with the customer contract terms. Customer finance credits arise from credit terms exceeding 179 days in the customer contract or a separate financing agreement signed with the customer. Customer finance is a class of financial assets that is managed separately from receivables. See Section F for further information on credit risk management of trade receivables and customer finance credits.

In accordance with IFRS 15, where significant financing is provided to the customer, revenue is adjusted to reflect the impact of the financing transaction. These transactions could arise from the customer finance credits above if the contracted interest rate is below the market rate or through implied financing transactions due to payment terms of more than one year from the date of transfer of control. The Company has elected to use the practical expedient not to adjust revenue for transactions with payment terms, measured from the date of transfer of control, of one year or less.

Contract asset is unbilled sales amount relating to performance obligation that has been satisfied under customer contract but is conditional on terms other than only the passage of time before payment of the consideration is due.

Contract liability relates to amounts that are paid by or due from customers for which performance obligations are unsatisfied or partially satisfied. Under previous standards these balances have been disclosed as deferred revenue within other current liabilities, and the Company concluded that the balances meet the definition of contract liability under IFRS 15. Advances from customers are also included in the contract liability balance.

Long term contracts

The amount of profit attributable to the stage of completion of a long term contract is recognised when the outcome of the contract can be foreseen with reasonable certainty. Provision is made for any losses as soon as they are foreseen.

Exceptional items

Exceptional items are those significant items which are separately disclosed by virtue of their size or incidence to enable a full understanding of the Company's financial performance. For further details refer to note 7.

Software

Software is stated at historical cost less accumulated amortisation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Internally developed software is capitalised where there exists the intention and ability to complete the development of the software, and it is probable that the software will generate future economic benefits.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Amortisation on software is calculated using the straight line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives of 3-15 years.

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

Investments

Investments in subsidiaries are accounted for at cost in the stand-alone financial statements of the Company, including costs that were incidental to the acquisition. Incidental costs incurred in acquiring investments are recorded as deferred acquisition costs until the date of completion of the acquisition, at which point these costs are reclassified into the investment.

Impairment

Assets that have an indefinite useful life are not subject to amortisation and are tested at least annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

Red Bee Media Limited

Notes to the financial statements (continued)**For the year ended 31 December 2020****1 Accounting policies (continued)****Property, plant and equipment**

Plant and machinery and fixtures and fittings are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation on plant and machinery and fixtures and fittings is calculated using the straight line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives, as follows:

Plant and machinery	3 – 15 years, or contract term if shorter
Fixtures and fittings	3 – 10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Assets under construction represent assets that are not operational. As a result these assets are not depreciated until transferred to appropriate asset class and brought in to use.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

Leasing

Prior to 1 January 2019, Rentals under operating leases are recognised in the income statement on a straight line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight line basis over the lease term.

From 1 January 2019 onwards

The assets leased by the Company are real estate related.

Leasing when the Company is the lessee

The Company recognizes right-of-use assets and lease liabilities arising from all leases in the balance sheet, with some exceptions. This model reflects that, at the start of a lease, the lessee always obtains the right to use an asset for a period of time and has an obligation to pay for that right.

In the assessment of a lease contract the lease components are separated from non-lease components and the lease term is defined based on the contract lease term and when reasonably certain estimated extension or termination options are included.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted normally using the Company's incremental borrowing rate. The incremental borrowing rate is calculated considering interest swap rates, the credit spread on bonds issued by real estate companies and the creditworthiness of the entity that signs the lease. Lease payments included in the liability are fixed payments, variable payments depending on an index or rate, residual values and penalties for termination of contracts.

The right-of-use asset is initially measured at cost, which equals the amount of the initial measurement of lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received plus any initial direct costs, and restoration costs.

The Company applies the recognition exemption for short-term leases and leases for which the underlying asset is of low-value recognizing the lease payments for those leases as an expense on a straight-line basis over the lease term. The interest expense on lease liabilities is presented as a component of finance costs separate from the depreciation charges for right-of-use assets. In the statement of cash flows, cash payments for the principal portion of the lease liability is reported within financing activities while payments for short-term leases, low-value assets and variable lease expenses not included in the measurement of the lease liability are classified within operating activities. For more information regarding leasing, see note 18, "Leases."

Leasing when the Company is the lessor

Leasing contracts with the Company as lessor are classified as finance leases when the majority of risks and rewards are transferred to the lessee, and otherwise as operating leases. Under a finance lease, a receivable is recognized at an amount equal to the net investment in the lease and revenue is recognized in accordance with the revenue recognition principles. Under operating leases the equipment is recorded as property, plant and equipment and revenue as well as depreciation is recognized on a straight-line basis over the lease term.

Financial assets

Financial assets are recognized when the Company becomes a party to the contractual provisions of the instrument. Regular purchases and sales of financial assets are recognized on the settlement date. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Separate assets or liabilities are recognized if any rights and obligations are created or retained in the transfer. The Company classifies its financial assets in the following categories: at amortized cost, at fair value through other comprehensive income (FVOCI), and at fair value through profit or loss (FVTPL). The classification depends on the characteristics of the asset and the business model in which it is held. Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are expensed in the income statement. The fair values of quoted financial investments and derivatives are based on quoted market prices or rates. If official rates or market prices are not available, fair values are calculated by discounting the expected future cash flows at prevailing interest rates.

Financial assets at amortized cost

Financial assets are classified as amortized cost if the contractual terms give rise to payments that are solely payments of principal and interest on the principal amount outstanding and the financial asset is held in a business model whose objective is to hold financial assets in order to collect contractual cash flows. These assets are subsequently measured at amortized cost using the effective interest method, minus impairment allowances. Interest income and gains and losses from financial assets at amortized cost are recognized in financial income.

Red Bee Media Limited

Notes to the financial statements (continued)**For the year ended 31 December 2020****1 Accounting policies (continued)****Financial assets at fair value through other comprehensive income (FVOCI)**

Assets are classified as FVOCI if the contractual terms give rise to payments that are solely payments of principal and interest on the principal amount outstanding and the financial asset is held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets. These assets are subsequently measured at fair value with changes in fair value recognized in other comprehensive income (OCI), except for effective interest, impairment gains and losses and foreign exchange gains and losses which are recognized in the income statement. Upon derecognition, the cumulative gain or loss in OCI is reclassified to the income statement.

Financial assets at fair value through profit or loss (FVTPL)

All financial assets that are not classified as either amortized cost or FVOCI are classified as FVTPL. A financial asset is classified as held for trading if it is acquired principally for the purpose of selling in the near term. Derivatives are classified as held for trading, unless they are designated as hedging instruments for the purpose of hedge accounting. Assets held for trading are classified as current assets. Debt instruments classified as FVTPL, but not held.

