SKY LIMITED

Annual report and financial statements
For the year ended 31 December 2021

Registered number: 02247735

Directors and Officers

For the year ended 31 December 2021

Directors

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

T J Reid
S Robson

Secretary
Sky Corporate Secretary Limited

Registered office
Grant Way
Isleworth
Middlesex
United Kingdom
TW7 5QD

Auditor
Deloitte LLP
Statutory Auditor
1 New Street Square
London
EC4A 3HQ
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 year ended 31 December 2021, with comparatives for the year ended 31 December 2020.

The purpose of the Strategic Report is to inform members of the Company and to help them assess how the Directors have performed their duty to promote the success of the Company for the benefit of its members as a whole under Section 172 of the Companies Act 2006 (duty to promote the success of the Company).

Business review and principal activity

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

The Company's principal activity is to act as a holding Company for certain subsidiary undertakings, to obtain loans on behalf of and issue loans to other Sky Group companies and to licence the Sky trademarks to other companies in the Sky Group. The Directors expect this activity to continue for the foreseeable future.

In September 2021, the company repaid €1,500 million of Guaranteed Notes. Cross-Currency Swaps relating to September 2024 and November 2025 bonds were terminated in July 2020. The Company also received inter-company funding from and provided inter-company funding to other Group Companies.

Financial Review and Dividends

The audited financial statements for the year ended 31 December 2021 are set out on pages 16 to 50. During the year, the Company made a profit before tax of £227 million (2020: £206 million), due to the receipt of inter-company revenue and dividends offset by inter-company finance cost. During the year the Company had revenue of £309 million (2020: £279 million), investment income of £95 million (2020: £105 million) and finance costs of £137 million (2020: £155 million). The Balance Sheet shows that the Company's shareholders' position at the end of the year was a surplus of £10,217 million (2020: £10,203 million).

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2021 (2020: nil). For the year ended 31 December 2021 there was an interim dividend paid of 10.02 pence per share (2020: interim dividend of 9.45 pence).

Key performance indicators (KPIs)

The Sky Group manages its operations on a divisional basis. For this reason, and given the Company's nature as a holding company, 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. The results of the Company are included in the KPIs of Comcast, the ultimate controlling party.

Principal risks and uncertainties

The Company's activities expose it to financial risks, namely credit risk, liquidity risk, foreign exchange risk, interest rate risk and legislation and regulation 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 or price risk.

Financial risk management objectives and policies

The use of financial derivatives is governed by the Comcast Group treasury policy approved by the Comcast Audit Committee and 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.

Credit risk

The balance sheet of the Company includes intercompany balances. The Company is therefore exposed to credit risk on these balances. The intercompany balances of the Company are detailed in note 10. Given the amount and nature of the receivables balance, it is considered that the allowances are immaterial and therefore no adjustment has been made under IFRS 9, and there has been no write-off during the year.

Liquidity risk

The Company relies on the Comcast Group Treasury function to manage its liquidity and ensure that sufficient funds are available for ongoing operations and future developments. Sky Limited and its subsidiaries ("the Sky Group") currently have access to a £6 billion revolving credit facility with Comcast Corporation which is due to expire in 2027. The Company benefits from this liquidity through intra-group facilities and loans.

Foreign exchange risk

The Company's activities expose it to the financial risks of changes in foreign currency exchange rates. The Company uses cross currency swaps to hedge these exposures and mitigates exposures by matching foreign currency assets and liabilities as far as is possible. Refer to note 14 for further information.

Interest rate risk

The Company has financial exposure to UK interest rates arising from floating rate borrowings, interest rate derivatives 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. Refer to note 14 for further information.

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 each balance sheet date to determine whether there is any indication of impairment.

Impacts of COVID-19

COVID-19 and measures taken to prevent its spread across the globe have impacted the Company's businesses in a number of ways, affecting the comparability of periods included in this report. The Directors expect the effects of the COVID-19 pandemic will continue to adversely impact results of operations over the near to medium term, although the extent of such impact will depend on restrictive governmental measures, global economic conditions and consumer behaviour.

Corporate Governance Statement

Code of conduct

The Company is ultimately controlled by Comcast and operates together with Comcast's other subsidiaries as part of the Comcast Group. Comcast's Board of Directors is responsible for establishing corporate governance practices and policies for the Comcast Group. The Company has adopted the Comcast Code of Conduct, which is applicable to the whole Sky Group, and upholds the framework that stands for Comcast's ethos and the way it operates. Specifics of the Code are available at https://www.cmcsa.com/corporate-governance.

The Code of Conduct sets out the four core values that the Comcast Group is guided by: an entrepreneurial spirit; doing the right thing and acting with integrity; having respect for each other and giving back. It explains how these principles are put into practice within the Comcast Group of companies.

Sky employees also receive their own "Ways of Working" manual which details its values as a business and sets employee behavioural expectations. The Sky Group's policies may be found at https://www.skygroup.sky/documents-policies.
The Directors believe that the Comcast Code of Conduct, Sky's Ways of Working and the corporate governance arrangements described below represent the primary areas of the Company's corporate governance framework given that it operates as a wholly-owned subsidiary of Comcast Corporation. As a result, the Directors decided not to formally adopt a recognised code of corporate governance.

The Board

The Company's board (the "Board") comprises two directors as listed on page 1. The size, structure and composition of the Board is appropriate to meet the Company's strategic needs and challenges and reflects a balance in depth of skills and experience to promote effective decision making. The Directors did not receive remuneration for their role as statutory directors of the Company during the year because they are employees who receive remuneration for their employment with the Sky Group or Comcast Group.

Director Responsibilities

The Company's embedded operating framework within the Comcast Group and Sky Group sets out the rules, policies and delegations of authority with which the Company complies. Clear lines of accountability and responsibility have been established to support decision making.

The Company delegates authority of day-to-day management to senior executives and engages leadership to set, approve and oversee the execution of the Company's and the Sky Group's business strategy. The Company follows Sky's Contract Standards and Approval Policies for approving contracts which reserves certain matters for Sky and/or Comcast. In some circumstances additional approvals from specific Sky or Comcast personnel are required. The Board meets on an ad hoc basis to consider the Company's activities and to review and approve strategic and other key decisions.

Opportunities & Risks

To promote the long-term sustainable success of the Sky Group, Sky seeks to identify and capitalise on a broad range of opportunities whilst also mitigating risk. Sky has a formal risk management framework embedded within the business to support the identification and management of risk across the Sky Group. There is an ongoing monitoring process which is operated by the Sky Group risk team and supported by senior management across the Group, to identify and report on significant changes or new risks. The Sky Group, Risk and Assurance function assists the business to develop risk registers and consolidates these to support both Sky's day-to-day approach to risk and to form part of Comcast's year end risk requirements.

Corporate Governance Statement (continued)

Streamlined Energy and Carbon Reporting

We have been reporting our carbon footprint since 2005/6. In 2006 we decided to extend our environmental management programme to become carbon neutral. Tackling climate change was becoming more and more important and we chose to take a lead in reducing and offsetting emissions.

Sky follows three steps to become carbon neutral:

- Measure - we calculate our greenhouse gas emissions at the end of each financial year by calculating our Scope 1 and 2 CO_2e emissions (premises, company owned vehicles and refrigerant use) and Scope 3 emissions including business travel and waste sent to landfill.
- Reduce - we are committed to avoiding and reducing our emissions before offsetting to achieve our carbon neutral status. Performance against our targets can be reviewed in our Bigger Picture Impact Report.
- Offset - each year we offset our location-based Scope 1 and 2 emissions and selected Scope 3 emissions to make Sky a CarbonNeutral® Company across our operations. Carbon offsetting is compensating for your own, unavoidable emissions by financing an emission reduction project elsewhere. That finance purchases carbon credits, equivalent to one tonne of CO2 each, which the emission reduction projects generate. These projects are audited by an independent third party.

During the prior-year, to further reduce our Scope 1 and 2 emissions, Sky replaced diesel generator fuel with low carbon HVO at three main sites and optimised cooling at our technical sites amongst other initiatives to maximise energy efficiency.

We verify our carbon neutral result by following the CarbonNeutral® Protocol, the global standard for carbon neutral programmes, to ensure our claim is robust and credible. Our CarbonNeutral® certification, awarded by a third party, provides independent *assurance of our climate action.*

Further information including a detailed breakdown of our Scopes 1, 2 and 3 emissions, our progress towards net zero carbon by 2030 and historic reporting can be found in our annual impact reports at https://www.skygroup.sky/reportshttps://www.skygroup.sky/reports.

	2021		2020	
	UK and Ireland	**Sky Group**	**UK and Ireland**	**Sky Group**
Carbon Intensity				
Revenue (£m)	**10,891**	**14,744**	9,873	14,464
Carbon Intensity (Total scopes 1 and 2 (location-based) tCO2e/£m revenue	**5.67**	**6.06**	6.14	6.16
Carbon Emissions (tCO2e)				
Scope 1 (Fuel combustion and operation of facilities)	**21,657**	**38,324**	19,929	36,448
Scope 2 (market-based purchased energy)	**3,038**	**8,149**	7,737	21,577
Total Scope 1 and Scope 2 (market-based purchased energy)	**24,695**	**46,473**	27,666	58,025
Scope 2 (location-based purchased energy)	**40,090**	**51,055**	40,648	52,675
Total Scope 1 and Scope 2 (location-based purchased energy)	**61,747**	**89,379**	60,577	89,123
Total Energy Consumption Scope 1 and Scope 2 (kWh)	**280,703,720**	**400,474,465**	261,589,964	382,428,211
Carbon Emissions (Scope 3 tCO2e)				
Scope 3 (Business travel in non-company vehicles)	**977**	**1,095**	1,311	1,436

Figures in the provided table are reflecting Sky Group and UK and Ireland only (the level at which the information is monitored) and therefore will not agree to the revenue reported in these financial statements.

