

NEP Connect Limited (formerly SIS Live Limited)

Annual Report and Financial Statements

31 December 2019

Registered No. 05075598

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Annual report and financial statements for the period ended 31 December 2019

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Company Information

Directors

D Meynell
S A Jenkins
S A Mort
C I Wright
S Harrison

Secretary

D M Leadbetter

Registered Office

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Company Number

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Strategic report for the period ended 31 December 2019

The directors present this strategic report and the financial statements of NEP Connect Limited ('the Company') for the period ended 31 December 2019.

The Company is a subsidiary of NEP UK and Ireland Group Limited (formerly NEP UK Film II Limited).

Principal activities, review of the business and future developments

The principal activity of the entity is the provision of critical connectivity solutions to the broadcast industry, including live events such as major sports and entertainment.

During 2018, the Company and its previous owner, Sports Information Services Limited ('SIS'), entered into a process to divest the Company from the SIS group as the strategic focus and trajectory of each business was no longer felt to be in alignment. On 9 October 2018, NEP UK and Ireland Group Limited (formerly NEP UK Film II Limited) ('NEP') acquired 100% of the ordinary share capital of the Company from SIS. On 12 December 2018, the Company changed its name from SIS Live Limited to NEP Connect Limited.

NEP is part of a worldwide group of companies providing solutions for broadcast and live events, including media solutions for managing content. The addition of the Company into the NEP group provides scope for synergies with other group operations and broadens opportunities for revenue and profit growth.

NEP Connect continues to provide resilient high bandwidth contribution and distribution services to customers such as SIS, ITV Sport, Sky Sports, Tata, TRP, Amazon and the BBC utilising its extensive fibre infrastructure (Anylive®), significant satellite and fibre uplink fleet, teleports plus a broad portfolio of satellite capacity. NEP Connect's Anylive platform currently supports over 250 points of presence with network traffic routed via a fully diverse ring topology which is managed, controlled and monitored at NEP Connect's Network Operations Centres (NOC's).

Contribution services offered include ultra-high definition as well as high bandwidth managed services supporting transition into remote production broadcasts. The increasing trend for broadcasters and rights owners to transition sports events to a remote production environment results in venue connectivity becoming increasingly important in the sports productions value chain and offers significant opportunity for NEP Connect to further increase bandwidth sales. In addition to contribution services, the two teleports and NOC's are used to distribute sports and entertainment content across the UK and Ireland, which remains another key area targeted for growth. NEP Connect also provides outside broadcast services for coverage of greyhound racing and outsourced satellite bookings services.

Strategy

The Company's vision continues "to be the connectivity provider of choice for critical media content".

The Company continues to be one of the UK's fastest growing providers of media fibre connectivity and continues to expand venues and enhance infrastructure under the Anylive brand. This rapidly growing network connects key broadcast locations around the UK, including major UK broadcasters, Premier League and EFL football grounds, horse racing, cricket, rugby, cultural and other sporting venues; with major links to global connectivity providers. The Company provides these critical connectivity services to all major UK broadcasters.

With a strategy of growing the business' UK connectivity network, the Company has over 250 sports and entertainment venues linked to its Anylive network and connectivity ring. The Company continues to differentiate from the competition by offering unrivalled levels of resilience utilising its hybrid satellite and fibre fleet, fixed back-up solutions, microwave links, bonded networks and innovative ring topology.

The Company leads the market in connectivity solutions for centralised/remote production workflows and has delivered various remote solutions to multiple customers in many sports. The opportunity to continue to migrate customers to centralised production utilising greater bandwidth to venues alongside targeted growth in other territories are two significant strategic objectives for the Company.

Strategic report for the period ended 31 December 2019 (continued)

Strategy (continued)

The NEP group operates in over 20 countries and these are all targets for organic growth, supporting the production divisions in territory to extend services to media connectivity. Progress has already been made in securing additional services within these territories with targeted future growth identified and additional resources employed to deliver this strategy.

