

Satellite Information Services (Holdings) Limited

**Directors' report and financial statements
for the year ended 31 March 2010**

Registered No. 1939932



ER23600G

EDX

22 09.10
COMPANIES HOUSE

792

Satellite Information Services (Holdings) Limited

Report of the directors for the year ended 31 March 2010

The directors present their report and the audited financial statements of Satellite Information Services (Holdings) Limited ("the Group") for the year ended 31 March 2010

Principal activities, review of business and future developments

The Group's principal activities are

- the provision of satellite news-gathering and associated transmission services through its market-leading SISLink division, which now accounts for the major contribution to the Group's continuing profitability (Uplink Services),
- the provision of outside broadcast television production units, including sound, support and communication (Outside Broadcast),
- its long-established business of providing integrated television and information services delivered via satellite to licensed betting offices in the United Kingdom, Ireland and overseas (Racing Services), and
- the provision of television production services for other broadcasters (Other Services)

Uplink Services and Outside Broadcast are managed under the common brand of SIS LIVE

Results and dividends

The results for the year and proposed transfer to reserves of the retained profit of £15,720,000 (2009 £15,106,000) are set out in the consolidated profit and loss account on page 9

Dividends totalling £14,193,000 were proposed and paid out during the year in respect of ordinary shares (2009 £15,001,000)

Preference dividends were proposed during the year of £1,000 (2009 £3,000)

Business environment

The Group is one of the most experienced television, production and outside broadcast service providers in Europe, its position being particularly enhanced by the acquisition on 1 April 2008 of the BBC Outside Broadcast business. Further outside broadcast trade and asset acquisitions during the year have added additional equipment and trucks to the existing fleet, the Group now has over 110 uplinks covering the spectrum of state-of-the-art uplink trucks, and its proprietary automated uPOD technology and its rapidly deployed, dismountable Drive Fly kits, it is now the largest provider of transportable satellite uplink services in the world, transmitting tens of thousands of hours of live coverage every year to broadcasting customers worldwide

The Group intends to stay ahead of the competition by offering visual and data services that are of the highest quality and competitively priced

In all its areas of activity the Group believes it differentiates itself from the competition by adopting best-of-breed technologies which have been tried and tested. This is further enhanced by ensuring that the management team is made up of highly experienced, leading industry experts

Satellite Information Services (Holdings) Limited

Report of the directors for the year ended 31 March 2010 (continued)

Strategy

The Group's overriding objective is to achieve sustainable levels of growth and returns through a combination of organic growth and, where appropriate, acquisitions

The key elements to the Group's strategy are

- Content
- Delivery of service
- Needs of the customer
- Training and development

Content

The Group ensures that wherever possible long-term contracts are in place for the content and data licences to provide its principal services. Contracts are negotiated to ensure rates remain competitive to deliver value to the customer base

Delivery of service

Every year, the Group produces and broadcasts thousands of hours of live programming from around the world using advanced satellite technology. This information is collated, managed and distributed in real time all year round. The Group broadcasts and transmits uninterrupted programmes, using technically advanced studios and editing suites that ensure the integrity of the output, and that it is produced and presented to the highest quality

Following the acquisition, the Group has increased its range of service offering through the ex-BBC Outside Broadcasts fleet of television production units, plus sound, support and communications vehicles

Needs of the customer

The Group has established relationships with its customers' long term needs in mind. It strives to provide high quality products and services that are competitively priced and present business value to the customer

Training and development

The Group's biggest asset is its employees. It consistently aims to recruit and retain the best employees to meet the changing needs of the business

Principal risks and uncertainties

As part of Corporate Governance, the Group's risks are formally reviewed by the Board of Directors twice a year, and appropriate processes are put in place to monitor and mitigate them

The key business risks affecting the Group are set out below

Exposure to credit, liquidity and cash flow risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for that other party by failing to discharge an obligation. Group policies are aimed at minimising such losses. Details of the Group's debtors are shown in Note 12 to the financial statements

Satellite Information Services (Holdings) Limited

Report of the directors for the year ended 31 March 2010 (continued)

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The group aims to mitigate liquidity risk by managing cash generation from its operations and applying cash collection targets throughout the Group. The Group also manages liquidity risk via revolving credit facilities and long term debt.

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

Foreign currency exchange risk

The Group is exposed to foreign exchange risks primarily arising from commercial transactions denominated in foreign currencies. The Group uses annual foreign currency forward contracts to reduce exposure to the variability of foreign exchange rates for EUR, USD and INR. The Group has put in place medium term foreign currency forward contracts to purchase USD on a monthly basis through the financial years 2010/11 and 2011/12. These forward contracts match the contracted commitments with USD suppliers for satellite provision.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term loan with floating interest rate. To manage this, the Group entered into an interest rate swap to fix interest payments.

Competition

The Group operates in a number of competitive markets. This can result in a downward pressure on prices and loss of customers. The Group aims to mitigate this risk by continually expanding the range of products and services, monitoring the competition and its pricing strategy and continually investing in technology to ensure that the quality of service delivery remains unrivalled.

Data and Transmission services

The Group's customers rely on real time data and uninterrupted content delivery. Loss of content would result in reduced quality in its services and potentially reduce income. Therefore, the Group has developed advanced disaster recovery solutions and has built back-up facilities which are located around the country.

Employees

The Group 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 Group's performance. To manage this, the Group has training programmes to develop employees and has implemented several reward schemes that are linked to the Group's results and designed to retain key individuals.

Going Concern

The directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the consolidated and Parent Company financial statements.

Satellite Information Services (Holdings) Limited

Report of the directors for the year ended 31 March 2010 (continued)

Key Performance Indicators ("KPIs")

The Group has made progress on its strategies during the year. The monitoring process is through KPIs, which are shown below

	2010	2009	Definition, calculation and analysis
Growth in Turnover (%)	2.7%	21.4%	Year on year sales growth expressed as a percentage. Sales have improved through the trade and asset acquisition of two outside broadcast companies. Growth in turnover for 2009 reflects the first year of operations of the Outside Broadcast business.
Operating profit margin (%)	12.5%	11.3%	Operating profit margin is the ratio of operating profit to sales, expressed as a percentage. The operating profit margin has increased year on year due to management's control of costs while generating revenue growth.
Net cash inflow from operating activities	£27.2m	£39.9m	Net cash inflow is calculated by reconciling operating profit to cash generated from the Group's activities. The inflow for 2010 is reduced largely by the increase in debtors.
Average number of employees	838	779	The average number of employees in employment with the Group. Growth is due mainly to the acquisition of O21.

