SKY TELEVISION LIMITED

Annual report and financial statements for the year ended 30 June 2012

Registered number 01518707

Directors and Officers

For the year ended 30 June 2012

Directors

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

D J Darroch

A J Griffith

Secretary

D J Gormley (resigned 5/11/2012)

C J Taylor (appointed 5/11/2012)

Registered office

Grant Way
Isleworth
Middlesex
TW7 5QD

Auditor

Deloitte LLP
Chartered Accountants
London
United Kingdom

Directors' Report

The Directors present their Annual Report on the affairs of the Company, together with the financial statements and Auditor's Report for the year ended 30 June 2012

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 ("Group")

The Company's principal activity is to act as an intermediate holding company on behalf of BSkyB The Company wholly owns S.A.T.V Publishing Limited and has an investment in Sky Channel SA. S.A.T.V Publishing Limited is involved in the collection of royalties on music copyrights and Sky Channel SA is involved in the operation of a Belgian news bureau The Directors do not anticipate any changes to the Company's principal activity for the foreseeable future

The audited accounts for the year ended 30 June 2012 are set out on pages 6 to 17 The loss for the year before tax was £1,382,000 (2011 profit of £2,041,000) and was driven by finance costs exceeding investment income The Directors do not recommend the payment of a dividend for the year ended 30 June 2012 (2011 £nil) The balance sheet shows that the Company's shareholder's equity position at the year end was £103,458,000 (2011 £104,840,000)

Key performance indicators (KPIs)

The BSkyB Group manages its operations on a divisional basis For this reason, the Company's Directors believe that further key performance indicators for the Company are not necessary or appropriate for an understanding of the development, performance or position of the Company

Principal risks and uncertainties

The balance sheet of the Company primarily consists of investments in Group undertakings and intercompany balances The Company is therefore exposed to credit risk on the intercompany balances The Company is also exposed to risk through the performance of its investments, which are subject to impairment risk.

Financial risk management objectives and policies

The Company activities expose it to a number of financial risks including interest rate risk, credit risk and liquidity risk. The use of financial derivatives is governed by the Group's treasury policy approved by the Board of Directors, which provide written principles on the use of financial derivatives to manage these risks The Company does not use derivative financial instruments for speculative purposes Refer to note 10 for further information

Interest rate risk

The Company has financial exposure to UK interest rates arising from the various loan balances with other companies within the BSkyB Group The Group's Treasury function monitors the Company's exposure to fluctuations in interest rates

Credit risk

The Company has intercompany balances and is therefore exposed to credit risk on these balances The intercompany balances of the Company are detailed in notes 7, 8 and 9

Directors' Report (continued)

Liquidity risk

The Company relies on the Group Treasury function to manage its liquidity and ensure that sufficient funds are available for ongoing operations and future developments The Group currently has access to an undrawn £743 million revolving credit facility which is due to expire on 31 October 2017 The Company benefits from this liquidity through intra-group facilities and loans

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

Going concern

The Company's business activities, together with the factors likely to affect its future development and performance are set out in the Business Review The Directors' Report details the financial position of the Company, as well as the Company's objectives and policies, and details of its exposures to credit risk and liquidity risk

After making enquiries, the Directors have formed a judgment at the time of approving the financial statements that the Company will have access to adequate resources to continue in existence for the foreseeable future Accordingly, they continue to adopt the going concern basis in preparing the financial statements

Directors

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

Auditor

In accordance with the provisions of Section 418 of the Companies Act 2006, each of the persons who are Directors of the Company at the date of approval of this report confirms that

- so far as the Director is aware, there is no relevant audit information (as defined in the Companies Act 2006) of which the Company's auditor is unaware, and
- the Director 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 auditor is aware of that information

Deloitte LLP have expressed their willingness to continue as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting

By Order of the Board,

C J Taylor

C J Taylor
Company Secretary

Grant Way
Isleworth
Middlesex
TW7 5QD

10 December 2012

Statement of Directors' responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year Under that law, the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period In preparing these financial statements, International Accounting Standard 1 requires that Directors

- properly select and apply accounting policies,
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information,
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance, and
- make an assessment of the Company's ability to continue as a going concern