For trading, are classified on the balance sheet based on their maturity date (i.e., those with a maturity longer than one year are classified as non-current). Investments in shares and participations are classified as FVTPL and classified as non-current financial assets. Gains or losses arising from changes in the fair values of the FVTPL category (excluding derivatives and customer financing) are presented in the income statement within financial income in the period in which they arise. Gains and losses on derivatives are presented in the income statement as follows. Gains and losses on derivatives that hedge operating assets or liabilities, financial assets and financial liabilities are presented as cost of sales, financial income and financial expense, respectively. Gains and losses on customer financing are presented in the income statement as selling expenses. Dividends on equity instruments are recognized in the income statement as part of financial income when the Company's right to receive payments is established.

Impairment in relation to financial assets

At each balance sheet date, financial assets classified as either amortized cost or FVOCI and contract assets are assessed for impairment based on Expected Credit Losses (ECL). ECLs are the difference between all contractual cash flows that are due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate. Allowances for trade receivables and contract assets are always equal to lifetime ECL. The Company has established a provision matrix based on historical credit loss experience, which has been adjusted for current conditions and expectations of future economic conditions. The losses are recognized in the income statement. When there is no reasonable expectation of collection, the asset is written off.

Financial liabilities

Financial liabilities are recognised when the Company becomes bound to the contractual obligations of the instrument. Financial liabilities are derecognised when they are extinguished, i.e. when the obligation specified in the contract is discharged, cancelled or expires.

Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Inventories

Contract work in progress includes amounts related to service contracts with ongoing work in progress. Costs comprise direct labour and where applicable, those overheads that have been incurred in relation to the contract.

Income taxes

Income taxes in the financial statements include both current and deferred taxes. Income taxes are reported in the income statement unless the underlying item is reported directly in equity or OCI. For those items, the related income tax is also reported directly in equity or OCI. A current tax liability or asset is recognised for the estimated taxes payable or refundable for the current year or prior years.

Deferred tax is recognised for temporary differences between the book values of assets and liabilities and their tax values. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences and tax losses carried forward can be utilised. Deferred tax is not recognised for the initial recognition of assets or liabilities that affect neither accounting nor taxable profit or when it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is measured at the tax rate that is expected to be applied to the temporary differences when they reverse, based on the tax laws that have been enacted or substantively enacted by the reporting date. An adjustment of deferred tax asset/liability balances due to a change in the tax rate is recognised in the income statement, unless it relates to a temporary difference earlier recognised directly in equity or OCI, in which case the adjustment is also recognised in equity or OCI.

The measurement of deferred tax assets involves judgement regarding the deductibility of costs not yet subject to taxation and estimates regarding sufficient future taxable income to enable utilisation of unused tax losses in different tax jurisdictions. All deferred tax assets are subject to annual review of probable utilisation.

Provisions

Provisions are made when there are legal or constructive obligations as a result of past events and when it is probable that an outflow of resources will be required to settle the obligations and the amounts can be reliably estimated. When the effect of the time value of money is material, discounting is made of estimated outflows. However, the actual outflows as a result of the obligations may differ from such estimates.

Project related provisions include estimated losses on onerous contracts, contractual penalties and undertakings. For losses on customer contracts, a provision equal to the total estimated loss is recorded when a loss from a contract is anticipated and possible to estimate reliably. These contract loss estimates include any probable penalties to a customer under a loss contract.

Red Bee Media Limited

Notes to the financial statements (continued)**For the year ended 31 December 2020****1 Accounting policies (continued)****Pensions**

Pensions are classified as either defined contribution plans or defined benefit plans. Under a defined contribution plan, the company's only obligation is to pay a fixed amount to a separate entity (a pension trust fund) with no obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits. The related actuarial and investment risks fall on the employee. The expenditures for defined contribution plans are recognised as expenses during the period when the employee provides service. Under a defined benefit plan, it is the company's obligation to provide agreed benefits to current and former employees. The related actuarial and investment risks fall on the company.

The Company operates a defined benefit pension schemes and a defined contribution pension scheme for its employees. The assets of the schemes are held separately from those of the Company.

Pension scheme liabilities are measured annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future outflows using interest rates on a high quality corporate bond of equivalent term and currency to the liability. Pension scheme assets are measured using market values at the balance sheet date.

The pension scheme deficit is recognised in full on the balance sheet. The deferred tax relating to a benefit liability is recorded separately in deferred tax assets.

Increases in the present value of the scheme liabilities expected to arise from employee service in the period are charged to operating profit. The net interest amount that is calculated by applying the discount rate to the net defined benefit obligation is included within net pension scheme finance costs in the income statement. Actuarial gains and losses are recognised in OCI in the period in which they occur.

Critical accounting estimates and judgements

The preparation of financial statements and application of accounting standards often involve management's judgement and the use of estimates and assumptions deemed to be reasonable at the time they are made. However, other results may be derived with different judgements or using different assumptions or estimates, and events may occur that could require a material adjustment to the carrying amount of the asset or liability affected. The following are the accounting policies subject to such judgements and the key sources of estimation uncertainty that the Company believes could have the most significant impact on the reported results and financial position.

Revenue recognition**Key sources of estimation uncertainty**

The Company uses estimates and judgments in determining the amount and timing of revenue under IFRS 15, particularly when determining the transaction price and its allocation to performance obligations identified under the contract. Transaction price may consist of variable elements such as discounts, performance related price and contract penalties. Transaction price, including variable considerations, is estimated at the commencement of the contract (and periodically thereafter). Judgment is used in the estimation process based on historical experience with the type of business and customer.

IFRS 15 also requires revenue to be allocated to each performance obligations by reference to their standalone selling prices. The Company considers that an adjusted market assessment approach should be used to estimate stand-alone selling prices for its products and services for the purposes of allocating transaction price. These estimates are comprised of prices set for similar customer and circumstances, adjusted to reflect appropriate profit margins for the market. Discounts relating to specific performance obligations are included in their respective standalone selling prices. The method of allocating transaction price to each performance obligations based on their respective standalone selling prices means that discounts that do not relate to specific performance obligations will be allocated proportionately to each performance obligations.

