

# **BBC Free to View (Satellite) Limited**

## **Report and Financial Statements**

Year ended 31 March 2016

Registered number 06250237



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## Director's report

The director presents his annual report and the financial statements for the year ended 31 March 2016.

### Principle activities

BBC Free to View (Satellite) Limited ('the Company') is a holding company for the BBC's 50% share of Freesat (UK) Limited.

### Results and dividends

The Company a profit of £325,302 (2015: £296,693) during the year. The director does not recommend the payment of a dividend (2015: £nil).

### Political contributions

The Company did not make any political donations in the year (2015: £nil).

### Strategic report

The Company is exempt by virtue of its size from the requirement to prepare a strategic report.

### Financial instruments

The Company's financial risk management operations are managed by BBC Group Treasury. All treasury activity is routinely reported and is subject to review by management.

### Going concern

The director has a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the annual financial statements. Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies in the financial statements.

### Directors

The director who held office during the year and at the date of this report, unless otherwise stated, was:

Balraj Samra



By order of the Board.

Balraj Samra

Director

11 November 2016

Room BC2 A5  
Broadcast Centre  
201 Wood Lane  
London  
W12 7TP

## Statement of directors' responsibilities

The director is responsible for preparing the Director's Report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The director is 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. The director has responsibility for taking such steps as are reasonably open to him to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

## Profit and loss account

for the year ended 31 March 2016

	Note	2016 £	2015 £
Operating profit		-	-
Interest receivable and similar income	5	406,628	375,561
Profit on ordinary activities before taxation		406,628	375,561
Taxation on profit on ordinary activities	6	(81,326)	(78,868)
Profit for the financial year		325,302	296,693

All amounts above are derived from continuing activities.

There are no recognised gains or losses other than those shown above and therefore no separate statement of recognised gains and losses is presented.

The notes on pages 7 to 11 form part of the financial statements.

## Balance Sheet

as at 31 March 2016

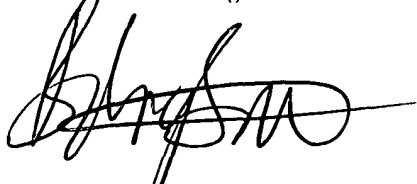
	Note	2016 £	2015 £
<b>Fixed assets</b>			
Investment in joint venture	7	50	50
<b>Current assets</b>			
Debtors due within one year	8	29,947,630	27,621,002
<b>Total assets</b>		<b>29,947,680</b>	<b>27,621,052</b>
<b>Creditors: amounts falling due within one year</b>			
Trade and other payables	8	(28,245,005)	(26,243,679)
<b>Net current assets</b>		<b>1,702,625</b>	<b>1,377,323</b>
<b>Net Assets</b>		<b>1,702,675</b>	<b>1,377,373</b>
<b>Capital and reserves</b>			
Called up share capital	9	1	1
Profit and loss account	10	1,702,674	1,377,372
<b>Total shareholders' funds</b>		<b>1,702,675</b>	<b>1,377,373</b>

For the year ended 31 March 2016 the Company was entitled to exception from audit under section 477 of the Companies Act 2006 relating to small companies.

Director's responsibilities:

- The members have not required the Company to obtain an audit of its accounts for the period in question in accordance with section 476.
- The director acknowledges his responsibilities for complying with the requirement of the Act with respect to accounting records and the preparation of accounts.

The financial statements of BBC Free to View (Satellite) Limited, registered number 06250237, were approved by the director on 11 November 2016 and signed on their behalf by:



Balraj Samra  
Director

## Statement of changes in equity

for the year ended 31 March 2016

	Share capital £	Profit and loss reserve £	Total £
At 1 April 2014	1	1,080,679	1,080,680
Profit for the year		296,693	296,693
Total comprehensive income/(loss) for the year	-	296,693	296,693
At 31 March 2015	1	1,377,372	1,377,373
Profit for the year		325,302	325,302
Total comprehensive income/(loss) for the year	-	325,302	325,302.0
At 31 March 2016	1	1,702,674	1,702,675

## Notes to the financial statements

For the year ended 31 March 2016

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

The financial statements of the Company for the year ended 31 March 2016 were authorised for issue by the director on 11 November 2016. BBC Free to View (Satellite) is incorporated and domiciled in England and Wales.