Streamlined Energy and Carbon Reporting (continued)

Methodology

We calculate our greenhouse gas emissions in carbon dioxide equivalent (CO_2e) for Scopes 1 and 2 according to the Greenhouse Gas Protocol Corporate Standard and associated guidance. We use the emission factors from the latest UK Government (DEFRA/BEIS) Greenhouse Gas Conversion Factors for Company Reporting (2021), IEA Statistics Data Service: Emission Factors (2021 edition) and the Association of Issuing Bodies: Version 1.0 2020 European Residual Mixes (2021 edition). Data for UK & Ireland includes Sky's Joint Ventures, small international offices and news bureaux and business activities in Portugal.

Our total gross CO2e emissions include all Scope 1 and Scope 2 location-based greenhouse gas emissions; and our market-based emissions are those remaining after emissions factors from contractual instruments have been applied. Our energy providers retain, on our behalf, the Guarantees of Origin (GOs) and Renewable Energy Guarantee of Origin (REGOs). In addition, we offset our total gross emissions, including Scope 1, location-based Scope 2 and selected Scope 3 emissions, through the purchase of Voluntary Carbon Standard offsets. Our Scope 1 & 2 carbon emissions data and carbon intensity are subject to an annual independent assurance review, the results of which are published alongside our annual impact report.

For our full basis of reporting, please see our website https://www.skygroup.sky/documents-policies.

S172 Statement

Under section 172(1) of the Companies Act 2006 ("Section 172"), the Directors must act in a way that they consider, in good faith, would most likely promote the success of the Company for the benefit of its members as a whole and in doing so have regard (amongst other matters) to:

- the likely consequences of any decision in the long term
- the interests of the Company's employees
- the need to foster the Company's business relationships with suppliers, customers and others
- the impact of the Company's operations on the community and the environment
- the desirability of the Company maintaining a reputation for high standards of business conduct
- the need to act fairly between members of the Company.

The Directors of the Company, both individually and collectively, consider that they have discharged their duties under Section 172 whilst considering the factors listed above in the decisions made during the year ended 31 December 2021.

Due to the breadth and extent of stakeholders and the size of the Sky Group as a whole, stakeholder engagement often takes place at an operational, country or Group level for Sky Group as well as Comcast, rather than at an individual company level. Decisions made by the Directors consider the Group's strategic goals and are consistent with Comcast's Code of Conduct and made in pursuit of promoting the success of the Company and its members as a whole. Key decisions made at the individual Company level include approving the annual report and financial statements and approving dividend distributions in board meetings, among others. The dividend policy applicable to each entity in Sky Group is governed by decisions made at a Group level.

Our Employees

We communicate with our employees frequently and conduct employee engagement surveys. The Directors recognise that employees are central to our success. We celebrate diversity, equity and inclusion and seek to have a workforce that is inclusive and reflective of the diverse range of our customers and modern society.

The Company is proud of our community of volunteer employee networks who support our commitment to diversity and inclusion and help drive change. The Company is committed to equal opportunities in employment and recruitment and promoting the diversity of our workforce in respect of, among others, disability, race, gender, age, sexual orientation, pregnancy, marital status or fixed or part time status. We aim to ensure a transparent, professional working environment where employees treat each other with respect and in which all employment-related decisions (from recruitment through to career development and progression) are based on the individual's qualifications, ability, performance, skills and potential. Applications for employment by anyone with a physical or mental impairment are always fully considered, bearing in mind the abilities of the applicant concerned. For members of staff with a disability, or who become disabled during employment, every effort is made to ensure that their employment with the Group continues and that appropriate adjustments are considered and support provided, in line with our reasonable adjustment policy. In the event that a disabled employee is unable to continue in their current role after considering the adjustments available, we have a redeployment policy and process to provide support to help the employee secure an alternative role. It is the policy of the Sky Group and the Company that the training, career development and promotion of disabled persons should, as far as possible, be equal to that of other employees.

S172 Statement (continued)

Today@Sky is Sky Group's employee intranet which publishes, daily online, articles of national importance, local company news and matters of concern to employees and the Company alike. It is a dynamic resource widely used and regarded and easily provides an opportunity for feedback and comment from employees. The Company encourages a culture of open communication and reporting, and the Sky Listens Programme (along with the Comcast NBCUniversal Listens Programme) provides several available channels to raise concerns without fear of retaliation. People are encouraged to speak up using whichever reporting option they feel most comfortable with, and anyone may submit a report via the Sky Listens Helpline or Web Portal. We provide details on how to speak up on Today@Sky, along with company policies and guides including the Comcast Code of Conduct and Sky's Ways of Working.

The average monthly number of employees subject to contracts of service employed by the Company during the year was nil (2020: nil).

Our Partners

As part of the Comcast Group we understand the need to foster good relationships with our suppliers and our customers. We seek to offer the very best service to our customers. We use the highest editorial standards and have strong privacy protections. Our products are safe, easy and enjoyable to use. We seek to build successful long-term relationships with our partners. A critical part of doing business is partnering with others and we believe that partnerships are built on trust and mutual advantage. We interact honestly and with integrity in the marketplace and we expect our business partners to do the same.

We conduct an annual Human Rights Risk Assessment using our tool which brings together risk assessments from across the business. We conduct supplier engagement and pre-contract audits with high-risk suppliers. We provide training and support to suppliers to make improvements and are guided by our victim-centred Response Protocol for incidents raised with possible indicators of modern slavery. Our Human Rights Policy is informed by our risk assessment. We monitor outcomes of human rights due diligence aligned to our policy to understand the effectiveness of our policy.

We expect our suppliers and business partners to act ethically and share in our commitment to operate with integrity and in accordance with applicable laws and regulations, as set forth in our Code of Conduct for Suppliers and Business Partners, available here: https://corporate.comcast.com/impact/values-integrity/integrity/our-suppliers-and-business-partners.

Comcast's annual Statement on Modern Slavery and Supply Chain Values and Sky's Modern Slavery Update provide more information on Sky's approach to understanding and addressing the risks of modern slavery, and conducting human rights due diligence.

Our Communities

- As part of the Comcast Group, a global media and technology company, we are committed to using the power of our platforms, our people and our reach to create positive change and a more equitable society. By supporting local communities, our teammates, and our planet we can help create a world of open possibilities so that together we can build a future that benefits generations to come. We are focusing our efforts in the following areas:
- Digital Equity - by helping people access the latest resources, skills and the tools they need to succeed in an increasingly digital world;
- Diversity, Equity and Inclusion - by creating a truly diverse and equitable company and society;
- Environment - by shaping a sustainable future by improving our environmental impact; and
- Value and Integrity - by fostering a company culture built on integrity and respect. Our values and principles guide everything we do.

Members

The Company is a wholly owned subsidiary of Comcast Bidco Limited and is part of the Sky Group. The duties of the Directors are exercised in a way that is most likely to promote the success of the Company and Sky as a whole while also having regard to the factors outlined in Section 172 of the Companies Act 2006.

Strategic and Directors' Report (continued)

Approved by the Board and signed on its behalf of

S Robson
Director

Grant Way
Isleworth
Middlesex
United Kingdom
TW7 5QD

Date: 16 June 2022

Directors' Report

The Directors present their annual report, together with the financial statements and auditor's report.

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

During the year an interim dividend of £175 million was paid (2020: £165 million). The Directors do not recommend the payment of a final dividend in the current year (2020: 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 Directors' 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 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. 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 £6 billion revolving credit facility with Comcast, will be sufficient for the Company to meet its current and long-term liquidity and capital requirements.

The Company is in a net current liability position. However, the Company has received confirmation that Comcast intends to support the Company 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 16 June 2022.

Approved by the Board and signed on its behalf,

S Robson
Director

Grant Way
Isleworth
Middlesex
United Kingdom
TW7 5QD

16 June 2022

Directors' responsibilities statement

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 are required to prepare the financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. The financial statements also comply with International Financial Reporting Standards as issued by the IASB. 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 year.

In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether International Financial Reporting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SKY LIMITED

Report on the audit of the financial statements

1. Opinion

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

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom adopted international accounting standards and International Financial Reporting Standards (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 which comprise:

- the income statement;
- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 21.

The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom adopted international accounting standards and IFRSs as issued by the IASB.

2. 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 as applied to listed entities, 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.

3. Summary of our audit approach

Key audit matters	The key audit matter that we identified in the current year was: • Impairment of investments in subsidiaries.
Materiality	The materiality that we used in the current year was £300m which was determined on the basis of 1.7% of total assets.
Scoping	Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.
Significant changes in our approach	For the year ended 31 December 2021, there have been no significant changes in our approach.

4. Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- obtaining an understanding of management's process for monitoring cash requirements for the company and for Sky Group;
- inspecting the letter of support obtained by management from Comcast Corporation, the ultimate parent, and evaluating the intent and ability to provide that support; and
- considering contradictory evidence for the appropriateness of the basis of preparation.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5.1. Impairment of investments in subsidiaries

Key audit matter description	At the year end, the company has investments in unlisted subsidiaries of £9,395m (2020: £9,395m), valued at cost less accumulated impairment. These investments are material to the company as they account for 54% (2020: 56%) of total assets. The company's investments include the entire trading business of Sky Group, including the UK, Italy and Germany. The company's ultimate parent company is Comcast Corporation. Judgement is required by the Directors as to whether any of the investments should be impaired based on the financial position and future prospects of the subsidiaries. This takes into consideration a range of factors such as the trading performance of the wider business. Further details are included within the strategic report on page 3 and note 7 to the financial statements.
How the scope of our audit responded to the key audit matter	To address the risk of valuation of investments in subsidiaries due to unrecorded impairments, our audit procedures included: • obtaining an understanding of the goodwill impairment test of the Sky Group within the consolidated financial statements of Comcast Corporation for the year ended 31 December 2021, and obtaining an understanding of potential indicators of impairment; and • challenging management's assessment that there is no impairment of the investments in subsidiaries by performing analysis of historic profitability, comparing the investments to the net assets of the corresponding subsidiaries and performing independent search for contradictory evidence.
Key observations	Based on the work performed we concluded investments in subsidiaries are appropriately stated as of 31 December 2021.

6. Our application of materiality

6.1. Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Materiality	£300m (2020: £300m)
Basis for determining materiality	1.7% (2020: 1.8%) of total assets.
Rationale for the benchmark applied	The entity's purpose is to act as a holding company and finance the operations of the wider Group. The total assets which the company holds exist to carry out this function, and as such are of key importance to the operations of the entity.

6.2. Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole. Performance materiality was set at 70% of materiality for the 2021 audit (2020: 70%). In determining performance materiality, we considered the following factors:

1. our risk assessment, including our assessment of the company's overall control environment; and
2. our past experience of the audit, which has indicated a low number of corrected and uncorrected misstatements identified in prior periods.

6.3. Error reporting threshold

We agreed with the board of directors that we would report to the board of directors all audit differences in excess of £15m (2020: £15m), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the board of directors on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. An overview of the scope of our audit

7.1. Scoping

Our audit was scoped by obtaining an understanding of the entity and its environment, including internal control, and assessing the risks of material misstatement. Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.

7.2. Our consideration of the control environment

We tested and relied upon general IT controls over key systems relevant to the financial reporting process for the company, which included the general ledger system: SAP. We obtained an understanding of controls relevant to the key audit matter which have been applied to an account balance level

8. Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 this regard.

9. 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.

10. 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.

11. Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

11.1. Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the company's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- results of our enquiries of management and the board of directors about their own identification and assessment of the risks of irregularities;
- any matters we identified having obtained and reviewed the company's documentation of their policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
  - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team and relevant internal specialists, including tax, IT and industry specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the company operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act and tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. .

11.2. Audit response to risks identified

As a result of performing the above, we did not identify any key audit matters related to the potential risk of fraud or non-compliance with laws and regulations.

Our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management, the audit committee and in-house and external legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance and reviewing correspondence with HMRC and;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on other legal and regulatory requirements

12. 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.

13. Matters on which we are required to report by exception

13.1. Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have nothing to report in respect of this matter.

13.2. Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made.

We have nothing to report in respect of this matter.

14. 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
17 June 2022

Income Statement

For the year ended 31 December 2021

	Notes	**2021**	2020
		£m	£m
Revenue	2	**309**	279
Operating expense	3	**(40)**	(23)
Operating profit		**269**	256
Investment income	4	**95**	105
Finance costs	4	**(137)**	(155)
Profit before tax	5	**227**	206
Tax	6	**(43)**	(24)
Profit for the year attributable to equity shareholder		**184**	182

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

All results relate to continuing operations.

Statement of Comprehensive Income

For the year ended 31 December 2021

	Notes	2021 £m	2020 £m
Profit for the year attributable to equity shareholder		**184**	182
Other comprehensive income			
Amounts recognised directly in equity that may subsequently be recycled to the income statement			
Gain on cash flow hedges		**6**	87
Tax on cash flow hedges	6	**-**	(7)
Amounts reclassified and reported in the income statement			
Gain on cash flow hedges		**(10)**	(46)
Other comprehensive (expense)/income for the year (net of tax)		**(4)**	34
Total comprehensive income for the year attributable to equity shareholder		**180**	216

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

All results relate to continuing operations.

Balance Sheet

As at 31 December 2021

	Notes	2021 £m	Restated (note 21) 2020 £m	Restated (note 21) 2019 £m
Non-current assets				
Investment in subsidiaries	7	**9,395**	9,395	8,965
Intangible assets	8	**5**	-	-
Trade and other receivables	10	**6,479**	6,747	5,995
Derivative financial assets	13	**-**	83	387
Deferred tax assets		**-**	-	5
Total non-current assets		**15,879**	16,225	15,352
Current assets				
Trade and other receivables	10	**1,531**	521	525
Derivative financial assets	13	**90**	-	4
Total current assets		**1,621**	521	529
Total assets		**17,500**	16,746	15,881
Current liabilities				
Borrowings	11	**590**	1,342	960
Trade and other payables	12	**1,115**	105	49
Total current liabilities		**1,705**	1,447	1,009
Net current liabilities		**(84)**	(926)	(480)
Non-current liabilities				
Borrowings	11	**3,819**	4,544	5,726
Trade and other payables	12	**1,763**	537	-
Derivative financial liabilities	13	**7**	13	122
Deferred tax liabilities	9	**2**	2	-
Total non-current liabilities		**5,591**	5,096	5,848
Total liabilities		**7,296**	6,543	6,857
Equity				
Share capital	15	**873**	873	873
Share premium	16	**5,025**	5,025	3,897
Reserves	16	**1,059**	1,063	1,029
Retained Earnings	16	**3,247**	3,242	3,225
Total equity attributable to equity shareholder	16	**10,204**	10,203	9,024
Total liabilities and shareholder's equity		**17,500**	16,746	15,881

Balance Sheet (continued)

As at 31 December 2021

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

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 Limited, registered number 02247735 were approved by the Board of Directors on 16 June 2022 and were signed on its behalf by:

S Robson
Director

16 June 2022

Statement of Changes in Equity

For the year ended 31 December 2021

	Share Capital £m	Share premium £m	Special reserve £m	Capital redemption reserve £m	Capital reserve £m	Hedging reserve £m	Retained earnings £m	Total shareholder's equity £m
At 1 January 2020	873	3,897	14	190	844	(19)	3,225	9,024
Profit for the year	-	-	-	-	-	-	182	182
Recognition and transfer of cash flow hedges	-	-	-	-	-	41	-	41
Tax on items taken directly to other comprehensive income	-	-	-	-	-	(7)	-	(7)
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**34**	**182**	**216**
Issue of share capital	-	1,128	-	-	-	-	-	1,128
Dividends	-	-	-	-	-	-	(165)	(165)
At 31 December 2020	**873**	**5,025**	**14**	**190**	**844**	**15**	**3,242**	**10,203**
Profit for the year	-	-	-	-	-	-	184	184
Recognition and transfer of cash flow hedges	-	-	-	-	-	(4)	-	(4)
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**(4)**	**184**	**180**
Share-based payment	-	-	-	-	-	-	(4)	(4)
Dividends	-	-	-	-	-	-	(175)	(175)
At 31 December 2021	**873**	**5,025**	**14**	**190**	**844**	**11**	**3,247**	**10,204**

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

For a description of the nature and purpose of each equity reserve, see note 16.

Notes to the financial statements

1. Accounting policies

Sky Limited (the "Company") is a private company limited by shares, 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 02247735.

The Company's functional currency and presentational currency is pounds sterling.

a) Statement of compliance

The financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards as issued by the IASB.

The Company's principal activities are set out in the Directors' Report.

b) Basis of preparation

The financial statements have been prepared on a going concern basis and on an 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'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 assessment of risk.

Given the integrated nature of the Sky 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 Sky Group level. The Directors expect that the Sky Group businesses will continue to generate adequate cash flow from operating activities and believe that these cash flows, together with the Company's assets and available borrowings under its existing credit facilities, including the £6 billion revolving credit facility with Comcast, will be sufficient for the Company to meet its current and long-term liquidity and capital requirements.

The Company is in a net current liability position. However, the Company has received confirmation that Comcast intends to support the Company 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 for at least twelve months from the signing of the financial statements. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

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 consolidated financial statements afforded by section 401 of the Companies Act 2006, because it is a wholly-owned subsidiary of Comcast Corporation which prepares consolidated financial statements which are publicly available (see note 20).

The Company has adopted the new accounting pronouncements which became effective for this year.

Due to the nature of the entity's operations, it is considered to consist of one operating segment and no segmental disclosure has been prepared.

c) Revenue recognition

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.

Revenue, which excludes value added tax, represents the gross inflow of economic benefit from the Company's operating activities, and is measured at the fair value of the consideration received or receivable.

The Company's main source of revenue is from licensing the Sky brand name to subsidiaries. Revenue is recognised in the Income Statement over the year that the licence is held.

1. Accounting policies (continued)

d) IFRS 9 - 'Financial Instruments'

IFRS 9 introduced 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. The Company has 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.

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.

e) Intangible assets

Research expenditure is recognised in operating expense in the Statement of Comprehensive Income as the expenditure is incurred. Development expenditure (relating to the application of research knowledge to plan or design new or substantially improved products for sale or use within the business) is recognised as an intangible asset from the point that the Company has the intention and ability to generate future economic benefits from the development expenditure, that the development is technically feasible and that the subsequent expenditure can be measured reliably. Any other development expenditure is recognised in operating expense as incurred.

Other intangible assets, which are acquired by the Company separately or through a business combination, are initially stated at cost or fair value, respectively, less accumulated amortisation and impairment losses. intangible assets, which are acquired by the Company separately or through a business combination, are initially stated at cost or fair value, respectively, less accumulated amortisation and impairment losses.