Judgments made in relation to accounting policies applied

Management applies judgment when assessing the customer's ability and intention to pay in a contract. The assessment is based on the latest customer credit standing and the customer's past payment history. This assessment may change during the contract execution, and if there is evidence of deterioration in the customer's ability or intention to pay, then under IFRS 15 no further revenue shall be recognized until the collectability criteria is met. Conversely, this assessment may also change favourably over time, upon which revenue shall now be recognized on a contract that did not initially meet the collectability criteria.

Revenue for standard products shall be recognised when control over the equipment is transferred to the customer at a point in time. This assessment shall be viewed from a customer's perspective considering indicators such as transfer of titles and risks, customer acceptance, physical possession, and billing rights. Judgment may be applied in determining whether risk and rewards have been transferred to the customer and whether the customer has accepted the products. In a sale of software licence, judgment may also be applied to determine when the software is made available to the customer by considering when they can direct the use of, and obtain substantially all the benefits of, the licence. Often all indicators of transfer of control are assessed together and an overall judgment formed as to when transfer of control has occurred in a customer contract.

Revenue for customised solutions shall be recognized over time if progress of completion can be reliably measured and enforceable right to payment exists over the duration of the contract. The progress of completion is estimated by reference to the output delivered such as achievement of contract milestones and customer acceptance. Judgment are applied when determining the appropriate revenue milestones that best reflect the progress of completion and are aligned with key acceptance stages within the contract.

Red Bee Media Limited

Notes to the financial statements (continued)**For the year ended 31 December 2020****1 Accounting policies (continued)***Trade and customer finance receivables*

The Company monitors the financial stability of its customers and the environment in which they operate to make estimates regarding the likelihood that the individual receivables will be paid. Credit risks for outstanding customer finance credits are regularly assessed as well, and allowances are recorded for estimated losses.

Deferred taxes

Deferred tax assets are recognised for temporary differences between the carrying amounts for financial reporting purposes of assets and liabilities and the amounts used for taxation purposes. The valuation of deferred tax assets is based upon management's estimates of future taxable income in different tax jurisdictions.

Accounting for income, value added and other taxes

Accounting for these items is based upon evaluation of income, value added and other tax rules in all jurisdictions where we perform activities. The total complexity of rules related to taxes and the accounting for these require management's involvement in judgements regarding classification of transactions and in estimates of probable outcomes of claimed deductions and/or disputes.

Pensions

Accounting for the costs of defined benefit pension plans is based on actuarial valuations, relying on key estimates for discount rates, expected return on plan assets, future salary increases, employee turnover rates and mortality tables. The discount rate assumptions are based on rates for high-quality fixed-income investments with durations as close as possible to the Company's pension plans.

2 Revenue

All revenue is derived from one continuing activity. An analysis of revenue by geographical market is given below, based on the country in which the order is received:

	2020 £000	2019 £000
UK	83,175	89,606
Europe	4,203	5,846
Other	1,364	2,209
	88,742	97,661

All revenue is derived from the main activity of the company. An analysis of revenue by category is given below, based on the commodity in which the order is received:

	2020 £000	2019 £000
External Sales:		
Customer Services - standard	88,742	97,661
	88,742	97,661

During the year three customers, from the UK geographical market, individually contributed to more than 10% of the company's total revenue. The total value of revenue derived from these three customers amounted to £58,649k (2019: three customers; £64,944k).

Assets and liabilities related to contracts with customers

	2020 £000	2019 £000
Contract assets	1,798	1,880
Contract liabilities	7,741	3,938

Contract liabilities reduced due to the unwinding of specific customer contracts.

The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities and how much relates to performance obligations that were satisfied in a prior year:

	2020 £000	2019 £000
Revenue recognised in the year		
Revenue recognised in the year related to the opening contract liability balance	2,540	5,436

Red Bee Media Limited

Notes to the financial statements (continued)**For the year ended 31 December 2020****2 Revenue (continued)****Unsatisfied long-term contracts**

The following table shows unsatisfied performance obligations resulting from contracts:

	2020 £000	2019 £000
Unsatisfied long-term contracts ⁽¹⁾	237,297	232,731

Management expects that 34% (2019: 42%) of the transaction price allocated to the unsatisfied contracts as of 31 December 2020 will be recognised as revenue during the next reporting period. The remaining 66% (2019: 58%) will be recognised in the 2021 financial year or later.

3 Operating loss

This is stated after charging:

	Note	2020 £000	2019 £000
Amortisation of intangible assets other than goodwill	8	7	140
Depreciation of owned fixed assets	9	13,659	14,873
Loss on disposal of property, plant and equipment		-	8
Depreciation of Right to use Assets	18	4,059	3,549
Impairment of Right to use Asset	18	-	439
Foreign exchange gains	6	(74)	(45)
Auditors' remuneration - for audit of the Company's and parent financial statements		11	138
Exceptional items	7	-	3,183

For 2020, The Ericsson Group has changed to a centralised audit approach, the centralised fees are paid by another subsidiary company in the group, Ericsson Ltd. The Company bears the auditors' remuneration for direct audit cost of the Company.

4 Staff costs

	2020 £000	2019 £000
Wages and salaries	41,704	41,346
Social security costs	4,853	4,956
Other pension costs:		
Defined contribution pension costs	2,467	3,150
	49,024	49,452

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

	2020 No.	2019 No.
Operational	790	855
Management and administration	40	47
	830	902

5 Income tax credit and deferred tax**a. Tax credit**

	2020 £000	2019 £000
Current tax:		
Adjustments in respect of prior year	(1,694)	-
Total current tax	(1,694)	-
Deferred tax:		
Origination and reversal of temporary differences	-	2,577
Fixed assets	(1,484)	-
IFRS 16	(6)	-
Effect of rate change	(4,110)	535
Other temporary difference	(119)	-
Pension	287	-
Adjustments in respect of prior year	9,353	(2,649)
Total deferred tax	3,921	463
Income tax credit	2,227	463

Red Bee Media Limited

Notes to the financial statements (continued)

For the year ended 31 December 2020

5 Income tax credit and deferred tax (continued)**b. Factors affecting tax credit for the year**

The UK standard rate of tax was 19% in 2019 and 2020. As the 17% CIT rate was legislated to take effect from 1 April 2020, the 17% rate was used for the calculation of the deferred tax in FY 2019. It has been reversed in FY 2020, as the CIT rate remained 19%.