Charitable donations

Donations totalling £13,704 (2009: £23,202) were paid during the year.

Disabled persons

The Group's policy is that applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. Furthermore, in the event of members of staff becoming disabled every effort would be made to ensure that their employment with the Group continued and appropriate training arranged. It is the policy of the Group 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.

Policy on payment of creditors

The Group agrees terms and conditions for business transactions with its suppliers. Payment is made on these terms, subject to these terms being met by the supplier. The Group has approximately 39 days' purchases outstanding at 31 March 2010 (2009: 36 days) based on the average daily amount invoiced by suppliers during the year.

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 Group as a whole.

Satellite Information Services (Holdings) Limited

Report of the directors for the year ended 31 March 2010 (continued)

Directors

The following held office during the year, unless stated otherwise

H S Perlin (Chairman) - Resigned 30 April 2009
R W Devlin (Chairman) - Appointed 30 April 2009
W W Bartlett
A J Hales CBE - Resigned 31 March 2010
M Stewart – Appointed 1 April 2010
D K Holdgate (CEO)
J M May
C H B Mills
A Ross – Resigned 19 July 2010
B G Wallace – Appointed 19 July 2010, previously alternate for A Ross
F Done
M J Scanlon
A D Steele

Alternate directors

M A Lawson	Alternate for C H B Mills
A Lindley	Alternate for M J J Scanlon
M S D Masters	Alternate for J M May
T Murphy	Alternate for A D Steele

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law 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). 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 group and of the profit or loss of the group for that period. In preparing those 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,
- 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 proper accounting records that are sufficient to show and explain the group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Satellite Information Services (Holdings) Limited

Report of the directors for the year ended 31 March 2010 (continued)

Provision of information to auditors

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 group's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

The auditors, Ernst & Young LLP were appointed during the year ended 31 March 2008. In accordance with section 487(2) of the Companies Act 2006, Ernst & Young LLP are deemed to have been appointed as auditors of the Company.



BY ORDER OF THE BOARD _____

K Smith
Company Secretary
Satellite Information Services (Holdings) Limited,
17 Corsham Street,
London
N1 6DR

24 AUG 2010

Satellite Information Services (Holdings) Limited

Independent Auditors' report to the members of Satellite Information Services (Holdings) Limited

We have audited the financial statements of Satellite Information Services (Holdings) Limited for the year ended 31 March 2010 which comprise the Group Profit and Loss Account, the Group Statement of Total Recognised Gains and Losses, the Group and Parent Company Balance Sheets, the Group Cash Flow Statement, and the related notes 1 to 27. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

Opinion on the financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 March 2010 and of the Group's 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

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Satellite Information Services (Holdings) Limited

Independent Auditors' report to the members of Satellite Information Services (Holdings) Limited (continued)

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company 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

Ernst & Young LLP

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

26 August

2010

Satellite Information Services (Holdings) Limited

Group profit and loss account for the year ended 31 March 2010

	Notes	Year ended 31 March 2010 £'000	Year ended 31 March 2009 £'000
Turnover	2		
Ongoing operations		194,498	153,355
Acquisitions		3,701	39,582
		198,199	192,937
Operating expenses		(173,485)	(171,214)
Operating profit	3		
Ongoing operations		24,252	25,346
Acquisitions		462	(3,623)
		24,714	21,723
Net interest payable	5	(1,451)	(384)
Profit on ordinary activities before taxation		23,263	21,339
Tax on profit on ordinary activities	6	(7,543)	(6,233)
Retained profit transferred to reserves		15,720	15,106

All operations are continuing

As permitted under Section 408 of the Companies Act 2006, the profit and loss account of the Company is not published as part of these financial statements. The total gains and losses for the year of the Company are shown in Note 18 to the financial statements.

Group statement of total recognised gains and losses for the year ended 31 March 2010

	Note	Year ended 31 March 2010 £'000	Year ended 31 March 2009 £'000
Retained profit for the year		15,720	15,106
Actuarial (loss)/gain	26	(1,249)	78
Deferred tax asset/(liability)		350	(22)
Total gains and losses recognised for the year	18	14,821	15,162

Satellite Information Services (Holdings) Limited

Group balance sheet as at 31 March 2010

	Notes	31 March 2010 £'000	31 March 2009 £'000
Fixed assets			
Intangible assets	8	48,244	9,060
Tangible assets	9	48,087	40,647
Total fixed assets		96,331	49,707
Current assets			
Stock	11	2,979	2,252
Debtors	12	32,701	14,332
Cash at bank and in hand	25	4,577	31,194
		40,257	47,778
Creditors amounts falling due within one year	13	(59,314)	(33,943)
Net current (liabilities)/assets		(19,057)	13,835
Total assets less current liabilities		77,274	63,542
Creditors amounts falling due after more than one year	14	(34,240)	(22,129)
Provisions for liabilities and charges	15	(3,609)	(3,365)
Net assets excluding pension asset		39,425	38,048
Defined benefit pension (liability)/asset	26	(5)	198
Net assets		39,420	38,246
Capital and reserves			
Called up equity share capital	17	20	20
Share premium account	18	9,836	9,836
Capital redemption reserve	18	2	2
Profit and loss account	18	29,562	28,388
Shareholders' funds	19	39,420	38,246

The financial statements on pages 9 to 33 were approved by the board of directors on 2010 and signed on its behalf by


