Sky Television Limited

Annual report and financial statements
for the year ended 30 June 2006

Registered number: 1518707

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Directors and Officers

For the year ended 30 June 2006

Directors

Sky Television Limited's ("the Company's'") present Directors and those who served during the year are as follows:

D J Darroch

J R Murdoch

Secretary

D J Gormley

Registered office

Grant Way
Isleworth
Middlesex
TW7 5QD

Auditors

Deloitte & Touche LLP
London

Directors' report

The Directors present their Annual Report on the affairs of the Company, together with the financial statements and Auditors' Report for the year ended 30 June 2006.

Business review and principal activities

The Company is a wholly owned subsidiary of British Sky Broadcasting Group plc ("BSkyB") and operates together with BSkyB's other subsidiaries as a part of the Group.

The Company's principal activity is to act as an intermediate holding company on behalf of BSkyB. The Company receives rental income from leasing various units of property. The Directors expect this activity to continue for the foreseeable future.

The audited accounts for the year ended 30 June 2006 are set out on pages 6 to 17. The profit for the year was £737,000 (2005: £243,000 loss for the year). The Directors do not recommend the payment of a dividend for the year ended 30 June 2006 (2005: £nil). The balance sheet shows that the Company's shareholders' equity position at the year end was £119,606,000 (2005: £118,869,000). There have been no significant events since the year end.

Principle risks and uncertainty

The balance sheet of the Company includes intercompany balances and the Company is therefore exposed to credit risk on these balances. The intercompany balances of the Company are detailed in notes 9, 10 and 11.

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the company relies on the Group treasury function, which has access to a £1,000m rolling credit facility to ensure ongoing liquidity.

The Directors do not believe the business is exposed to cash flow risk or price risk.

Directors and their interests

The Directors who served during the year are shown on page 1.

J R Murdoch and D J Darroch are also Directors of the Company's ultimate parent undertaking, BSkyB. The interests of these Directors in the share capital of BSkyB are disclosed in the Report on Directors' Remuneration in BSkyB's 2006 Annual Report, which is publicly available.

Details of the Unapproved Executive Share Option Scheme, the Sharesave Scheme, the LTIP and the EBP are also given in BSkyB's 2006 Annual Report.

Awards under the EBP take the form of a contingent right to acquire existing BSkyB shares at the vesting date for nil consideration.

Except as disclosed in this report and in BSkyB's 2006 Annual Report, no other Director held any interest in the share capital, including options, of the Company or any subsidiary of the Company, during the year.

At 30 June 2006, the BSkyB Employee Share Ownership Plan ("ESOP") held an interest of 4,448,876 BSkyB Ordinary Shares in which the Directors who are employees are deemed to be interested by virtue of section 324 of the Companies Act 1985.

During the year ended 30 June 2006 the BSkyB share price traded within the range of £4.785 to £5.79 per share. The middle-market closing price on the last working day of the financial year was £5.735.

Directors' report (continued)

Auditors

The Directors have passed an elective resolution dispensing with the requirement to annually reappoint an auditor for the Company.

In the case of each of the persons who are Directors of the Company at the date when this report was approved:

- so far as each of the directors is aware, there is no relevant audit information (as defined in the Companies Act 1985) of which the Company's auditors are unaware; and

- each of the directors has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information (as defined) and to establish that the Company's auditors are aware of that information.

By order of the Board,

D. Gormley

D J Gormley
Company Secretary
Grant Way
Isleworth
Middlesex
TW7 5QD

19 December 2006

Directors' responsibilities

The Directors are responsible for preparing the Annual Report and Financial Statements. The Directors have elected to prepare financial statements for the company in accordance with International Financial Reporting Standards ("IFRS"). Company law requires the Directors to prepare such financial statements in accordance with IFRS, the Companies Act 1985 and Article 4 of the IAS Regulation.