	2020 £000	2019 £000
(Loss)/profit before income tax	(8,190)	(3,444)
Tax at effective rate 19% (2019: 19%)	(1,556)	(654)
Effects of:		
Expenses not deductible for tax purposes	235	(556)
Adjustments in respect of prior year	7,659	(2,649)
Origination and reversal of temporary differences	-	4,418
Pension timing differences recognised through OCI	-	(631)
Tax effect of reducing tax rates	(4,110)	535
Total tax credit	2,227	463

c. Deferred tax asset

	2020 £000	2019 £000
Depreciation in excess of capital allowances	35,861	35,441
Pensions	4,308	3,793
Other temporary differences	1,220	1,019
Total deferred tax asset	41,389	40,253
Amounts recognised in the financial statements		
At 1 January	40,252	38,337
Credit to income statement	(3,921)	(463)
Recognised in OCI	5,057	2,378
At 31 December	41,389	40,252

Deferred tax assets are only recognised where the company expects to be able to generate corresponding taxable income in the future to benefit from tax reductions. Forecasts indicate that it is probable that taxable economic benefits will arise within the company and within other UK group companies in future periods exceeding the current carrying amount of the deferred tax asset.

Tax effects in OCI represent tax on actuarial gains in respect of pensions and is recognised to the extent that the liability is expected to reverse in future periods.

d. Factors affecting current and future tax charges

At Spring Budget 2021, the government announced legislation setting the Corporation Tax main rate (for all profits except ring fence profits) at 25% for the year starting 1 April 2023. If the deferred tax all reverses at 25% the impact would be approximately £13.1m.

6 Finance income and expense

	2020 £000	2019 £000
Interest income on short-term bank deposits	7	51
Dividends from subsidiary	-	2,956
Net foreign exchange gains	73	45
Finance income	80	3,052
Interest and finance charges paid/payable for lease liabilities	(965)	(1,268)
Interest expense on intercompany funding	(38)	(53)
Net interest cost on pension scheme liabilities	(492)	(260)
Interest expense on loan from parent company	(1,208)	(2,861)
Finance expense	(2,703)	(4,442)

Red Bee Media Limited

Notes to the financial statements (continued)
For the year ended 31 December 2020

7 Exceptional Items

	2020	2019
	£000	£000
Provision for Supplier contracts	-	(183)
Provision for Loss making contracts	-	(1,300)
Write down of Investment in Subsidiary	-	(2,750)
Divestment of business assets	-	7,416
Exceptional Items	-	3,183

The exceptional items are as follows:

As at 31 December 2020 the provision of £Nil (2019: £183k) represents the supplier onerous contract costs provided for in relation to cost reduction measures undertaken by the Company.

As at 31 December 2020 the provision of £Nil (2019: £1,300k) represents the Customer onerous contract provision provided for in relation to cost reduction measures undertaken by the Company.

During 2019, the write down of the Investment in Subsidiary related to the dissolving of Broadcasting Dataservices Ltd, which is offset by the dividend income related to the final distribution.

On 27 March 2019 the Company divested the business assets of Piero for £7,416 (US\$8,000k cash and up to US\$2,000k in Supplier credits).

8 Intangible assets

	Goodwill	Software	Total
	£'000	£'000	£'000
Cost or Valuation			
As at 1 January 2019	11,939	7,525	19,464
Disposals	-	(1,396)	(1,396)
As at 31 December 2019	11,939	6,129	18,068
As at 31 December 2020	11,939	6,129	18,068
Accumulated amortisation:			
As at 1 January 2019	(11,939)	(6,861)	(18,800)
Amortisation	-	(140)	(140)
Disposals	-	879	879
At 31 December 2019	(11,939)	(6,122)	(18,061)
Amortisation	-	(7)	(7)
For the year ended 31 December 2020	(11,939)	(6,129)	(18,068)
Net book value:			
At 31 December 2019	-	7	7
At 31 December 2020	-	-	-

Red Bee Media Limited

Notes to the financial statements (continued)

For the year ended 31 December 2020

9 Property, plant and equipment

	Note	Plant & machinery £000	Fixtures and fittings £000	Assets under construction ("AUC") £000	Total £000
Cost:					
As at 1 January 2019		118,299	4,522	4,567	127,388
Additions		6,310	-	11,712	18,022
Brought into service / Transfer from Intangible assets *1		3,685	-	(3,168)	517
Disposals		(8,308)	-	-	(8,308)
At 31 December 2019		119,986	4,522	13,111	137,619
Additions		5,765	64	9,897	15,726
Brought into service / Transfer from Intangible assets *1		7,570	-	(7,570)	-
At 31 December 2020		133,321	4,586	15,438	153,345
Accumulated depreciation/impairment:					
At 1 January 2019		(63,417)	(2,255)	-	(65,672)
Provided during the year		(14,131)	(742)	-	(14,873)
Disposals		8,300	-	-	8,300
At 31 December 2019		(69,248)	(2,997)	-	(72,245)
Provided during the year		(12,251)	(1,408)	-	(13,659)
At 31 December 2020		(81,499)	(4,405)	-	(85,904)
Net book value:					
At 31 December 2019		50,738	1,525	13,111	65,374
At 31 December 2020		51,822	181	15,438	67,441

*1 During the year an asset previously classified as an intangible has been integrated into a standalone multi-customer platform which is now consider as tangible asset.

Contractual commitments for the acquisition of property, plant and equipment as at 31 December 2020 amounted to £462k (2019: £713k).

Red Bee Media Limited

Notes to the financial statements (continued)**For the year ended 31 December 2020****10 Investments**

	Total £000
At 1 January 2019	2,755
Impairment	(2,750)
At 31 December 2019	5
At 31 December 2020	5

	Total £000
Current Investments	5
Total	5

The Directors have considered the carrying value of the investments in subsidiaries and are satisfied their recoverable amounts are in excess of their carrying value based upon tax losses & a final distribution received in early 2020.

Subsidiary	Principal activity	Country of incorporation and operation	Class of share held	% Holding 2020	% Holding 2019
Red Bee Media USA Inc* (3069527) ¹	Dormant	USA	Ordinary	100	100
Red Bee Media Australia Holdings Pty Limited* (116905152) ²	Holding Company	Australia	Ordinary	100	100
Ericsson Media Distribution AB* (556866-0103) ³	Broadcast Technology	Sweden	Ordinary	100	100

The registered addresses of the subsidiaries are:

¹ Broadcast Centre , 201 Wood lane , London United Kingdom W12 7TP

² 'Aurora Place' Level 19, 88 Phillip Street, Sydney, Australia

³ Torshamnsgatan 23 , 164 80 Stockholm

Ericsson Media Distribution AB was previous called Red Bee Media Sweden AB and changed its name on 29 August 2017.

11 Inventories

	2020 £000	2019 £000
Work in progress	1,465	2,510
	1,465	2,510

No information is held to enable cost of sales to be split into inventory purchases and direct labour costs.