 D K Holdgate
 Director

24 AUG 2010

Satellite Information Services (Holdings) Limited

Company balance sheet as at 31 March 2010

	Notes	31 March 2010 £'000	31 March 2009 £'000 Restated
Fixed assets			
Investments	10	39	55
Total fixed assets		39	55
Current assets			
Debtors	12	26,704	31,196
Cash at bank and in hand		46	70
		26,750	31,266
Creditors amounts falling due within one year	13	(3,600)	(247)
Net current assets		23,150	31,019
Total assets less current liabilities		23,189	31,074
Creditors amounts falling due after more than one year	14	(13,500)	(20,400)
Net assets		9,689	10,674
Capital and reserves			
Called up equity share capital	17	20	20
Share premium account	18	9,836	9,836
Capital redemption reserve	18	2	2
Profit and loss account	18	(169)	816
Shareholders' funds	20	9,689	10,674

The financial statements on pages 9 to 33 were approved by the board of directors on 2010 and signed on its behalf by


 D K Holdgate
 Director

24 AUG 2010

Satellite Information Services (Holdings) Limited

Group cash flow statement for the year ended 31 March 2010

	Note	Year ended 31 March 2010		Year ended 31 March 2009	
		£'000	£'000	£'000	£'000
Net cash inflow from operating activities	24		27,186		39,878
Returns on investments and servicing of finance					
Interest received		108		1,001	
Interest paid		(1,312)		(1,969)	
Net cash outflow from returns on investments and servicing of finance			(1,204)		(968)
Taxation			(6,368)		(6,786)
Capital expenditure and financial investment					
Purchase of tangible fixed assets	9	(2,344)		(18,224)	
Proceeds from sale of tangible fixed assets		79		581	
Payments to acquire intangible fixed assets	8	(15,188)		-	
Investment in trade and assets	10	(10,218)		(21,040)	
			(27,671)		(38,683)
Net cash outflow before financing			(8,057)		(6,559)
Equity dividends paid to shareholders	7		(14,193)		(15,001)
Financing					
Net repayments of finance lease obligations			(820)		-
Net increase in/(repayment) of long-term loans			(3,547)		20,647
Decrease in cash			(26,617)		(913)

Reconciliation of net cash flow to movement in net debt

	Note	2010 £'000	2009 £'000 Restated
Decrease in cash		(26,617)	(913)
Net decrease/(increase) in loans		3,547	(20,647)
Net repayment of finance lease obligations		820	-
De-consolidation of IBAS		-	(63)
Other non-cash		(14,863)	(1,936)
Movement in (net debt)	25	(37,113)	(23,559)
Net funds at 1 April		8,611	32,170
(Net debt)/net funds at 31 March	25	(28,502)	8,611

Satellite Information Services (Holdings) Limited

Notes to the financial statements for the year ended 31 March 2010

1 Accounting policies

a) Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with UK accounting standards. The principal accounting policies are set out below.

b) Basis of consolidation

The Group financial statements are the result of the consolidation of the financial statements of the Company and its subsidiaries.

c) 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 profit and loss, 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 Group obtains the right to consideration in exchange for its performance. Turnover is recognised at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty.

d) Tangible fixed assets, depreciation and impairment

Tangible fixed assets are stated at their purchase price, together with any expenses of acquisition and installation.

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

Installed equipment	3 - 8 years
Studio equipment	5 years
Transport equipment	4 - 10 years
Fixtures, fittings and other equipment	3 - 7 years
Leasehold improvements	4 years or over the life of the lease

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). Once completed these assets are transferred to depreciating tangible fixed assets.

e) Operating leases

Rentals payable under operating leases are charged to the profit and loss account on a straight-line basis over the lease term.

Satellite Information Services (Holdings) Limited

Notes to the financial statements for the year ended 31 March 2010 (continued)

1 Accounting policies (continued)

f) Pension scheme arrangements

The group operates a defined benefit pension scheme for SIS Outside Broadcasts Limited, which requires contributions to be made to separately administered funds. The scheme was closed to new members in April 2008, from which time membership of a defined contribution plan has been available.

The cost of providing benefits under the defined benefit plan is determined using the projected unit method, which attributes entitlement to benefits to the current period (to determine current service cost) and to the current and prior periods (to determine the present value of defined benefit obligations) and is based on actuarial advice. Past service costs are recognised in profit or loss on a straight-line basis over the vesting period or immediately if the benefits have vested. When a settlement or a curtailment occurs the change in the present value of the scheme liabilities and the fair value of the plan assets reflects the gain or loss which is recognised in the profit and loss account. Losses are measured at the date that the employer becomes demonstrably committed to the transaction and gains when all parties whose consent is required are irrevocably committed to the transaction.

The interest element of the defined benefit cost represents the change in present value of scheme obligations relating from the passage of time, and is determined by applying the discount rate to the opening present value of the benefit obligation, taking into account material changes in the obligation during the year. The expected return on plan assets is based on an assessment made at the beginning of the year of long-term market returns on scheme assets, adjusted for the effect on the fair value of plan assets of contributions received and benefits paid during the year. The difference between the expected return on plan assets and the interest cost is recognised in the income statement as other finance income or expense.

Actuarial gains and losses are recognised in full in the statement of recognised gains and losses in the period in which they occur. The defined benefit pension asset or liability in the balance sheet comprises the total for each plan of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds that have been rated at AA or equivalent status), less any past service cost not yet recognised and less the fair-value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information and in the case of quoted securities is the published bid price. The value of a net pension benefit asset is limited to the amount that may be recovered either through reduced contributions or agreed refunds from the scheme.

The Group 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.

g) Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at exchange rates ruling at the end of the financial year. Transactions denominated in foreign currencies are translated into sterling at the exchange rate ruling on the date payment takes place unless related or matching forward foreign exchange contracts have been entered into when the rate specified in that contract is used. Any resultant foreign exchange differences are taken to the profit and loss account in the period in which they arise.

Profits and losses and assets and liabilities of subsidiaries which have currencies of operation other than sterling are translated into sterling based on the temporal method as prescribed in SSAP 20 Foreign currency translation. Exchange differences arising from retranslation of the opening net

Satellite Information Services (Holdings) Limited

Notes to the financial statements for the year ended 31 March 2010 (continued)

1 Accounting policies (continued)

assets of subsidiaries, which have currencies of operation other than sterling are taken to reserves

h) Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date and 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 Group's taxable profit or loss and its results as stated in the consolidated financial statements. No deferred tax is recognised on permanent differences.