IAS 1 – Presentation of Financial Statements ("IAS 1") requires that financial statements present fairly, for each financial year, the Company's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognitions criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and presentation of financial statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRSs. Directors are also required to:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information; and
- provide additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company, for safeguarding the assets, for taking reasonable steps for the prevention and detection of fraud and other irregularities and for the preparation of a directors' report which complies with the requirements of the Companies Act 1985.

Auditors' report

Independent Auditors' Report to the Members of Sky Television Limited:

We have audited the financial statements of Sky Television Limited for the year ended 30 June 2006 which comprise the income statement, the balance sheet and the related notes 1 to 17. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditors' 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

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union are set out in the statement of directors' responsibilities. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, in accordance with the relevant financial reporting framework, and are properly prepared in accordance with the Companies Act 1985. We report to you whether in our opinion the information given in the directors' report is consistent with the financial statements. We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances of the company, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with those IFRSs as adopted by the European Union, of the state of the company's affairs as at 30 June 2006 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.

Auditors' report

Separate opinion in relation to IFRS

As explained in Note 1, the company, in addition to complying with its legal obligation to comply with IFRSs as adopted for use in the European Union, has also complied with the IFRSs as issued by the International Accounting Standards Board. Accordingly, in our opinion the financial statements give a true and fair view, in accordance with IFRSs, of the state of the company's affairs as at 30 June 2006 and of its profit for the year then ended.

Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
London

19 December 2006

Income Statement

For the year ended 30 June 2006

	Notes	2006 £'000	2005 £'000
Revenue	2	**1,263**	1,100
Operating expense	3	**(1,096)**	(975)
Operating profit		**167**	125
Profit on liquidation of investments	4	**950**	-
Investment income	5	**43,005**	41,983
Finance costs	5	**(43,385)**	(42,351)
Profit (loss) before tax	6	**737**	(243)
Taxation	7	-	-
Profit (loss) for the year	13	**737**	(243)

The accompanying notes are an integral part of this income statement.
All results relate to continuing operations.

There were no recognised gains or losses in either year other than those included within the income statement. Accordingly, no separate statement of recognised income and expense has been prepared.

Balance Sheet

As at 30 June 2006

	Notes	2006 £'000	2005 £'000
Non-current assets			
Fixed asset investments	8	**38**	38
Current assets			
Trade and other receivables	9	**905,940**	863,724
Total assets		**905,978**	863,762
Current liabilities			
Trade and other payables	10	**432,861**	391,382
Non current liabilities			
Trade and other payables	11	**353,511**	353,511
Total liabilities		**786,372**	744,893
Shareholders' equity	13	**119,606**	118,869
Total liabilities and shareholders' equity		**905,978**	863,762

The accompanying notes are an integral part of this balance sheet.

This company has no cash flows. Accordingly, no cash flow statement has been presented.

Authorised by the Board and signed on its behalf of the Board

D J Darroch
Director
19 December 2006

Notes to financial statements

1. Accounting policies

Sky Television Limited (the "Company") is a limited liability company incorporated in England and Wales, and domiciled in the United Kingdom ("UK").

a) Statement of compliance

These financial statements are prepared in accordance with IFRS (including International Accounting Standards ("IAS") and interpretations issued by the International Accounting Standards Board ("IASB") and its committees) as adopted by the European Union ("EU"), the Companies Act 1985 and Article 4 of the IAS Regulations.

These are the Company's first annual financial statements since adopting IFRS, and the Company has elected 1 July 2004 as the date of transition to IFRS (the "Transition Date"). The following IFRSs have been adopted from the Transition Date, which is earlier than required under the IFRS transitional provisions: IAS 32 "Financial Instruments: Disclosure and Presentation", IAS 39 "Financial Instruments: Recognition and Measurement", IFRS 2 "Share-based Payment" and IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations".

b) Basis of preparation

The financial statements have been prepared on a historical cost basis, except for the remeasurement to fair value of financial instruments as described in the accounting policies below. The accounts have been prepared on a going concern basis.

