

# SKY LIMITED

Annual report and financial statements  
For the year ended 31 December 2022

Registered number: 02247735

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## Directors and Officers

For the year ended 31 December 2022

### 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

Sky Central  
Grant Way  
Isleworth  
Middlesex  
United Kingdom  
TW7 5QD

### Auditor

Deloitte LLP  
Statutory Auditor  
London  
United Kingdom

# Strategic and Directors' Report

## Strategic Report for the year ended 31 December 2022

The Directors present their Strategic Report on the affairs of the Company, together with the Directors' Report, Auditor's Report and financial statements for the year ended 31 December 2022, with comparatives for the year ended 31 December 2021.

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(1) 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 ("Comcast") and its 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.

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.

The Directors are not aware, at the date of this report, of any likely major changes in the Company's activities in the next year.

During the year the Company subscribed for £6,600 million in shares of Sky UK Limited. In November 2022, the company repaid \$800 million of Guaranteed Notes. 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 2022 are set out on pages 17 to 51. During the year, the Company made a profit before tax £220 million (2021: £227 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 £321 million (2021: £309 million), investment income of £121 million (2021: £95 million) and finance costs of £194 million (2021: £137 million). The Balance Sheet shows that the Company's shareholders' position at the end of the year was a surplus of £10,288 million (2021: £10,204 million).

During the year the Company transitioned from reporting under UK-adopted IFRS Accounting Standards to reporting under Financial Reporting Standard 101, 'Reduced Disclosure Framework' ("FRS 101"). This transition has not led to any changes to any accounting policies in comparison to the prior-year and no previously reported numbers have been restated as a result of the transition.

A list of the disclosure exemptions taken following the adoption of FRS 101 is included in note 2.

### Important subsequent events

Subsequent to the year-end, on 20 March 2023, the Company issued 1 share for £4,542m. The proceeds from this share issue were used to repay intercompany payable balances held by the Company and invest into subsidiary entity Sky UK Limited. Subsequent to the share issue, the resulting share premium was cancelled into retained earnings.

### Key performance indicators (KPIs)

Comcast and the Company manage their operations on a divisional basis. For this reason, the Directors believe that an analysis using KPIs for the Company is not necessary or appropriate for an understanding of the development, performance or position of the Company.

### Principal risks and uncertainties

The Company's activities expose it to financial risks, namely credit risk, 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.

# Strategic and Directors' Report (continued)

## Section 172(1) 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.

This section explains how the Directors of the Company, both individually and collectively, have had regard to the factors listed above in their decision making during the year ended 31 December 2022. As part of their decision-making process, the Directors have regard to the likely consequences of any decision in the long term.

The Company is a subsidiary of the Comcast Group and therefore consideration of stakeholder engagement is intrinsically linked to the wider Comcast strategy in order to achieve a greater aligned impact, rather than at an individual company level. Decisions made by the Directors consider the Comcast Group's strategic goals and follow Comcast's Code of Conduct, which defines our principles of business conduct and reflects our shared commitment to integrity and seeks to ensure that the Company maintains high standards of business conduct. The Directors also have due regard to other relevant policies, frameworks and internal controls of the Comcast Group in relation to governance and stakeholder matters. Principal decisions made at the Company level include approving the annual financial statements and dividend distribution in Board meetings, among others

## Our Employees

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 diversity of our stakeholders, including our shareholders, employees, customers, suppliers and the communities where we operate.

The Company and its Directors are proud of our community of employee resource groups, which are voluntary, employee-led organisations dedicated to developing the careers of our employees, contributing to community service and building on an inclusive and collaborative workplace and culture. 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 to career development and progression) are based on the individual's qualifications, ability, performance, skills and potential. We communicate with our employees frequently and conduct employee engagement surveys.

## Our Partners

As a part of the Comcast Group, the Directors and the Company as a whole seek to build long-term relationships with our suppliers and customers and help them succeed. A critical part of doing business is partnering with others, and we believe that partnerships are built on trust and mutual advantage. The Comcast Group considers these relationships and the feedback received from engagement with our partners in its decision-making process.

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 Company's approach to understanding and addressing the risks of modern slavery, and conducting human rights due diligence.