Deferred tax is measured at the average tax rates that are expected to apply in the period in which the timing differences are expected to reverse, based on the tax rates and law that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis. Deferred tax assets are recognised only to the extent that it is considered more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

i) Stock valuation

All stock receipted into the warehouses is accounted for as stock until transferred to an uplink vehicle or licensed betting office (LBO). At this point the stock is transferred to fixed assets. Stock is valued at the lower of cost and net realisable value.

j) Intangible fixed assets

Goodwill

Goodwill arising on acquisitions is capitalised, classified as an asset on the balance sheet and amortised on a straight line basis over its useful economic life up to a presumed maximum of 20 years. It is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

Rights

Costs to acquire broadcast rights are capitalised as intangible asset as at the date when the company has a contractual obligation to pay the acquisition cost. Where the payments are for a period over one year, the intangible asset is carried at the present value of the contracted future payments.

When the right to broadcast commences, the intangible asset is amortised over the term of the rights.

The carrying value of broadcast rights are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

k) Classification of shares as debt or equity

When shares are issued, any component that creates a financial liability of the Group is presented as a liability in the balance sheet, measured initially at fair value net of transaction costs and thereafter at amortised cost until extinguished on conversion or redemption. The corresponding dividends relating to the liability component are charged as interest expense in the profit and loss account.

Satellite Information Services (Holdings) Limited

Notes to the financial statements for the year ended 31 March 2010 (continued)

1 Accounting policies (continued)

l) 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 balance sheet 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 balance sheet. The interest elements of the rental obligations are charged in the profit and loss account over the periods of the leases and hire purchase contracts and represent a constant proportion of the balance of capital repayments outstanding.

Where the Company operates as the lessee under a finance lease, the value of the leased asset is recorded as a receivable in the balance sheet. When the lease payments are received they are split into capital and interest elements and the capital element reduces this receivable. The interest on each payment is recorded as interest received.

m) Provisions

A provision is recognised when the group has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

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.

Dilapidation

The dilapidation provision relates to the obligations on surrender of property leases to re-instate the premises to the same state and condition as before occupancy including making good all damage caused by removal. The accounting for provisions for liabilities and charges is shown in Note 15.

WEEE

The Waste Electrical and Electronic Equipment Directive (WEEE Directive) aims to minimise the impact of electrical and electronic goods on the environment by increasing re-use and recycling and reducing the amount of WEEE going to landfill. It seeks to achieve this by making producers responsible for financing the collection, treatment, and recovery of waste electrical equipment, and by obliging distributors to allow consumers to return their waste equipment free of charge. Therefore the WEEE provision relates to the collection, treatment and recovery of waste electrical equipment that is leased to licensed betting offices in the UK. The accounting for provisions for liabilities and charges is shown in Note 15.

n) Derivative instruments

The Group uses forward foreign currency to reduce exposure to foreign exchange rates. The Group also uses interest rate swaps to adjust interest rate exposures. FRS 26 Financial Instruments Measurement has not been applied.

Satellite Information Services (Holdings) Limited

Notes to the financial statements for the year ended 31 March 2010 (continued)

2 Segmental analysis

Revenue earned by destination is split as follows

	Year ended 31 March 2010 £'000	Year ended 31 March 2009 £'000
UK and Ireland	190,518	185,761
Other	7,681	7,176
	198,199	192,937

Revenue generated from the UK companies is £196,814,000 (2009 £191,943,000) and revenue generated by France and others is £1,385,000 (2009 £994,000) Operating profit relating to the UK companies is £24,666,000 (2009 £21,613,000) and relating to France and others is £48,000 (2009 £110,000) Net assets relating to the UK companies amount to £39,157,000 (2009 £38,031,000) and net assets relating to France and others are £263,000 (2009 £215,000) Revenue and profit split by business unit

	Racing services	Racing services	SIS LIVE services	SIS LIVE services	Other services	Other services	Total	Total
	Year ended 31 March 2010	Year ended 31 March 2009	Year ended 31 March 2010	Year ended 31 March 2009	Year ended 31 March 2010	Year ended 31 March 2009	Year ended 31 March 2010	Year ended 31 March 2009
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Turnover								
Total sales	119,108	113,842	77,042	69,852	23,473	23,442	219,623	207,136
Inter-segment sales	-	-	(21,424)	(14,199)	-	-	(21,424)	(14,199)
Sales to third parties	119,108	113,842	55,618	55,653	23,473	23,442	198,199	192,937
Operating profit	11,883	9,325	7,149	6,471	5,882	5,927	24,714	21,723

Analyses by business unit are based on the Group's management structure Racing services supply horse and dog racing pictures to licensed betting offices in the UK and Ireland SIS LIVE supplies satellite uplinks from sport and news events to network providers and outside broadcast capabilities Other services include the production of pictures to the licensed betting offices and services offered to overseas customers

Satellite Information Services (Holdings) Limited

Notes to the financial statements for the year ended 31 March 2010 (continued)

3 Operating profit

Operating profit is stated after charging/(crediting)

	Year ended 31 March 2010 £'000	Year ended 31 March 2009 £'000
Amortisation of goodwill (Note 8)	2,330	2,293
Depreciation of owned assets (Note 9)	13,526	11,462
Depreciation of assets held under finance leases (Note 9)	966	158
(Profit)/loss on disposal of fixed assets	(59)	126
Operating lease rentals		
Land and buildings	1,655	3,094
Other	5,887	1,536
Services provided by the company's auditor and its associates		
Fees payable for the audit of the parent company and consolidated accounts	140	125
Fees payable for other services	10	90
Fees payable for tax services	139	117
Employment costs (Note 4)	39,209	40,626

Auditors' remuneration includes £5,000 (2009 £5,000) in respect of the parent company audit

4 Employees and directors

The monthly number of persons employed by the Group, including executive directors, during the year was 838 (2009 779) Employment costs were