The Company's vision to be the provider of choice for critical media content extends beyond contribution connectivity from sports and entertainment venues. The Company has significant services in both fibre and satellite distribution for Direct to Home services and to an estate of c. 10,000 bookmakers. The Company continues to expedite solutions and contracts for additional network distribution services, utilising its significant expertise and media connectivity resources. The Anylive network utilises a UK ring topology to support fully resilient services and this can be flexed to include broadcasters' networks and there is a strategic focus to increase revenues in this area over the next 2-3 years.

The Company has an extensive pool of highly skilled technical staff who are critical to its vision. The Company will continue to invest in its people, adding leading industry experts to the team to provide a unique blend of talent, infrastructure, innovation and passion to deliver exceptional service to customers.

Key performance indicators

The monitoring process during the period was through KPIs, which are shown below:

	December 2019	March 2019	Definition, calculation and analysis
Turnover (%)	(9.1%)	(0.3%)	Year on year sales growth expressed as a percentage. Nine months to December 2019 decline compared with equivalent nine months to December 2018 following a reduction in outside broadcast revenues.
Operating profit margin (%)	10.9%	8.4%	Operating profit margin is the ratio of operating profit/(loss) before exceptional items to sales, expressed as a percentage. Further margin improvement due to expansion of the product portfolio for critical connectivity services in both the long-term contract and ad hoc events markets, as well as operational cost efficiencies across key spend areas.
Average number of employees	101	105	The average number of employees in employment with the Company. The number of employees is lower following the reduction in outside broadcast services which resulted in a small number of employees being TUPE'd out of the business at the end of 2018.

Going concern

The global pandemic of coronavirus, now known as COVID-19, and its impact on the Company has been, and continues to be, reviewed by the board of directors. This has created material uncertainty and caused disruption to businesses and economic activity worldwide. The Company has also seen disruption during this time and continues to look for alternative ways to support its clients in a safe and secure environment.

The financial statements have been prepared on a going concern basis. The directors have made an assessment of the Company's ability to continue in operation and is satisfied that the Company has the resources to continue in business for the foreseeable future. The Company also has the support of its ultimate parent undertaking, NEP Group, Inc., which is disclosed in note 16.

Strategic report for the period ended 31 December 2019 (continued)

Principal risks and uncertainties

As part of Corporate Governance, the Company's risks are reviewed at regular intervals during the year and appropriate processes are put in place to monitor and mitigate them. The key business risks affecting the Company are set out below:

Exposure to credit, counterparty, liquidity and cash flow risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Company policies are aimed at minimising such losses. Details of the Company's debtors are shown in note 11 to the financial statements. Counterparty risk is monitored by the Board regularly.

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company aims to mitigate liquidity risk by managing cash generation by its operations, applying cash collection targets throughout the Company.

Cash flow risk is the risk of exposure to variability in cash flows that are attributable to a particular risk associated with a recognised asset or liability such as future interest payments on a finance lease. The Company manages this risk through monthly reporting and analysis of commitments and cash flow projections.

Brexit risk

The Company may be susceptible to exchange rate fluctuations as a result of Brexit, although, as most of the Company's revenues and expenses are either denominated in GBP or are naturally hedged, we believe such an impact would be minimal. It is possible that the cost of goods purchased by the Company may increase as a result of its suppliers' base costs being in a foreign currency or due to increased duties or tariffs. We plan to mitigate potential increases by continuing to follow robust procurement procedures, natural hedging and by utilising the wider purchasing power of the NEP group of which the Company is a part.

Impact of COVID-19

COVID-19 has had a significant impact on the global economy and on certain industry sectors, the Company has also seen an adverse change. The Company continues to focus on providing innovative ways to support its clients who have all seen their business models and requirements change rapidly. This in turn has meant that 2020 has seen lower than normal expected revenues. In addition, in order to meet the needs of its clients, the Company has made some minor adjustments to its workforce through 2020.

Foreign currency exchange risk

The Company is exposed to foreign exchange risks primarily arising from commercial transactions denominated in foreign currencies. The risk is managed by continuously reviewing the net exposure by forecasting foreign cash inflows and outflows throughout the year. No forward rate contracts have been entered into; however, the Company would consider this option should the net exposure increase.