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

Auditor's report

Independent Auditor's report to the members of Sky Television Limited:
We have audited the financial statements of Sky Television Limited for the year ended 30 June 2012 which comprise the Statement of Comprehensive Income, the Statement of Changes in Equity, the Balance Sheet, and the related notes 1 to 13 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 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 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 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 the 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 Company's affairs as at 30 June 2012 and of its loss for the year then ended,
- the financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006

Separate opinion in relation to IFRSs as issued by the IASB
As explained in note 1 to the financial statements, the Company in addition to applying IFRSs as adopted by the European Union, has also applied IFRSs as issued by the International Accounting Standards Board (IASB)

In our opinion the Company financial statements comply with IFRSs as issued by the IASB

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

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's remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.

William Touche (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom

10 December 2012

Statement of Comprehensive Income

For the year ended 30 June 2012

	Notes	2012 £'000	2011 £'000
Operating profit	2	**-**	3,063
Investment income	3	**13,471**	13,815
Finance costs	3	**(14,853)**	(14,837)
(Loss) profit before tax	4	**(1,382)**	2,041
Tax	5	**-**	-
(Loss) profit for the year attributable to equity shareholder		**(1,382)**	2,041

The accompanying notes are an integral part of this Statement of Comprehensive Income

For the years ended 30 June 2012 and 2011, the Company did not have any items of other comprehensive income

All results relate to continuing operations

Statement of Changes in Equity

For the year ended 30 June 2012

	Share capital £'000	Share premium £'000	Other reserve £'000	Retained earnings £'000	Total shareholder's equity £'000
At 1 July 2010	13,377	114,012	909,864	(934,454)	102,799
Profit for the year	-	-	-	2,041	2,041
At 30 June 2011	**13,377**	**114,012**	**909,864**	**(932,413)**	**104,840**
Loss for the year	-	-	-	(1,382)	(1,382)
At 30 June 2012	**13,377**	**114,012**	**909,864**	**(933,795)**	**103,458**

The accompanying notes are an integral part of this Statement of Changes in Equity

The Company's other reserve consists wholly of a merger reserve

All results relate to continuing operations

Balance Sheet

As at 30 June 2012

	Notes	2012 £'000	2011 £'000
Non-current assets			
Investment in subsidiaries	6	**37**	37
Trade and other receivables	7	**-**	3,063
		37	3,100
Current assets			
Trade and other receivables	7	**970,161**	953,627
Total assets		**970,198**	956,727
Current liabilities			
Trade and other payables	8	**513,229**	498,376
Non-current liabilities			
Trade and other payables	9	**353,511**	353,511
Total liabilities		**866,740**	851,887
Share capital	11	**13,377**	13,377
Share premium		**114,012**	114,012
Reserves		**(23,931)**	(22,549)
Shareholder's equity attributable to equity shareholder		**103,458**	104,840
Total liabilities and shareholder's equity		**970,198**	956,727

The accompanying notes are an integral part of this Balance Sheet

At 30 June 2012 and 30 June 2011 the Company did not hold any cash or cash equivalents Accordingly, a Cash Flow Statement has not been presented

The financial statements of Sky Television Limited, registered number 01518707, were approved by the Board of Directors on 10 December 2012 and were signed on its behalf by

A J Griffith
Director
10 December 2012

Notes to the 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

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") and the Companies Act 2006 In addition, the Company also complied with IFRS as issued by the International Accounting Standards Board ("IASB")

b) Basis of preparation

The financial statements have been prepared on a going concern basis (as set out in the Directors' Report) and on an historical cost basis, except for the remeasurement to fair value of financial instruments as described in the accounting policies below The Company has adopted the new accounting pronouncements which became effective this period, none of which had any significant impact on the Company's results or financial position

The Company maintains a 52 or 53 week fiscal year ending on the Sunday nearest to 30 June in each year In fiscal year 2012, this date was 1 July 2012, this being a 52 week year (fiscal year 2011 3 July 2011, 53 week year) For convenience purposes, the Company continues to date its financial statements as at 30 June The Company has classified assets and liabilities as current when they are expected to be realised in, or intended for sale or consumption in, the normal operating cycle of the Company