	Year ended 31 March 2010 £'000	Year ended 31 March 2009 £'000 Restated
Wages and salaries	33,003	34,186
Social security costs	2,983	3,062
Pension costs	3,223	3,378
	39,209	40,626
Directors' emoluments (excluding pension contributions)	2,037	1,830
Emoluments (excluding pension fund contributions) of the highest paid director were	481	347

The Group made contributions to a money-purchase pension scheme totalling £25,254 (2009 £20,704) for the highest paid director

The prior year Directors' emoluments figures have been restated to reflect the total amount the consolidated group has paid during the 2009 financial year

No share options have been granted to or exercised by any of the directors

Satellite Information Services (Holdings) Limited

Notes to the financial statements for the year ended 31 March 2010 (continued)

5 Interest

	Year ended 31 March 2010 £'000	Year ended 31 March 2009 £'000
Bank interest receivable	141	1,331
Interest payable and similar charges		
Interest payable on overdrafts and bank loans	(889)	(1,595)
Other finance costs	(343)	(26)
Finance charges payable under finance leases	(360)	(84)
Total interest payable	(1,592)	(1,715)
Net interest payable	(1,451)	(384)

6 Taxation

	Year ended 31 March 2010 £'000	Year ended 31 March 2009 £'000
UK corporation tax charge for the period	5,550	6,357
Group relief payable	716	332
Adjustment to current taxation in respect of prior years	414	(17)
Overseas tax	-	9
Double tax relief	-	(9)
Total current tax	6,680	6,672
Deferred tax – origination and reversal of timing differences	863	(439)
	7,543	6,233

As announced in the Emergency Budget on 22 June 2010 the headline rate of UK corporation tax will be reduced from 28% to 24% over the course of the next four years. Based on the deferred tax amounts currently recognised, it is not anticipated that this will significantly impact the Group's balance sheet. The rate change will also impact the amount of any future cash tax payments.

Satellite Information Services (Holdings) Limited

Notes to the financial statements for the year ended 31 March 2010 (continued)

6 Taxation (continued)

The Group's effective current tax reconciliation is as follows

	Year ended 31 March 2010 £'000	Year ended 31 March 2009 £'000
Profit on ordinary activities before taxation	23,263	21,339
Profit before taxation multiplied by the UK statutory rate of 28% (2008 28%)	6,514	5,975
Effects of		
Capital allowances in (advance)/in arrears of depreciation	(509)	399
Other adjustments not deductible for taxation purposes	531	346
Other differences	(270)	(31)
Adjustments in respect of prior year periods	414	(17)
Actual current tax charge	6,680	6,672

7 Dividends

	Year ended 31 March 2010 £'000	Year ended 31 March 2009 £'000
Equity dividend Paid £71 133 (2009 £75 177) per share	14,193	15,001
	14,193	15,001
Non-equity - 6% preference dividend proposed	1	3

8 Intangible assets

	Goodwill £'000	Rights £'000	Total £'000
Cost			
At 1 April 2009	11,455	-	11,455
Acquisitions	2,655	-	2,655
Additions	-	38,859	38,859
At 31 March 2010	14,110	38,859	52,969
Amortisation.			
At 1 April 2009	2,395	-	2,395
Charge for the year	2,330	-	2,330
At 31 March 2010	4,725	-	4,725
Net book amount			
At 31 March 2010	9,385	38,859	48,244
At 31 March 2009	9,060	-	9,060

Satellite Information Services (Holdings) Limited

Notes to the financial statements for the year ended 31 March 2010 (continued)

8 Intangible assets (Continued)

Goodwill is recognised on the following investments

Satellite Information Services Limited purchased 100% of the issued share capital of Fatpipe Satcom Limited on 5 September 2007

SIS Outside Broadcasts Limited purchased the outside broadcast related assets of BBC Resources Limited on 1 April 2008

SIS Outside Broadcasts Limited purchased the assets of Dales Broadcast Limited in November 2009

Satellite Information Services Limited purchased the assets of O21 Limited on 11 January 2010

Goodwill is amortised on a straight line basis over a period of five years from the date of acquisition for all investments, which is management's estimate of the useful life

Rights to broadcast live racing were acquired from Arena Leisure plc, Northern Racing Limited and Coral Racing Limited. Lead-in amounts are payable on these agreements between the date the contracts were signed and the start date for the rights

Rights are amortised on a straight line basis over their term

9 Tangible fixed assets – Group

	Installed equipment £'000	Studio equipment £'000	Transport equipment £'000	Fixtures, Fittings and other equipment £'000	Leasehold improvements £'000	Payments on Account / AUCs £'000	Total £'000
Cost.							
At 1 April 2009	30,103	9,808	32,694	11,478	6,719	4,753	95,555
Acquisition	-	-	7,563	-	-	-	7,563
Additions	746	869	4,773	1,915	3,215	2,869	14,387
Transfer	-	-	4,782	-	-	(4,782)	-
Disposals	(1,108)	(155)	(1,595)	(187)	-	(362)	(3,045)
At 31 March 2010	29,741	10,522	48,217	13,206	9,934	2,478	114,460
Depreciation							
At 1 April 2009	26,244	6,063	15,428	4,189	2,984	-	54,908
Charge for the year	2,382	952	8,271	1,194	1,694	-	14,492
Disposals	(1,108)	(155)	(1,213)	(187)	-	(362)	(3,025)
At 31 March 2010	27,518	6,860	22,486	5,196	4,678	(362)	66,375
Net book amount at 31 March 2010	2,223	3,662	26,093	8,011	5,257	2,840	48,087
Net book amount at 31 March 2009	3,859	3,745	17,266	7,289	3,735	4,753	40,647

Satellite Information Services (Holdings) Limited

Notes to the financial statements for the year ended 31 March 2010 (continued)

9 Tangible fixed assets (continued)

Included in the amounts for transport equipment above are the following amounts relating to leased assets

	£'000
Cost.	
At 1 April 2009	1,999
Additions	12,544
At 31 March 2010	14,543
Depreciation	
At 1 April 2009	158
Charge for the year	966
At 31 March 2010	1,124
Net book amount	
At 31 March 2010	13,419
At 31 March 2009	1,841

