

Telenor (UK) Limited

(Registered no. 3188910)

Report and Financial Statements

Year ended 31 December 2019

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Telenor (UK) Limited

Registered No. 3188910

Corporate information

Directors

M Tengs
M Foss
J P Crudge

Secretary

J P Crudge

Auditor

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

Bankers

Nordea Bank
6th Floor,
5 Aldermanbury Square
London EC2V 7AZ

Registered Office

LABS, 90 High Holborn
London WC1V 6LJ

Strategic report

The directors present their strategic report for the year ended 31 December 2019.

Principal activity and review of the business

During the year the company focused on its remaining business area, Occasional Use video sales.

The main financial performance indicators are as follows:

	2019	2018	Change
	£ '000	£ '000	%
Turnover	3,968	4,890	-19
Gross profit	978	1,640	-40
Operating (loss)/profit	(129)	333	-139
(Loss)/profit before tax	(162)	361	-145

The turnover for the year declined by 19% overall, mainly as a result of the transfer of the last remaining Data Communication and Broadcast contracts to the parent company. The company's remaining business, Occasional Use video sales, recorded a 2% decline in revenue which is considered to be a good result in today's marketplace.

Gross profit declined by 40% overall, mainly as a result of the reduced revenue and gross margin from the Data services and broadcast business. Gross margin from Occasional Use video sales declined by 16% as a result of buying more third party capacity in order to satisfy customer's requirements.

Operating profit and profit before tax declined by 139% from an operating profit of £333k to an operating loss of £129k. The main reason for this was the decline in gross margin as noted above. Administration expenses also declined by 18% mainly as a result of reduced staff and office rental costs.

Principal risks and uncertainties

The company's risks are assessed on a regular basis at the Board meetings of the company. The principal risks and uncertainties faced by the company are competitive and operational.

- **Competitive risks**

The company is reliant on a large number of shorter term contracts which are subject to competitive tender on a regular basis. Renewal of these contracts is uncertain and based on price and performance criteria. The abundance of satellite capacity presently available in the market is causing pricing pressures.

- **Operational risks**

The company operates in the complex technical environment of satellite communications and the delivery of the financial results is dependent upon the reliability of the satellites that the company uses and its ground infrastructure.

COVID-19 Pandemic

In January 2020, there was an outbreak of a new strain of coronavirus, COVID-19, which the World Health Organization declared a pandemic on 11 March 2020. Governments, the UK government among them, have imposed restrictions to reduce the risk of further spread of the disease - closing borders, ordering home quarantine and cancelling public events. The company is a provider of Satellite services

Strategic report

and will continue to provide these services during the course of the following year. The circumstances resulting from COVID-19 are not expected to have a significant impact on the trading performance in the near future.

The directors have assessed the impact of COVID-19 on the company, including a review of: the customer base, customer contract terms and cash collection; procurement and supply chain; operations; staff working arrangements and capacity. The company is not currently taking part in the Government's furlough scheme and did not take advantage of deferring any tax payments as per Government tax payment extensions, due to the business operating as usual. At present, the directors believe that the Company is well placed to continue without significant adverse operational or financial impact.

Given the uncertainty around the extent and timing of the potential future spread or mitigation of COVID-19, the directors will continue to monitor the situation closely and will regularly update their assessment of the impact of the pandemic on the company.

The financial statements have been prepared based upon the conditions existing at 31 December 2019 and considering those events occurring subsequent to that date, that provide evidence of conditions that existed at the end of the reporting period. As the outbreak of COVID-19 occurred after the 31 December 2019, its impact is considered an event that is indicative of conditions that arose after the reporting period and accordingly, no adjustments have been made to the financial statements as at 31 December for the impacts of COVID-19.

There were no other matters or circumstances that have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, or the results of those operations or the state of affairs of the Company in future financial years.



J P Crudge
Director

30th June 2020

Directors' report

The directors present their report and financial statements for the year ended 31 December 2019.

Results and dividends

Turnover for the year was £3,968,350 (2018 – £4,890,461) and the (loss)/profit on ordinary activities after taxation amounted to (£162,198) (2018 – £402,998).

No interim dividend was paid during the year (2018 -£6,000,000, £1.33 per share) The directors have not recommended the payment of a final dividend (2018 – £nil).

