SKY TELEVISION LIMITED

Annual report and financial statements
For the 18 month period ended 31 December 2019

Registered number: 01518707

Directors and Officers

For the period ended 31 December 2019

Directors

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

C Smith (Appointed 5 June 2019)
T C Richards (Appointed 5 June 2019)
C R Jones (Resigned 5 June 2019)
C J Taylor (Resigned 5 June 2019)
K Holmes (Resigned 5 June 2019)

Secretary

Sky Corporate Secretary Limited (Appointed 5 June 2019)
C J Taylor (Resigned 5 June 2019)

Registered office

Grant Way
Isleworth
Middlesex
United Kingdom
TW7 5QD

Auditor

Deloitte LLP
Statutory Auditor
London
United Kingdom

Strategic and Directors' Report

Strategic Report

The Directors present their Strategic and Directors' report on the affairs of the Company, together with the financial statements and Auditor's Report for the eighteen month period ended 31 December 2019. During the period the Company changed its year-end from 30 June to 31 December, to align with that of Comcast Corporation ("Comcast"), the ultimate controlling party of the Company. Accordingly, the financial statements comprise the eighteen month period to 31 December 2019, with comparatives for the twelve months to 30 June 2018.

The purpose of the Strategic Report is to inform members of the Company and help them assess how the directors have performed their duty under section 172 of the Companies Act 2006.

Business review and principal activities

The Company is a wholly-owned subsidiary of Sky Limited (the immediate parent company). The Company is ultimately controlled by Comcast and operates together with Comcast's other subsidiaries as a part of the Comcast Group ("the Group").

The Company's principal activity is to act as an intermediate holding company on behalf of Sky Limited. The Company wholly owns S.A.T.V. Publishing Limited. S.A.T.V Publishing Limited is involved in the collection of royalties on music copyrights. The audited financial statements for the period ended 31 December 2019 are set out on pages 11 to 23.

On 9 October 2018, the offer by Comcast Bidco Limited to acquire the entire issued and to be issued share capital of Sky Limited (formerly Sky plc) ("Sky") became wholly unconditional. As a result and as of that date, the ultimate controlling party of Sky Limited and its direct and indirect subsidiaries, including the Company, is now Comcast Corporation. In the fourth quarter of 2018, Comcast Bidco Limited acquired the remaining Sky Limited shares and it now owns 100% of the share capital of Sky Limited.

On 18 February 2019, Sky Limited cancelled its previous £1 billion revolving credit facility, which had a maturity date of 30 November 2021, and the Company, as part of the Sky Limited group of companies, now part of Comcast's inter-company funding relationships, which is discussed further below.

The Company has adopted IFRS 15 'Revenue from Contracts with Customers' and IFRS 9 'Financial Instruments' from 1 July 2018. Except for the first-time application of IFRS 15 and IFRS 9, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those applied to the Company's financial statements as at and for the year ended 30 June 2018.

Financial Review and Dividends

The audited financial statements for the period ended 31 December 2019 are set out on pages 11 to 23. As noted above, financial statements comprise the eighteen-month period to 31 December 2019, with comparatives for the 12 months to 30 June 2018.

The loss for the period before tax was £7,269,000 (2018: loss of £4,093,000) and was primarily driven by finance costs exceeding investment income. The Directors do not recommend the payment of a dividend for the period ended 31 December 2019 (2018: £nil). The Balance Sheet shows that the Company's shareholder's equity position at the period end was £73,413,000 (2018: £80,682,000).

Key performance indicators (KPIs)

The 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 Company's activities expose it to financial risks, namely credit risk, and liquidity risk. The Company is also exposed to risk through the performance of its investments.

The Directors do not believe the Company is exposed to significant cash flow risk, price risk or foreign exchange.

Financial risk management objectives and policies

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.

Interest rate risk

The Company has financial exposure to UK interest rates arising from the investment of surplus cash and various loan balances with other companies within the Sky 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 6, 7 and 8.

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 Company the Sky Group currently has access to a £3 billion revolving credit facility with Comcast Corporation which is due to expire on 11 January 2024. The Company benefits from this liquidity through intra-group facilities and loans.

Investment performance risk

The principal risk facing the Company relates to the recoverability of the Company's investment in subsidiaries. Recovery of these assets is dependent upon the generation of sufficient profits to pay dividends or from the proceeds of sale of such investments, in the event of their disposal. The Company reviews the carrying amount of its investments at balance sheet date to determine whether there is any indication of impairment.