Red Bee Media Limited

Notes to the financial statements (continued)

For the year ended 31 December 2020

12 Trade and other receivables

	2020	2019
	£000	£000
Trade receivables	9,565	12,935
Allowances for impairment	-	(3)
Net trade receivables	9,565	12,932
Amounts owed by group undertakings	2,328	203
Prepayments and accrued income	2,766	3,047
	14,659	16,182

Disclosed as:

	2020	2019
	£000	£000
Trade and other receivables		
Current	14,659	16,182
	14,659	16,182

All other inter-company balances are payable on group standard repayment terms (30 days net) with no extended credit.

Trade receivables are primarily denominated in pounds sterling, with £253k being denominated in US dollars (2019: £158k), £634k being denominated in Euros (2019: £693k).

The book value of trade and other receivables is consistent with fair value in the current and prior year.

Movement in allowances for impairment

	Total
	£000
Balance at 1 January 2019	124
Reversal of excess amounts	(121)
Balance at 31 December 2019	3
Reversal of excess amounts	(3)
Balance at 31 December 2020	0

Aging analysis as at 31 December 2020

	Amount	Of which neither impaired nor past due	Of which impaired, not past due	Of which past due in the following time		Of which past due and impaired in the	
	£000	£000	£000	less than 90 days	90 days or more	less than 90 days	90 days or more
	£000	£000	£000	£000	£000	£000	£000
Trade receivables	9,565	8,873	-	693	-	-	-
Allowances for impairment	-	-	-	-	-	-	-
Net trade receivables	9,565	8,873	-	693	-	-	-

Aging analysis as at 31 December 2019

	Amount	Of which neither impaired nor past due	Of which impaired, not past due	Of which past due in the following time		Of which past due and impaired in the	
	£000	£000	£000	less than 90 days	90 days or more	less than 90 days	90 days or more
	£000	£000	£000	£000	£000	£000	£000
Trade receivables	12,935	9,459	-	3,322	12	-	142
Allowances for impairment	(3)	-	-	-	-	-	(3)
Net trade receivables	12,932	9,459	-	3,322	12	-	139

Red Bee Media Limited

Notes to the financial statements (continued)**For the year ended 31 December 2020****12 Trade and other receivables (continued)****Credit risk in trade receivables**

Credit risk is divided into three categories: credit risk in trade receivables, customer finance risk and financial credit risk.

Credit risk in trade receivables is governed by a policy applicable for all legal entities in the Ericsson Group. The purpose of the policy is to:

- Avoid credit losses through establishing internal standard credit approval routines in all Ericsson legal entities;
 - Ensure monitoring and risk mitigation of defaulting accounts, i.e. events of non-payment and/or delayed payments from customers;
 - Ensure efficient credit management within the Company and thereby improve Days Sales Outstanding and cash flow;
 - Ensure payment terms are commercially justifiable;
 - Define escalation path and approval process for payment terms and customer credit limits.
- The credit worthiness of all customers is regularly assessed and a credit limit is set. Through credit management system functionality, credit checks are performed every time a sales order or an invoice is generated in the source system. This is based on the credit risk set on the customer. Credit blocks appear if the credit limit set on customer is exceeded or if past due receivables are higher than permitted levels. Release of a credit block requires authorisation.

Letters of credits are used as a method for securing payments from customers operating in emerging markets, in particular in markets with unstable political and/or economic environment. By having banks confirming the letters of credit, the political and commercial credit risk exposures to Ericsson are managed.

Trade receivables amounted to £9,565k (2019: £12,932k). Provisions for expected losses are regularly assessed and amounted to £nil (2019: £3k). Ericsson's nominal credit losses have, however, historically been low. The amounts of trade receivables closely follow the distribution of Ericsson's sales and do not include any major concentrations of credit risk by customer or by geography.

The five largest customers represent 83% (2019: 84%) of the total trade receivables.

13 Cash and cash equivalents

	2020	2019
	£000	£000
Cash in hand and at bank	6,538	6,131

For the purpose of the statement of cash flows, the cash and cash equivalents at the end of the year include amounts held in foreign currencies of £501k (2019: £358k).

14 Trade and other payables

	2020	2019
	£000	£000
Trade creditors	10,153	10,700
Amounts owed to group undertakings	77,626	69,346
Taxation and social security	(1,278)	1,956
Accruals and deferred income	4,673	5,079
Trade and other payables	91,174	87,081
Disclosed as:		
Trade and other payables	£000	£000
Non-current	-	-
Current	91,174	87,081
	91,174	87,081

Included within the amounts owed to group undertakings are loan balances amounting to £74,000k (2019: £55,000k) which are unsecured. In the current year, On 9 April 2020 a loan was signed with Red Bee Media Holdings AB for £74,000k, with interest being charged at 6-Month LIBOR plus agreed mark-up of 0.78%, and payable on the last day of the loan. On 9 April 2020 the Company repaid the prior year loan balance of £55,000k from the ultimate parent undertaking. All other inter-company balances are payable on group standard repayment terms (30 days net) with no extended credit.

See Note 23 for Post Balance Sheet Events on the restructuring of this loan on the 19 March 2021.

Red Bee Media Limited

Notes to the financial statements (continued)
For the year ended 31 December 2020

15 Provisions for other liabilities and charges

	Long Term Variable Pay	Customer	Supplier	Restructuring	Property	Total
	£000	£000	£000	£000	£000	£000
At 1 January 2019	-	-	-	987	622	1,609
Additions	1,277	1,300	183	235	-	2,995
Release	-	-	-	(323)	-	(323)
Other adjustments	-	-	-	-	(622)	(622)
Utilisation	-	-	-	(664)	-	(664)
At 31 December 2019	1,277	1,300	183	235	-	2,995
Additions	173	-	-	551	1,623	2,347
Release	(12)	-	-	(17)	-	(29)
Utilisation	(1,151)	(1,068)	(183)	(477)	-	(2,879)
At 31 December 2020	287	232	-	292	1,623	2,434

Disclosed as:

	2020 £000	2019 £000
Provisions for other liabilities and charges		
Non-Current	81	96
Current	2,353	2,899
	2,434	2,995

Property provision

IFRS 16 has been applied during 2019. IFRS16 applies a reduction in the Right of use on the asset for any onerous part of the contract. At the point of implementation of the standard the prior provision was release and an impairment to the right of use was made.