Going concern

In January 2020, there was an outbreak of a new strain of coronavirus, COVID-19, which the World Health Organization declared a pandemic on 11 March 2020. The impact of COVID-19 on the Company is described in the Strategic Report. In assessing whether the financial statements for the Company should be prepared on the going concern basis, the directors have considered the future outlook of the Company. The Directors have considered the future operating profits, cash flows and facilities available.

The Company had £6m of cash available on its balance sheet at 31 December 2019. The cash balance has slightly increased by £1.0m and stands at £7.0m as at 31st May 2020. The Company has net current assets and positive shareholder's funds of £7.1m as at 31 December 2019.

As the company will become a cost centre in 2020 revenue is expected to decline but the profit for the year ended 31st December 2020 will improve compared to the prior year. Under this scenario the Company is expected to generate positive operating cash flow for the year ending 31 December 2020. The main assumptions used in the model are as follows:

- No unplanned changes in the headcount;
- Minimal delay in collections of intercompany payments, as per current experience;
- No external financing is required.

The Company's one year forward scenario, which takes into consideration the current environment and worst-case potential impact of COVID-19, show that they are expected to remain profitable and generate positive cash flows for the foreseeable future. As a result, the directors have prepared these financial statements on a going concern basis.

Future developments

In January 2020, there was an outbreak of a new strain of coronavirus, COVID-19, which the World Health Organization declared a pandemic on 11 March 2020. Governments, the UK government among them, have imposed restrictions to reduce the risk of further spread of the disease - closing borders, ordering home quarantine and cancelling public events. The company is a provider of Satellite services and will continue to provide these services during the course of the following year. The circumstances resulting from COVID-19 are not expected to have a significant impact on the trading performance in near future. At present, the directors believe that the Company is well placed to continue without significant adverse operational or financial impact. Please see the Strategic report for further details relating to the impact on the company of the COVID-19 pandemic. Events since the balance sheet date

Other than the COVID-19 matters noted above, there are no significant events impacting the business since 31 December 2019.

Directors

The directors who served during the year ended 31 December 2019 and thereafter are listed on page 1.

Disclosure of information to the auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each

Directors' report

director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that that the auditor is aware of that information.

Re-appointment of auditor

In accordance with s 485 of the Companies Act 2006, a resolution to reappoint Ernst & Young LLP as auditor of the company will be put to the members at the Annual General Meeting.

By order of the Board



J P Crudge
Director

30th June 2020

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law 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 Financial Reporting Standard 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 affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

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

Independent auditor's report

to the members of Telenor (UK) Limited

Opinion

We have audited the financial statements of Telenor (UK) Limited for the year ended 31 December 2019 which comprise the Statement of Income and Retained Earnings, the Statement of Financial Position and the related notes 1 to 18, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

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

Emphasis of Matter – Effects of COVID-19

We draw attention to Notes 1c and 17 of the financial statements, which describes the economic and social consequences the company is facing as a result of COVID-19 which could impact customer demand. Our opinion is not modified in respect of this matter.

Conclusions relating to going concern

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

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

Other information

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

Independent auditor's report

to the members of Telenor (UK) Limited

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

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

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 5, 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

Independent auditor's report to the members of Telenor (UK) Limited

audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

Ernst & Young LLP

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

Date: 1 July 2020

Statement of income and retained earnings

for the year ended 31 December 2019

		2019	2018
	Notes	£	£
Turnover	2	3,968,350	4,890,461
Cost of sales		(2,990,578)	(3,250,244)
Gross profit		<u>977,772</u>	<u>1,640,217</u>
Administrative expenses		(2,450,279)	(2,987,578)
Other operating income		1,343,734	1,680,517
Operating (loss)/profit		<u>(128,773)</u>	<u>333,156</u>
Interest receivable and similar income	3	29,448	28,914
Interest payable and similar charges	4	(1,814)	(739)
(Loss)/Profit on ordinary activities before taxation		<u>(101,139)</u>	<u>361,331</u>
Tax (payable)/receivable on profit on ordinary activities	7	(61,059)	41,667
(Loss)/Profit for the financial year		<u>(162,198)</u>	<u>402,998</u>
Total comprehensive (loss)/income for the financial year		<u>(162,198)</u>	<u>402,998</u>
Total comprehensive income for the financial year attributable to:			
Non-controlling interests		-	-
Owners of the parent company		(162,198)	402,998
Retained Earnings at 1 January		<u>2,725,905</u>	<u>8,322,907</u>
Dividends paid		-	(6,000,000)
Retained Earnings at 31 December		<u>2,563,707</u>	<u>2,725,905</u>

All operations of the company continued throughout the year and no operations were acquired.