10 Investments in subsidiaries and own shares

Name	Country of Incorporation	Ownership	31 March 2010	31 March 2009
			£'000	£'000
Cost of investment				
Satellite Information Services Limited	England	100%	-	-
Fatpipe Satcom Limited	England	100%	-	-
Satellite Sports Services Limited *	England	100%	-	-
SIS Outside Broadcasts Limited	England	100%	-	-
Satellite Racing Services Limited *	England	100%	-	-
Frontrelay Limited *	England	100%	-	-
Spacebit Limited	England	100%**	39	39
Intercontinental Racing Limited *	England	50%	-	-
SISter Networks plc *	England	100%	-	12
SISBet Limited *	England	100%	-	-
Spacedish Limited *	England	100%	-	-
SISLink SARL	France	100%	347	347
SISLink Inc	USA	100%	-	-
SISLive partnership	n/a	100%	-	-
Total cost of investment			386	398
Provision for impairment against cost of investment				
SISLink SARL			(347)	(343)
Total provision for impairment			(347)	(343)
Net book amount of investments			39	55

* Dormant

** The Company owns 100% of the ordinary shares in Spacebit Limited. The remaining preference shares in Spacebit Limited (which represented 30.5% of the shareholder voting rights) were bought back by the Company on 21 December 2009. Decision making and control of this Company is undertaken by the Company.

Satellite Information Services (Holdings) Limited

Notes to the financial statements for the year ended 31 March 2010 (continued)

10 Investments in subsidiaries and own shares (continued)

The trading activities of subsidiaries are the same as the principal activity of the Group

The above companies have been consolidated in the Group financial statements

The SISLink France subsidiary has been consolidated into Satellite Information Services (Holdings) Limited at the year end exchange rate of 1.107 Euros to the Pound. SISLink Inc has been consolidated at the year end exchange rate of 1.5963 USD to the Pound.

In December 2009, Satellite Information Services Limited and SIS Outside Broadcasts Limited entered into a partnership agreement. The purpose of this partnership is to carry on the joint obligations under the Commonwealth Games 2010 (CWG) contract. The name of the partnership, under the terms of the partnership agreement, is SIS Live.

SiSter Networks Plc was dissolved on 2 March 2010.

As at 31 March 2009, the Group owned the entire issued share capital of Frontrelay Limited, a company incorporated in England and Wales, and which acts as a trustee of the (now defunct) Satellite Information Services Limited Profit Sharing Share Scheme. The investment in these shares has been written down to a nominal value.

Acquisition

Satellite Information Services Limited purchased the assets of O21 Limited on 11 January 2010 for consideration of £7,312,000 (including £312,000 of related costs). Total goodwill arising on the acquisition was £2,624,000.

The Company purchased the net assets of Dales Broadcast Limited in November 2009 for a consideration of £2,906,000 (including £31,000 in related costs). Total goodwill arising on the acquisition is £31,000.

The fair value of the acquired assets and liabilities was

	Book value £'000	Fair value adjustments /alignment of accounting policies £'000	Notes	Fair value to company £'000
Tangible fixed assets acquired	7,265	298	(a)	7,563
Cash consideration including costs				10,218
Goodwill				2,655

(a) The Purchase reflects fixed assets acquired. The majority of these were externally valued.

Satellite Information Services (Holdings) Limited

Notes to the financial statements for the year ended 31 March 2010 (continued)

11 Stock

	31 March 2010 £'000 Group	31 March 2010 £'000 Company	31 March 2009 £'000 Group	31 March 2009 £'000 Company
Finished goods	2,979	-	2,252	-

12 Debtors

	31 March 2010 Group £'000	31 March 2010 Company £'000	31 March 2009 Group £'000	31 March 2009 Company £'000 Restated (See Note 14)
Trade debtors	20,464	-	8,352	-
Amounts owed by Group undertakings	-	26,704	-	31,196
Other debtors	5,735	-	986	-
Deferred tax (Note 16)	-	-	361	-
Prepayments and accrued income	6,502	-	4,633	-
	32,701	26,704	14,332	31,196

Amounts due under finance leases

	31 March 2010 £'000	31 March 2009 £'000
Within one year	271	-
Within 2 to 5 years	610	-
Less finance charges allocated to future periods	(167)	-
	714	-

Satellite Information Services (Holdings) Limited

Notes to the financial statements for the year ended 31 March 2010 (continued)

13 Creditors: amounts falling due in less than one year

	31 March 2010 Group £'000	31 March 2010 Company £'000	31 March 2009 Group £'000	31 March 2009 Company £'000 Restated (See Note 14)
Obligations under finance leases (Note 22)	5,160	-	357	-
Bank loan	3,600	3,600	247	247
Trade creditors	9,702	-	5,688	-
Other creditors	3,245	-	7,560	-
UK corporation and overseas tax	3,526	-	3,216	-
Other taxation and social security	2,701	-	1,835	-
Deferred income and payments in advance	13,032	-	5,729	-
Accruals	4,448	-	9,311	-
Deferred rights consideration	13,750	-	-	-
Fatpipe deferred consideration	150	-	-	-
	59,314	3,600	33,943	247

The year-on-year increase in creditors falling due in less than one year is largely due to deferred rights consideration due in FY2010-11

Banking facilities available to the Group have also increased during the year. Some aspects of this increase are subject to guarantee payments to maintain the availability of unused facility

14 Creditors: amounts falling due after more than one year

	31 March 2010 Group £'000	31 March 2010 Company £'000	31 March 2009 Group £'000	31 March 2009 Company £'000 Restated
Bank loan	13,500	13,500	20,400	20,400
Obligations under finance leases (Note 22)	10,819	-	1,579	-
Deferred rights consideration	9,921	-	-	-
Deferred consideration	-	-	150	-
	34,240	13,500	22,129	20,400

Loans repayable, included within creditors, are analysed as follows

	31 March 2010 £'000	31 March 2009 £'000 Restated
Payable within 12 months	3,600	247
Wholly repayable within 2 to 5 years	13,500	20,400
Repayable after 5 years	-	-
	17,100	20,647

The long-term loan is secured against all assets and undertakings of the group. The loan is wholly repayable within five years

Satellite Information Services (Holdings) Limited

Notes to the financial statements for the year ended 31 March 2010 (continued)

The prior year Company Bank loan has been restated to include £20,647 loan balance to reflect Satellite Information Services (Holdings) Limited as the holder of the Facility Agreement with The Royal Bank of Scotland plc. Consequently, the amounts owed by Group undertakings in prior year have been restated to include £20,647 due from a subsidiary.