Amortisation of an intangible asset begins when the asset is available for use, and is charged to the Statement of Comprehensive Income through operating expense over the asset's useful economic life in order to match the expected pattern of consumption of future economic benefits embodied in the asset. If the useful life is indefinite or the asset is not yet available for use, no amortisation is charged and an impairment test is carried out at least annually. Other intangible assets are tested for impairment in line with accounting policy h) below.

f) Derivative financial instruments and hedging activities

The Company uses derivative financial instruments to hedge its exposure to fluctuations in interest and foreign exchange rates.

Derivatives are held at fair value from the date on which a derivative contract is entered into. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under IFRS 13 "Fair Value Measurement". The Company calculates a separate credit valuation adjustment ('CVA') or debit valuation adjustment ('DVA') for each derivative based upon the net position for each counterparty relationship.

The Company calculates the CVA where it has a net asset position using a quoted credit default swap curve for the counterparty and calculates the DVA where it has a net liability position using an industry proxy credit default swap curve for the Company. The fair value of derivative financial instruments is calculated by discounting future cash flows with reference to the benchmark Libor curve, adjusted by the relevant credit default swap curve.

Certain derivatives held by the Company which relate to highly probable forecast transactions ("hedged items"), which meet qualifying criteria under IFRS 9 "Financial Instruments" ("IFRS 9"), are designated as cash flow hedges. Other derivatives which hedge changes in fair value of fixed rate financial instruments and meet the requirements of IFRS 9 are designated as fair value hedges. Certain other derivatives held by the Company do not meet the qualifying criteria for recognition for accounting purposes as hedges, despite this being their economic function. Changes in the fair values of these derivatives are recognised immediately in the Income Statement. The Company does not hold or issue derivatives for speculative purposes.

Changes in the fair values of derivatives that are designated as cash flow hedges ("cash flow hedging instruments") are initially recognised in the hedging reserve.

1. Accounting policies (continued)

i. Derivatives that qualify for cash flow hedge accounting

Amounts accumulated in the hedging reserve are subsequently recognised in the Income Statement when the related hedged item is recognised in the Income Statement. At inception, the effectiveness of the Company's cash flow hedges is assessed through a comparison of the principal terms of the hedging instrument and the underlying hedged item. The ongoing effectiveness of the Company's cash flow hedges is assessed using the dollar-offset approach, with the expected cash flows of hedging instruments being compared to the expected cash flows of the hedged items. This assessment is used to demonstrate that each hedge relationship is expected to be highly effective on inception, has been highly effective in the year and is expected to continue to be highly effective in future years. The measurement of hedge ineffectiveness for the Company's hedging instruments is calculated using the hypothetical derivative method, with the fair values of the hedging instruments being compared to those of the hypothetical derivative that would result in the designated cash flow hedge achieving perfect hedge effectiveness.

The excess of the cumulative change in the fair value of the actual hedging instrument compared to that of the hypothetical derivative is deemed to be hedge ineffectiveness, which is recognised in the Income Statement.

When a cash flow hedging instrument expires, is terminated or is exercised, or if a hedge no longer meets the qualifying criteria for hedge accounting, any cumulative gain or loss existing in the hedging reserve at that time remains in the hedging reserve provided that the underlying transaction is still expected to occur. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in the hedging reserve is immediately recognised in the Income Statement and all future changes in the fair value of the cash flow hedging instruments are immediately recognised in the Income Statement.

g) 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 Income Statement.

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. Borrowings

Borrowings are recorded as the proceeds received, net of direct issue costs. Finance charges, including any premium payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the Income Statement using the effective interest method and are added to the carrying amount of the underlying instrument to which they relate, to the extent that they are not settled in the year in which they arise.

1. Accounting policies (continued)

h) 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 g) and deferred taxation (see accounting policy j) 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 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.

i) Investment in subsidiaries

An investment in a subsidiary is recognised at cost less accumulated 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.

j) Tax, including deferred tax

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

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 the goodwill and 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 year 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 Income Statement, 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.

k) Distributions to equity shareholders

Dividends are recognised in the retained earnings reserve in the year in which they are declared.

The cost of repurchasing the Company's own equity shares for cancellation ("share buy-backs") is recorded in retained earnings. In addition, the nominal cost of shares repurchased is deducted from share capital and a matching credit is recorded in the capital redemption reserve.

1. Accounting policies (continued)

l) Foreign currency translation

Trading activities denominated in foreign currencies are recorded in pounds sterling at the applicable monthly exchange rates. Monetary assets, liabilities and commitments denominated in foreign currencies at the balance sheet date are recorded at the rates of exchange at that date. Non-monetary assets and liabilities denominated in foreign currencies are translated to pounds sterling at the exchange rate prevailing at the date of the initial transaction. Gains and losses from the retranslation of assets and liabilities are included net in profit for the year.

The assets and liabilities of the Company's foreign operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the applicable monthly average exchange rates. Any exchange differences arising are classified as equity within the foreign currency translation reserve.

m) 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 after 1 January 2021. 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.

- Covid-19 Related Rent Concessions – Amendment to IFRS 16 'Leases' (effective 1 April 2021)
- Annual Improvements to IFRS Standards 2018 – 2020 – Amendments to IFRS 1, IFRS 9 and IFRS 16 (effective 1 January 2022)
- Conceptual Framework – Amendments to IFRS 3 'Business Combinations' (effective 1 January 2022)
- Proceeds before Intended Use – Amendments to IAS 16 'Property, Plant and Equipment' (effective 1 January 2022)
- Onerous Contracts – Cost of Fulfilling a Contract – Amendment to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' (effective 1 January 2022)
- Classification of Liabilities as Current or Non-current – Amendment to IAS 1 'Presentation of Financial Statements' (effective 1 January 2023)
- Implementation issues – Amendments to IFRS 17 'Insurance Contracts' (effective 1 January 2023)
- Definition of Accounting Estimates – Amendment to IAS 8 'Accounting policies, changes in accounting estimates and errors' (effective 1 January 2023)
- Disclosure of Accounting Policies – Amendment to IAS 1 'Presentation of Financial Statements' (effective 1 January 2023)

n) Critical accounting policies and the use of judgement and estimates

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 Company's accounting policies may also require the use of estimation or judgement in a manner which may affect the Company's financial position or results.

No accounting policies are considered to be critical to the Company.

1. Accounting policies (continued)

n) Critical accounting policies and the use of judgement and estimates (continued)

Key sources of estimation uncertainty

There are no areas identified for which there are major sources of estimation uncertainty at the reporting year end that have asignificant risk of causing a material adjustment to be made to the carrying value amounts of assets or liabilities within the next financial year. As such, there are no critical estimates noted.

There are not considered to be any critical judgements applied in the preparation of the financial statements.

Areas where estimation or judgement is applied have been discussed in the preceding section above.

2. Revenue

	2021	2020
	£m	£m
Operating revenue	309	279

The Company's main source of revenue is from licensing the Sky brand name to subsidiaries. Revenue is recognised in the Income Statement over the year that the licence is held. Revenue arises from services provided to the United Kingdom.

3. Operating expense

	2021	2020
	£m	£m
Sales, general and administration	**40**	23
	40	23

4. Investment income and finance costs

	2021 £m	2020 £m
Investment income		
Intercompany interest receivable[(i)]	**95**	105
	95	105

	2021 £m	2020 £m
Finance costs		
Interest payable and similar charges		
Guaranteed Notes (see note 10)	**(140)**	(154)
Intercompany interest payable [(ii)]	**(3)**	(1)
	(143)	(155)
Other finance Income / (Expense)		
Remeasurement of borrowings and borrowings-related derivative financial instruments (not qualifying for hedge accounting)	**218**	(191)
Foreign exchange (loss)/gain arising on intercompany loan agreement	**(212)**	191
	6	-
Total finance costs	**(137)**	(155)

(i) Intercompany interest is receivable on certain loans to Sky Operational Finance Limited and certain loans to Sky UK Limited (see note 10).

(ii) Intercompany interest is payable on a loan from Comcast Corporation and Sky UK limited (see note 12).

5. Profit before taxation

Employee benefits and key management compensation

There were no employee costs during the year (2020: £nil), 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 (2020: £nil). The Directors did not receive any remuneration during the year (2020: £nil) in respect of their services to the Company.

Audit fees

Amounts paid to the auditor for the audit of the Company's annual financial statements of £125,000 (2020: £125,000) were borne by another Group subsidiary in 2021 and 2020. No amounts for other services have been paid to the auditor.

6. Tax

a) Tax recognised in the income statement

	2021 £m	2020 £m
Current tax expense		
Current year	**43**	40
Adjustment in respect of prior years	**-**	(15)
Total current tax charge	**43**	25
Deferred tax expense/(credit)		
Origination and reversal of temporary differences	**-**	(1)
Total deferred tax charge/(credit)	**-**	(1)
Tax charge	**43**	24

b) Tax recognised directly in equity

	2021 £m	2020 £m
Deferred tax charge relating to cash flow hedges	**-**	7
Total tax recognised directly in equity	**-**	7

c) Reconciliation of effective tax rate

The tax charge for the year is consistent with (2020: consistent with) the charge that would have been calculated using the rate of corporation tax in the UK of 19.0% (2020: 19.0%) applied to profit before tax. The differences are explained below:

	2021 £m	2020 £m
Profit before tax	**227**	206
Profit before tax multiplied by rate of corporation tax in the UK of 19.0% (2020: 19.0%)	**43**	39
Effects of:		
Adjustment in respect of prior years	**-**	(15)
Tax	**43**	24

All tax relates to UK corporation tax and liabilities due to the UK tax authorities are settled by Sky UK Limited on the Company's behalf.