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

Statement of financial position

at 31 December 2019

	Notes	2019 £	2018 £
Fixed assets			
Tangible assets	8	798	164,060
Intangible assets	9	3,594	-
		<u>4,392</u>	<u>164,060</u>
Current assets			
Debtors	10	1,832,537	1,910,059
Cash at bank and in hand		6,090,983	6,467,980
		<u>8,923,520</u>	<u>8,378,039</u>
Creditors: amounts falling due within one year	11	<u>(854,205)</u>	<u>(1,250,652)</u>
Net current assets		<u>7,069,315</u>	<u>7,127,387</u>
Total assets less current liabilities		<u>7,073,707</u>	<u>7,291,447</u>
Provisions for liabilities		-	(55,542)
Net assets		<u><u>7,073,707</u></u>	<u><u>7,235,905</u></u>
Capital and reserves			
Called up share capital	13	4,510,000	4,510,000
Profit and loss account	14	2,563,707	2,725,905
Equity shareholder's funds	14	<u><u>7,073,707</u></u>	<u><u>7,235,905</u></u>

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

Signed on behalf of the Board



J P Crudge

Director

30th June 2020

Notes to the financial statements

at 31 December 2019

1. Accounting policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the year and preceding year, is set out below.

a) Statement of compliance

Telenor (UK) Limited is a limited liability company incorporated in England and Wales. The Registered Office is LABS, 90 High Holborn, London, WC1V 6LJ.

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' with disclosure exemptions, as it applies to the financial statements of the company for the year ended 31 December 2019.

b) Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards. The financial statements are prepared in pounds sterling which is the functional currency of the company.

Telenor (UK) Limited has adopted the following disclosure exemptions under Section 1.12 of FRS 102:

- (a) The requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv).
- (b) The requirements of Section 7 Statement of Cash Flows and Section 3 Financial Statement Presentation paragraph 3.17(d).
- (c) The requirements of Section 11 paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c). As Telenor (UK) Limited has only basic financial instruments, the scope of Section 12 has been considered to ensure exemption.
- (d) The requirement of Section 33 Related Party Disclosures paragraph 33.7.
- (e) The requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23.

c) Going Concern

In assessing whether the financial statements for the Company should be prepared on the going concern basis, the directors have considered the future outlook of the Company. The Directors have considered the future operating profits, cash flows and facilities available.

The Company had £6m of cash available on its balance sheet at 31 December 2019. The cash balance has slightly increased by £1.0m and stands at £7.0m as at 31st May 2020. The Company has net current assets and positive shareholder's funds of £7.1m as at 31 December 2019.

The Company does not expect significant decline in revenue or profit for the year ended 31 December 2020 compared to the prior year. Under this scenario the Company is expected to generate positive operating cash flow for the year ending 31 December 2020. The main assumptions used the model are as follows:

- No unplanned changes in the headcount;
- Minimal delay in collections of intercompany payments, as per current experience;
- No external financing is required.

The Company's one year forward scenario, which takes into consideration the current environment and worst-case potential impact of COVID-19, show that they are expected to remain profitable and generate positive cash flows for the foreseeable future. As a result, the directors have prepared these financial statements on a going concern basis.

Notes to the financial statements (continued)

at 31 December 2019

1. Accounting policies (continued)

d) Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Taxation

Management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies. Further details are contained in note 7.

Bad debt provision

The company reviews the recoverability of all customer debts and makes a bad debt provision on the basis of this review. In general, if there is no security or if there is a reason to believe that the customer will not be able to pay the amounts due, all debts over 120 days old are provided for.

e) Significant accounting policies

Share based payments

The company operates a share based payments scheme where all employees can purchase shares in Telenor ASA at a favourable price, and based on the share price performance on the STOXX Europe 600 Telecommunications index employees may become eligible for bonus shares.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of accumulated depreciation and any provision for impairment.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost of each asset on a straight line basis over its expected useful life, as follows:

Leasehold improvements	–	Term of lease
Earth station	–	3 to 10 years
Office equipment and furniture	–	3 to 10 years

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

Intangible assets

All intangible assets have been acquired separately. Intangible assets are stated at cost, net of accumulated amortisation and any provision for impairment.