Employees

The Company recognises that its employees are a key asset within the business. Losing key employees and being unable to recruit replacements with the right experience and skills could adversely impact the Company's performance. To manage this, the Company has training programmes to develop employees and has implemented several reward schemes that are linked to the Company's results and designed to retain key individuals.

Approved by the Board and signed on its behalf by:

D Meynell
Director



17 December 2020
Registered No. 05075598

Directors' report for the period ended 31 December 2019

The directors present their annual report and financial statements of NEP Connect Limited ('the Company') for the period ended 31 December 2019.

The principal activity of the entity is the provision of critical connectivity solutions to the broadcast industry, including live events such as major sports and entertainment.

The company changed its name from SIS Live Limited to NEP Connect Limited on 12 December 2018.

Results and dividends

The profit for the period after taxation amounted to £3,068,000 (March 2019 – £2,110,000). No dividends were paid during the period or the preceding year to March 2019.

Directors

The directors who served the company during the year were as follows:

D Meynell

S A Jenkins

S A Mort

C I Wright

S Harrison

Disabled persons

The Company's policy is to always fully consider applications for employment by disabled persons, bearing in mind the respective aptitudes and abilities of the applicant concerned. Furthermore, in the event where members of staff become disabled, every effort would be made to ensure that their employment with the Company continued and appropriate training arranged. It is the policy of the Company that the training, career development and promotion of a disabled person should be, as far as possible, identical to that of a person who does not suffer from a disability.

Employee involvement

Consultation with employees or their representatives has continued at all levels, with the aim of ensuring that their views are taken into account in decisions which are likely to affect their interests, and that all employees are aware of the financial and economic performance of their business units, and of the Company as a whole.

Subsequent Events

The global pandemic of coronavirus, now known as COVID-19, and its impact on the Company has been, and continues to be, reviewed by the board of directors. This has created material uncertainty and caused disruption to businesses and economic activity worldwide. The Company has also seen disruption during this time and continues to look for alternative ways to support its clients in a safe and secure environment.

There have been no other material events subsequent to the reporting date which necessitate revision of the figures or disclosures included in the financial statements.

Signed and approved on behalf of the Board of Directors:

D Meynell

Director

17 December 2020



Directors' responsibilities statement

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the affairs of the Company and of the profit and loss of the company for that period.


In preparing these financial statements, the Directors are required to:

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

Signed and approved on behalf of the Board of Directors:

D Meynell 
Director
17 December 2020

Statement of comprehensive income

for the period ended 31 December 2019

		<i>Period to December 2019</i>	<i>Year to March 2019</i>
		<i>Total</i>	<i>Total</i>
	<i>Notes</i>	<i>£000</i>	<i>£000</i>
Turnover	2	24,292	33,897
Operating expenses		(21,637)	(31,065)
<i>Operating Profit</i>	3	2,655	2,832
Interest receivable and similar income	6	48	-
Interest payable and similar charges	7	(1)	(101)
<i>Profit before tax</i>		2,702	2,731
Tax credit/(charge) on profit	8	366	(621)
<i>Profit after tax</i>		3,068	2,110
Total Comprehensive Income		3,068	2,110

All of the activities of the Company are classed as continuing.

The accompanying notes form an integral part of these financial statements.

Statement of Financial Position

at 31 December 2019

		<i>December</i>	<i>March</i>
	<i>Notes</i>	<i>2019</i>	<i>2019</i>
		<i>£000</i>	<i>£000</i>
Fixed assets			
Tangible assets	9	<u>7,573</u>	<u>7,476</u>
		7,573	7,476
Current assets			
Stock	10	31	31
Debtors	11	15,493	9,987
Cash at bank and in hand		59	1,213
		<u>15,583</u>	<u>11,231</u>
Creditors: amounts falling due within one year	12	(7,000)	(5,619)
Net current assets		<u>8,583</u>	<u>5,612</u>
Total assets less current liabilities		16,156	13,088
Creditors: amounts falling due after more than one year		-	-
Net assets		<u>16,156</u>	<u>13,088</u>
Capital and reserves			
Called-up share capital	13	8,295	8,295
Retained earnings		<u>7,861</u>	<u>4,793</u>
Shareholders' funds		<u>16,156</u>	<u>13,088</u>

For the period ended 31 December 2019 the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

Directors' 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 of the Companies Act 2006;
- The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of accounts.