The Company has taken advantage of the exemption from preparing the consolidated accounts afforded by section 400 of the Companies Act 2006, because it is a wholly-owned subsidiary of BSkyB which prepares consolidated accounts which are publicly available (see note 13)

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, cancelled or expires

i. Trade and other receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments and, where no stated interest rate is applicable, are measured at the original invoice amount, if the effect of discounting is immaterial Where discounting is material, trade and other receivables are measured at amortised cost using the effective interest method 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 Statement of Comprehensive Income

ii. 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

Notes to the financial statements

1. Accounting policies (continued)

d) Investment in subsidiaries

An investment in a subsidiary is recognised at cost less any provision for impairment. As permitted by section 133 of the Companies Act 2006, where the relief afforded under section 131 of the Companies Act 2006 applies, cost is the aggregate of the nominal value of the relevant number of the Company's shares and the fair value of any other consideration given to acquire the share capital of the subsidiary undertakings

e) 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 Statement of Comprehensive Income 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

f) Tax

The Company's liability for current tax is based on taxable profit for the year, and is calculated using tax rates that have been enacted or substantively enacted at the balance sheet date

g) Accounting Standards, interpretations and amendments to existing standards that are not yet effective

The Company has not yet adopted certain new standards, amendments and interpretations to existing standards, which have been published but are only effective for our accounting periods beginning on or after 1 July 2012 or later periods These new pronouncements are listed below

- Amendments to IAS 12 "Income Taxes Deferred Tax - Recovery of Underlying Assets" (effective 1 January 2012)
- Amendments to IAS 1 "Presentation of Financial Statements - Presentation of Items of Other Comprehensive Income" (effective 1 July 2012)
- IFRS 12 "Disclosure of Interests in Other Entities" (effective 1 January 2013)
- IFRS 13 "Fair Value Measurement" (effective 1 January 2013)
- Amendments to IFRS 7 "Financial Instruments Disclosures – Offsetting Financial Assets and Financial Liabilities" (effective 1 January 2013)
- Amendments to IAS 32 "Financial Instruments Presentation – Offsetting Financial Assets and Financial Liabilities" (effective 1 January 2014)
- IFRS 9 "Financial Instruments" (effective 1 January 2015)

The Directors are currently evaluating the impact of the adoption of these standards, amendments and interpretations in future periods

Notes to the financial statements

1. Accounting policies (continued)

h) Critical accounting policies and the use of judgment

Certain accounting policies are considered to be critical to the Company An accounting policy is considered to be critical if its selection or application materially affects the Company's financial position or results The Directors are required to use their judgment in order to select and apply the Company's critical accounting policies

Below is a summary of the Company's critical accounting policy and details of the key areas of judgment that are exercised in its application

i. Investments in subsidiaries (see note 6)

The Company reviews the carrying amounts of its investment to determine whether there is any indication that the investment has suffered an impairment loss

2. Operating profit

	2012	2011
	£'000	£'000
Recognition of intercompany receivable	-	3,063

3. Investment income and finance costs

	2012	2011
	£'000	£'000
Investment income		
Intercompany interest receivable (see note 7)	**13,471**	13,815

	2012	2011
	£'000	£'000
Finance costs		
Intercompany interest payable (see note 8)	**(14,853)**	(14,837)

4. (Loss) profit before tax

There were no staff costs during the year, as the Company had no employees (2011 none) 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 (2011 £nil) The Directors did not receive any remuneration during the year in respect of their services to the Company (2011 £nil)

Audit fees

Amounts paid to the auditor for the audit of the Company's annual accounts of £11,000 (2011 £11,000) were borne by another Group subsidiary in 2012 and 2011 No amounts for other services have been paid to the auditor

Notes to the financial statements

5. Tax

a) Tax recognised in the statement of comprehensive income

	2012	2011
	£'000	£'000
Current tax expense		
Adjustment in respect of prior years	-	-
Total current tax	-	-
Tax	-	-

b) Reconciliation of total tax charge

The tax expense for the year is higher (2011 lower) than the blended rate of corporation tax in the UK 25 5% (2011 27 5%) applied to loss before tax The differences are explained below