Amortisation is provided on all intangible assets at rates calculated to write off the cost of each asset on a straight line basis over its expected useful life, as follows:

Software	–	5 years
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As the company is unable to make a reliable estimate of the useful life, the useful life has been restricted to five years. The carrying values of intangible assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Amortisation charges are included under administrative expenses in the Statement of income and retained earnings.

Notes to the financial statements (continued)

at 31 December 2019

1. Accounting policies (continued)

e) Significant accounting policies (continued)

Taxation

Corporation tax payable is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Revenue recognition

Revenue is recognised to the extent that the company obtains the rights to revenue in exchange for delivering satellite capacity and related services. Revenue is measured at the fair value of the consideration received, excluding discounts, and VAT.

The following criteria must also be met before revenue is recognised:

Sale of space segment and related services

Revenue from the sale of space segment and related services is recognised once the space segment has been made available to the customer and when the relevant service is transmitted on air.

Interest income

Revenue is recognised as interest accrues using the effective interest method.

Turnover

Turnover represents amounts receivable for goods and services provided in the normal course of business, net of trade discounts, VAT and other sales-related taxes.

Pension costs

The amount charged in the profit and loss account in respect of pension costs is the contribution payable in the year to the defined contribution pension scheme operated by the company.

Foreign currencies

Transactions in foreign currencies are initially recorded in the entity's functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

Leases

As a lessee, the Company obtains use of property and satellite capacity. The classification of such leases as operating or finance lease requires the Company to determine, based on an evaluation of the terms and

Notes to the financial statements (continued)

at 31 December 2019

1. Accounting policies (continued)

e) Significant accounting policies (continued)

conditions of the arrangements, whether it acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the statement of financial position.

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term. Lease incentives are recognised over the lease term on a straight line basis.

Statement of cash flows

Telenor (UK) Limited is exempt from preparing a statement of cash flows as per Exemption 1.12(b) of FRS 102, as it is a wholly owned subsidiary of Telenor ASA, a company incorporated in Norway, whose consolidated financial statements include Telenor (UK) Limited and are publicly available.

2. Turnover analysis

Geographical analysis of turnover by destination is as follows:

	2019	2018
	£	£
United Kingdom	1,885,867	1,201,515
Europe	1,166,365	1,331,835
Nordic Countries	809,229	1,391,066
Middle East	79,891	610,519
North America	12,245	264,413
Africa	8,471	21,982
Asia	6,282	69,131
	<u>3,968,350</u>	<u>4,890,461</u>

Turnover analysed by destination is not materially different from turnover analysed by origin.

3. Interest receivable and similar income

Interest receivable and similar income represents interest received on bank deposits of £29,448 (2018 - £28,914).

4. Interest payable and similar charges

Interest payable and similar charges represent interest charges on underpaid Corporation Tax of £639 (2018 - £nil), and the unwinding of the discount on the Asset Retirement Obligation provision of £1,175 (2018 - £739) (note 12).

Notes to the financial statements (continued)

at 31 December 2019

5. Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging/(crediting):

	2019	2018
	£	£
Depreciation and amounts written off:		
- tangible fixed assets	15,878	56,885
Amortisation and amounts written off:		
- intangible assets	160	69
Loss/(Profit) on sale of fixed assets	126,234	(27,446)
Foreign exchange loss differences	120,765	63,436
Operating lease rentals:		
- satellites and uplink equipment	306,250	306,250
- car lease	5,067	8,306
- property, gross rentals	227,806	298,692
- Auditor's remuneration for audit services	28,000	33,237

The charge for depreciation includes charge of £4,333 (2018 –£6,493) on assets relating to the Asset Retirement Obligation, in respect of the operating lease held on the property occupied by the company.

6. Staff costs

The average weekly number of persons (including directors) employed by the company during the year was as follows:

	2019	2018
	No.	No.
Sales and marketing	9	10
Technical	-	2
Administration	3	3
	12	15

Employee costs during the year amounted to:

	2019	2018
	£	£
Wages and salaries	942,983	1,112,174
Social security costs	112,357	132,690
Pension costs (defined contribution plan)	65,217	76,647
	1,120,557	1,321,511

Notes to the financial statements (continued)

at 31 December 2019

6. Staff costs (continued)

Directors' emoluments during the year amounted to:

	2019	2018
	£	£
Remuneration	197,134	205,625
Pension costs	16,565	16,114
	<u>213,699</u>	<u>221,739</u>

The total Directors' emoluments above equate to the highest paid director's emoluments.