The financial statements were approved by the Board of Directors on 17 December 2020 and signed on its behalf by:



D Meynell

Director

Company registration number: 05075598

The accompanying notes form an integral part of these financial statements.

Statement of Changes in Equity

at 31 December 2019

	<i>Notes</i>	<i>Called-up share capital £000</i>	<i>Retained earnings £000</i>	<i>Total £000</i>
Balance as at 1 April 2018		1,465	2,683	4,148
Profit for the year		-	2,110	2,110
Total comprehensive income for the year			2,110	
Shares issued in the year		6,830	-	6,830
Balance as at 31 March 2019		8,295	4,793	13,088
Balance as at 1 April 2019		8,295	4,793	13,088
Profit for the period			3,068	3,068
Total comprehensive income for the period			3,068	3,068
Balance as at 31 December 2019		8,295	7,861	16,156

The accompanying notes form an integral part of these financial statements.

Notes to the financial statements

at 31 December 2019

1. Accounting policies

General Information

NEP Connect Limited ("the Company") is a private company limited by shares and is incorporated and registered in England, in the UK. The registered office address is Unit 1/2 Whitehall Avenue, Kingston, Milton Keynes, Buckinghamshire, MK10 0AX.

Statement of compliance

The financial statements of NEP Connect Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" (FRS 102) and the Companies Act 2006.

Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

Basis of preparation

NEP Connect Limited is a wholly owned subsidiary undertaking of NEP UK and Ireland Group Limited (formerly NEP UK Film II Limited).

The financial statements have been prepared on the going concern basis, in accordance with applicable UK Accounting Standards, under the historical cost convention, as modified by certain financial assets and liabilities measured at fair value through profit or loss.

The preparation of financial statements in conformity with FRS 102 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 the section "Critical judgements and estimates in applying the accounting policies" of this note.

Going concern

The Company generated net Profit for the period of £3,068,000 (year to March 2019 - £2,110,000), has net current assets of £8,583,000 (March 2019 - £5,612,000) and has net assets of £16,156,000 (March 2019 - £13,088,000) as at 31 December 2019. The Company has received assurance from its ultimate parent, NEP Group, Inc, that it will provide the necessary financial support to meet the Company's liabilities as and when they fall due.

The Company's business activities together with the factors affecting its future performance are described in the strategic report. After making appropriate enquiries, the directors believe that the Company has sufficient resources and support to continue as a going concern for the next twelve months and into the future. Accordingly, the Company continues to adopt the going concern basis in preparing the annual report and financial statements.

Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, if certain conditions, have been complied with, including notification of and no objection to, the use of exemptions by the Company's shareholders. A qualifying entity is defined as a member of a group that prepares publicly available financial statements, which give a true and fair view, in which that member is consolidated. NEP Connect Limited is a qualifying entity as its results are consolidated into the financial statements of NEP UK Film I Limited which are publicly available.

Notes to the financial statements (continued)

at 31 December 2019

1. Accounting policies (continued)

Exemptions for qualifying entities under FRS 102 (continued)

As a qualifying entity, the Company has taken advantage of the following exemptions:

- i) from the requirement to prepare a statement of cash flows as required by paragraph 3.17(d) of FRS 102;
- ii) from the requirement to present certain financial instrument disclosures, as required by sections 11 and 12 of FRS 102;
- iii) from the requirement to present a reconciliation of the number of shares outstanding at the beginning and end of the period as required by paragraph 4.12(a)(iv) of FRS 102;
- iv) from the requirement to disclose the key management personnel compensation in total as required by paragraph 33.7 of FRS 102; and
- v) from the requirement to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member, as required by of section 33.1A of FRS 102

Turnover

Turnover, which excludes value added tax, represents the invoiced value of services supplied. Amounts received in advance from customers are deferred and recognised in the Income Statement only once the service has been provided and, if for a period, over the term of the related contract.

