

The logo for ATVOD, consisting of the letters 'ATVOD' in a bold, white, sans-serif font, centered within a solid black rectangular background.

ATVOD

THE AUTHORITY FOR TELEVISION ON DEMAND

Annual Report 2012/13

ANNEX 1

FINANCIAL STATEMENTS

31 MARCH 2013

COMPANY REGISTRATION NUMBER 05137314

**THE AUTHORITY FOR TELEVISION ON DEMAND
LIMITED**

COMPANY LIMITED BY GUARANTEE

FINANCIAL STATEMENTS

31 MARCH 2013

THE AUTHORITY FOR TELEVISION ON DEMAND LIMITED

COMPANY LIMITED BY GUARANTEE

FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2013

CONTENTS	PAGE
Officers and professional advisers	1
The directors' report	2
Independent auditor's report to the members	4
Statement of Comprehensive Income	6
Statement of financial position	7
Statement of changes in equity	8
Statement of Cash Flows	9
Notes to the financial statements	10

THE AUTHORITY FOR TELEVISION ON DEMAND LIMITED

COMPANY LIMITED BY GUARANTEE

OFFICERS AND PROFESSIONAL ADVISERS

The board of directors

Ruth E Evans (Chairperson)
Nigel N Walmsley (Deputy Chair)
Ian McBride
Julia Hornle
Daniel T Austin*
Gidon Freeman*
Sophie Jones*
Chris Ratcliff*
Paul Whiteing
(* - *Non-independent directors*)

Company secretary

Janet Quirke

Registered office

27 Sheet Street
Windsor
Berkshire
SL4 1BN

Auditor

Mercer & Hole
Chartered Accountants & Statutory Auditor
Fleet Place House,
2 Fleet Place,
London
EC4M 7RF

Accountant

Grant Thornton UK LLP
1020 Eskdale Road
Wokingham
Berkshire
RG41 5TS

Bankers

Barclays Bank Plc
St James's Street
London
SW1A 1HE

THE AUTHORITY FOR TELEVISION ON DEMAND LIMITED

COMPANY LIMITED BY GUARANTEE

THE DIRECTORS' REPORT

YEAR ENDED 31 MARCH 2013

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 March 2013.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The company is an independent co-regulatory body for Video on Demand services to the public and its principal activity is to regulate the editorial content of UK video on demand services that fall within the statutory definition of On Demand Programme Services ("ODPS"). The company is limited by guarantee and has no share capital.

The company is incorporated and domiciled in England and Wales.

DIRECTORS

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

Ruth E Evans (Chairperson)
Nigel N Walmsley (Deputy Chair)
Ian McBride
Julia Hornle
Sara C Nathan (Resigned 31/12/2012)
Daniel T Austin*
Gidon Freeman*
Sophie Jones*
Chris Ratcliff*
Paul Whiteing (Appointed 01/01/2013)

(* - Non-Independent Directors)

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 International Financial Reporting Standards (IFRSs) as adopted by the EU 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 of the surplus or deficit of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable IFRSs, as adopted by the EU, 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 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

THE AUTHORITY FOR TELEVISION ON DEMAND LIMITED

COMPANY LIMITED BY GUARANTEE

THE DIRECTORS' REPORT

YEAR ENDED 31 MARCH 2013

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.

In so far as the directors are aware:

- there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

AUDITOR

Under section 487(2) of the Companies Act 2006 Mercer & Hole are deemed to be re-appointed.

SMALL COMPANY EXEMPTIONS

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

Approved by the directors on 15th July 2013, and signed on their behalf by:

JANET QUIRKE
Company Secretary

THE AUTHORITY FOR TELEVISION ON DEMAND LIMITED

COMPANY LIMITED BY GUARANTEE

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE AUTHORITY FOR TELEVISION ON DEMAND LIMITED

YEAR ENDED 31 MARCH 2013

We have audited the financial statements of The Authority For Television On Demand Limited for the year ended 31 March 2013 set out on pages 6 to 17. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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 AUDITOR

As explained more fully in the Directors' Responsibilities Statement set out on pages 2 to 3, 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 and express an opinion on 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 company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2013 and of its surplus for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

THE AUTHORITY FOR TELEVISION ON DEMAND LIMITED

COMPANY LIMITED BY GUARANTEE

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE AUTHORITY FOR TELEVISION ON DEMAND LIMITED *(continued)*

YEAR ENDED 31 MARCH 2013

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, 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; or
- the directors were not entitled to take advantage of the small companies exemptions in preparing the directors' report.