In the current year, two directors (2018 – two) received no remuneration for qualifying services to the company.

7. Tax**(a) Tax on profit on ordinary activities**

The tax charge is based on the profit for the year and comprises:

	2019	2018
	£	£
Current tax:		
UK corporation tax (receivable)/payable at 19% (2018 – 19%)	(9,846)	49,064
Tax overprovided in previous years	(20,944)	(230,212)
Payment for surrender of Group Relief	91,015	107,910
	<u>(60,226)</u>	<u>(73,238)</u>
Deferred tax:		
Origination and reversal of timing differences	834	31,571
	<u>834</u>	<u>31,571</u>
Tax payable/(receivable) on profit on ordinary activities (note 7(b))	<u>61,059</u>	<u>(41,667)</u>

The company expects deferred tax assets of £17,682 to reverse in 2020.

Notes to the financial statements (continued)

at 31 December 2019

7. Tax (continued)**(b) Factors affecting current tax charge**

The tax assessed on the profit on ordinary activities for the year is higher (2019 – lower) than the average rate of corporation tax in the UK of 19% (2018 – 19%). The differences are reconciled below:

	2019	2018
	£	£
(Loss)/Profit on ordinary activities before tax	(101,139)	361,331
(Loss)/Profit on ordinary activities multiplied by average rate of corporation tax in the UK of 19% (2018: 19%)	(19,216)	68,653
Tax effect of expenses not deductible for tax purposes	4,138	3,705
Tax effect of decelerated capital allowances	6,066	8,277
Tax underprovided in previous years	(20,944)	(230,212)
Payment for Group Relief	91,015	107,910
Total tax payable/(receivable)	61,059	(41,667)

(c) Factors that may affect future tax charges

The effect on the company of further proposed reductions in the UK main rate of corporation tax will be reflected in the company's financial statements in future years, as appropriate, once the changes have been substantively enacted. The rate changes will also impact the amount of future tax payments to be made by the company.

(d) Deferred tax

The deferred tax included in the balance sheet is as follows:

	2019	2018
	£	£
Included in debtors (note 10)	88,595	89,429
	<u>88,595</u>	<u>89,429</u>
Decelerated capital allowances	88,595	89,429
Deferred tax asset	<u>88,595</u>	<u>89,429</u>

Notes to the financial statements (continued)

at 31 December 2019

7. Tax (continued)

At 1 January 2019	89,429
Release of deferred tax asset	(834)
	<hr/>
At 31 December 2019	88,595
	<hr/> <hr/>

8. Tangible fixed assets

The movement in the year was as follows:

	Earth station £	Leasehold improve- ments £	Office equipment and furniture £	Total £
Cost:				
At 1 January 2019	51,945	1,600,479	149,340	1,801,764
Additions	-	-	-	-
Disposals	(51,945)	(1,600,479)	(132,405)	(1,784,829)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2019	-	-	16,935	16,935
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation:				
At 1 January 2019	32,465	1,458,951	146,288	1,637,704
Charge for the year	4,333	10,252	1,293	15,878
Disposals	(36,798)	(1,469,203)	(131,444)	(1,637,445)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2019	-	-	16,137	16,137
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value:				
At 31 December 2019	-	-	798	798
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 December 2018	19,480	141,528	3,052	164,060
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Notes to the financial statements (continued)

at 31 December 2019

9. Intangible fixed assets

The movement in the year was as follows:

	Software £	Total £
Cost:		
At 1 January 2019	49,820	49,820
Additions	3,754	3,754
Disposals	(15,833)	(15,833)
At 31 December 2019	<u>37,741</u>	<u>37,741</u>
Amortisation:		
At 1 January 2019	49,820	49,820
Charge for the year	160	160
Disposals	(15,833)	(15,833)
At 31 December 2019	<u>34,147</u>	<u>34,147</u>
Net book value:		
At 31 December 2019	<u>3,594</u>	<u>3,594</u>
At 31 December 2018	<u>-</u>	<u>-</u>