Restructuring provision

As at 31 December 2020 the provision of £292k (2019: £235k) represents the restructuring provision for severance and other termination costs provided for in relation to cost reduction measures undertaken by the Company.

Supplier Related

As at 31 December 2020 the provision of £Nil (2019: £183) represents the supplier onerous contract costs provided for in relation to cost reduction measures undertaken by the Company.

Customer Related

As at 31 December 2020 the provision of £232k (2019: £1,300k) represents the Customer onerous contract provision provided for in relation to cost reduction measures undertaken by the Company.

Long Term Variable pay

As at 31 December 2020 the provision of £287k (2019: £1,277k) represents the estimated cost of Long Term Variable pay compensation.

There are two plans.

The Plans are cash-settled retention plans. Employees are selected as participants annually through a nomination process. Participants are assigned a potential award based on a percentage of their annual gross salary, which is converted into a number of synthetic shares based on the same market price of Ericsson B shares used for the respective year's LTV.

One plan is a retention plan, therefore there are no performance criteria for vesting of awards. In general, there is a three-year service period for receiving the award in full and the award is subject only to continued employment during the service period.

On the second plan the vesting level of the award is subject to the achievement of the same performance criteria over the same performance period defined for the respective year and generally requires that the participant retains his or her employment over the vesting period.

At the end of the vesting period, the allotted synthetic shares are converted into a cash amount, based on the market price of Ericsson B shares at Nasdaq Stockholm at the payout date, and this final amount is paid to the participant in cash gross before tax.

16 Share capital

Authorised, Allotted, called up and fully paid

	2020 £000	2019 £000
12,000,000 (2019: 12,000,000) ordinary shares of £1 each	12,000	12,000

Red Bee Media Limited

Notes to the financial statements (continued)
For the year ended 31 December 2020

17 Reconciliation of total equity and movements on reserves

	Note	Share capital £000	(Accumulated losses) / Retained earnings £000	Total equity £000
At 1 January 2019	16	12,000	16,649	28,649
Profit for the year		-	(3,907)	(3,907)
Remeasurements of defined benefit pension plan		-	(12,051)	(12,051)
Tax on item that will not be reclassified to profit or loss	5c	-	2,378	2,378
At 31 December 2019	16	12,000	3,069	15,069
Loss for the year		-	(10,417)	(10,417)
Remeasurements of defined benefit pension plan	20	-	(1,895)	(1,895)
Tax on item that will not be reclassified to profit or loss	5c	-	5,057	5,057
At 31 December 2020	16	12,000	(4,186)	7,814

18 Leases liabilities**Leasing with the Company as lessee**

In January 2019 Ericsson applied the new lease standard IFRS 16, which replaced IAS 17 Leases and the related interpretations IFRIC 4, SIC-15 and SIC-27. The definition of a lease is amended which impacts the accounting both from a lessee and lessor perspective. The new standard will put leased assets on the balance sheet.

Buildings	2020 £000	2019 £000
At 1 January	23,016	27,004
Additions	4,519	-
Depreciation charge of right of use assets	(4,059)	(3,549)
Impairment charge of right of use assets	-	(439)
Revaluations	(622)	-
At 31 December	22,854	23,016

Lease liabilities

	2020 £000	2019 £000
Lease liabilities		
Non-current	19,858	20,553
Current	4,452	3,412
	24,310	23,965

	2020 £'000	2019 £'000
Interest expense (included in finance costs)	965	1,268
Principal elements of lease payments	4,130	2,784
Total cash outflow for leases in 2020	5,095	4,052

19 Financial risk management and financial instruments

The Company's capital and financial risk management policies are governed at the Ericsson Group level.

Capital Management

Ericsson Group defines its managed capital as the total of a company's equity, therefore uses Equity/Total Assets ratio as a measure of determining the appropriate capital structure of its group companies.

The capital structure is managed by balancing equity, inter-company loans and liquidity in such a way that the Company secures funding of its operations in a cost effective way for the Ericsson Group.

The Company achieves its funding needs solely through Ericsson Group Treasury and does not negotiate any external borrowing independently. This provides financial flexibility and independence to operate and manage variations in working capital needs as well as to capitalise on business opportunities.

The Company strives to finance growth, normal capital expenditures and dividends to the Ericsson Group by generating sufficient positive cash flows from operating activities.

Capital objectives information:

	2020 £000	2019 £000
Equity	7,814	15,069
Total assets	156,149	155,358
Equity ratio	5%	10%
Cash flow from operating activities	22,395	14,162

Red Bee Media Limited

Notes to the financial statements (continued)**For the year ended 31 December 2020****19 Financial risk management and financial instruments (continued)****Financial Management**

The Company's financial risk management policy is primarily driven by Ericsson Group Treasury. The principal aim is to ensure that appropriate financing is in place to manage the Company's liquidity as well as financial assets and liabilities, and to control financial risk exposures in a manner consistent with underlying business risks and financial policies. The Company does not undertake any local hedging activities.

Foreign exchange risk

The Company is exposed to foreign exchange risk in the normal course of business for transactions not denominated in Pound Sterling. For inter-company transactions, Ericsson Group Treasury seeks to minimize such risk by dictating the currency of trade between the Company and its group undertakings.

Although the Company does not undertake any local hedging activities, the Ericsson Group policy is to hedge the transaction exposure in its subsidiaries' balance sheet (i.e. trade receivables and payables) through offsetting derivatives. Therefore the Company is obliged to enter into such offsetting derivative transactions with counterparty Ericsson Group Treasury at the end of each month. The value of such outstanding derivatives, all maturing within 30 days, at year end was £nil (2019: £nil).

Interest rate risk

The Company is exposed to interest rate risk through market value fluctuations in certain balance sheet items and through changes in interest revenues and expenses. The net overdraft at year end was £nil (2019: net overdraft of £nil). There was a £74,000k interest bearing loan at year end (2019: £55,000).

Cash or overdraft balances are managed through a cash pooling arrangement, subject to floating rates applicable to the cash pooling arrangement with Ericsson Group Treasury. No assets or liabilities are subject to fixed interest rate exposure, except the £74,000 loan from the parent.

The Company policy is to avoid a significant fixed rate exposure in its assets and liabilities.

Liquidity risk

Liquidity risk is that the Company is unable to meet its short-term payment obligations due to insufficient funds or illiquid cash reserve. The Company minimizes the liquidity risk by maintaining a sufficient net cash position and having Ericsson Group Treasury funding available in place to meet potential funding needs.

All financial instruments of the company carried at fair value through profit or loss fall under level 3 of the fair value hierarchy.