7. Investment in subsidiaries and associates

(a) Non-current loans and subscription for shares in subsidiaries

The movement in the year was as follows:

	2021 £m	2020 £m
Cost and funding		
Beginning of year	**10,400**	9,970
Subscription for shares	**-**	430
End of year	**10,400**	10,400
Amounts provided		
Beginning of year	**(1,005)**	(1,005)
End of year	**(1,005)**	(1,005)
Net book value		
Beginning of year	**9,395**	8,965
End of year	**9,395**	9,395

Investments in subsidiaries shown above represent the cost of the shares of the subsidiary undertakings plus capital contributions, less provisions made for any impairment in value.

The Company and its subsidiaries are involved in the operation of pay television broadcasting and home communications services, including the provision of broadband and telephone operations. Certain subsidiary companies provide ancillary functions which support these operations. Joint ventures and associates are involved in the transmission of specialist channels and the production of television programming.

Unless otherwise indicated, all shareholdings owned directly or indirectly by the Company represent 100% of the issued share capital of the subsidiary and the share capital is comprised of ordinary shares. All entities primarily operate in their country of incorporation and are listed at their registered addresses.

7. Investment in subsidiaries and associates (continued)

(a) Non-current loans and subscription for shares in subsidiaries (continued)

Details of all investments of the Company are as follows:

Subsidiaries

Incorporated in England and Wales
Grant Way, Isleworth, Middlesex TW7 5QD

Name
Direct Holdings
365 Media Group Limited
British Sky Broadcasting Group Limited
Picnic Limited
S.A.T.V. Publishing Limited
Sky Finance Europe Limited
Sky Group Finance Limited
Sky Guarantee Investments Limited
Sky Holdings Limited
Sky Operational Finance Limited
Sky Television Limited
Sky UK Limited
Indirect holdings
Agreed Voices Limited
Amstrad Limited
Blast! Films Limited
British Sky Broadcasting Limited
Ciel Bleu 6 Limited
Cymru International Limited
Diagonal View Limited
Dolphin TV Limited
Independent Fibre Retail Limited
International Channel Pack Distribution Limited
Kidsprog Limited
Love Productions Limited
Low Voices Limited
Multicultural & Ethnic Media Sales Limited
NBC Universal Global Networks UK Limited
Neos Ventures Limited
Newserge Limited
Noon Systems Limited
NOW TV Limited
Parthenon Media Group Limited
Parthenon 2 Limited
Production Voices Limited
Rising Voices Limited
Rivals Digital Media Limited
Sky Comedy Limited
Sky Corporate Secretary Limited
Sky CP Limited
Sky Europe Limited
Sky Global Media Limited
Sky Group Limited

7. Investment in subsidiaries and associates (continued)

(a) Non-current loans and subscription for shares in subsidiaries (continued)

Subsidiaries (continued)

Sky Healthcare Scheme 2 Limited
Sky History Limited
Sky Home Communications Limited
Sky In-Home Service Limited
Sky International Limited
Sky International Operations Limited
Sky IP International Limited
Sky IQ Limited
Sky LLU Assets Limited
Sky Mobile Services Limited
Sky New Media Ventures Limited
Sky News Limited
Sky Ocean Ventures (General Partner) Limited
Sky Ocean Ventures Limited Partnership
Sky Ocean Ventures Partner Limited
Sky Publications Limited
Sky Retail Stores Limited
Sky SNA Limited
Sky SNI Limited
Sky SNI Operations Limited
Sky Studios Limited
Sky Studios Productions Limited
Sky Subscribers Services Limited
Sky Summer Limited
Sky Telecommunications Limited
Sky Telecommunications Services Limited
Sky UK Investments Limited
Sky Ventures Limited
Sugar Films Limited
The Cloud Networks Limited
Third Day Productions Limited
Transistor Films Limited
True North Productions Limited (83%)
Two Plus Voices Limited
Una Tickets Limited
Virtuous Systems Limited
Wider Voices Limited

7. Investment in subsidiaries and associates (continued)

(a) Non-current loans and subscription for shares in subsidiaries (continued)

Subsidiaries (continued)

Unit 100 Highgate Studios, 53-79 Highgate Road, London NW5 1TL
Name
Indirect holdings
Blast! Films – Hunger Limited
Blast! Films – One Day Limited

Incorporated in the UK

Millbank Tower, 21-24 Millbank, London SW1P 4QP
Name
Indirect holdings
Attheraces Holdings Limited (50.413%)
Attheraces Limited
Attheraces (UK) Limited
Go Racing Limited

Incorporated in Germany

Medienallee 26, 85774 Unterföhring, Munich
Name
Indirect holdings
BSkyB GmbH
SCAS Satellite CA Services GmbH
Sky Deutschland GmbH
Sky Deutschland Fernsehen Gmbh & Co.KG
Sky Deutschland Verwaltungs GmbH
Sky Deutschland Interaction Center I GmbH
Sky Deutschland Interaction Center II GmbH
Sky German Holdings GmbH
NBC Universal Global Networks Deutschland GmbH
Sky Media GmbH

Oderstraße 59, 14513 Teltow, Potsdam
Name
Indirect holdings
Sky Deutschland Customer Center GmbH

Eckdrift 109, 19061 Schwerin-Krebsförden
Name
Indirect holdings
Sky Deutschland Service Center GmbH

7. Investment in subsidiaries and associates (continued)

(a) Non-current loans and subscription for shares in subsidiaries (continued)

Subsidiaries (continued)

Theresienstraße 47 a, 80333, Munich
Name
Indirect holdings
Infobonn Text, Informations und Pressebüro Verwaltungsgesellschaft mbH
DFA Deutsche Fernsehnachrichten Agentur GmbH
GIGA Television GmbH
ZAP Television Beteiligungs GmbH (83.5% subsidiary of DFA Deutsche Fernsehnachrichten Agentur GmbH)
ZAP Television GmbH & Co. KG (83.5% subsidiary of DFA Deutsche Fernsehnachrichten Agentur GmbH)

Incorporated in Italy

Via Monte Penice, 7-20138 Milan
Name
Indirect holdings
Digital Exchange S.r.l
Nuova Società Televisiva Italiana S.r.l
Sky Italia S.r.l
Sky Italian Holdings S.p.A
Sky Italia Network Services S.r.l
Telepiù S.r.l
Vision Distribution SpA (60%)

Incorporated in the USA

Corporation Trust Center 1209 Orange Street, Wilmington, New Castle, Delaware, 19801
Name
Indirect holdings
BSkyB US Holdings, Inc.
Znak & Co LLC

c/o Comcast Capital Corporation, 1201 N. Market Street, Suite 1000, Wilmington, Delaware 19801
Name
Indirect holdings
Big Sky Music, LLC
Callisto Media West, LLC
Catalina Content, LLC
Jupiter Entertainment, LLC
Jupiter Entertainment Holdings LLC
Jupiter Entertainment North, LLC
Sky Ocean Ventures US, Inc

Notes to the financial statements (continued)

7. Investment in subsidiaries and associates (continued)

(a) Non-current loans and subscription for shares in subsidiaries (continued)

Subsidiaries (continued)

4800 Old Kingston Pike, Suite 2200, Knoxville, TN 37919
Name
Indirect holdings
PhotoOps, LLC
The Production Hive, LLC

3415 S Sepulveda Blvd, Ste 1200, Los Angeles CA90034
Name
Indirect holdings (subsidiaries of Love Productions Limited)
Baking Show, LLC
International Journeys, LLC
Love American Journeys, LLC
Love Production USA, Inc
Media Core LLC (USA)
USA Love Development, LLC
Welcome to Hollywood, LLC
Cotham Hill Productions, LLC
Eagle Street Productions, LLC
Jet Tracks, LLC

16192 Coastal Highway, Lewes, Sussex, Delaware 19958
Name
Indirect holdings
Neos Ventures, Inc

Incorporated in other overseas countries

Austria - Handelskai 92, 1200 Wien
Name
Indirect holdings
Sky Österreich Fernsehen GmbH
Sky Österreich Verwaltung GmbH

Belgium - Boulevard Charlemagne 1, 1041 Brussels
Name
Indirect holdings
Sky Channel SA

7. Investment in subsidiaries and associates (continued)

(a) Non-current loans and subscription for shares in subsidiaries (continued)

Subsidiaries (continued)

Denmark - Aagade 15B, 9000 Aalborg, Denmark
Name
Direct holdings
Sky Labs Aalborg A/S

Hong Kong - Level 54, Hopewell Centre, 183 Queen's Road East
Name
Indirect holdings
Sky Manufacturing Services Limited

Ireland - Fifth Floor, One Burlington Plaza, Burlington Road, Dublin 4
Name
Indirect holdings
Sky Ireland Limited

Poland - Ul. Plac Marsz. Jozefa Pilsudskiego 1, Warsaw; Mazowieckie, 00-0788
Name
Indirect holdings
Sky Supply Chain Services Poland Sp. z o.o.

Switzerland - Rue du Puits-Godet 10, Neuchâtel
Name
Indirect holdings
Sky Switzerland SA

Switzerland - Stockerhof, Dreikönigstrasse 31A, CH8002 Zürich
Name
Indirect holdings
Sky International AG

8. Intangible assets

	Other intangible assets £m	Total £m
Intangibles transferred from other entities	5	5
At 31 December 2021	**5**	**5**
Carrying amounts		
At 31 December 2021	**5**	**5**

In 2021 Sky International AG (SIAG) transfered and licenced IP rights (trademarks and domain names, excluding News and Radio) to Sky Limited.