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

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

The Company has taken advantage of the exemption under s400 of the Companies Act 2006 not to prepare group accounts as it is a wholly owned subsidiary of the British Broadcasting Corporation (BBC). The group accounts of the BBC are available to the public and can be obtained as set out in note 12.

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

### 2 Accounting policies

The following accounting policies have been consistently applied in dealing with items which are considered material in relation to the Company's financial statements.

#### Basis of accounting

The financial statements have been prepared in accordance with applicable accounting standards, and under the historical cost accounting rules.

The company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. Accordingly, in the year ended 31 March 2016 the company has changed its accounting framework from UK GAAP to FRS 101 as issued by the Financial Reporting Council and has, in doing so, applied the requirements of IFRS 1.6-33 and related appendices. These financial statements were prepared in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council, for all periods presented.

As permitted by FRS 101, the company has taken advantage of the following disclosure exemptions under FRS101:

- IFRS 2 Share based payments
- IFRS 3 Business combinations
- IFRS 5 Non-current assets held for sale and discontinued operations
- IFRS 7 Financial instruments
- IFRS 13 Fair value measurement
- IAS 1 Presentation of financial statements
- IAS 7 Statement of cashflows
- IAS 8 Accounting policies, changes in accounting estimates and errors
- IAS 24 Related party disclosures
- IAS 36 Impairment of assets

#### Reconciliation with previously United Kingdom Generally Accepted Accounting Practice

In preparing the accounts, the directors have considered whether in applying the accounting policies required by FRS 101 a restatement of comparative items was needed. No restatements were required.

#### Going concern

Although the Company is not immune from the effects of the current economic environment, the director believes the business is well placed to manage the risks effectively, and has adequate resources to continue in operation for the foreseeable future. As a result the going concern basis has been adopted in the preparation of the financial statements.



## Notes to the financial statements (continued)

### 2 Accounting policies (continued)

#### Financial instruments

Financial assets and liabilities are recognised on balance sheet when the Company becomes party to the contractual provisions of the instrument. Financial assets are derecognised from the balance sheet when the Company's contractual rights to the cash flows expire or there has been a substantial transfer of the risks and rewards of the financial asset. Financial liabilities are derecognised from the Company's balance sheet when the obligation specified in the contract is discharged, cancelled or expires. At each balance sheet date, the Company assesses whether there is any objective evidence that any financial asset is impaired.

#### Dividend and Interest Income

Dividends are recognised in the year in which they are declared, once any eligibility events have occurred.

Interest income is recognised when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

#### Taxation

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

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

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

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

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

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

### 3 Judgements and key sources of estimation uncertainty

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

#### Impairment of investments in joint ventures

Determining whether the company's investments in joint ventures have been impaired required estimations of the investments' values in use. The value in use calculations require the entity to estimate the future cash flows expected to arise from the investments and suitable discount rates in order to calculate present value. The carrying amount of investments in joint ventures at the balance sheet date was £50 with no impairment loss recognised in 2015 or 2016.

## Notes to the financial statements (continued)

### 4 Employees and directors remuneration

The Company did not employ staff at any time during the period nor make any payments in respect of wages and salaries.

The director did not receive any remuneration from the Company in either period.

The director is employed under service contracts with the British Broadcasting Corporation.

### 5 Interest Receivable and similar income

	2016	2015
	£	£
Interest Receivable and similar income	406,628	375,561

The Company's contributions to Freesat (UK) Ltd are funded by loans from its parent company, the BBC.

### 6 Taxation

#### 6a Analysis of tax credit for the year

The tax charge comprises:

	2016	2015
	£'000	£'000
<b>Current tax</b>		
UK Corporation tax - current tax charge for the year	(81,326)	(78,868)
<b>Total charge for the year</b>	<b>(81,326)</b>	<b>(78,868)</b>

Corporation tax is calculated at 20% (2015: 21%) of the estimated assessable UK profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

#### 6b Reconciliation of the total tax charge

The effective rate of tax for the year ended 31 March 2016 was different from the standard rate of tax in the UK of 20% (2015: 21%) as a result of the following:

	2016	2015
	£'000	£'000
<b>Profit on ordinary activities before tax</b>	<b>406,628</b>	<b>375,561</b>
Tax on profit on ordinary activities at standard UK corporation tax rate of 20% (2015: 21%)	(81,326)	(78,868)
<b>Total tax credit for the year</b>	<b>(81,326)</b>	<b>(78,868)</b>

There were no amounts relating to tax recognised in other comprehensive income.