Rendering of services

Turnover is recognised to the extent that the Company obtains the right to consideration in exchange for its performance. Turnover is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty.

Foreign currencies

(i) Functional and presentation currency

The Company's functional and presentation currency is pound sterling.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of 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 except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Income Statement within 'finance (expense)/ income'. All other foreign exchange gains and losses are presented in the Income Statement within 'Other operating (losses)/gains'.

Employee benefits

The entity provides a range of benefits to employees, including private medical insurance and a defined contribution pension plan.

Short term benefits

Short term benefits, including private medical insurance and similar non-monetary benefits are recognised as an expense in the period in which the service is received.

Notes to the financial statements (continued)

at 31 December 2019

1. Accounting policies (continued)

Employee benefits (continued)

Defined contribution pension plan

The Company operates a contributory money-purchase pension scheme. Payments made to the fund are charged in the financial statements as part of employment costs as incurred.

Termination benefits

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognises termination benefits when the entity recognises costs for a restructuring and involves the payment of termination benefits.

Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the period, year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Deferred taxation

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

- Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, or gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the reporting date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the reporting date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.
- Provision is made for deferred taxation that would arise on remittance of the retained earnings of subsidiaries, associates and joint ventures only to the extent that, at the reporting date, dividends have been accrued as receivable.
- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Current and deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the reporting date.

Tangible fixed assets

Tangible fixed assets are stated at their purchase price, together with any expenses of acquisition and installation less accumulated depreciation and accumulated impairment losses.

Tangible fixed assets are written off in equal instalments over the following estimated useful asset lives:

Studio equipment	–	5 years
Motor Vehicles	–	4 - 10 years
Fixtures, fittings and other equipment	–	3 - 7 years
Leasehold improvements	–	4 years or over the life of the lease

Notes to the financial statements (continued)

at 31 December 2019

1. Accounting policies (continued)

Tangible Fixed Assets (continued)

The motor vehicles include the value of any modifications made to incorporate broadcasting equipment.

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

Assets that are in the process of being built for use are categorised as Assets Under Construction (AUCs). Assets in the course of construction are stated at cost. These assets are not depreciated until they are available for use. Once completed these assets are transferred to depreciating tangible fixed assets.

Tangible fixed assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss and included in 'Other operating (losses)/gains'.

Leased Assets

Operating leases

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the Income Statement on a straight-line basis over the period of the lease.

The Company has taken advantage of the exemption in respect of lease incentives on leases in existence on the date of transition to FRS 102 (1 April 2014) and continues to credit such lease incentives to the Income Statement over the period to the first review date on which the rent is adjusted to market rates.

Finance leases

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the Company, and hire purchase contracts are capitalised in the Statement of Financial Position and depreciated over the shorter of the lease term and the asset's useful lives. The capital elements of future obligations under leases and hire purchase contracts are included as liabilities in the Statement of Financial Position. Lease payments are apportioned between capital repayment and finance charge, using the effective interest rate method. The interest elements of the rental obligations are charged in the Income Statement over the periods of the leases and hire purchase contracts and represent a constant proportion of the balance of capital repayments outstanding.

Impairment of non-financial assets

At each reporting date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset may be impaired. If there is such an indication the recoverable amount of the asset is compared to the carrying amount of the asset.

The recoverable amount of the asset is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future pre-tax and interest cash flows obtainable as a result of the asset's continued use. The pre-tax and interest cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the Income Statement, unless the asset has been revalued when the amount is recognised in the other comprehensive income to the extent of any previously recognised revaluation. Thereafter any excess is recognised in the Income Statement.

If an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the Income Statement.

Notes to the financial statements (continued)

at 31 December 2019

1. Accounting policies (continued)

Stock

All stock receipted into the warehouses is accounted as stock. The stock holding in previous periods mainly comprised stock that was used in the manufacture of ground satellite terminals. At December 2019, the stock is made up of broadcast industry related equipment. The stock cost formula is on a FIFO basis and is valued at the lower of cost and estimated selling price less costs to sell. The fair value is based upon a professional internal estimate less any further anticipated costs to be incurred during the disposal.