## Our Communities

As a part of the Comcast Group, a global media and technology company, the Directors and the Company as a whole seek to use 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 unlimited 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*. Helping people access the resources, skills and tools they need to succeed in an increasingly digital world.
- *Diversity, Equity and Inclusion*. Creating a more diverse and equitable company and society.
- *Environment*. Shaping a more sustainable future by improving our environmental impact; and
- *Values and Integrity*. Fostering a company culture built on integrity and respect. Our values and principles guide everything we do.

## Strategic and Directors' Report (continued)

### S172 Statement (continued)

#### Environment

The Directors and the Company as a whole have considered the importance of climate change and working towards the Comcast Group's strategy for a sustainable future, which includes setting a goal to be carbon neutral by 2035 in Scope 1 and 2 emissions across our global operations. Comcast Group also recently took the critical step of joining the Science Based Target initiative (SBTi) on climate action, committing to set near-term emissions reduction goals. To achieve these goals, we are focused primarily on sourcing renewable and clean energy and improving energy efficiency. We are also innovating to create more sustainable products and packaging. More details on the Comcast Group's environmental strategy can be found at <https://corporate.comcast.com/impact/environment>.

The Directors and management of the Company are responsible for ensuring the Company contributes to the progress toward these Group wide goals, and consideration of these goals, together with wider environmental impact considerations, are incorporated into the Company's decision-making processes. For more information on Group wide environmental performance and progress, see the 2022 Carbon Footprint Data Report, the Sustainability Accounting Standards Board (SASB) Report, the Task Force on Climate-Related Financial Disclosures (TCFD) Report and the Carbon Disclosure Project (CDP) Report, all available on Comcast Group's ESG Reporting website at <https://www.cmcsa.com/esg-reporting>.

#### Members

The Company is a wholly owned subsidiary of Comcast Bidco Limited and is part of the Sky Group and is ultimately controlled by Comcast. The duties of the Directors are exercised in a way that is most likely to promote the success of the Company, the Sky Group and the Comcast Group as a whole, while having regard to the factors outlined in Section 172(1).

Approved by the Board and signed on its behalf of



S Robson  
Director

Grant Way  
Isleworth  
Middlesex  
United Kingdom  
TW7 5QD

Date: 12 June 2023

# Strategic and Directors' Report (continued)

## Directors' Report for the year ended 31 December 2022

The Directors present their report and the audited financial statements of Sky Limited (the "Company") for the year ended 31 December 2022.

### Directors

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

During the year an interim dividend of £100 million was paid (2021: £175 million). The Directors do not recommend the payment of a final dividend in the current year (2021: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, funding requirements has been assessed at the Group level. The Directors believe that the cash flow from operating activities generated by the businesses, together with the Company's existing cash, cash equivalents, 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.

### Director's confirmations

For the purposes of Section 418 of the Companies Act 2006, in case of each Director in office at the date of this report is approved:

- so far as the Director is aware, there is no relevant audit information 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 in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

### Auditor

Deloitte LLP have expressed their willingness to continue as auditor and a resolution to reappoint them was approved by the Board of Directors on 12 June 2023.

### Financial risk management

The use of financial derivatives is governed by the Comcast Group treasury policy approved by the Comcast Audit Committee and Board of Directors, which provides written principles on the use of financial derivatives to manage these risks. The Company does not use derivative financial instruments for speculative purposes.

The principal risks facing the Company are interest risk, liquidity risk, credit risk and foreign exchange rate risk, which is mainly associated with intercompany balances and purchases which are Euro denominated. The intercompany balances of the Company are detailed in notes 11 and 13. The Company is also exposed to risk through the performance of its investments.

## Strategic and Directors' Report (continued)

### Interest rate risk

The Company has financial exposure to UK and European interest rates arising from interest rate derivatives transacted on behalf of the Sky Group and various loan balances with other companies within the Group. The Comcast Group's Treasury function monitors the Company's exposure to fluctuations in interest rates.

### Foreign exchange risk

The Company's activities expose it to the financial risks of changes in foreign currency exchange rates. The Company uses foreign exchange forward contracts and cross currency swaps to hedge these exposures and mitigates exposures by matching foreign currency assets and liabilities as far as is possible. See note 15 of the accompanying financial statement for more details.