#### 6c Factors that may affect future tax charges

On 26 October 2015, The Summer Finance Bill 2015, which reduces the main rate of corporation tax to 19% from April 2017 and 18% from April 2020 were substantively enacted. As these reductions to the rate were substantively enacted at the balance sheet date, the deferred tax assets have been calculated at 18% in line with when the company anticipates temporary differences to unwind.

The Chancellor announced his Budget 2016 on 16 March 2016 including the publication of the Business Tax Road Map, which sets out a further reduction in the main rate of corporation tax from 18% to 17% from 1 April 2020, and measures relating to the OECD Base Erosion and Profit Shifting Actions. These include limiting the utilisation of brought forward losses and interest deductions, to be effective from 1 April 2017. Whilst a full analysis cannot be presently carried out until final legislation is published, it is expected that these measures will have limited impact on these current year financial statements.

## Notes to the financial statements (continued)

### 7 Investments in joint ventures

	2016 £	2015 £
Cost at 1 April	50	50
Impairment	-	-
Cost at 31 March	50	50

The Company's investment in joint ventures accounts for a 50% share in the capital of the following company incorporated in England and Wales:

Name	Principle Activity	Partners
Freesat (UK) Limited	Managing satellite broadcasting	ITV Broadcasting Limited

### 8 Debtors due within one year

	2016 £	2015 £
Receivable within one year		
Amounts owed by joint venture	29,947,630	27,621,002

### 9 Creditors: amounts falling due within one year

	2016 £	2015 £
Amount due to joint venture	50	50
Amounts owed to parent undertaking	28,163,672	26,164,804
Corporation tax	81,283	78,825
<b>Total creditors</b>	<b>28,245,005</b>	<b>26,243,679</b>

The Company's contributions to the joint venture are funded by loans from its parent company, the BBC. The loan from the parent company is only repayable to the extent that monies have been received from the joint venture.

The loan from the parent is interest free.

### 10 Share capital

	2016 £	2015 £
Allotted, called up and fully paid:		
1 ordinary share of £1 each	1	1

### 11 Related party transactions

The Company is a 100% owned subsidiary of the British Broadcasting Corporation (BBC). As a result, the Company has taken advantage of the exemption set out in IAS 24, "Related Party Disclosures", and has not disclosed transactions between the Company and the BBC or its subsidiaries.

### 12 Ultimate controlling party

The Company's ultimate parent undertaking is British Broadcasting Corporation which is incorporated in the United Kingdom by the Royal Charter. The largest and the only group in which the results of the Company are consolidated is that headed by the British Broadcasting Corporation. Copies of the financial statements of the BBC can be obtained from the BBC Trust Unit, 180 Great Portland Street, London, W1W 5QZ.

## Notes to the financial statements (continued)

### 13 Transition to FRS 101

For all periods up to and including the year ended 31 March 2015, the Company prepared its financial statement in accordance with previously extant United Kingdom generally accepted accounting practice (UK GAAP). These financial statements, for the year ended 31 March 2016, are the first the Company has prepared in accordance with FRS 101.

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

In preparing these financial statements, the Company has started from an opening balance sheet as at 1 April 2014, the Company's date of transition to FRS 101, and made those changes in accounting policies and other restatements required for the first-time adoption of FRS 101. As such, this note explains the principal adjustments made by the Company in restating its balance sheet as at 1 April 2014 prepared under previously extant UK GAAP and its previously published UK GAAP financial statements for the year ended 31 March 2015.

On transition to FRS 101, the company has applied the requirements of paragraphs 6-33 of IFRS 1 "First time adoption of International Financial Reporting Standards", and following review, no adjustments to the financial statements of the Company were required on transition to FRS 101 Reduced Disclosure Framework.