Legislation and Regulation risk

U.K. Exit from the European Union

Sky's businesses are subject to risks relating to uncertainties and effects of the implementation of the United Kingdom's referendum to withdraw membership from the EU (referred to as "Brexit"), including financial, legal, tax and trade implications.

The telecommunications and media regulatory framework applicable to Sky's businesses in the U.K. and the EU may be subject to greater uncertainty following the U.K.'s withdrawal from the EU in January 2020. We cannot predict the extent of any potential changes to the regulatory framework involving U.K. and EU regulation of telecommunications and media, or changes to certain mutual recognition arrangements for media and broadcasting.

Impact of COVID-19

The novel coronavirus disease 2019 ("COVID-19") and measures taken to prevent its spread across the globe are impacting Sky's businesses in a number of ways.

As a result of COVID-19, many sporting events and professional sports seasons were postponed in the first half of 2020, with certain sports, including European football, resuming in May and June 2020. This had a significant impact on Sky's results of operations in the first half of 2020. Direct-to-consumer revenue has been negatively impacted as a result of lower sports subscription revenue, and continued negative impacts as a result of the impacts of COVID-19 on the reopening plans of Sky's commercial customers are expected. Additionally, significant costs associated with broadcasting these programmes were not recognised as a result of sporting events not occurring as scheduled in the first half of 2020. Although sporting events have resumed, COVID-19 continues to result in uncertainty in the ultimate timing of when, or the extent to which, these events will occur in 2020; their broadcast is expected to impact the timing, and potentially the amount, of revenue and expense recognition.

Sky also temporarily suspended certain sales channels due to COVID-19, which negatively impacted net customer additions and revenue in the first half of 2020. Sales channels generally resumed operations in June 2020.

COVID-19 has resulted in the deterioration of economic conditions and increased economic uncertainty in the United Kingdom and Europe, intensifying what was an already deteriorating economic and advertising environment. These conditions negatively impacted revenue in the first half of 2020, and these conditions are expected to continue to reduce advertising spend and consumer demand for Sky's services for the remainder of 2020. In addition, there is increased risk associated with collections on Sky's outstanding receivables, and Sky has incurred and expects to continue to incur increases in its bad debt expense.

Approved by the Board and signed on its behalf,

C Smith
Director

Grant Way
Isleworth
Middlesex
United Kingdom
TW7 5QD

13 November 2020

Directors' Report

The Directors who served during the period are shown on page 1. No dividend was proposed for the 18 month period ended 31 December 2019 (2018: £nil).

The Company has chosen, in accordance with section 414C(11) of Companies Act 2006, to include such matters of strategic importance to the Company in the Strategic Report which otherwise would be required to be disclosed in the Director's report.

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 Strategic 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, liquidity risk, interest rate risk and foreign exchange risk.

Given the integrated nature of the Group's financial planning and treasury functions, the impact of COVID-19 on the Company's operations and funding requirements has been assessed at the Group level. Although negatively impacted by COVID-19, the Directors expect that the businesses will continue to generate adequate cash flow from operating activities and believe that these cash flows, together with the Company's existing cash, cash equivalents and investments, and available borrowings under its existing credit facilities, including the £3 billion revolving credit facility with Comcast, will be sufficient for the Company to meet its current and long-term liquidity and capital requirements. We further highlight that the Company has received confirmation of support from Comcast for a period of at least 12 months from the date of signing of these financial statements.

As a result, after making enquiries, the Directors have formed a judgement 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.

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/she ought to have taken as a Director to make himself/herself 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 was approved by the Board of Directors on 13 November 2020.

Strategic and Directors' Report (continued)

Approved by the Board and signed on its behalf by,

C Smith
Director

Grant Way
Isleworth
Middlesex
United Kingdom
TW7 5QD

13 November 2020

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 Company'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.

Independent Auditor's Report to the members of Sky Television Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Sky Television Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its loss for the period then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and IFRSs as issued by the International Accounting Standards Board (IASB); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Sky Television Limited (the 'company') which comprise:

- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 13.

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

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

We have nothing to report in respect of these matters.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Independent Auditor's Report

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

We have nothing to report in respect of these matters.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

Independent Auditor's Report

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

Other matter

As the company was exempt from audit under section 479A of the Companies Act 2006 in the prior year we have not audited the corresponding amounts for that year.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Jon Young FCA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom

13 November 2020

Statement of Comprehensive Income

For the period ended 31 December 2019

	Notes	**18 months to 31 December 2019**	12 months to 30 June 2018
		£'000	£'000
Investment income	2	**21,376**	11,724
Finance costs	2	**(28,645)**	(15,817)
Loss before tax	3	**(7,269)**	(4,093)
Tax	4	**-**	-
Loss for the year attributable to equity shareholders		**(7,269)**	(4,093)

From 1 July 2018 , the Company has applied IFRS 15 'Revenue from contracts with customers' and IFRS 9 'Financial Instruments' using a modified retrospective approach.