ANDREW CROOK (Senior Statutory Auditor)
For and on behalf of
MERCER & HOLE
Chartered Accountants & Statutory Auditor

Fleet Place House
2 Fleet Place,
London
EC4M 7RF

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THE AUTHORITY FOR TELEVISION ON DEMAND LIMITED

COMPANY LIMITED BY GUARANTEE

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2013

		Year to	Year to
		31 Mar 13	31 Mar 12
	Note	£	£
INCOME		534,141	513,161
Administrative expenses		(455,565)	(465,054)
Other income	2	505	-
OPERATING SURPLUS	3	79,081	48,107
Finance income		636	397
SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION		79,717	48,504
Tax on surplus on ordinary activities	11	(206)	-
SURPLUS FOR THE YEAR AND TOTAL COMPREHENSIVE INCOME		79,511	48,504

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

These financial statements were approved by the directors and authorised for issue on 15th July 2013, and were signed on their behalf by:

NIGEL N WALMSLEY
Deputy Chair / Director

Company Registration Number: 05137314

The notes on pages 10 to 17 form part of these financial statements.

THE AUTHORITY FOR TELEVISION ON DEMAND LIMITED

COMPANY LIMITED BY GUARANTEE

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2013

		31 Mar 13		31 Mar 12	
		£	£	£	
CURRENT ASSETS					
Trade and other receivables	8	15,732		38,598	
Cash and cash equivalents		242,616		238,344	
TOTAL CURRENT ASSETS		258,348		276,942	
CURRENT LIABILITIES					
Trade and other payables	9	(114,081)		(187,586)	
NET CURRENT ASSETS			144,267	89,356	
TOTAL ASSETS LESS CURRENT LIABILITIES			144,267	89,356	
NON CURRENT LIABILITIES					
	10		-	(24,600)	
			144,267	64,756	
RESERVES					
Retained earnings	12		144,267	64,756	
MEMBERS' FUNDS			144,267	64,756	

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

These financial statements were approved by the directors and authorised for issue on 15th July 2013, and were signed on their behalf by:

NIGEL N WALMSLEY
Deputy Chair / Director

Company Registration Number: 05137314

The notes on pages 10 to 17 form part of these financial statements.

THE AUTHORITY FOR TELEVISION ON DEMAND LIMITED

COMPANY LIMITED BY GUARANTEE

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2013

	Retained Earnings £
Balance at 31 March 2011	16,252
Changes in equity for 2011/2012: Surplus for the year and total comprehensive income	48,504
Balance at 31 March 2012	<hr/> 64,756
Changes in equity for 2012/2013: Surplus for the year and total comprehensive income	79,511
Balance at 31 March 2013	<hr/> <hr/> 144,267

The notes on pages 10 to 17 form part of these financial statements.

THE AUTHORITY FOR TELEVISION ON DEMAND LIMITED

COMPANY LIMITED BY GUARANTEE

STATEMENT OF CASH FLOWS

YEAR ENDED 31 MARCH 2013

	Year ended 31 Mar 13	Year ended 31 Mar 12
	£	£
<u>Cashflows from operating activities</u>		
Surplus before taxation	79,081	48,107
Adjustments for:		
Decrease in trade and other receivables	22,866	93,458
Decrease in trade and other payables	(73,632)	(29,350)
Cash generated from operations	<u>28,315</u>	<u>112,215</u>
Income tax paid	(79)	-
Net cash inflow from operations	<u><u>28,236</u></u>	<u><u>112,215</u></u>
<u>Investing activities</u>		
Interest received	636	397
Net cash inflow from investing activities	<u><u>636</u></u>	<u><u>397</u></u>
<u>Cashflows from financing activities</u>		
Repayments of other long-term payables	(24,600)	(4,400)
Net cash paid from financing activities	<u><u>(24,600)</u></u>	<u><u>(4,400)</u></u>
Net increase in cash and cash equivalents	4,272	108,212
Cash and cash equivalents at the beginning of the period	<u>238,344</u>	<u>130,132</u>
Cash and cash equivalents at the end of the period	<u><u>242,616</u></u>	<u><u>238,344</u></u>

The notes on pages 10 to 17 form part of these financial statements.