During 2020, the net cash balance increased to £6,538k compared to £6,131k in the prior year.

The entire cash balance is held with reputable financial institutions.

Carrying amounts of financial instruments

	Cash and cash equivalents (note 13) £000	Trade and internal receivables (note 12) £000	Trade and internal payables (note 14) £000	Lease liabilities (note 18) £000	Total 2020 £000	Total 2019 £000
Loans and receivables	6,538	11,893	-	-	18,431	19,266
Financial liabilities at amortised cost	-	-	(87,779)	(23,965)	(111,744)	(104,011)
Total	6,538	11,893	(87,779)	(23,965)	(93,313)	(84,745)

The following table shows analysis of financial liabilities, including lease liabilities by contractual maturity.

	Lease liabilities £000	Trade and internal payables £000	Total 2020 £000
Less than 1 year	4,452	87,779	92,231
1 - 3 years	7,532	-	7,532
3 - 5 years	6,835	-	6,835
More than 5 years	5,492	-	5,492
Total	24,311	87,779	112,090

	Lease liabilities £000	Trade and internal payables £000	Total 2019 £000
Less than 1 year	3,746	80,046	83,792
1 - 3 years	5,913	-	5,913
3 - 5 years	8,628	-	8,628
More than 5 years	5,679	-	5,679
Total	23,965	80,046	104,011

Red Bee Media Limited

Notes to the financial statements (continued)**For the year ended 31 December 2020****20 Pension commitments**

For some employees, the Company operates a funded pension scheme, the Red Bee Media Pension Plan. On the 31 May 2016, the scheme was closed to future accruals. The assets for the scheme are held separately from those of the Company in independently administered funds. The trustee board of the scheme are composed of representatives from both employers and plan members. The trustee board of the scheme are required by law to act in the interest of the scheme and of all relevant stakeholders in the scheme, i.e. active employees, inactive employees, retirees, employers. The trustee board of the scheme are responsible for the investment policy with regard to the assets of the scheme.

The pension liability comprises:

	2020	2019
	£000	£000
Defined benefit scheme	22,676	22,310
	22,676	22,310

Unpaid contributions, at the year end, to the funded pension plan amounted to £nil (2019: £nil).

Administration costs incurred to administer the pension plan have been expensed through the income statement. Administration costs incurred for directly managing the plan assets are included in the return in plan assets.

The scheme typically exposes the Company to actuarial risks such as: investment risk, interest rate risk, longevity risk and inflation.

Investment risk - The present value of the scheme's liability is calculated using a discount rate determined by reference to high quality corporate bond yields; if the return on the scheme asset is below this rate, it will create a scheme deficit. Due to the long-term nature of the scheme liabilities, the board of the pension fund considers it appropriate that a reasonable portion of the scheme assets should be invested in equity securities and real estate to leverage the return generated by the scheme.

Interest risk - A decrease in bond interest rate will increase the liabilities; however, for the defined benefit scheme, this will be partially offset by an increase in the return on the plan's debt investments.

Longevity risk - The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the scheme's liability.

Inflation risk - The present value of the defined benefit liability is linked to inflation, and higher inflation will lead to higher liabilities. Whilst the scheme hedges a reasonable proportion of this inflation risk, an increase in inflation will also reduce the surplus to an extent.

Defined benefit scheme

The latest actuarial valuation of the plan was carried out as at 30 June 2018. The valuation has been updated to 31 December 2020 by an independent qualified actuary in accordance with IAS 19. Investments have been valued, for this purpose, at bid value.

During the year the Company paid cash contributions of £2,223k (2019: £1,688k) in accordance with the Schedule of Contributions agreed with the plan's trustee board. The contributions will continue as per the agreed Schedule of Contributions for the forthcoming financial year.

Defined benefit scheme (continued)

The major assumptions used for the actuarial valuation were:

	2020	2019
	%	%
Pension increases in payment and deferment;		
- RPI capped @ 10% pa	2.95	3.00
- RPI capped @ 5% pa	2.80	2.85
- RPI capped @ 2.5% pa	1.95	2.00
Discount rate	1.75	2.10
Inflation assumptions	2.90	2.95

The 31 December 2020 and 31 December 2019 valuation discount rates were based on the yield on high quality corporate bonds rated as AA by at least 1 of 2 principal credit rating agencies with outstanding debt of at least £50m.

The mortality assumptions used as at 31 December 2020 are 93% of the S2NA base mortality table, allowing for future improvements in line with the "CMI 2019" projections from 2007 based on each member's actual date of birth, with a long-term improvement of 1.5% pa for both males and females, a smoothing parameter of 7.5 and an initial ("a") parameter of 0 (updated from 100% of the S2NA base mortality table, allowing for the future mortality improvements in line with the "CMI 2018" projections used as at 31 December 2019). Average life expectancy for mortality tables used to determine the defined benefit obligation at 31 December were:

	2020		2019	
	Male	Female	Male	Female
Aged 60 now; average life expectancy	27.7	29.6	27.5	29.6
Aged 40 now; average life expectancy on retirement at age 60	29.8	31.5	29.3	31.5

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Notes to the financial statements (continued)**For the year ended 31 December 2020****20 Pension commitments (continued)****Defined benefit scheme (continued)**

The market value of the assets in the scheme, the present value of the liabilities in the scheme and the expected rate of return at the balance sheet date were:

	2020		2019	
	%	£000	%	£000
Quoted				
Domestic Equities	20%	34,330	19%	29,077
Diversified Growth Funds	7%	11,896	10%	14,913
Government bonds	31%	53,326	30%	45,361
LDI asset holding	33%	58,219	21%	31,030
Cash and Cash Equivalents	4%	7,407	14%	21,515
		165,178		141,896
Unquoted				
Property	5%	8,732	6%	8,904
				8,904
Total market value of assets	100%	173,910	100%	150,800
Present value of scheme liabilities		(196,586)		(173,110)
Net pension liability		(22,676)		(22,310)

The Plan assets are held exclusively within instruments with quoted market prices in an active market with the exception of the holdings in property and a small The Plan does not invest directly in property occupied by the Company or in financial securities issued by the Company.