As a result, the 2018 figures presented for comparison purposes have not been adjusted. The impacts of this first-time adoption are presented in Note 1, where applicable.

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

For the year ended 30 June 2018 and the 18 month period ended 31 December 2019, the Company did not have any other items of Comprehensive Income.

All results relate to continuing operations.

Balance Sheet

As at 31 December 2019

	Notes	**31 December 2019 £'000**	30 June 2018 £'000
Current assets			
Trade and other receivables	6	**1,039,300**	1,017,925
Total assets		**1,039,300**	1,017,925
Current liabilities			
Trade and other payables	7	**612,376**	583,732
Non-current liabilities			
Trade and other payables	8	**353,511**	353,511
Total liabilities		**965,887**	937,243
Share capital	10	**13,377**	13,377
Share premium		**114,012**	114,012
Reserves		**(53,976)**	(46,707)
Total equity attributable to equity shareholder		**73,413**	80,682
Total liabilities and shareholder's equity		**1,039,300**	1,017,925

From 1 July 2018 , the Company has applied IFRS 15 'Revenue from contracts with customers' and IFRS 9 'Financial Instruments' using a modified retrospective approach.

As a result, the 2018 figures presented for comparison purposes have not been adjusted. The impacts of this first-time adoption are presented in Note 1, where applicable.

The accompanying notes are an integral part of this Balance Sheet.

As at 31 December 2019 and 30 June 2018, the Company did not have any cash or cash equivalents. Accordingly, no cash flow statement or reconciliation of operating profit to cash flows from operating activities has been prepared.

The financial statements of Sky Television Limited, registered number 01518707, were approved and authorised for issue by the Board of Directors on 13 November 2020 and were signed on its behalf by:

C Smith
Director
13 November 2020

Statement of Changes in Equity

For the period ended 31 December 2019

	Share capital £'000	Share premium £'000	Other reserve £'000	Retained earnings £'000	Total shareholder's equity £'000
At 1 July 2017	**13,377**	**114,012**	**909,864**	**(952,478)**	**84,776**
Loss for the year	-	-	-	(4,093)	(4,093)
At 30 June 2018	**13,377**	**114,012**	**909,864**	**(956,571)**	**80,682**
Loss for the period	-	-	-	(7,269)	(7,269)
At 30 June 2019	**13,377**	**114,012**	**909,864**	**(963,840)**	**73,413**

From 1 July 2018 , the Company has applied IFRS 15 'Revenue from contracts with customers' and IFRS 9 'Financial Instruments' using a modified retrospective approach. There were no impacts identified on transition which have been recognised in equity reserves.

As a result, the 2018 figures presented for comparison purposes have not been adjusted. The impacts of this first-time adoption are presented in Note 1, where applicable.

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.

Notes to the financial statements

1. Accounting policies

Sky Television Limited (the "Company") is a limited liability company incorporated in the United Kingdom, and registered in England and Wales. The address of the registered office is Grant Way, Isleworth, Middlesex, TW7 5QD, United Kingdom and registered number is 01518707.

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 a historical cost basis, except for the remeasurement to fair value of certain financial assets and liabilities as described in the accounting policies below.

The Company has adopted the new accounting pronouncements which became effective this period, none of which had a significant impact on the Company's results or financial position.

The Company has adopted the new accounting pronouncements which became effective this period. The Company has adopted IFRS 15 'Revenue from Contracts with Customers' and IFRS 9 'Financial Instruments' from 1 July 2018.

The Company has taken advantage of the exemption from preparing the consolidated accounts afforded by section 401 of the Companies Act 2006, because it is a wholly-owned subsidiary of Comcast which prepares consolidated accounts which are publicly available (see note 12).

i) IFRS 15 – 'Revenue from contracts with customers'

The Company has finalised its analysis and adopted IFRS 15 from 1 July 2018. As permitted by the standard, the Company has taken advantage of the modified transitional provisions and as such the prior period results remain as previously reported. No adjustment has been identified on transition to IFRS 15, or recognised during the period.