The Company maintains a 52 or 53 week fiscal year ending on the Sunday nearest to 30 June in each year. In fiscal year 2006 this date was 2 July 2006, this being a 52 week year (fiscal year 2005: 3 July 2005, 53 week year). For convenience purposes, the Group continues to date its financial statements as of 30 June 2006.

The Company has taken advantage of the exemption from preparing the consolidated accounts afforded by section 228 of the Companies Act 1985, because it is a wholly-owned subsidiary of BSkyB which prepares consolidated accounts which are publicly available (see note 16). Accordingly, these financial statements represent information of the Company and not of the Group.

c) Financial assets and liabilities

Financial assets and liabilities are initially recognised at fair value plus any directly attributable transaction costs. At each balance sheet date, the Company assesses whether there is any objective evidence that any financial asset is impaired. Financial assets and liabilities are recognised on the Company's balance sheet when the Company becomes a party to the contractual provisions of the financial asset or liability. Financial assets are derecognised from the balance sheet when the Company's contractual rights to the cash flows expire or the Company transfers substantially all the risks and rewards of the financial asset. Financial liabilities are derecognised from the Company's balance sheet when the obligation specified in the contract is discharged or cancelled or expires.

Notes to financial statements

1. Accounting policies (continued)

i. Equity investments

Equity investments intended to be held for an indefinite period of time are classified as available for sale investments. They are carried at fair value, where this can be reliably measured, with movements in fair value recognised directly in reserves. Where the fair value cannot be reliably measured, the investment is carried at cost. Any impairment losses in equity investments are recognised in the income statement and are not reversible under any circumstances. Available for sale investments are included within non-current assets unless management have the intention of holding the investment for less than twelve months from the balance sheet date, in which case they are included in current assets. On disposal, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had previously been recognised directly in reserves is recognised in the income statement.

ii. Trade and other receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments and are measured at amortised cost using the effective interest method. Trade and other receivables, with no stated interest rate, are measured at the original invoice amount if the effect of discounting is immaterial. An allowance account is maintained to reduce the carrying value of trade and other receivables for impairment losses identified from objective evidence, with movements in the allowance account, either from increased impairment losses or reversals of impairment losses, being recognised in the income statement.

iii. Trade and other payables

Trade and other payables are non-derivative financial liabilities and are measured at amortised cost using the effective interest method. Trade and other payables, with no stated interest rate, are measured at the original invoice amount if the effect of discounting is immaterial.

d) Impairment

At each balance sheet date, and in accordance with IAS 36 "Impairment of Assets", the Company reviews the carrying amounts of all its assets to determine whether there is any indication that any of those assets have suffered an impairment loss.

An impairment is recognised in the income statement whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of net selling price, defined as the fair value less costs to sell, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

An impairment loss for an individual asset shall be reversed if there has been a change in estimates used to determine the recoverable amount since the last impairment loss was recognised and is only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Any impairment loss in respect of goodwill is irreversible.

Notes to financial statements

1. Accounting policies (continued)

e) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the asset to the lessee. All other leases are classified as operating leases.

The Company as lessor

Sublease income from operating leases is recognised on a straight-line basis over the term of the lease.

The Company as lessee

Assets held under finance leases are recognised as assets of the Company at their fair value on the date of acquisition, or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reductions of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

The lease expense arising from operating leases is charged to the income statement on a straight-line basis over the term of the lease, unless another systematic basis is more appropriate. Benefits received and receivable as incentives to enter into operating leases are recorded on a straight-line basis over the lease term.

f) Accounting standards, interpretations and amendments to published standards not yet effective

The Company has not yet adopted certain new standards, amendments and interpretations to existing standards, which have been published and are mandatory for the Company's accounting periods beginning on or after 1 July 2006, or later periods. These new standards are listed below:

- Amendment to IAS 21 'Net Investment in a Foreign Operation' (effective from 1 July 2006)
- Amendment to IAS 39 and IFRS 4 'Financial Guarantee Contracts' (effective from 1 July 2006)
- Amendment to IAS 39 'Cash Flow Hedge Accounting of Forecast Intragroup Transactions' (effective from 1 July 2006)
- Amendment to IAS 39 'The Fair Value Option' (effective from 1 July 2006)
- IFRIC 4 'Determining whether an Arrangement contains a Lease' (effective from 1 July 2006)
- IFRIC 5 'Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds' (effective from 1 July 2006)
- IFRIC 6 'Liabilities Arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment' (effective from 1 July 2006)
- IFRIC 7 'Applying the restatement approach under IAS 29' (effective from 1 July 2006)
- IFRIC 8 'Scope of IFRS 2' (effective from 1 July 2006)
- IFRIC 9 'Reassessment of Embedded Derivatives' (effective from 1 July 2006)
- IFRS 6 'Exploration for and Evaluation of Mineral Resources' (effective from 1 July 2006)
- IFRS 7 'Financial Instruments: Disclosures' (effective from 1 July 2007) and amendment to IAS 1 'Presentation of Financial Statements – Capital Disclosures' (effective from 1 July 2007)

The Directors currently anticipate that the adoption of these standards, amendments and interpretations in future periods will not have a material impact on the financial statements of the Company other than additional disclosure requirements.

Notes to financial statements

2. Revenue

	2006	2005
	£'000	£'000
Rental income	**1,263**	1,100

During the year the Company leased various units of property. Rental income has been earned on this property throughout the year. All revenue arose within the United Kingdom, and is derived from the rental of these properties.

3. Operating expenses

	2006	2005
	£'000	£'000
Lease expense	**1,096**	975

4. Profit on liquidation of investments

During the year, the Company realised a £950,000 profit on liquidation of its 100% investment in BSkyB Installations Limited (2005: £Nil).

5. Investment income and finance costs

	2006	2005
	£'000	£'000
Investment income		
Intercompany interest receivable (see note 9)	**43,005**	41,983

	2006	2005
	£'000	£'000
Finance costs		
Intercompany interest payable (see note 10)	**(43,385)**	(42,351)

6. Profit (loss) before taxation

There were no staff costs during the year, as the Company had no employees (2005: nil). Services are provided by employees of other companies within the Group (defined as BSkyB and its subsidiary undertakings) with no charge being made for their services (2005: nil). The Directors did not receive any remuneration during the year in respect of their services to the Company (2005: nil).

Amounts paid to the auditors for audit services were borne by another Group undertaking in both 2006 and 2005. No amounts for other services have been paid to the auditors (2005: nil).

Notes to financial statements

7. Taxation

a) Taxation recognised in the income statement

	2006	2005
	£'000	£'000
Current tax charge	**-**	-

b) Reconciliation of effective tax rate

The tax expense for the year is lower (2005: higher) than the standard rate of corporation tax in the UK (30%) applied to profit before tax. The differences are explained below:

	2006	2005
	£'000	£'000
Profit/(loss) on ordinary activities before tax	**737**	(243)
Profit/(loss) on ordinary activities before tax multiplied by the standard rate of corporation tax in the UK of 30% (2005: 30%)	221	(73)
Effects of:		
Imputed interest on intercompany balances	-	3,769
Non qualifying amortisation on leasehold properties	**329**	-
Deduction in respect of deemed lease payment	**(275)**	-
Group relief surrendered /(claimed) for nil consideration	**10**	(3,696)
Exempt capital receipt	**(285)**	-
Taxation	**-**	-

All taxation relates to UK corporation tax.

Notes to financial statements

8. Fixed asset investments

Non-current loans and subscription for shares in other group companies

The movement in the year was as follows:

	2006	2005
	£'000	£'000
Cost		
Beginning and end of year	**2,164**	2,164
Amounts provided		
Beginning and end of year	**(2,126)**	(2,126)
Net book value		
Beginning of year	**38**	38
End of year	**38**	38

Fixed asset investments shown above represent the cost of the shares of the subsidiary undertakings, less provisions made for any impairment in value.