At the end of each reporting date stocks are assessed for impairment. If an item of stock is impaired, the identified stock is reduced to its selling price less costs to complete and sell and an impairment charge is recognised in the Income Statement. Where a reversal of the impairment is recognised the impairment charge is reversed, up to the original impairment loss, and is recognised as a credit in the Income Statement.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Provisions

A provision is recognised when the Company has a present legal or constructive obligation as a result of a past event; it is probable that an outflow of economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions for the expected costs of maintenance under guarantees are charged against profits when products have been invoiced. The effect of the time value of money is not material and therefore the provisions are not discounted.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described above, the directors are required to make judgements (other than those involving estimations) that may have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these 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.

In the period ended 31 December 2019, there were no situations where the directors were required to make judgements that had a significant impact on amounts recognised in the financial statements.

Key source of estimation uncertainty

There were no key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Notes to the financial statements (continued)

at 31 December 2019

2. Turnover

All revenue relates to the rendering of broadcast services and an analysis of turnover by geographical market is given below:

	<i>December</i> 2019 £000	<i>March</i> 2019 £000
United Kingdom	23,285	33,050
Europe	763	552
USA	58	79
Rest of world	186	216
	<u>24,292</u>	<u>33,897</u>

3. Operating Profit

This is stated after charging/(crediting):

	<i>December</i> 2019 £000	<i>March</i> 2019 £000
Depreciation of owned assets (note 9)	1,994	2,520
Operating lease rentals:		
Land & Buildings	279	386
Other	5,446	5,851
Auditor's remuneration - audit services	32	60
Employment costs (note 5)	5,176	6,849
Gain on foreign exchange	(86)	(17)
	<u></u>	<u></u>

4. Directors' remuneration

	<i>December</i> 2019 £000	<i>March</i> 2019 £000
Remuneration	730	947
Company contributions paid to money-purchase pension schemes	14	11
	<u>14</u>	<u>11</u>

Remuneration paid to two of the directors was paid by NEP UK Limited (formerly NEP Visions Limited). The Company is one of a number of entities within the group and therefore the directors do not consider it practicable to apportion the directors' remuneration to the services provided to the Company. The directors do not receive any other emoluments in respect of services to the Company. There is no other key management of the Company other than the directors that receive compensation for their services by another entity.

	<i>December</i> 2019	<i>March</i> 2019
Members of pension schemes:		
Money-purchase	3	3
	<u>3</u>	<u>3</u>

Notes to the financial statements (continued)

at 31 December 2019

5. Staff costs

	<i>December 2019 £000</i>	<i>March 2019 £000</i>
Wages and salaries	4,456	5,844
Social security costs	452	611
Other pension costs	268	394
	<u>5,176</u>	<u>6,849</u>

The average monthly number of persons (including the executive directors) employed by the Company was 101 (March 2019 – 105).

	<i>December 2019</i>	<i>March 2019</i>
Directors	3	2
Senior Management	0	2
Operational	73	73
Support	25	28
	<u>101</u>	<u>105</u>

6. Interest receivable and similar income

	<i>December 2019 £000</i>	<i>March 2019 £000</i>
Interest receivable from group undertakings	48	-
	<u>48</u>	<u>-</u>

7. Interest payable and similar charges

	<i>December 2019 £000</i>	<i>March 2019 £000</i>
Interest payable to group undertakings	(1)	(101)
	<u>(1)</u>	<u>(101)</u>

The interest paid in the year to 31 March 2019 was to the Company's previous parent company, Sports Information Services Limited.