Since 1 July 2018, the Company has applied the provisions of IFRS 15, described below, to measure and recognise revenue.

IFRS 15 requires that the recognition of revenue from contracts with customers must reflect:

- the rate at which performance obligations are fulfilled, corresponding to the transfer to a customer of control of a good or service, where control transfers either over time, or at a point in time; and
- the amount to which the seller expects to be entitled as consideration for its activities.

The Company's revenue comprises

- Wholesale and syndication revenue which continues to be recognised over time, as the services are performed
- News production and gathering services revenue which continues to be recognised at a point of time or over time, as performance obligations are fulfilled.

ii) IFRS 9 – 'Financial Instruments'

IFRS 9 'Financial Instruments' replaces IAS 39 'Financial instruments: Recognition and Measurement' and is effective on the Company from 1 July 2018.

Notes to the financial statements

1. Accounting policies (continued)

b) Basis of preparation (continued)

ii) IFRS 9 – 'Financial Instruments' (continued)

The Company has applied the classification, measurement and impairment requirements of the standard on a modified retrospective basis, with no restatement of comparative periods. No adjustment has been recognised on transition to IFRS 9 or during the period.

The areas which impact the Company relate to e.g. the recognition of impairment provisions for customer receivables and other financial assets. IFRS 9 also contains new rules relating to hedge accounting, although the adoption of these is not mandatory and the Company will continue to apply IAS 39 hedge accounting policies.

IFRS 9 introduces an impairment model based on expected credit losses. This requires a provision for impairment to be considered, and if required to be recorded, when the receivable is recognised, compared to IAS 39 which requires a provision to be made only when a loss event occurs. The Company elected to apply IFRS 9's simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables. This involves, for example, the application of a provision matrix where trade receivables are grouped based on shared credit risk characteristics and ageing, or other appropriate methods given the nature of the receivable, and requires an estimate of expected lifetime credit loss rates. These loss rates are based on, inter alia, the entity's historical credit losses, adjusted for reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions, in order to derive an expectation. The application of this approach has not had a material impact on the provision for impairment of third party trade receivables compared to the Company's previous approach under IAS 39.

Amounts due from group companies are typically non-interest bearing and are repayable on demand. With respect to impairment provisions under IFRS 9, an expectation of credit losses for intercompany loan receivables is required, taking into consideration similar factors as for third party balances above, in addition to entity's ability to trade and borrow as part of the wider Group, in order to settle the receivables. The IFRS 9 credit loss model has not had a material impact with respect to impairment of entity's intercompany receivables compared to the Company's previous approach under IAS 39.

IFRS 9 requires that amounts recognised in non-financial assets (basis adjustment) are recognised directly in equity, which were previously recognised in other comprehensive income under IAS 39 'Financial Instruments: Recognition and Measurement.

In addition to the first-time application of IFRS 15 and IFRS 9, no other new accounting pronouncements had a significant impact on the Company's results or financial position

c) Financial assets and liabilities

Directly attributable transaction costs are included in the initial measurement of financial assets and liabilities only with respect to those assets and liabilities that are not subsequently measured at fair value through profit and loss. 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 provided for on an expected loss model according to IFRS 9, 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.

iii. 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.

d) Impairment

At each balance sheet date, in accordance with IAS 36 "Impairment of Assets", the Company reviews the carrying amounts of all its assets excluding financial assets (see accounting policy c) and deferred taxation (see accounting policy e) 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 or its cash generating unit 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.

Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs. Impairment losses recognised in respect of cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to those units, and then to reduce the carrying amount of other assets in the unit on a pro-rata basis.

An impairment loss for an individual asset or cash generating unit 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.

e) Tax, including deferred tax

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

1. Accounting policies (continued)

e) Tax, including deferred tax (continued)

Deferred tax assets and liabilities are recognised using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the Balance Sheet and the corresponding tax bases used in the computation of taxable profits.

Taxable temporary differences arising from goodwill and the initial recognition of assets or liabilities that affect neither accounting profit nor taxable profit are not provided for. Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates that have been enacted or substantively enacted at the balance sheet date.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and adjusted to reflect an amount that is probable to be realised based on the weight of all available evidence. Deferred tax is calculated at the rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax assets and liabilities are not discounted. Deferred tax is charged or credited in the Statement of Comprehensive Income, except where it relates to items charged or credited directly to equity, in which case the deferred tax is also included within equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same tax authority and the Company intends to settle its current tax assets and liabilities on a net basis.

f) 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 accounting periods beginning on or after 1 January 2020. These new pronouncements are listed below. The Directors are currently evaluating the impact of the adoption of these standards, amendments and interpretations in future periods.