14 Creditors: amounts falling due after more than one year (continued)

To mitigate interest rate risk on this loan, the Group has entered into an interest rate swap equal to the loan's outstanding value. The tenor of the swap matches the term of the loan and the fair value of the interest rate swap held at the balance sheet date, determined by reference to its market value, is shown in the following table. To mitigate the exposure to foreign exchange risk inherent in foreign operations and contracts the company has entered into forward contracts valued as follows:

	31 March 2010 £'000	31 March 2009 £'000
Interest rate swap	(1,193)	(833)
Forward contracts	(117)	-

15 Provisions for liabilities and charges

	Dilapidations £'000	Deferred tax £'000	WEEE £'000	Total £'000
At 1 April 2009	2,879	-	486	3,365
Charge for the year	-	231	13	244
At 31 March 2010	2,879	231	499	3,609

Dilapidations

A survey of all properties leased by SIS was undertaken by Lewis Berkeley, Chartered Surveyor, in February 2008 and December 2008 to provide a qualified estimate of the probable dilapidation cost.

16 Deferred tax

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

	Year ended 31 March 2010 £'000	Year ended 31 March 2009 £'000
Included in debtors	-	361
Included in provisions	(231)	-
Included in defined benefit pension liability	2	(77)
	(229)	284
(Accelerated)/Decelerated capital allowances	(231)	361
Defined benefit pension asset/(liability)	2	(77)
Deferred tax (liability)/asset	(229)	284

Satellite Information Services (Holdings) Limited

Notes to the financial statements for the year ended 31 March 2010 (continued)

16 Deferred tax (continued)

The opening and closing deferred tax positions can be reconciled as follows

	£'000
Deferred tax asset as at March 2009	284
Charge to profit and loss account	(863)
Credit to statement of total recognised gains and losses	350
Deferred tax liability as at 31 March 2010	(229)

There are no unprovided amounts in respect of deferred tax

17 Share capital

	Authorised		Allotted, called up and fully paid	
	Number of Shares	£	Number of shares	£
Ordinary shares of 10p				
At 1 April 2009	295,000	29,500	199,529	19,953
At 31 March 2010	295,000	29,500	199,529	19,953

18 Reserves - Group

	Share premium account	Capital Redemption Reserve	Profit and loss account
	£'000	£'000	£'000
At 1 April 2008	9,836	2	28,227
Total gains and losses recognised for the year	-	-	15,162
Dividends	-	-	(15,001)
	9,836	2	28,388
At 1 April 2009	9,836	2	28,388
Deconsolidation of SiSter Networks Plc	-	-	546
Total gains and losses recognised for the year	-	-	14,821
Dividends	-	-	(14,193)
At 31 March 2010	9,836	2	29,562

SiSter Networks Plc was dissolved on 2 March 2010

Satellite Information Services (Holdings) Limited

Notes to the financial statements for the year ended 31 March 2010 (continued)

18 Reserves (continued)

Reserves – Company

	Share premium account £'000	Capital Redemption Reserve £'000	Profit and loss account £'000
At 1 April 2008	9,836	2	816
Total gains and losses recognised for the year	-	-	15,001
Dividends	-	-	(15,001)
	9,836	2	816
At 1 April 2009	9,836	2	816
Total gains and losses recognised for the year	-	-	(973)
Dividend received	-	-	14,193
Deconsolidation of SISter Networks Plc	-	-	(12)
Dividends paid	-	-	(14,193)
At 31 March 2010	9,836	2	(169)

The Company has negative profit and loss reserves at 31 March 2010, however, at the time the dividend was paid the Company had the necessary profit and loss reserves for a distribution

19 Reconciliation in movements in shareholders' funds – Group

	31 March 2010 £'000	31 March 2009 £'000
Opening shareholders' funds – 1 April 2009	38,246	38,085
Total gains and losses recognised for the year	14,821	15,162
Deconsolidation of SISter Networks Plc	546	-
Dividends paid	(14,193)	(15,001)
Closing shareholders' funds	39,420	38,246

20 Reconciliation in movements in shareholders' funds – Company

	31 March 2010 £'000	31 March 2009 £'000
Opening shareholders' funds	10,674	10,674
Total gains and losses recognised for the year	(973)	-
Dividend received	14,193	15,001
Deconsolidation of SISter Networks Plc	(12)	-
Dividends paid	(14,193)	(15,001)
Closing shareholders' funds	9,689	10,674

Satellite Information Services (Holdings) Limited

Notes to the financial statements for the year ended 31 March 2010 (continued)

21 Capital commitments – Group

The Group has the following capital commitments

	31 March 2010 £'000	31 March 2009 £'000
Capital expenditure	8,346	5,722

The committed capital expenditure principally relates to the purchase of uplink trucks, service delivery equipment and expansion at the Milton Keynes office

22 Obligations under leases – Group

Amounts due under finance leases

	31 March 2010 £'000	31 March 2009 £'000
Within one year	5,722	357
Within 2 to 5 years	10,489	1,428
After 5 years	879	557
Less finance charges allocated to future periods	(1,111)	(406)
	15,979	1,936

The Group has annual commitments under non-cancellable operating leases expiring as follows

	31 March 2010		31 March 2009	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Within one year	631	923	117	596
Within 2 & 5 years	1,413	5,638	1,105	3,282
After 5 years	454	-	198	15
	2,498	6,561	1,420	3,893

Satellite Information Services (Holdings) Limited

Notes to the financial statements for the year ended 31 March 2010 (continued)

23 Related party transactions

During the year the group entered into transactions, in the ordinary course of business, with other related parties. Transactions entered into, and trading balances outstanding at 31 March, are as follows

Related party	Sales to related party £'000	Tax losses of related party utilised £'000	Amounts owed from related party £'000	Amounts owed to related party £'000
Ladbrokes plc				
2010	27,464	-	131	5
2009	26,676	-	23	-
William Hill Organization Ltd				
2010	26,138	-	174	-
2009	25,630	-	-	54
Catalyst Media Group plc				
2010	-	544	-	-
2009	-	492	-	-

Ladbrokes plc owns 23.41% of the ordinary shares in the Company. William Hill Organization Ltd owns 19.51% of the ordinary shares in the Company. Catalyst Media Group plc owns 20.54% of the ordinary shares in the Company.