THE AUTHORITY FOR TELEVISION ON DEMAND LIMITED

COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2013

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared in accordance with International Reporting Standards as adopted by the EU including standards and interpretations issued by the International Accounting Standards Board.

The financial statements have been prepared using the historical cost convention and are presented in Sterling, which is the functional currency of the company.

Changes in accounting policies

The group has early adopted 'Presentation of Items of Other Comprehensive Income' (amendments to IAS 1). The Amendments to IAS 1 are effective for annual periods beginning on or after 1 July 2012 and require entities to group items presented in other comprehensive income (OCI) into those that, in accordance with other IFRSs, will not be reclassified subsequently to surplus or loss and those that will be reclassified subsequently to surplus or loss when specific conditions are met. The existing option to present items of OCI either before tax or net of tax remains unchanged; however, if the items are presented before tax, then the Amendments to IAS 1 require the tax related to each of the two groups of OCI to be shown separately.

Going concern

Based on normal business planning and control procedures, the Board has a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason, the Board continues to adopt the going concern basis for preparing the financial statements.

Cash and cash equivalents

Cash and cash equivalents comprises cash on hand and current balances with banks and similar institutions, which are readily convertible to known amounts of cash which are subject to insignificant risk of changes in value. This definition is also used for the cash flow statement.

Revenue recognition

In accordance with IAS18 Revenue Recognition, income comprises the fair value of the consideration received or receivable in the ordinary course of the company's activities. Revenue is shown net of value-added tax, returns, rebates and discounts.

Revenue is recognised when the amount of income can be reliably measured and it is probable that future economic benefits will flow to the entity.

Income from regulatory fees represents amounts invoiced to the providers of On Demand Programme Services ("ODPS") and is accounted for on an accruals basis so as to include estimates of amounts not yet invoiced but that can be reliably measured. The regulatory fees are based on an estimate of cash costs and any surplus or deficit of income over cash costs is taken into account when setting future regulatory fees.

THE AUTHORITY FOR TELEVISION ON DEMAND LIMITED

COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

YEAR ENDED 31 MARCH 2013

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against the surplus or deficit on a straight line basis over the period of the lease.

Pension costs

The company operates a specific defined pension scheme between themselves and one employee. This arrangement does not operate for the benefit of any other employees. Under this pension scheme, it pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts.

Other income

Other income is accounted for on an accruals basis and is matched with the expenditure towards which it contributes.

Trade receivables

Trade receivables are amounts due from the providers of ODPS for regulatory fees and late payment charges. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Segmental analysis

A segment is a distinguishable component of the organisation that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), and is subject to risks and rewards that are different from those of other segments. No analysis of company's revenue from operations by geographical segment or business segment has been presented, as all company's activities are carried out in the UK and within the regulatory sector.

Financial instruments

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

THE AUTHORITY FOR TELEVISION ON DEMAND LIMITED

COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

YEAR ENDED 31 MARCH 2013

Classification and subsequent measurement of financial assets

For the purposes of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified as loans and receivables.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of the counterparty and other credit risk characteristics. The impairment loss estimate is then based on recent historical counterparty default rates for each identified group.

Classification and subsequent measurement of financial liabilities

The Company's financial liabilities include borrowings, trade and other derivative financial instruments.

Financial liabilities are measured subsequently at amortised cost using the effective interest method. All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in surplus and loss are included within finance costs or finance income.