### 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 11. 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.

### 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.

## Strategic and Director's Report (continued)

### Employee engagement statement

The Directors and the Company as a whole place considerable value on the involvement of employees, and have continued to keep them informed on matters affecting them as employees and various factors affecting the performance of the Company. Employees are consulted through formal and informal meetings and internal communications, with the aim of ensuring that their views are taken into account when decisions are made which are likely to affect their interests, and that all employees are aware of the financial and economic performance of the Company and of Comcast Group as a whole. Furthermore, directors have regard to employee interests in the context of principal decisions made with respect to the Company during the year. We seek to create an engaged workforce through proactive listening and constructive dialogue, including through employee engagement surveys, as well as through Comcast's nine employee resource groups, with 35,000 members in over 200 chapters, including a variety of uniquely tailored mentorship programs across our business. Comcast has an open door policy and culture so employees can report any questions or concerns - whether involving a workplace issue, a concern about suspected illegal or unethical conduct or any other matter - trusting that we will take their concerns seriously and without fear of retaliation. See also the "Section 172 statement" section of the Strategic Report for more information on how we consider the interests of our employees.

Comcast has employee stock purchase plans in the United States, United Kingdom, Ireland and several other European countries where most of our full-time and part-time employees can purchase Comcast stock at a discount.

### Disabled persons

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 Company continues and that appropriate adjustments are considered and support provided, in line with our reasonable adjustment policy. If a disabled employee is unable to continue in their current role after considering the adjustments available, we have a redeployment policy to provide support to help the employee secure an alternative role. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be equal to that of other employees.

### Stakeholder engagement statement

The Company and Comcast maintain an active dialogue with Comcast's shareholders to consider a diversity of perspectives. Information on engagement with stakeholders, including suppliers, customers and communities, is set out in the "Section 172 statement" section of the Strategic Report.

### 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 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 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. Specifics of the Code of Conduct are available at <https://www.cmcsa.com/corporate-governance>.

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. As a result, the Directors decided not to formally adopt a recognised code of corporate governance.

#### Board composition

The Company's board (the "Board") comprises of two directors. 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 and establishes clear lines of accountability and responsibility 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 our Contract Standards and Approval Policies for approving contracts which reserves certain matters. In some circumstances additional approvals from specific 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.



## Strategic and Directors' Report (continued)

### Oversight of management and risk

Oversight of management and risk is intrinsically linked to the Comcast board of directors, which provides guidance to and oversight of management with respect to Comcast Group's business strategy throughout the year. Active risk management is primarily the responsibility of management, which performs a company wide enterprise risk management assessment to identify key risks and to manage and mitigate the significant strategic, operational and legal risk areas for Comcast, overseen by the Comcast board of directors. In addition, the Company's Board monitors risks relating to the Company and its performance and regularly reviews measures to address and mitigate such risks, as well as monitoring how the Comcast Group strategy is implemented and communicated. Sky's formal risk management framework is embedded within the business to support the identification and management of risk across the Sky Group. An ongoing monitoring process operated by the Sky Group risk team and supported by senior management identifies and reports on significant changes or new risks. The Sky Group Risk and Assurance function assists the business in developing risk registers and consolidates these both to support Sky's day-to-day approach to risk and to inform Comcast's annual enterprise risk management assessment.

Comcast corporate governance documents are available at: <https://www.cmcsa.com/corporate-governance>

### Streamlined Energy and Carbon Reporting (SECR)

The Company is a wholly-owned subsidiary of Comcast Bidco Limited (the immediate parent company) and operates as part of the Sky Group. Information on our carbon footprint across Scope 1, Scope 2 and certain Scope 3 emissions, an appropriate intensity metric, and the total energy use of electricity, gas and transport fuel is not practical to determine at the Company level. The information is obtainable only at the Sky Group and the UK and Ireland levels, and there is no practical allocation method available (for example based on revenue or headcount) that would result in consistent and reliable information between companies in the Sky Group and over time. Accordingly, the table below presents our carbon footprint for Sky Group and the UK and Ireland, which are the only levels at which the information can be practically obtained.

	2022		2021	
	UK and Ireland	Sky Group	UK and Ireland	Sky Group
<b>Carbon Intensity</b>				
Revenue (£m)	11,097	14,521	10,891	14,744
Carbon Intensity (Total scopes 1 and 2 (location-based) tCO <sub>2</sub> e/£m revenue)	5.27	5.55	5.67	6.06
<b>Carbon Emissions (tCO<sub>2</sub>e)</b>				
Scope 1 (Fuel combustion and operation of facilities)	25,693	29,336	21,657	38,324
Scope 2 (market-based purchased energy)	-	2,963	3,038	8,149
Total Scope 1 and Scope 2 (market-based purchased energy)	25,693	32,300	24,695	46,473
Scope 2 (location-based purchased energy)	32,772	51,237	40,090	51,055
Total Scope 1 and Scope 2 (location-based purchased energy)	50,466	80,574	61,747	89,379
<b>Total Energy Consumption Scope 1 and Scope 2 (kWh)</b>	281,669,579	367,937,642	280,703,720	400,474,465
<b>Carbon Emissions (Scope 3 tCO<sub>2</sub>e)</b>				
Scope 3 (Business travel in non-company vehicles)	1,013	1,194	977	1,095