Details of the principal investments of the Company are as follows:

Name	**Country of incorporation**	**Description and proportion of shares held (%)**	**Principal activity**
S.A.T.V. Publishing Limited	England and Wales	100 Ordinary Shares of £1 each (100%)	The collection of royalties on music copyrights.
Sky Channel SA	Belgium	1,249 Ordinary Shares of €49.6 each (99.92%)	The operation of a Belgian news bureau.
Ciel Bleu Limited	Guernsey	1 Ordinary Share of £1 (0.02%)	Holding company of an investment trust.
Ciel Clair Limited	Guernsey	1 Ordinary Share of £1 (50%)	Holding company of an investment trust.
Ciel Gris Limited	Guernsey	1 Ordinary Share of £1 (50%)	Investment company.
Ciel Nuageux Limited	Guernsey	1 Ordinary Share of £1 (50%)	Investment company.
Ciel Orageux Limited	Guernsey	1 Ordinary Share of £1 (50%)	Investment company.
Ciel Voile Limited	Guernsey	1 Ordinary Share of £1 (50%)	Investment company.

On the 3 March 2006, the Company purchased 1 ordinary share in the following companies; Ciel Bleu Limited, Ciel Clair Limited, Ciel Gris Limited, Ciel Nuageux Limited, Ciel Orageux Limited, and Ciel Voile Limited, for consideration of £1 each, satisfied by cash. Ciel Bleu's and Ciel Clair's principal activity is to hold an investment in the Blue Sky Trust, an investment trust. Ciel Gris's, Ciel Nuageux's, Ciel Orageux's, and Ciel Voile's principal activity is to act as an investment company.

9. Trade and other receivables

	2006 £'000	2005 £'000
Amounts receivable from the parent company	**950**	-
Amounts receivable from other Group companies	**897,035**	854,674
Amounts receivable from subsidiaries	**599**	599
Prepayments	**7,356**	8,451
	905,940	863,724

Included within the amounts shown above are the following receivables which are due in more than one year:

	2006 £'000	2005 £'000
Prepayments	**6,260**	7,355

The Directors consider that the carrying amount of trade and other receivables approximates to their fair value.

Amounts receivable from parent company

During the year, the Company realised a £950,000 profit on liquidation of its 100% investment in BSkyB Installations Limited (see note 4). This amount was settled by way of a non-interest bearing intercompany account, receivable on demand from the parent company.

Amounts receivable from other Group companies

On 12 February 2002, the Company paid £576,290,000 to BSkyB Finance Limited under the terms of an interest-bearing loan note. The loan note bears interest at base rate plus a margin of 1.5% and is repayable on demand and to the extent not previously paid, repayable in full on 30 June 2007.

On 12 February 2002, the Company paid £159,765,000 to BSkyB Finance Limited under the terms of an interest-free loan, which is repayable on demand and to the extent not previously paid, repayable in full on 30 June 2007.

Amounts receivable from subsidiaries

Amounts receivable from subsidiaries are non-interest bearing and repayable on demand.

10. Trade and other payables

	2006 £'000	2005 £'000
Amounts payable to other Group companies	**432,861**	391,382

The Directors consider that the carrying amount of trade and other payables approximates to fair values.

10. Trade and other payables (continued)

Included within amounts payable to other Group companies is the accrued interest on the debenture issued to BSkyB Finance Limited (refer to note 11) amounting to £384,402,000 (2005: £341,397,000). Interest is charged at a rate of 1.5% above the HSBC base interest rate, and compounds semi-annually. As the interest is repayable on demand the accrued interest has been classified within current liabilities.

Also included within amounts payable to other Group companies is a loan for £39,158,000 from BSkyB Finance Limited, which is non-interest bearing and repayable on demand.