- IFRS 17 'Insurance Contracts'
- Amendments to References to the Conceptual Framework in IFRS Standards
- IFRS 16 'Leases'

When IFRS 16 is adopted, it can be applied either on a fully retrospective basis, requiring the restatement of the comparative periods presented in the financial statements, or with the cumulative retrospective impact of IFRS 16 applied as an adjustment to equity on the date of adoption; when the latter approach is applied it is necessary to disclose the impact of IFRS 16 on each line item in the financial statements in the reporting period. Depending on the adoption method that is utilised, certain practical expedients may be applied on adoption. The Company has not yet determined which method it will adopt.

IFRS 16 replaces IAS 17 'Leases' and will primarily change lease accounting for lessees; lessor accounting under IFRS 16 is expected to be similar to lease accounting under IAS 17. Lessee accounting under IFRS 16 will be similar in many respects to existing IAS 17 accounting for finance leases, but is expected to be substantively different to existing accounting for operating leases.

1. *Accounting policies (continued)*

f) Accounting Standards, interpretations and amendments to existing standards that are not yet effective (continued)

Where a contract meets IFRS 16's definition of a lease, lease agreements will give rise to the recognition of a non-current asset representing the right to use the leased item, and a loan obligation for future lease payables. Lease costs will be recognised in the form of depreciation of the right to use asset and interest on the lease liability, which may impact the phasing of operating profit and profit before tax, compared to existing cost profiles and presentation in the income statement, and will also impact the classification of associated cash flows.

The detailed assessment of the impact on the Company is ongoing, with the current focus being on assessing of the completeness of lease contracts. The adoption will not have an impact on the presentation of the Company's assets and liabilities, mainly relating to significant property leases.

g) Critical accounting policies and judgement and estimates and key sources of estimation uncertainty

Certain accounting policies are considered to be critical to the Company. An accounting policy is considered to be critical if, in the Directors' judgement, its selection or application materially affects the Company's financial position or results. The application of the Group's accounting policies also requires the use of estimates and assumptions that affect the Group's financial position or results.

Below is a summary of the Company's critical accounting policies and details of the key areas of judgement that are exercised in their application.

2. Investment income and finance costs

	2019	2018
	£'000	£'000
Investment income		
Intercompany interest receivable (see note 6)	**21,376**	11,724

	2019	2018
	£'000	£'000
Finance costs		
Intercompany interest payable (see note 7)	**(28,645)**	(15,817)

3. Loss before tax

Employee Services

There were no employee costs during the period (2018: no employee costs), as the Company had no employees, other than the Directors. Services are provided by employees of other companies within the Group with no charge being made for their services. The Directors did not receive any remuneration during the year in respect of their services to the Company.

Audit Fees

Amounts paid to the auditor for the audit of the Company's annual accounts of £10,000 (2018: company was audit exempt) were borne by another Group subsidiary in 2019 and were exempt in 2018. No amounts for other services have been paid to the auditor.

Notes to the financial statements

4. Tax

a) Tax recognised in the statement of comprehensive income

No tax charge was recognised in the period (2018: nil) .

b) Reconciliation of total tax charge

The tax expense for the period is lower (2018: lower) than the rate of corporation tax in the UK of 19.0% (2018: 19.0%) applied to loss before tax. The differences are explained below:

	2019	2018
	£'000	£'000
Loss before tax	**(7,269)**	(4,093)
Loss before tax multiplied by the rate of corporation tax in the UK of 19% (2018: 19.0%)	**(1,381)**	(778)
Effects of:		
Group relief surrendered for £nil consideration	**1,381**	778
Tax	**-**	-

All tax relates to UK corporation tax.

5. Investment in subsidiaries

Investments in subsidiaries of £100 (2018: £100) represent the cost of the shares of the wholly-owned subsidiary undertakings.