### Methodology

We calculate our greenhouse gas emissions in carbon dioxide equivalent (CO<sub>2</sub>e) 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 CO<sub>2</sub>e 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>.

## Strategic and Directors' Report (continued)

### Measures taken to increase energy efficiency

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

Approved by the Board and signed on its behalf,



S Robson  
Director

Grant Way  
Isleworth  
Middlesex  
United Kingdom  
TW7 5QD

12 June 2023

## Directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors are required to prepare the financial statements in accordance with with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing 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 applicable UK Accounting 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.

## Auditor's report

# 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 2022 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; 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 22.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

### 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.

Within this report, key audit matters are identified as follows:

- ⚠ Newly identified
- ⬆ Increased level of risk
- ↔ Similar level of risk
- ⬇ Decreased level of risk

#### Materiality

The materiality that we used in the current year was £300m which was determined on the basis of 1.2% 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 2022, there have been no significant changes in our approach.

## Auditor's report (continued)

### 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

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##### Key audit matter description

The company has unlisted investments in subsidiaries of £15,995m as at 31 December 2022 (2021: £9,395m), valued at cost less accumulated impairment. These investments are highly material to the company as they account for 61% (2021: 54%) of total assets.

The company's investments include the entire trading business of Sky Group, including the UK, Italy and Germany. The increase in the value of investments in subsidiaries was due to the company subscribing for additional shares in Sky UK Limited for £6.6 billion in the year. The company's ultimate parent company is Comcast Corporation.

The valuation of investments is a significant judgement area resulting from several assumptions made in the valuation process. The valuation is inherently subjective due to the absence of a liquid market for these investments. The complexity of this methodology as well as assumptions taken in the financial models mean that there is a risk that the value of these investments determined by management may not be appropriate. This takes into consideration a range of factors such as the trading performance of the wider business, interest rates and future prospects of the business that have an impact on the long-term forecast cash flows. The significance of the estimates and judgements involved, coupled with the fact that a small percentage difference in the key assumptions, could result in a material misstatement statement of financial position, warrants specific audit focus in this area.

Further details are included within the strategic and directors' report on page 2 and note 8 to the financial statements.

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##### 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:

- We obtained an understanding of relevant controls related to the valuation of unlisted investments;
- obtaining an understanding of the investments in subsidiaries impairment test of the Sky Group within the consolidated financial statements of Comcast Corporation for the year ended 31 December 2022, 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.

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<b>Key observations</b>	Based on the work performed we concluded that the valuation of unlisted investments in subsidiaries is appropriate as of 31 December 2022.
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## Auditor's report (continued)