24 Reconciliation of operating profit to net cash inflow from operating activities

	31 March 2010 £'000	31 March 2009 £'000
Operating profit	24,714	21,723
Depreciation and amortisation	16,822	13,913
(Profit)/loss on sale of fixed assets	(59)	128
(Increase) in stock	(68)	(740)
(Increase) in debtors	(18,697)	(3,869)
Increase in creditors	5,441	8,725
Difference between pension charge and cash contributions	(967)	-
Net cash inflow from operating activities	27,186	39,878

25 Reconciliation of movement in net funds/(debt)

	1 April 2009 £'000 Restated	Cash flow £'000	Non cash £'000	31 March 2010 £'000
Cash in hand and at bank	31,194	(26,617)	-	4,577
Loans	(20,647)	3,547	-	(17,100)
Finance leases	(1,936)	820	(14,863)	(15,979)
	8,611	(22,250)	(14,863)	(28,502)

Satellite Information Services (Holdings) Limited

Notes to the financial statements for the year ended 31 March 2010 (continued)

26 Reconciliation of movement in net funds/(debt) (continued)

The prior year finance lease obligation has been restated to reflect the amount payable at that time per note 13 and 14

27 Pensions and other post-retirement benefits

The Company operates one final salary defined pension scheme, the SIS Outside Broadcasts Pension Scheme. The scheme began on 1 April 2008 and was created to reflect the old BBC defined benefit scheme for SIS Outside Broadcasts Limited employees. The scheme is funded by payment contributions to a separately administered trust fund.

The valuation used has been based on the most recent actuarial valuation at 31 March 2010. The scheme assets are stated at their market values at the respective balance sheet dates and overall expected rates of return are established by applying published brokers' forecasts to each category of scheme assets.

The assets and liabilities of the schemes at 31 March 2010 are

	Year ended 31 March 2010 £'000	Period ended 31 March 2009 £'000
Fair value of scheme assets	7,003	2,921
Corporate Bonds	6,998	2,912
Cash	5	9
Present value of defined benefit obligation	<u>(7,010)</u>	<u>(2,646)</u>
	(7)	275
Deferred tax	<u>2</u>	<u>(77)</u>
Defined benefit pension (liability)/asset	(5)	198

The amounts recognised in the profit and loss account and in the statement of total recognised gains and losses for the period are analysed as follows:

	Year ended 31 March 2010 £'000	Period ended 31 March 2009 £'000
Recognised in the profit and loss account		
Current service cost	1,579	2,111
Expected return on assets	(290)	(64)
Interest cost	<u>254</u>	<u>90</u>
Total charge to profit and loss account	1,543	2,137

Satellite Information Services (Holdings) Limited

Notes to the financial statements for the year ended 31 March 2010 (continued)

27 Pensions and other post-retirement benefits (continued)

	Year ended 31 March 2010 £'000	Period ended 31 March 2009 £'000
<i>Taken to the statement of total recognised gains and losses</i>		
Actual return on scheme assets	874	(82)
Less expected return on scheme assets	290	64
	584	(146)
Actuarial (loss)/gain on the defined benefit obligation	(1,833)	224
Actuarial (deficit)/surplus recognised in the statement of total recognised gains and losses	(1,249)	78

	Year ended 31 March 2010 £'000	Period ended 31 March 2009 £'000
<i>Pensions</i>		
<i>Main assumptions</i>		
Discount rate	5.5%	6.7%
Salary growth	3.8%	3.1%
Inflation assumption	3.8%	3.1%
Rate of increase in pension payments – RPI up to 10%	3.8%	3.1%
Rate of increase in pension payments – RPI up to 5%	3.6%	3.1%
Expected return on assets	5.5%	6.4%
Base Mortality Table	PCA00	PCA00
Loading to mortality rates	90.0%	90.0%
Mortality Projection Basis	Medium cohort projection basis	

Changes in the present value of the defined benefit obligations are analysed as follows

	Year ended 31 March 2010 £'000	Period ended 31 March 2009 £'000
As at 1 April 2009	2,646	-
Current service cost	1,579	2,111
Members' contributions	700	669
Interest cost	254	90
Actuarial loss/(gain)	1,833	(224)
Benefits paid	(2)	-
As at 31 March 2010	7,010	2,646

Satellite Information Services (Holdings) Limited

Notes to the financial statements for the year ended 31 March 2010 (continued)

27 Pensions and other post-retirement benefits (continued)

Changes in the fair value of plan assets are analysed as follows

	Year ended 31 March 2010 £'000	Period ended 31 March 2009 £'000
As at 1 April 2009	2,921	-
Expected return on plan assets	290	64
Employer contributions	2,510	2,334
Member contributions	700	669
Actuarial experienced gains/(losses)	584	(146)
Benefits paid	(2)	-
As at 31 March 2010	7,003	2,921

Amounts recognised in the current period are

	Year ended 31 March 2010 £'000	Period ended 31 March 2009 £'000
Fair value of scheme assets	7,003	2,921
Present value of defined benefit obligation	(7,010)	(2,646)
Defined benefit pension (liability)/asset	(7)	275
Actuarial (loss)/gain on the defined benefit obligation	(1,833)	224
Experience adjustments on plan assets	584	(146)
Actuarial (deficit)/surplus recognised in the statement of total recognised gains and losses	(1,249)	78

28 Subsequent events

In April 2010 the Group has announced the closure of the SIS Outside Broadcasts Pension Scheme from 31 March 2011 onwards