9. Deferred tax

Recognised deferred tax liabilities

	Financial instruments temporary differences £m	Total £m
At 31 December 2019	5	5
Credit to equity	(7)	(7)
At 31 December 2020	(2)	(2)
At 31 December 2021	**(2)**	**(2)**

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 for the relevent period of reversal is 25% (2020: 19%)

10. Trade and other receivables

	2021 £m	Restated (note 21) 2020 £m
Amounts receivable from subsidiaries	**1,528**	518
Prepayments and other receivables	**3**	3
Current other receivables	**1,531**	521
Non-current amounts receivable from subsidiaries	**6,479**	6,747
Total trade and other receivables	**8,010**	7,268

a) Amounts receivable from subsidiaries

Current

Amounts due from subsidiaries as at 31 December 2021 are £1,528 million (2020: £518 million). £518 million (2020: £518 million) represent trade receivables, these are non-interest bearing and are repayable on demand. The balance of £1,009 million (2020: nil) are loans. In 22 September 2021 the Company entered into an agreement with Sky UK Limited for a loan of €1,200 million. The loan is interest bearing at a rate of EURIBOR + 1.15% per annum and is expected to be settled in 2022. At 31 December the balance on the account was £1,009 million.

Non-Current

On 17 November 2015, the Company made a loan of £356 million to Sky Operational Finance Limited. This loan bears interest at 3.721% and is repayable on demand. At 31 December 2021 the balance of the loan was £358 million (2020: £358 million).

On 1 April 2015, the Company made a loan of €600 million to Sky Operational Finance Limited. This loan bears interest at 3 month EURIBOR plus 0.75% and is repayable on demand. At 31 December 2021 the balance of the loan was £504 million (2020: £537 million).

On 27 November 2014, the Company made a loan of €400 million to Sky Operational Finance Limited. This loan bears interest at 2.750% and is repayable on demand. At 31 December 2021 the balance of the loan was £337 million (2020: £359 million).

On 24 November 2014, the Company made loans of €850 million and €126 million to Sky Operational Finance Limited. These loans bear interest at a rate of 1.875% and 2.940% respectively, and are repayable on demand. At 31 December 2021 the balance of the loans were £715 million and £106 million respectively (2020: £762 million and £113 million respectively).

On 16 September 2014, the Company made loans of €969 million to Sky Operational Finance Limited. This loan bears interest at 2.187% and is repayable on demand. An amount of €469 million was settled on 22 July 2020 leaving the remaining €500m on the loan. At 31 December 2021 the balance of the loan was £422 million (2020: £450 million).

On 15 September 2014, the Company made loans of €1,500 million and €1,000 million to Sky Operational Finance Limited. These loans bear interest at 1.500% and 2.500% respectively and are repayable on demand. At 31 December 2021 the balance of the loans were £1,265 million and £846 million respectively (2020: £1,349 million and £902 million respectively).

In July 2014, the Sky Operational Finance Limited entered into a loan agreement with Rainbow Finance (Jersey) Limited for £1,346 million. This loan was assigned from Rainbow Finance (Jersey) Limited to Sky Limited following the winding up of Rainbow Finance (Jersey) Limited in December 2017. This loan is non-interest bearing and is repayable on demand. The balance outstanding at 31 December 2021 was £954 million (2020: £953 million).

In July 1999, Sky Limited issued US $650 million of guaranteed notes and loaned the proceeds to Sky UK Limited. Sky UK Limited is liable to the 8.200% external interest payments on the notes. Sky UK Limited also pays the same rate of interest to Sky Limited. At 31 December 2021 the total of the loan was £49 million (2020: £49 million).

On 23 July 2020, the Company made a loan of $1,250 million to Sky UK Limited. This loan bears interest at 0.45% and is expected to be repaid on 16 September 2024. At 31 December 2021 the balance of the loan was £923 million (2020: £914 million).

All other amounts receivable from subsidiaries are non-interest bearing and are also repayable on demand. The Directors consider that the carrying amount of other receivables approximates their fair values.

The Company is exposed to credit risk on its trade and other receivables, which are entirely with other members of the Group and represents a concentration of risk. No allowances have been recorded against amounts receivable from Group companies as the expected credit loss on these balances is assessed as being immaterial. No other impairments have been recognised in relation to any intercompany balances.

11. Borrowings

	2021 £m	2020 £m
Current Borrowings		
€1,500 million of 1.5% Guaranteed Notes repayable in September 2021	**-**	1,342
US$800 million of 3.125% Guaranteed Notes repayable in November 2022	**590**	-
Total Current Borrowings	**590**	1,342
Non-Current Borrowings		
US$800 million of 3.125% Guaranteed Notes repayable in November 2022	**-**	584
€850 million of 1.875% Guaranteed Notes repayable in November 2023	**712**	759
US$1,250 million of 3.75% Guaranteed Notes repayable in September 2024	**921**	911
€500m of 2.250% Guaranteed Notes repayable in November 2025	**419**	446
€1,000 million of 2.5% Guaranteed Notes repayable in September 2026	**837**	892
£300 million of 6.000% Guaranteed Notes repayable in May 2027	**298**	298
£300 million of 4.0% Guaranteed Notes repayable in November 2029	**298**	298
€400 million of 2.75% Guaranteed Notes repayable in November 2029	**334**	356
Total Non-Current Borrowings	**3,819**	4,544
Total	**4,409**	5,886

11. Borrowings (continued)

At 31 December 2021 the Company had in issue the following Guaranteed Notes:

	Hedged Value	Interest Rate Hedging Fixed	Hedged Interest Rates Fixed
	£m	£m	
Non-Current Borrowings			
US$800 million of 3.125% Guaranteed Notes repayable in November 2022	**503**	**503**	**3.226%**
£300 million of 6.0% Guaranteed Notes repayable in May 2027	**300**	**300**	**6.000%**
£300 million of 4.0% Guaranteed Notes repayable in November 2029	**200**	**200**	**4.000%**
	1,003	**1,003**	
	€m	**€m**	
€850 million of 1.875% Guaranteed Notes repayable in November 2023	**850**	**850**	**1.875%**
€500 million of 2.250% Guaranteed Notes repayable in November 2025	**500**	**500**	**2.250%**
€1,000 million of 2.5% Guaranteed Notes repayable in September 2026	**1,000**	**1,000**	**2.500%**
£300 million of 4.0% Guaranteed Notes repayable in November 2029	**126**	**126**	**2.943%**
€400 million of 2.75% Guaranteed Notes repayable in November 2029	**400**	**400**	**2.750%**
	2,876	**2,876**	
	$m	**$m**	
US$1,250 million of 3.75% Guaranteed Notes repayable in September 2024	**1,250**	**1,250**	**3.750%**
	1,250	**1,250**	

11. Borrowings (continued)

At 31 December 2020 the Company had in issue the following Guaranteed Notes:

	Hedged Value	Interest Rate Hedging Fixed	Hedged Interest Rates Fixed
	£m	£m	
Non-Current Borrowings			
US$800 million of 3.125% Guaranteed Notes repayable in November 2022	**503**	**503**	3.226%
£300 million of 6.0% Guaranteed Notes repayable in May 2027	**300**	**300**	6.000%
£300 million of 4.0% Guaranteed Notes repayable in November 2029	**200**	**200**	4.000%
	1,003	**1,003**	
	€m	**€m**	
€1,500 million of 1.5% Guaranteed Notes repayable in September 2021	**1,500**	**1,500**	1.500%
€850 million of 1.875% Guaranteed Notes repayable in November 2023	**850**	**850**	1.875%
€500 million of 2.250% Guaranteed Notes repayable in November 2025	**500**	**500**	3.750%
€1,000 million of 2.5% Guaranteed Notes repayable in September 2026	**1,000**	**1,000**	2.500%
£300 million of 4.0% Guaranteed Notes repayable in November 2029	**126**	**126**	2.943%
€400 million of 2.75% Guaranteed Notes repayable in November 2029	**400**	**400**	2.750%
	4,376	**4,376**	
	$m	**$m**	
US$1,250 million of 3.75% Guaranteed Notes repayable in September 2024	**1,250**	**1,250**	**3.750%**
	1,250	**1,250**	

The Cross-Currency Swaps relating to September 2024 and November 2025 bonds were terminated in July 2020. The September 2024 hedges were replaced with Intercompany loans to Sky UK Limited.

The following guarantees are in place relating to outstanding borrowings: (a) Sky UK Limited, Sky Subscribers Services Limited, Sky Group Finance Limited, Sky Telecommunications Services Limited, Sky CP Limited and Comcast Corporation have given joint and several guarantees in relation to the outstanding Guaranteed Notes issued by the Company; and (b) the Company, Sky UK Limited, Sky Subscribers Services Limited, Sky Telecommunications Services Limited, Sky CP Limited and Comcast Corporation have given joint and several guarantees in relation to the outstanding Guaranteed Notes issued by Sky Group Finance Limited

Notes to the financial statements (continued)

12. Trade and other payables

	2021 £m	2020 £m
Amounts payable to parent company (a)	**70**	54
Amounts payable to ultimate parent company (b)	**1**	1
Amounts payable to other group companies (c)	**-**	10
Amounts payable to subsidiaries (d)	**1,010**	-
Accruals	**34**	40
Current other payables	**1,115**	105
Non-current amounts payable to ultimate parent company	**1,763**	537
Total trade and other payables	**2,878**	642

a) Amounts payable to parent company

There are current amounts due to the parent company totalling £70 million (2020: £54 million) which are non-interest bearing and are repayable on demand.

b) Amounts payable to ultimate parent company

There are current amounts due to the ultimate parent company £1 million (2020: £1 million) of which £1 million (2020: £1 million) is interest payable on non-current loans.