Details of all investments of the Company are as follows:

Name	**Country of incorporation**	**Registered Office**	**Description and proportion of shares held (%)**
S.A.T.V. Publishing Limited	United Kingdom	Grant Way, Isleworth, Middlesex, United Kingdom, TW7 5QD	100 ordinary shares - 100% share

6. Trade and other receivables

	2019	2018
	£'000	£'000
Amounts receivable from other Group companies[a]	**1,038,757**	1,017,382
Amounts receivable from subsidiaries[b]	**543**	543
Total current trade and other receivables	**1,039,300**	1,017,925

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

a) Amounts receivable from other Group companies

Amounts receivable from other Group companies at 31 December 2019 was £1,038,757,000 (2018: £1,017,381,000). This balance is made up of £693,083,000 (2018: £671,707,000) of interest bearing loans that are repayable on demand, and £345,674,000 (2018: £345,674,000) 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 Sky Operational

6. Trade and other receivables (continued)

a) Amounts receivable from other Group companies (continued)

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 Sky Operational Finance Limited transferred £269,094,000 of its receivable from Sky Limited (formerly Sky 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 Sky Operational Finance Limited at 31 December 2019 was £580,386,000 (2018: £561,445,000).

On 29 June 2008, the Company made a loan of £94,631,000 to Sky Operational Finance Limited. The loan bears interest at a rate of one month LIBOR plus 0.75% and is repayable on demand. At 31 December 2019, the total receivable from Sky Operational Finance Limited was £112,697,000 (2018: £110,261,000).

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

b) Amounts receivable from subsidiaries.

Amounts receivable from subsidiary undertakings of £543,000 (2018: £543,000) represent trade receivables; they are non-interest bearing and repayable on demand.

7. Trade and other payables

	2019	2018
	£'000	£'000
Amounts payable to other Group companies	**612,376**	583,732

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 expense of £28,645,000 (2018: £15,817,000) on the total debenture due to Sky Operational Finance Limited amounting to £524,266,000 (2018: £495,621,000). 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.

Notes to the financial statements

8. Non-current other payables

	2019	2018
	£'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 31 December 2019, comprise a debenture due to Sky Operational Finance Limited of £353,511,000 (2018: £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 Sky Operational Finance Limited.

9. 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:

	Financial Assets at Amortised Cost	Financial Liabilities at Amortised Cost	Total carrying value	Total fair values
	£'000	£'000	£'000	£'000
At 31 December 2019				
Trade and other payables	**-**	**965,887**	**965,887**	**965,887**
Trade and other receivables	**1,039,300**	**-**	**1,039,300**	**1,039,300**
At 30 June 2018				
Trade and other payables	-	937,243	937,243	937,243
Trade and other receivables	1,017,925	-	1,017,925	1,017,925

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.

Notes to the financial statements

9. Financial risk management objectives and policies (continued)

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 Sky Limited'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 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 period ended 31 December 2019 would increase by £2,741,327 (2018: increase in loss by £1,748,636).

Credit risk

The Company's maximum exposure to credit risk on trade receivables is the carrying amounts disclosed in note 6.

Liquidity risk

The Company's financial liabilities are shown in notes 7 and 8.

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.

	Less than 12 months £'000	**Between one and two years £'000**	**Between two and five years £'000**	**More than five years £'000**
At 31 December 2019				
Trade and other payables	**612,376**	**-**	**-**	**353,511**
At 30 June 2018				
Trade and other payables	583,732	-	-	353,511

10. Share capital

	2019 £'000	2018 £'000
Authorised, allotted, called-up and fully paid		
13,376,982 (2018: 13,376,982) ordinary shares of £1 each	**13,377**	13,377

10. Share capital (continued)

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

11. Transactions with related parties and major shareholders of Sky

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

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

For details of amounts owed by and owed to the parent company, other Group companies and subsidiary undertakings, see notes 6, 7 and 8.

b) Key management

The Company has a related party relationship with the Directors of the Company as key management. At 31 December 2019, there were two (2018: three) key managers, all of whom were Directors of the Company. Key management compensation is disclosed in note 3.

12. Ultimate parent undertaking

The Company is a wholly-owned subsidiary undertaking of Sky Limited, a Company incorporated and registered in England and Wales. The Company's ultimate parent company and the largest group in which the results of the company are consolidated is Comcast, a company incorporated in Pennsylvania, United States.

The Company is ultimately controlled by Comcast and operates together with Comcast's other subsidiaries, as a part of the Group. The only group in which the results of the Company are consolidated is that headed by Comcast.

The consolidated financial statements of the Group are available to the public and may be obtained from Comcast Investor Relations at Comcast Corporation, One Comcast Center, Philadelphia, PA 19103, USA. Or at: https://www.cmcsa.com.

13. Post Balance Sheet Events

Subsequent to 31 December 2019, the novel COVID-19 outbreak was declared a pandemic, and measures taken to prevent its spread are impacting Sky's business in a number of ways. The impacts of COVID-19 on the Company's business activities are set out in the Strategic Report.