2. OTHER INCOME

	Year to 31 Mar 13	Year to 31 Mar 12
	£	£
Insurance claim receipt	265	-
Proceeds from sale of assets	240	-
	<hr/> 505 <hr/>	<hr/> - <hr/>

THE AUTHORITY FOR TELEVISION ON DEMAND LIMITED

COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

YEAR ENDED 31 MARCH 2013

3. OPERATING SURPLUS

Operating surplus is stated after charging:

	Year to 31 Mar 13 £	Year to 31 Mar 12 £
Auditors' fees		
- Current Auditors – Audit Services	2,800	3,022
	<u> </u>	<u> </u>

4. EMPLOYEE REMUNERATION

The aggregate Employee benefits costs were:

	Year to 31 Mar 13 £	Year to 31 Mar 12 £
Wages and salaries	273,058	263,764
Social security costs	26,772	26,397
Pension costs	13,260	13,000
	<u>313,090</u>	<u>303,161</u>

The average number of persons employed by the company during the financial period amounted to 10 (2012: 10) this figure includes 5 non-executive directors (2012: 5).

As at 31 March 2013, the company had 4 employees (2012: 5) excluding non-executive members of the board. Of these employees, 2 were full time staff, 1 worked on a 0.6 contract (i.e. 22.5 hours per week) and 1 worked on a 0.533 contract (i.e. 20 hours per week).

Also included within payroll costs are the following sums relating to P Johnson (CEO):

Salary	£102,000 (2012: £100,000)
Pension Contributions	£13,260 (2012: £13,000)
National Insurance Contributions	£13,043 (2012: £12,824)

5. DIRECTORS' REMUNERATION

The directors' aggregate remuneration in respect of qualifying services were:

	Year to 31 Mar 13 £	Year to 31 Mar 12 £
Aggregate remuneration	82,500	85,000
	<u> </u>	<u> </u>

THE AUTHORITY FOR TELEVISION ON DEMAND LIMITED

COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

YEAR ENDED 31 MARCH 2013

6. OPERATING LEASE AS LESSEE

The company leases an office under an operating lease. The future minimum lease payments are as follows:

	Lease payments due Within 1 year £
31 March 2014	<u><u>7,590</u></u>

Lease expense during the period amounts to £7,643 (2012: £12,532), representing the minimum lease payments. The rental contract is a 1 year lease renewable on or after 25 March 2014.

7. FINANCIAL INSTRUMENTS

Financial instruments are classified as follows:

Assets as per balance sheet

	31 Mar 13 £	31 Mar 12 £
Loans and receivables:		
Trade and other receivables excluding prepayments	<u>12,756</u>	<u>25,390</u>
	<u><u>12,756</u></u>	<u><u>25,390</u></u>

Liabilities as per balance sheet

	31 Mar 13 £	31 Mar 12 £
Other financial liabilities at amortised cost:		
Trade and other payables	<u>91,014</u>	<u>133,173</u>
	<u><u>91,014</u></u>	<u><u>133,173</u></u>

THE AUTHORITY FOR TELEVISION ON DEMAND LIMITED

COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

YEAR ENDED 31 MARCH 2013

8. TRADE AND OTHER RECEIVABLES

	31 Mar 13	31 Mar 12
	£	£
Trade receivables – net	11,606	21,275
Other receivables	1,150	4,115
Prepayments and accrued income	2,976	13,208
	<u>15,732</u>	<u>38,598</u>

The fair value of trade and other receivables are not considered to be materially different from the carrying value.

As of 31 March 2013, trade receivables of £795 (2012: £13,313) were past due but not impaired.

9. TRADE AND OTHER PAYABLES - CURRENT

	31 Mar 13	31 Mar 12
	£	£
Trade payables	66,414	21,573
Other payables:		
Loans from providers of ODPS	-	87,000
Other taxation and social security	127	-
Other payables	24,600	24,600
Accruals and deferred income	22,940	54,413
	<u>47,667</u>	<u>166,013</u>
	<u>114,081</u>	<u>187,586</u>

The fair value of trade and other payables is not considered materially different from the carrying value

10. NON CURRENT PAYABLES

	31 Mar 13	31 Mar 12
	£	£
Other payables	-	24,600

In the period ending 31 March 2011, the company received a grant from the DCMS for the sum of £120,000 of which the sum of £80,000 was repayable. The loan is interest free and the balance outstanding at 31 March 2013 for the sum of £24,600 (2012: £49,200) is repayable in six monthly instalments of £4,100 from 1 April 2013 (2012: twelve monthly instalments of £4,100 from 1 October 2012).