	2012	2011
	£'000	£'000
(Loss) profit before tax	**(1,382)**	2,041
(Loss) profit before tax multiplied by the blended rate of corporation tax in the UK of 25 5% (2011 27 5%)	**(352)**	561
Effects of		
Other permanent differences	-	(842)
Group relief surrendered for £nil consideration	**352**	281
Adjustments in respect of prior years	-	-
Tax	-	-

All tax relates to UK corporation tax and is settled by British Sky Broadcasting Limited on the Company's behalf

The Government has indicated that it intends to introduce further reductions in the main tax rate, with the rate falling by 1% each year down to 22% by 1 April 2014 These further reductions to the tax rate, below the 24% rate, have not been substantively enacted at the balance sheet date and therefore not reflected in these financial statements

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the periods in which they reverse The rate enacted or substantively enacted for the relevant period of reversal is 24% as at June 2012 (2011 26%)

Notes to the financial statements

6. Investment in subsidiaries

	£'000
Cost	
At 30 June 2011	2,163
At 30 June 2012	**2,163**
Provision	
At 30 June 2011	(2,126)
At 30 June 2012	**(2,126)**
Net book value	
At 30 June 2011	37
At 30 June 2012	**37**

Investments in subsidiaries shown above represent the cost of the shares of the subsidiary undertakings, less provision 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
Subsidiaries			
S.A.T.V Publishing Limited	Great Britain	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 (99 92%)	The operation of a Belgian news bureau

Notes to the financial statements

7. Trade and other receivables

	2012	2011
	£'000	£'000
Amounts receivable from other Group companies[c]	-	3,063
Total non-current trade and other receivables	**-**	3,063
Amounts receivable from ultimate parent company[a]	**230,148**	230,148
Amounts receivable from other Group companies[b]	**739,488**	722,954
Amounts receivable from subsidiaries[a]	**525**	525
Total current trade and other receivables	**970,161**	953,627

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

a) Amounts receivable from ultimate parent company and subsidiaries

Amounts owed by the ultimate parent and subsidiary undertakings of £230,148,000 (2011 £230,148,000) and £525,000 (2011 £525,000) represent trade receivables, they are non-interest bearing and repayable on demand

b) Amounts receivable from other Group companies

Amounts receivable from other Group companies at 30 June 2012 was £739,488,000 (2011 £722,954,000) This balance is made up of £602,359,000 (2011 £722,831,000) of interest bearing loans that are repayable on demand, and £137,129,000 (2011 £123,000) of trade receivables that are non-interest bearing and repayable on demand

On 12 February 2002, the Company made a loan of £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 50% and is repayable on demand At 30 June 2008 as part settlement of this receivable BSkyB Finance Limited transferred £269,094,000 of its receivable from BSkyB Group plc and £121,571,000 of its receivable from British Interactive Broadcasting Holdings Limited to the Company as part settlement of its payable to the Company The total receivable including interest after the transfer of these receivables from BSkyB Finance Limited at 30 June 2012 was £499,767,000 (2011 £489,947,000)

On 29 June 2008, the Company made a loan of £94,631,000 to BSkyB Finance Limited The loan bears interest at a rate of one month LIBOR plus 0 75% and is repayable on demand At 30 June 2012, the total receivable from BSkyB Finance Limited was £102,592,000 (2011 £101,124,000)

On 29 June 2008, the Company made a loan of £121,571,000 to British Interactive Broadcasting Holdings Limited The loan bore interest at base rate plus a margin of 1 50% and was repayable on demand This loan was repaid in full in May 2012

No allowances have been recorded against amounts receivable from Group companies as they have been assessed to be fully recoverable

c) Amounts receivable from other Group companies – non-current

During the prior year, the Company recognised a non-interest bearing receivable of £3,063,000 from Sky Ventures Ltd During the year, this was reclassified as a current receivable

Notes to the financial statements

8 Trade and other payables

	2012	2011
	£'000	£'000
Amounts payable to other Group companies	**513,229**	498,376

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

Amounts payable to other Group companies

Included within amounts payable to other Group companies is the accrued interest of £14,853,000 (2011 £14,837,000) on the total debenture issued to BSkyB Finance Limited (refer to note 9) amounting to £402,339,000 (2011 £387,486,000) Interest is charged at a rate of 1 50% 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