Notes to the financial statements (continued)

at 31 December 2019

8. Tax

Total tax expense included in Income Statement

The tax (credit)/charge is made up as follows:

	<i>December 2019 £000</i>	<i>March 2019 £000</i>
Current tax:		
UK corporation tax on the profit for the period/year	-	526
Adjustment to current tax in respect of prior years	(130)	(17)
Total current tax	<u>(130)</u>	<u>509</u>
Deferred tax:		
Origination and reversal of timing differences	(263)	125
Effects of changes in tax rates	27	(13)
Total deferred tax	<u>(236)</u>	<u>112</u>
Total tax (credit)/charge on profit	<u>(366)</u>	<u>621</u>

	December 2019			March 2019		
	£000	£000	£000	£000	£000	£000
	Current tax	Deferred tax	Total tax	Current tax	Deferred tax	Total tax
Recognised in income statement	(130)	(236)	(366)	509	112	621
Total tax	<u>(130)</u>	<u>(236)</u>	<u>(366)</u>	<u>509</u>	<u>112</u>	<u>621</u>

Reconciliation of the effective tax rate

The tax assessed for the period differs from the standard rate of corporation tax in the UK of 19% (March 2019 – 19%). The differences are explained below:

	<i>December 2019 £000</i>	<i>March 2019 £000</i>
Profit for the period/year	3,068	2,110
Total tax (credit)/expense	<u>(366)</u>	<u>621</u>
Profit before tax	2,702	2,731
Tax using the UK corporation tax rate of 19% (March 2019 – 19%)	513	519
Effects of:		
Expenses not deductible for taxation purposes	18	132
Adjustments in respect of prior years	(130)	(17)
Effect of change in rates	27	(13)
Group relief/other reliefs	(794)	-
Tax (credit)/charge for the period/year	<u>(366)</u>	<u>621</u>

Notes to the financial statements (continued)

at 31 December 2019

8. Tax (continued)

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	December 2019 £000	March 2019 £000	December 2019 £000	March 2019 £000	December 2019 £000	March 2019 £000
Decelerated capital allowances	(1,266)	(1,006)	-	-	(1,266)	(1,006)
Other timing differences	(8)	(32)	-	-	(8)	(32)
Tax assets	(1,274)	(1,038)	-	-	(1,274)	(1,038)
Net tax assets	(1,274)	(1,038)	-	-	(1,274)	(1,038)

Factors affecting future tax charges

The Finance (No 2) Act 2015, which provides for reductions in the main rate of corporation tax from 20% to 19% effective from 1 April 2017 and to 18% effective from 1 April 2020, was substantively enacted on 26 October 2015. Subsequently, the Finance Act 2016, which provides for a further reduction in the main rate of corporation tax to 17% effective from 1 April 2020, was substantively enacted on 6 September 2016. These rate reductions have been reflected in the calculation of deferred tax at the 31 December 2019.

9. Tangible fixed assets

	Studio Equipment £000	Motor Vehicles £000	Fixtures, fittings and other office equipment £000	Leasehold Improvements £000	Payments on Account/ AUCs £000	Total £000
Cost or valuation:						
At 1 April 2019	100	6,061	11,255	1,045	1,473	19,934
Additions	-	-	-	-	2,180	2,180
Transfers	1,439	-	1	-	(1,440)	-
Disposals	-	-	(163)	-	-	(163)
At 31 Dec 2019	1,539	6,061	11,093	1,045	2,213	21,951
Depreciation:						
At 1 April 2019	100	4,495	6,993	870	-	12,458
Charge for the period	64	554	1,290	86	-	1,994
Disposals	-	-	(75)	-	-	(75)
At 31 Dec 2019	164	5,049	8,208	956	-	14,378
Net book value:						
At 31 Dec 2019	1,375	1,012	2,884	89	2,213	7,573
At 1 April 2019	-	1,566	4,262	175	1,473	7,476

Notes to the financial statements (continued)

at 31 December 2019

10. Stocks

	<i>December 2019 £000</i>	<i>March 2019 £000</i>
Finished goods	<u>31</u>	<u>31</u>

11. Debtors

	<i>December 2019 £000</i>	<i>March 2019 £000</i>
Trade debtors	6,297	4,308
Deferred tax (note 8)	1,274	1,038
Other debtors	283	330
Prepayments and accrued income	2,555	1,053
Amounts owed by group undertakings	5,084	3,258
	<u>15,493</u>	<u>9,987</u>