THE AUTHORITY FOR TELEVISION ON DEMAND LIMITED

COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

YEAR ENDED 31 MARCH 2013

11. INCOME TAX EXPENSE

The major components of tax expense and the reconciliation of the tax expense based on the domestic effective tax rate of The Authority for Television On Demand Ltd at 20% (2012: 20%) and the reported tax expense in the statement of comprehensive income is as follows:

	31 Mar 13	31 Mar 12
	£	£
Surplus before tax	79,717	48,504
Domestic tax rate for The Authority for Television On Demand Ltd	20%	20%
Expected tax expense	15,943	9,701
Effects of non-taxable income	(15,816)	(9,701)
Prior year adjustment for tax on interest received	79	-
	47,667	-
Tax expense comprises:		
Current tax expense	127	-
Prior year tax adjustment	79	-
Tax expense	206	-

12. RETAINED EARNINGS

	31 Mar 13	31 Mar 12
	£	£
Dedicated Reserve	89,635	-
Operating Surplus	54,632	64,756
	144,267	64,756

The dedicated reserve is held against the risk of unplanned costs in relation to (a) winding up the organisation (for example in response to changes in the legislative framework), or (b) a substantive legal challenge, such as a Judicial Review. The remaining balance of retained earnings is to be set against the operating deficit that is considered likely to arise in 2013-14.

THE AUTHORITY FOR TELEVISION ON DEMAND LIMITED

COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

YEAR ENDED 31 MARCH 2013

13. RELATED PARTY TRANSACTIONS

In the opinion of the directors, there is no controlling party.

The company does not consider that its regulatory role creates the relationship of a related party between itself and the Providers of On Demand Programme services as defined by International Accounting Standard 24, "Related Party Disclosures".

Members of the Board submit an annual declaration confirming that they have no interests prejudicial to their function as a Member of ATVOD. There were no transactions between ATVOD and its Members other than remuneration and reimbursement of company expenses.

14. COMPANY LIMITED BY GUARANTEE

The Authority for Television On Demand Ltd is a private company limited by guarantee and having no share capital.

15. FINANCIAL INSTRUMENT RISK

The Authority for Television On Demand Ltd's only financial instrument assets are its receivables and these carry a related credit risk resulting from trade debtors (ie providers of on demand programme services who have not paid the required fee in accordance with section 368D(3)(za) of the Communications Act 2003) either not paying or paying late, thereby affecting cash flows and ability to pay creditors.

The Authority for Television On Demand manages these risks by setting out clear payment terms of 30 days, monitoring debtors on a monthly basis, chasing overdue debtors, issuing Enforcement Notifications under section 368I of the Communications Act 2003 (as non-payment of The Authority for Television On Demand's fees constitutes a breach of section 368D(3)(za) of the Communications Act 2003), and, if necessary, pursuing debtors through civil debt recovery proceedings such as issuing statutory demands.

At the balance sheet date the maximum exposure to credit risk was £21,956 of which £11,145 was more than 30 days overdue. A provision of £10,350 for doubtful debts has been made in relation to the sum relating to a provider who has appealed against ATVOD's determination that they are providing an on demand programme service. The balance is considered recoverable.

The Authority for Television On Demand Ltd's financial instrument liabilities are its trade creditors and other payables. Trade creditors are amounts owed to suppliers in respect of administrative expenses and no unpaid balances at the year end related to invoices which were over 1 month old. Other payables are amounts owed by the company in respect of the grant received from the DCMS, which is repayable in monthly instalments of £4,100, with the final repayment due within 6 months, in September 2013.

The Authority for Television On Demand Ltd considers expected cash flows relating to receipts from trade receivables and payments to trade and other payables when assessing and managing its cash position. The company is satisfied that overall its expected cash inflows exceed its expected cash outflows and has in place an overdraft facility to manage in-year cash flow issues that may arise.