On 1 April 2020, the Company entered into an agreement with Comcast Corporation for a loan of €600 million. The loan is interest bearing at a rate of 0.25% per annum and is repayable on 20 May 2027. At 31 December 2021, the balance on the account was £504 million (2020: £537 million).

On 15 September 2021, the Company entered into agreements with Comcast Corporation for a loan of EUR €1,000 million and €500 million. The loan is interest bearing at a rate of 0% and 0.25% per annum respectively and are repayable on 14 September 2026 and 14 September 2029. At 31 December 2021 the balance on the account was £839 million and £420 million.

The Directors consider that the carrying amount of other payables approximates their fair values.

c) Amounts payable to other group companies

There are amounts due to other group companies totalling £nil (2020: £10 million) of which £nil (2020: £10 million) are trade payables; these balances were non-interest bearing and are repayable on demand.

d) Amounts payable to the subsidiaries

There are current amounts due to subsidiaries totalling £1 million (2020: nil) of which £1 million (2020: nil) represent trade payables, these are non-interest bearing and are repayable on demand.

On 22nd September 2021, the Company entered into agreements with Sky UK Limited for a loan of €1,200 million. The loan is interest bearing at a rate of EURIBOR +1.15% per annum and is expected to be settled in 2022. At 31 December 2021 the balance on the account was £1,009 million.

13. Derivatives and other financial Instruments

Fair Values

Set out below is a comparison of the carrying values and the estimated fair values of the Company's financial assets and financial liabilities at 31 December 2021 and 31 December 2020:

	Financial Assets at Amortised Cost	Financial Liabilities at Amortised Cost	Financial Assets at Fair Value Through Income Statement	Financial Liabilities at Fair Value Income Statement	Total carrying value	Total fair values
	£m	£m	£m	£m	£m	£m
At 31 December 2021						
Quoted Bond debt	**-**	**(4,409)**	**-**	**-**	**(4,409)**	**(4,824)**
Derivative financial instruments	**-**	**-**	**90**	**(7)**	**83**	**83**
Trade and other payables	**-**	**(2,873)**	**-**	**-**	**(2,873)**	**(2,873)**
Trade and other receivables	**8,018**	**-**	**-**	**-**	**8,018**	**8,018**
At 31 December 2020						
Quoted Bond debt	-	(5,886)	-	-	(5,886)	(6,545)
Derivative financial instruments	-	-	83	(13)	70	70
Trade and other payables	-	(642)	-	-	(642)	(642)
Trade and other receivables	7,268	-	-	-	7,268	7,268

Set out below are the derivative financial instruments entered into by the Company to manage its interest rate and foreign exchange risk.

	2021				2020			
	Asset		**Liability**		Asset		Liability	
	Fair Value	**Notional**	**Fair Value**	**Notional**	Fair Value	Notional	Fair Value	Notional
	£m	**£m**	**£m**	**£m**	£m	£m	£m	£m
Cash flow hedges								
Cross-currency swaps	**90**	**503**	**-**	**-**	83	503	-	-
Derivatives not in a formal hedge relationship								
Cross-currency swaps	**-**	**-**	**(7)**	**100**	-	-	(13)	100
Total	**90**	**503**	**(7)**	**100**	83	503	(13)	100

The maturity of the derivative financial instruments is shown below:

	2021		2020	
	Asset	**Liability**	Asset	Liability
	£m	**£m**	£m	£m
In one year or less	**90**	**-**	-	-
Between one and two years	**-**	**-**	-	-
Between two and five years	**-**	**-**	83	-
In more than five years	**-**	**(7)**	-	(13)
Total	**90**	**(7)**	83	(13)

13. Derivatives and other financial Instruments (continued)

Fair Values (continued)

The fair values of financial assets and financial liabilities are determined as detailed below and all items held at fair value are classified as Level 2 in the fair value hierarchy, with the exception of the Company's quoted bond debt which is determined with reference to quoted market prices based on Level 1 of the fair value hierarchy.

Level 1: Fair values measured using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair values measured using inputs, other than quoted prices included within Level 1 that are observable for the asset or liability either directly or indirectly. Derivative financial instrument fair values are present values determined from future cash flows discounted at rates derived from market source data.

Level 3: Fair values measured using inputs for the asset or liability that are not based on observable market data. Unlisted minority equity investments are held at fair value and are categorised as Level 3 in the fair value hierarchy. The Company utilises initial historical cost and also the fair value implied by latest funding rounds, as applicable, in determining fair values of unlisted investments at the balance sheet date.

Offsetting of financial assets and liabilities

The following table show those financial asset and liabilities subject to offsetting, enforceable master netting arrangements and similar agreements.

				Related amounts not set off in the balance sheet	
	Gross amounts of recognised financial assets / (liabilities)	Gross amounts of financial assets / (liabilities) offset in the balance sheet	Net amounts presented in Balance Sheet	Right of set off with derivative counterparties	Net amount
	£m	£m	£m	£m	£m
At 31 December 2021					
Derivative financial assets	90	-	90	-	90
Derivative financial liabilities	(7)	-	(7)	-	(7)
Total	83	-	83	-	83
At 31 December 2020					
Derivative financial assets	**83**	-	**83**	-	**83**
Derivative financial liabilities	**(13)**	-	**(13)**	-	**(13)**
Total	**70**	-	**70**	-	**70**

Financial assets and liabilities are offset and the amount reported in the consolidated balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Derivative financial instruments that do not meet the criteria for offset could be settled net in certain circumstances under ISDA ('International Swaps and Derivatives Association') agreements where each party has the option to settle amounts on a net basis in the event of default from the other.

13. Derivatives and other financial Instruments (continued)

Changes in asset and liabilities arising from financing activities

	31 December 2020	Net (proceeds) repayments [3]	Interest Paid [3]	Net Financing Costs [2]	31 December 2021
	£m	£m	£m	£m	£m
Assets and liabilities arising from financing activities[1]	(5,856)	1,282	152	62	(4,360)

(1) Includes Borrowings £4,409 million (2020: £5,886 million), borrowings related Interest £34 million (2020: £40 million) and debt related derivatives net asset £83 million (2020: net asset £70 million).

(2) Includes fee amortisation, fair value and foreign exchange which impact the Income statement or other comprehensive income.

(3) Settlement via Intra-company arrangements.

14. Financial risk management objectives and policies

The Comcast Group's Treasury function is responsible for raising finance for the Company's operations. The Sky Group Treasury function manages liquidity, foreign exchange, interest rate and credit risks. Treasury operations are conducted within a framework of policies and guidelines authorised and reviewed by Comcast's Audit Committee and Board of Directors, 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 Sky Group's principal market risks are exposures to changes in interest rates and foreign exchange rates, which arise both from the Sky Group's sources of finance and its operations. Following evaluation of those market risks, the Sky 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 and forward foreign exchange contracts to hedge transactional and translational currency exposures.

Market risk

The following table sets out the maturity profile and average interest rates and foreign currency exchange rates of the hedging instruments used in the Company's hedging strategies:

	0 - 6 Months	6 - 12 Months	Beyond 12 Months
Cash flow hedges			
Foreign Currency risk			
Cross Currency Swaps (GBP:USD) fixed			
Notional Amount (£m)	-	503	-
Average exchange rate	-	1.59	-
Average GBP Interest rate (%)	-	3.23	-

14. Financial risk management objectives and policies (continued)

Market risk (continued)

The following table represents the corresponding carrying values and nominal amounts of derivatives in a continued hedge relationship as at 31 December 2021:

	Nominal Amount of the hedging Instrument	Carrying amount of the hedging Instrument		Line item in the statement of financial position where the hedging instrument is located	Opening Balance 1 Jan 2021	(Gain) / Loss deferred to OCI	Gain / (Loss) recycled to finance income / costs	Closing Balance 31 December 2021
		Assets	Liabilities					
	£m	£m	£m		£m	£m	£m	£m
Cash Flow Hedges								
Foreign Currency risk								
Cross-Currency Swaps	503	90	-	Derivative Financial Assets	(1)	(7)	5	(3)
Discontinued hedge	-	-	-		(17)	-	5	(12)

The following table represents the changes in value of hedging instrument and hedged item for calculating hedge ineffectiveness as at 31 December 2021:

	Hedging Instrument	Change in value of hedging instrument for calculating hedge ineffectiveness	Change in value of hedged item for calculating hedge ineffectiveness
		£m	£m
Cash Flow Hedges			
Foreign Exchange Risk			
Foreign Currency Denominated Borrowings	Cross Currency Swaps	(7)	7

Foreign exchange risk

The following analysis details the Company's sensitivity to movements in pounds sterling against all currencies in which it has significant transactions. The sensitivity analysis includes only outstanding foreign currency denominated financial instruments and adjusts their translation at the year end for a 25% change in foreign currency rates, considered to be a significant but plausible fluctuation between any two currencies.

A 25% strengthening in pounds sterling against the US dollar would have no impact on profit (2020: £nil), relating to non-cash movements in the valuation of derivatives. The same strengthening would have an adverse impact on other equity of £3 million (2020: adverse impact of £7 million).

A 25% weakening in pounds sterling against the US dollar would have no impact on profit (2020: £nil), relating to non-cash movements in the valuation of derivatives. The same weakening would have a beneficial impact on other equity of £5 million (2020: beneficial impact of £11 million).