During the year ended 30 June 2005, BSkyB Finance Limited loaned £9,427,000 to the Company under the terms of an interest bearing loan. The loan bears interest at 4.75%, is repayable on demand, and, to the extent not previously repaid, is repayable in full on 25 June 2013. At 30 June 2006, the value of the loan after repayments and accumulated interest was £7,812,000 (2005: £8,837,000), which is included within amounts payable to other Group companies.

All other amounts payable to other Group companies are non-interest bearing and repayable on demand.

11. Non-current other payables

	2006	2005
	£'000	£'000
Non-current other payables		
Amounts payable to other Group companies	**353,511**	353,511

Amounts due to the other Group companies as at 30 June 2006, comprise a debenture issued to BSkyB Finance Limited of £353,511,000 (2005: £353,511,000). Interest is charged at a rate of 1.5% above the HSBC base interest rate, compounds semi-annually and is repayable on demand. The debenture is not repayable until 31 October 2080, except at the option of BSkyB Finance Limited.

12. Share capital

	2006	2005
	£'000	£'000
Authorised		
25,000,000 Ordinary Shares of £1 each	**25,000**	25,000
Allotted, called-up and fully paid		
13,376,982 Ordinary Shares of £1 each	**13,377**	13,377

The Company has one class of ordinary shares which carry equal voting rights and no contractual right to receive payment.

Notes to financial statements

13. Reconciliation of shareholders' equity

	Share capital £'000	Share premium £'000	Other reserve £'000	Retained earnings £'000	Total shareholders' equity £'000
At 1 July 2004	13,377	114,012	909,864	(918,141)	119,112
Profit for the year	-	-	-	(243)	(243)
At 30 June 2005	13,377	114,012	909,864	(918,384)	118,869
Profit for the year	-	-	-	737	737
At 30 June 2006	**13,377**	**114,012**	**909,864**	**(917,647)**	**119,606**

14. Operating lease commitments

The minimum lease rentals to be paid under non-cancellable operating leases at 30 June are as follows:

	2006 £'000	2005 £'000
Within one year	**1,096**	1,096
Between one and five years	**4,384**	4,384
After five years	**1,876**	2,971
	7,356	8,451

All of the operating leases relate to property. The rents payable under these leases are subject to renegotiation at the various intervals specified in the leases.

The minimum sub-lease rentals to be received under non-cancellable operating sub-leases at 30 June are as follows:

	2006 £'000	2005 £'000
Within one year	**1,263**	1,263
Between one and five years	**3,760**	3,760
After five years	**3,441**	4,704
	8,464	9,727

15. Transactions with related parties

British Sky Broadcasting Ltd leases buildings from Sky Television Ltd. This rent is due to Sky Television Ltd quarterly in advance. For details of amounts owed by and owed to other Group companies, see notes 9, 10 and 11.

The Group's treasury function is responsible for liquidity management across the Group's operations. It is standard practice for the company to lend and borrow cash to and from other Group companies as required.

Notes to financial statements

16. Ultimate parent undertaking

The Company is a wholly-owned subsidiary undertaking of British Sky Broadcasting Group plc, a company incorporated in Great Britain and registered in England and Wales. The Company is ultimately controlled by British Sky Broadcasting Group plc. The only group in which the results of the Company are consolidated is that headed by BSkyB.

The consolidated accounts of the Group are available to the public and may be obtained from the Company Secretary, British Sky Broadcasting Group plc, Grant Way, Isleworth, Middlesex, TW7 5QD.

17. Explanation of transition to IFRS

There have been no significant adjustments to profit after tax and shareholders equity at 1 July 2004 and 30 June 2005 required when reconciling such amounts recorded in the accounts to the corresponding amounts in accordance with IFRS.

The profit reported under UK GAAP and the profit reported under IFRS for the year ended 30 June 2005 is the same, as is the Company's equity reported under UK GAAP and the Company's equity reported under IFRS at both the Transition Date and at 30 June 2005.