12. Creditors: amounts falling due within one year

	<i>December 2019 £000</i>	<i>March 2019 £000</i>
Amounts owed to group undertakings	422	6
Trade creditors	1,816	789
Other creditors	1,411	1,851
Deferred income	684	1,112
Accruals	<u>2,667</u>	<u>1,861</u>
	<u>7,000</u>	<u>5,619</u>

13. Issued share capital

<i>Allotted, called up and fully paid</i>	<i>No.</i>	<i>December 2019 £</i>	<i>No.</i>	<i>March 2019 £</i>
		8,294,846		<u>8,294,846</u>

On 12 December 2018, a special resolution was passed to allot 6,829,524 shares in the company with a nominal value of £1 each. At 31 December 2019, there are 8,294,846 ordinary shares in issue, which are held by NEP UK and Ireland Group Limited (formerly NEP UK Film II Limited).

Notes to the financial statements (continued)

at 31 December 2019

14. Financial instruments

	<i>December</i>	<i>March</i>
	<i>2019</i>	<i>2019</i>
	<i>£000</i>	<i>£000</i>
<i>Financial assets that are debt instruments measured at amortised cost:</i>		
Trade debtors	6,297	4,308
Amounts owed by group undertakings	5,084	3,258
Cash and cash equivalents	59	1,213
Other debtors	283	330
	<u>11,723</u>	<u>9,109</u>
 <i>Financial liabilities measured at amortised cost:</i>		
Trade creditors	1,816	789
Amounts owed to group undertakings	422	6
Other creditors	1,411	1,851
	<u>3,649</u>	<u>2,646</u>

15. Other financial commitments

At 31 December 2019, the Company had the following commitments under non-cancellable operating leases:

	<i>December</i>	<i>March</i>
	<i>2019</i>	<i>2019</i>
	<i>£000</i>	<i>£000</i>
Land and buildings		
<i>Operating leases which expire:</i>		
Not later than one year	-	9
Later than one year and not later than five years	574	583
Later than five years	2,341	2,491
Total	<u>2,915</u>	<u>3,083</u>
Other		
<i>Operating leases which expire:</i>		
Not later than one year	288	208
Later than one year and not later than five years	23,279	14,918
Total	<u>23,567</u>	<u>15,126</u>
Total financial commitments under operating leases	<u>26,482</u>	<u>18,209</u>

Notes to the financial statements (continued)

at 31 December 2019

16. Ultimate parent undertaking and controlling party

The immediate parent undertaking is NEP UK and Ireland Group Limited (formerly NEP UK Film II Limited), a Company incorporated in England. The address of NEP UK and Ireland Group Limited is Units 2 - 4 Manor Gate, Manor Royal, Crawley, England, UK, RH10 9SX. These financial statements are publicly available.

The smallest group which prepares group financial statements in which the Company is included is NEP UK Film I Limited. The address of NEP UK Film I Limited is Units 2 - 4 Manor Gate, Manor Royal, Crawley, England, UK, RH10 9SX. These group financial statements are publicly available.

The largest group which prepares group financial statements in which the Company is included is NEP Group, Inc., a company incorporated in the United States of America. The address of NEP Group, Inc. is 2 Beta Drive, Pittsburgh, Pennsylvania 5238, USA. These group financial statements are not publicly available.

The ultimate controlling party of the Company is considered to be The Carlyle Group, a global asset management group registered in the United States of America.

The results for the period up to 9th October 2018, when the company was sold to the NEP group, are included within the consolidated accounts prepared by Sports Information Services (Holdings) Limited. Copies of Sports Information Services (Holdings) Limited financial statements are available from the following registered office address:

Sports Information Services (Holdings) Limited
Unit 2 Whitehall Avenue
Kingston
Milton Keynes
Buckinghamshire
MK10 0AX

17. Subsequent events

The global pandemic of coronavirus, now known as COVID-19 and its impact on the Company has been and continues to be reviewed by the board of directors. This has created material uncertainty and caused disruption to businesses and economic activity worldwide. The Company has also seen disruption during this time and continues to look for alternative ways to support its clients in a safe and secure environment.

There have been no other material events subsequent to the reporting date which necessitate revision of the figures or disclosures included in the financial statements.