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

9. Non-current other payables

	2012	2011
	£'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 2012, comprise a debenture issued to BSkyB Finance Limited of £353,511,000 (2011 £353,511,000) Interest is charged at a rate of 1 50% 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

10. Financial instruments and financial risk management objectives and policies

The Company's principal financial instruments comprise trade and other payables The Company has various financial assets such as trade and other receivables

The accounting classification of each class of the Company's financial assets and liabilities, together with their fair values, is as follows

	Loans and receivables £'000	Other liabilities £'000	Total carrying value £'000	Total fair values £'000
At 30 June 2012				
Trade and other payables	**-**	**866,740**	**866,740**	**866,740**
Trade and other receivables	**970,161**	**-**	**970,161**	**970,161**
At 30 June 2011				
Trade and other payables	-	851,887	851,887	851,887
Trade and other receivables	956,690	-	956,690	956,690

10. Financial instruments and financial risk management objectives and policies (continued)

The fair value of financial assets and financial liabilities is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments

The Group's Treasury function is responsible for raising finance for the Company's operations, together with associated liquidity management and management of foreign exchange, interest rate and credit risks Treasury operations are conducted within a framework of policies and guidelines authorised and reviewed by both the Audit Committee and the Board, which receive regular updates of Treasury activity Derivative instruments are transacted for risk management purposes only It is the Group's policy that all hedging is to cover known risks and no speculative trading is undertaken Regular and frequent reporting to management is required for all transactions and exposures, and the internal control environment is subject to periodic review by the Group's internal audit team

The Group's principal market risks are exposures to changes in interest rates and foreign exchange rates, which arise both from the Group's sources of finance and its operations Following evaluation of those market risks, the Group selectively enters into derivative financial instruments to manage these exposures The principal instruments currently used are interest rate swaps to hedge interest rate risks, and cross currency swaps, forward foreign exchange contracts and currency options (collars) to hedge transactional and translational currency exposures

Capital Risk Management

The capital structure of the Company consists of equity attributable to equity holders of the parent Company, comprising issued capital, reserves and retained earnings Risk and treasury management is governed by BSkyB Group plc's policies approved by its Board of Directors

Interest rate risk

The Company has financial exposure to UK interest rates arising from various loan balances with other companies within the BSkyB Group The Group's Treasury function monitors the Company's exposure to fluctuations in interest rates

The sensitivity analysis below has been determined based on the exposure to interest rates for non-derivative financial instruments at the balance sheet date

A one percentage point increase or decrease represents management's assessment of the reasonably possible change in interest rates If interest rates had been one percentage point higher and all other variables were held constant, the Company's loss for the year ended 30 June 2012 would increase by £415,000 (2011 decrease in profit by £175,000)

Credit risk

The Company's maximum exposure to credit risk on trade receivables is the carrying amounts disclosed in note 7

Liquidity risk

The Company's financial liabilities are shown in notes 8 and 9 The following table analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date The amounts disclosed in the table are the contractual undiscounted cash flows

Notes to the financial statements

10. Financial instruments and financial risk management objectives and policies (continued)

Liquidity risk (continued)

	Less than 12 months £'000	Between one and two years £'000	Between two and five years £'000	More than five years £'000
At 30 June 2012				
Trade and other payables	**513,229**	-	-	**353,511**
At 30 June 2011				
Trade and other payables	498,376	-	-	353,511

11. Share capital

	2012 £'000	2011 £'000
Allotted, called-up and fully paid		
13,376,982 (2011 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.

12. Transactions with related parties and major shareholders of BSkyB

a) Transactions with the parent Company, other Group companies and subsidiary undertakings

The Company has related party transactions with the parent, other Group companies and subsidiary undertakings 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 the parent, other Group companies and subsidiary undertakings as required

For details of amounts owed by and owed to the parent undertaking, other Group companies and subsidiary undertakings, see notes 7, 8 and 9

b) Key management

The Company has a related party relationship with the Directors of the Company as key management At 30 June 2012, there were two (2011 two) key managers, all of whom were Directors of the Company Key management compensation is disclosed in note 4

13. Ultimate parent undertaking

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

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