Changes in the present value of benefit obligation:

	2020	2019
	£000	£000
Opening benefit obligation	173,110	145,629
Interest cost	3,618	4,260
Benefits paid	(1,565)	(2,309)
Actuarial losses/(gains)	21,423	25,530
Closing benefit obligation	196,586	173,110

Changes in the value of scheme assets:

	2020	2019
	£000	£000
Opening value of scheme assets	150,800	134,142
Interest income	3,126	4,000
Running costs	(223)	(200)
Employer contributions	2,223	1,688
Benefits paid	(1,565)	(2,309)
Actuarial gains/(losses)	19,549	13,479
Value of scheme assets at end of year	173,910	150,800
Deficit recognised	(22,676)	(22,310)

	2020	2019
	£000	£000
Actual return on plan assets	22,675	17,479

Red Bee Media Limited

Notes to the financial statements (continued)

For the year ended 31 December 2020

20 Pension commitments (continued)**Defined benefit scheme (continued)**

Analysis of the amount charged to operating profit:

	2020	2019
	£000	£000
Running costs paid by the plan	223	200
Net charge to operating loss	223	200

Analysis of the amount charged to net finance charges:

	2020	2019
	£000	£000
Interest income on pension scheme assets	3,126	4,000
Interest expense on pension scheme liabilities	(3,618)	(4,260)
Net interest expense	(492)	(260)

Analysis of the actuarial gains / (losses) recognised in the statement of comprehensive income:

	2020	2019
	£000	£000
Actual return less interest income on pension scheme assets	19,549	13,479
Experience gains arising on the scheme liabilities	2,289	-
Changes in demographic assumptions underlying the present value of scheme liabilities	431	(1,402)
Changes in financial assumptions underlying the present value of scheme liabilities	(24,143)	(24,128)
	(1,874)	(12,051)

Movement in scheme deficit during the year:

	2020	2019
	£000	£000
Pension scheme deficit at start of year	(22,310)	(11,487)
Running costs	(223)	(200)
Contributions	2,223	1,688
Net finance charges	(492)	(260)
Actuarial (loss) / gain	(1,874)	(12,051)
Pension scheme deficit at end of year	(22,676)	(22,310)

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, price inflation (RPI) and mortality. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting year, while holding all other assumptions constant.

- If the discount rate is 0.5% higher (lower), the defined benefit obligation would decrease by £21,000k (increase by £25,000k).
- If the price inflation (RPI) increases (decreases) by 0.5% pa, the defined benefit obligation would increase by £18,000k (decreases by £17,000k).

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting year, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

The plan trustees and the Company regularly review the plan's investment strategy to ensure that it remains appropriate for risk and return profiles.

The Company's funding requirements depends on the level of any deficit in the plan and are based on the local actuarial measurement framework.

The Company expects to make a contribution of £2,223k to the funded pension plan during the next financial year

Defined contribution scheme

Red Bee Media Limited operates a personal pension scheme which is a defined contribution scheme. The amounts charged to the income statement in respect of this scheme represent the employer's contributions payable by the Group amounted to £2,467k (2019 : £3,150k). Red Bee Media Limited has no legal or constructive obligation to fund any deficit of this scheme.

Unpaid contributions, at the year end, to the personal pension scheme amounted to £nil (2019: £nil).

Red Bee Media Limited

Notes to the financial statements (continued)**For the year ended 31 December 2020****21 Related parties****Parent and ultimate controlling party**

The Company's immediate parent undertaking is Red Bee Media Holding AB, a Company incorporated in Sweden (which is domiciled in Sweden at Torshamnsgatan 21, SE-164 83 Stockholm). In the prior year, the Company's immediate parent was Creative Broadcast Services Limited.

On 29 March 2019, Creative Broadcast Services Limited signed a share purchase agreement to divest the company to Red Bee Media Holding AB. The ultimate parent remains unchanged.

The ultimate parent undertaking and controlling party is Telefonaktiebolaget LM Ericsson, a Company incorporated in Sweden (which is domiciled in Sweden at Torshamnsgatan 21, SE-164 83 Stockholm), is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of the financial statements of Telefonaktiebolaget LM Ericsson may be obtained from www.ericsson.com.

Transactions with key management personnel

Key management personnel are the directors of the Company. Their compensation comprised the following:

	2020 £000	2019 £000
Salaries and short-term employee benefits	1,737	1,341
Company contribution paid to money purchases pension schemes	64	53
Share based payments	30	3
	1,831	1,397
	2020 £000	2019 £000
<i>Highest paid director</i>		
Emoluments and amounts receivable under incentive schemes	1,082	865
	1,082	865

The emoluments of certain directors were paid during the year by another Ericsson Group company which made no recharges to the Company and no allocation of costs is possible. Accordingly, the remuneration shown above does not include these emoluments.

Only the directors are considered to be key management personnel as only the directors are responsible for key decisions in the company.

Transactions with the pension schemes

The pension plans are a related party. The plans do not hold shares in the ultimate parent undertaking. The Company's only transaction with the plans relate to contributions and administrative expenses paid (see note 20).

Other related party transactions

Related party transactions during the year are as follows:

	2020 £000	2019 £000
Parent, Intermediary Parents and Ultimate Parent, - Interest on Group loan facility	1,246	2,902
Fellow Subsidiaries		
- Sales and recharges	808	1,550
- Purchases and recharges	10,913	13,275
- Dividend received	-	2,956

Red Bee Media Limited

Notes to the financial statements (continued)

For the year ended 31 December 2020

21 Related parties (continued)

Related party balances as at the year are as follows:

	2020 £000	2019 £000
Parent, Intermediary Parents and Ultimate Parent		
- Trade and other payables ^{*1}	(76,464)	(66,049)
Fellow subsidiaries		
- Receivables	2,328	203
- Trade and other payables ^{*1}	(1,162)	(3,297)

^{*1} The split between parent and fellow subsidiaries in the prior year has been updated to report the loan from parent correctly.

A number of these companies transacted with the Company during the year. The terms and conditions of these transactions were no more favourable than those available, or which might reasonably be expected to be available, in similar transactions with non-key management personnel-related companies on an arm's length basis.

22 Commitments

Bank guarantees of £300k (2019: £300k) have been made to HMRC in the ordinary course of business.

23 Post Balance Sheet Events

On 19 March 2021, a loan agreement from the immediate parent undertaking, Red Bee Media Holding, was signed by the company. This loan amounted to £75,000k and was used to clear the outstanding loan. The loan is repayable in full (including any accrued interests) in 180 days from the date of disbursement, with interest being charged at 0.88% per annum, and payable on the last day of the loan 15 September 2021.

On 27 April 2021, an additional loan agreement from the immediate parent undertaking, Red Bee Media Holding, was signed by the company. This loan amounted to £5,000k. The loan is repayable in full (including any accrued interests) in 139 days from the date of disbursement (29 April 2021), with interest being charged at 0.8798% per annum, and payable on the last day of the loan 15 September 2021.