10. Debtors

	2019 £	2018 £
Trade debtors	800,457	741,233
Deferred taxation asset (see below)	88,595	89,429
Amounts owed by other group undertakings	110,690	193,178
Other debtors	26,613	9,567
Corporation tax receivable	794,536	736,049
Prepayments and accrued income	11,646	125,331
VAT	-	15,272
	<u>1,832,537</u>	<u>1,910,059</u>

Amounts falling due after more than one year included in the above:

	2019 £	2018 £
Deferred taxation asset	70,913	65,455
	<u>70,913</u>	<u>65,455</u>

Notes to the financial statements (continued)

at 31 December 2019

11. Creditors: amounts falling due within one year

	2019	2018
	£	£
Trade creditors	174,159	21,832
Amounts owed to other group undertakings	198,490	214,739
Social security and PAYE	31,391	77,437
Accrued holiday pay	9,908	13,757
Accruals and deferred income	374,971	922,887
VAT	65,286	-
	<u>854,205</u>	<u>1,250,652</u>

12. Provisions for liabilities

Asset Retirement Obligation provision

	2019	2018
	£	£
At 1 January	55,542	410,264
Unwinding of discount during the year	-	739
Release of provision	(55,542)	(355,461)
	<u>-</u>	<u>55,542</u>

The company made a provision for the estimated reinstatement costs related to the lease of its offices. These costs are adjusted each year in line with inflation or as a result of further re-evaluations of the likely costs of reinstatement and relate to the cost of putting the offices back into the same condition existing at the time when we took occupancy of the premises. The release of the remaining provision related to the removal and reinstatement costs of the leasehold improvements.

13. Share capital

	2019	2018
	£	£
Authorised		
10,000,000 ordinary shares of £1 each	<u>10,000,000</u>	<u>10,000,000</u>
Allotted, called up and fully paid	£	£
4,510,000 ordinary shares of £1 each	<u>4,510,000</u>	<u>4,510,000</u>

Notes to the financial statements (continued)

at 31 December 2019

14. Reconciliation of shareholders' funds and movement on reserves

	Share capital £	Profit and loss account £	Total share-holders' funds £
At 1 January 2018	4,510,000	8,322,907	12,832,907
Profit for the financial year	-	402,998	402,998
Dividends paid	-	(6,000,000)	(6,000,000)
At 31 December 2018	4,510,000	2,725,905	7,235,905
(Loss) for the financial year	-	(162,198)	(162,198)
At 31 December 2019	4,510,000	2,563,707	7,073,707

The Directors have not recommended a dividend payment for 2019

15. Guarantees and other financial commitments**Lease commitments**

At 31 December 2019 the company had future minimum rentals payable under non-cancellable operating leases as follows. The building lease at 40 Bernard Street was surrendered on the 31st May 2019 and the company moved into serviced offices which were rented on an annual basis.

	2019			2018		
	Satellite capacity £	Land & buildings £	Total £	Satellite capacity £	Land & buildings £	Total £
Within 1 year	145,314	48,435	193,749	306,250	214,876	521,126
Between 2 and 5 years	-	-	-	612,500	841,272	1,453,772
More than 5 years	-	-	-	-	154,976	154,976
	145,314	48,435	193,749	918,750	1,211,124	2,129,874

16. Related party transactions

Telenor (UK) Limited is exempt from disclosing transactions with other group entities as allowed by Section 33.1A of FRS 102 because it is a wholly owned subsidiary of Telenor ASA, a company incorporated in Norway, whose consolidated financial statements include Telenor (UK) Limited, and are publicly available. There were no other related party transactions during the year.

Notes to the financial statements (continued)

at 31 December 2019

17. Events after the balance sheet date

Other than as described in the Strategic Report and Note 1c in relation to the impact of COVID-19, there are no significant events impacting the business since 31 December 2019.

18. Ultimate parent undertaking and controlling party

The directors regard Telenor ASA, a company incorporated in Norway, as the ultimate parent undertaking.

Telenor Broadcast Holding AS is the immediate parent undertaking of the smallest group of which the company is a member and for which group financial statements are drawn up. Telenor ASA is the parent undertaking of the largest group of which the company is a member and for which group financial statements are drawn up. Copies of the financial statements are available from the corporate offices at Snarøyveien 30, N-1331, Fornebu, Norway.