A 25% strengthening in pounds sterling against the euro would have a beneficial impact on profit of £5 million (2020: beneficial impact of £7 million), relating to non-cash movements in the valuation of derivatives. The same strengthening would have an adverse impact on other equity of £12 million (2020: adverse impact of £13 million).

A 25% weakening in pounds sterling against the euro would have an adverse impact on profit of £8 million (2020: adverse impact of £11 million), relating to non-cash movements in the valuation of derivatives. The same weakening would have a beneficial impact on other equity of £20 million (2020: beneficial impact of £21 million).

14. Financial risk management objectives and policies (continued)

Interest rate risk

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivatives and non-derivative financial instruments at the balance sheet date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the balance sheet date was outstanding for the whole year.

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

For each one hundred basis point rise or fall in interest rates at 31 December 2021, and if all other variables were held constant, the Company's profit for the year ended 31 December 2021 would decrease or increase by £1 million (2020: decrease or increase by £2 million) and other equity reserves would decrease or increase by £1 million (2020: decrease or increase by £24 million).

A one hundred basis point rise or fall in interest rates represents a large but realistic movement which can easily be multiplied to give sensitivities at different interest rates.

The sensitivity analyses provided are hypothetical only and should be used with caution as the impacts provided are not necessarily indicative of the actual impacts that would be experienced because the effect of a change in a particular market variable on fair values or cash flows is calculated without considering interrelationships between the various market rates or mitigating actions that would be taken by the Company. In addition, the Company's actual exposure to market rates changes as the Company's portfolio of debt changes.

The changes in valuations are estimates of the impact of changes in market variables and are not a prediction of future events or anticipated gains or losses.

During the year the Company has not early adopted any matters in relation to interest rate benchmark reform. The treasury function of the Sky Group is in the process of reviewing the implications of this reform (with changes effective during 2022) and its impact on loan balances held by the Company. All loans which are based on LIBOR or other rates which will not be available are scheduled to be moved to a comparable rate in 2022 as part of the implementation of the interest rate benchmark reform.

Liquidity risk

The Company's financial liabilities are shown in note 11 and 12.

The principal source of liquidity is cash generated from operations, combined with access to a £6 billion revolving credit facility with its ultimate parent, Comcast Corporation, which expires expires in 2027. At 31 December 2021, this facility was drawn by £1,967 million (2020: £1,857 million). The Company benefits from this liquidity through intra-group facilities and loans.

14. Financial risk management objectives and policies (continued)

Liquidity risk (continued)

The following table analyses the Company's financial liabilities into relevant maturity groupings based on the remaining year at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. The amounts disclosed may not reconcile to the amounts disclosed on the balance sheet for trade and other payables.

		Less than 12 months £m	Between one and two years £m	Between two and five years £m	More than five years £m
At 31 December 2021					
Non-derivative financial liabilities					
Bonds - USD		**644**	**35**	**958**	**-**
Bonds – GBP		**30**	**30**	**90**	**654**
Bonds – EUR		**53**	**767**	**1,369**	**364**
Trade and other payables		**1,115**	**2**	**844**	**928**
Gross settled derivatives					
Asset	Outflow	**519**	**-**	**-**	**-**
	Inflow	**(609)**	**-**	**-**	**-**
Liability	Outflow	**3**	**3**	**9**	**116**
	Inflow	**(4)**	**(4)**	**(12)**	**(112)**

		Less than 12 months £m	Between one and two years £m	Between two and five years £m	More than five years £m
At 31 December 2020					
Non-derivative financial liabilities					
Bonds - USD		53	638	982	-
Bonds – GBP		1,420	57	1,349	1,315
Bonds – EUR		30	30	90	684
Trade and other payables		105	-	-	-
Gross settled derivatives					
Asset	Outflow	16	519	-	-
	Inflow	(18)	(604)	-	-
Liability	Outflow	3	3	10	127
	Inflow	(4)	(4)	(12)	(116)

Credit risk

The Company is exposed to default risk amounting to cash and cash equivalents of £nil (2020: £nil). The Company's maximum exposure to credit risk on trade receivables is the carrying amounts disclosed in note 10. Given the amount and nature of the receivables balance, no allowance account has been made under IFRS 9, and there has been no write-off during the year.

The Company does not have any material interest rate exposure. Debt proceeds are loaned on to other Group companies at terms similar to the cost of the underlying borrowing, thereby limiting the interest rate risk that the Company would otherwise be subject to.

15. Share capital

	2021 Number	2021 £m	2020 Number	2020 £m
Authorised, called-up and fully paid				
Ordinary shares of £nil each				
Beginning of year	**1,745,540,264**	**873**	1,745,540,262	873
Issued during the year	**-**	**-**	2	-
End of year	**1,745,540,264**	**873**	1,745,540,264	873

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

No shares were issued in the current year.

16. Shareholders' equity

	2021 £m	2020 £m
Share capital	**873**	873
Share premium	**5,025**	5,025
Hedging reserve	**11**	15
Other reserves	**1,048**	1,048
Retained earnings	**3,247**	3,242
Total shareholder's equity	**10,204**	10,203

Share premium and special reserve

During the year the Company did not issue any shares.

On 10 December 2003, the High Court approved a reduction in the Company's share premium account of £1,120 million, as approved by the Company's shareholders at the AGM held on 14 November 2003. This amount was equal to the Company-only profit and loss account reserve deficit at 30 June 2003. As part of the application, the Company's balance sheet at 30 September 2003 was required to be presented. At that date, the deficit on the Company only profit and loss account reserve had reduced by £14 million since 30 June 2003, to £1,106 million. As a condition of the reduction, the reduction in the share premium account of £1,120 million was permitted to be offset against the profit and loss account reserve by the amount of the deficit at 30 September 2003. The excess of £14 million was credited to a special reserve, which is included in other reserves, and, under the terms of the reduction, will remain undistributable until all the creditors of the Company and its guarantors (as at 10 December 2003) are paid.

Hedging reserve

Changes in the fair values of derivatives that are designated as cash flow hedges are initially recognised in the hedging reserve, and subsequently recognised in the income statement when the related hedged items are recognised in the income statement. In addition, deferred taxation relating to these derivatives is also initially recognised in the hedging reserve prior to transfer to the income statement.

Other reserves

The Company's other reserves include a capital redemption reserve, a capital reserve and a special reserve. The capital redemption reserve was £190 million as at 31 December 2021 (2020: £190 million). The capital reserve was £844 million as at 31 December 2021 (2020: £844 million). The special reserve was £14 million as at 31 December 2021 (2020: £14 million).

17. Contracted commitments, contingencies and guarantees

The Company, together with Sky UK Limited, Sky Subscribers Services Limited, Sky Telecommunications Services Limited, Sky CP Limited and Comcast Corporation has given joint and several guarantees in relation to the outstanding Guaranteed Notes issued by Sky Group Finance Limited.

The Company has provided a parent company guarantee to Apple Distribution International in respect of all the payment obligations of Sky UK Limited under an iPhone distribution agreement.

The Company has provided parent company guarantees in respect of sports programming contracts entered into with the Premier League by Sky UK Limited, Sky Italia Srl and Sky Deutschland GmbH, and UEFA Champions League and UEFA Europa League by Sky Deutschland GmbH.

18. Transactions with related parties

a) Transactions with subsidiaries

	2021 £m	2020 £m
Supply of services by the Company	309	279
Interest received from funding to subsidiaries	95	105
	404	384

The Company has related-party transactions with its subsidiaries. In particular, it is normal treasury practice for the Company to lend and borrow cash to and from its subsidiaries as required. Under this policy, Sky UK Limited settled liabilities of £42 million and €91 million and settled assets of $41 million (2020: settled liabilities of £414 million and €101 million and settle assets of $171 million) on behalf of the Company during the year.

The Company recognised £309 million (2020: £279 million) for licensing the Sky brand name to subsidiaries.

b) Derivative contracts on behalf of the Company

Sky UK Limited took out a number of swaps with counterparty banks in prior years on behalf of the Company. The face value of the swaps that had not matured or been terminated as at 31 December 2021 was £100 million (2020: £100 million).

c) Transactions with the immediate parent company

For details of amounts owed to the parent company, see note 12.

The Group's treasury function is responsible for liquidity management across the Group's operations. It is standard practice for the parent to lend cash to its subsidiaries as required, see note 12(i).

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 10 and 12.

19. Dividends

	2021	2020
	£m	£m
2020 Interim dividend paid: 9.45p per ordinary share	**-**	165
2021 Interim dividend paid: 10.02p per ordinary share	**175**	-
	175	165

The 2021 interim dividend is 10.02 pence per ordinary share being £175 million.

20. Ultimate parent undertaking

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

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 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/investors.

21. Restatement note

In preparing financial statements for the year ended 31 December 2021, the classification of intercompany receivable balances between current and non-current was reassessed with reference to the timing of their expected settlement. In doing so, it was identified that certain intercompany balances were incorrectly classified as current in prior years. This classification error is a material error in prior periods and therefore the 2020 and 2019 balances have been restated in the 2021 financial statements.

The impact on the prior-year balances are as follows:

	2020 As previously stated	**2020 Adjustment**	**2020 Restated balance**
	£m	**£m**	**£m**
Amounts receivable from subsidiaries - Current	7,265	(6,747)	518
Amounts receivable from subsidiaries - Non-current	-	6,747	6,747

	2019 As previously stated	**2019 Adjustment**	**2019 Restated balance**
	£m	**£m**	**£m**
Amounts receivable from subsidiaries - Current	6,513	(5,995)	518
Amounts receivable from subsidiaries - Non-current	-	5,995	5,995