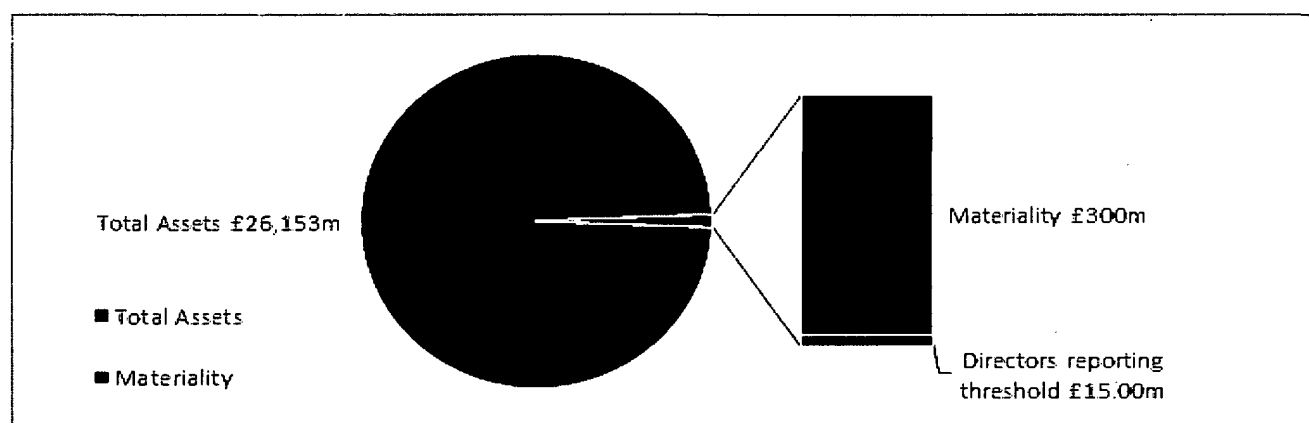
### 6. Our application of materiality

#### 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:

<b>Materiality</b>	£300m (2021: £300m)
<b>Basis for determining materiality</b>	1.2% (2021: 1.7%) of total assets. A lowered basis was used as to keep in line with the prior year's materiality figure.
<b>Rationale for the benchmark applied</b>	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 2022 audit (2021: 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 (2021: £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.

## Auditor's report (continued)

### 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## Auditor's report (continued)

### 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, including those that are specific to the company's sector;
- 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.



## Auditor's report (continued)

### 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  
12 June 2023

# Income Statement

For the year ended 31 December 2022

	Notes	2022 £m	2021 £m
Revenue	3	321	309
Operating expense	4	(28)	(40)
<b>Operating profit</b>		<b>293</b>	<b>269</b>
Investment income	5	121	95
Finance costs	5	(194)	(137)
<b>Profit before tax</b>	6	<b>220</b>	<b>227</b>
Tax	7	(30)	(43)
<b>Profit for the year attributable to equity shareholder</b>		<b>190</b>	<b>184</b>

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 2022

	Notes	2022 £m	2021 £m
<b>Profit for the year attributable to equity shareholder</b>		<b>190</b>	<b>184</b>
<b>Other comprehensive income</b>			
<b>Amounts recognised directly in equity that may subsequently be recycled to the income statement</b>			
Gain on cash flow hedges		71	6
Tax on cash flow hedges	7	2	-
		<hr/>	<hr/>
<b>Amounts reclassified and reported in the income statement</b>			
Loss on cash flow hedges		(79)	(10)
		<hr/>	<hr/>
<b>Other comprehensive expense for the year (net of tax)</b>		<b>(6)</b>	<b>(4)</b>
		<hr/>	<hr/>
<b>Total comprehensive income for the year attributable to equity shareholder</b>		<b>184</b>	<b>180</b>
		<hr/> <hr/>	<hr/> <hr/>

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 2022

	Notes	2022 £m	2021 £m
<b>Non-current assets</b>			
Investment in subsidiaries	8	15,995	9,395
Intangible assets	9	5	5
Trade and other receivables	11	10,053	6,479
<b>Total non-current assets</b>		<b>26,053</b>	<b>15,879</b>
<b>Current assets</b>			
Trade and other receivables	11	181	1,531
Derivative financial assets	14	-	90
<b>Total current assets</b>		<b>181</b>	<b>1,621</b>
<b>Total assets</b>		<b>26,234</b>	<b>17,500</b>
<b>Current liabilities</b>			
Borrowings	12	754	590
Trade and other payables	13	211	1,115
Current tax liabilities	7	-	-
<b>Total current liabilities</b>		<b>965</b>	<b>1,705</b>
<b>Net current liabilities</b>		<b>(784)</b>	<b>(84)</b>
<b>Non-current liabilities</b>			
Borrowings	12	3,251	3,819
Trade and other payables	13	11,719	1,763
Derivative financial liabilities	14	11	7
Deferred tax liabilities	10	-	2
<b>Total non-current liabilities</b>		<b>14,981</b>	<b>5,591</b>
<b>Total liabilities</b>		<b>15,946</b>	<b>7,296</b>
<b>Equity</b>			
Share capital	16	873	873
Share premium	17	5,025	5,025
Reserves	17	1,053	1,059
Retained Earnings	17	3,337	3,247
<b>Total equity attributable to equity shareholder</b>	17	<b>10,288</b>	<b>10,204</b>
<b>Total liabilities and shareholder's equity</b>		<b>26,234</b>	<b>17,500</b>

## Balance Sheet (continued)

As at 31 December 2022

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

The financial statements of Sky Limited, registered number 02247735 were approved by the Board of Directors on 12 June 2023 and were signed on its behalf by:



S Róbson  
Director

12 June 2023

## Statement of Changes in Equity

For the year ended 31 December 2022

	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
<b>At 1 January 2021</b>	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)
<b>Total comprehensive income for the year</b>	-	-	-	-	-	(4)	184	180
Share-based payment	-	-	-	-	-	-	(4)	(4)
Dividends	-	-	-	-	-	-	(175)	(175)
<b>At 31 December 2021</b>	873	5,025	14	190	844	11	3,247	10,204
Profit for the year	-	-	-	-	-	-	190	190
Recognition and transfer of cash flow hedges	-	-	-	-	-	(6)	-	(6)
<b>Total comprehensive income for the year</b>	-	-	-	-	-	(6)	190	184
Dividends	-	-	-	-	-	-	(100)	(100)
<b>At 31 December 2022</b>	873	5,025	14	190	844	5	3,337	10,288

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 17.

# Notes to the financial statements

## 1. Company information

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.

## 2. Significant accounting policies

### a) Statement of compliance

The financial statements of the Company have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' ("FRS 101"), in conformity with the requirements of the Companies Act 2006.

The Company meets the definition of a qualifying entity under FRS 100 'Application of Financial Reporting Requirements' issued by the Financial Reporting Council. During the year ended 31 December 2022 the Company transitioned from reporting under UK-adopted IFRS Accounting Standards ("IFRS") to reporting under FRS 101. This transition has not led to any changes to any accounting policies in comparison to the prior-year and no previously reported numbers have been restated as a result of the transition.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of IFRS, but makes amendments where necessary in order to comply with the Companies Act 2006 and to take advantage of FRS 101 disclosure exemptions.

The company's principal activities are set out in the director's 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, 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 ("Comcast") which prepares consolidated financial statements which are publicly available (see note 21).

### 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.

## Notes to the financial statements (continued)

### 2. 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.

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.



## Notes to the financial statements (continued)

### 2. Accounting policies (continued)

#### 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 Alternative Reference Rate (ARR) curve, adjusted by the relevant credit default swap curve.

On transition to IFRS 9, entities are using the accounting policy choice to continue to apply hedge accounting requirements of IAS 39 instead of applying the new requirements in IFRS 9 until IASB's macro hedging accounting project is complete.

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.

#### 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.

## Notes to the financial statements (continued)

### 2. Accounting policies (continued)

#### 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 initially recognised at fair value plus any directly attributable transaction costs. 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. Financial assets are determined to be current or non-current based on expected settlement, whilst financial liabilities are determined to be current or non-current based on their contractual settlement date.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a currently enforceable legal right to set off the recognised amounts and there is the ability and intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

##### 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.

#### 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.

Determining whether the carrying amount of these assets has any indication of impairment also requires judgement. If an indication of impairment is identified, further judgement is required to assess whether the carrying amount can be supported by, for example, the net present value of future cash flows forecast to be derived from the asset. This forecast involves cash flow projections and selecting the appropriate discount rate, where applicable.

## Notes to the financial statements (continued)

### 2. Accounting policies (continued)

#### i) Investment in subsidiaries

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

Determining whether the carrying amount of these investments has any indication of impairment also requires judgement. If an indication of impairment is identified, further judgement is required to assess whether the carrying amount can be supported by the net present value of future cash flows forecast to be derived from the asset. This forecast involves cash flow projections and selecting the appropriate discount rate. Where relevant, cash flow projections are based off the Sky Group's latest available long-range plan, and in some cases are extrapolated beyond the forecast period for a further period of up to five years using reasonable assumptions (including a declining growth rate) before a terminal value is used.

#### 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. Tax losses are surrendered as far as possible to other group entities with taxable profits.

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.

The Company's tax charge is the sum of the total current and deferred tax charges. The calculation of the Company's total tax charge necessarily involves a degree of estimation and judgement in respect of certain items whose tax treatment cannot be finally determined until resolution has been reached with the relevant tax authority or, as appropriate, through a formal legal process.

Provisions for tax contingencies require management to make judgements and estimates in relation to tax audit issues and exposures. Amounts accrued are based on management's interpretation of country-specific tax law and the likelihood of settlement and include any liability for interest and penalties. Tax benefits are not recognised unless it is probable that the tax positions will be sustained. Once considered to be probable, management reviews each material tax benefit to assess whether a provision should be taken against full recognition of the benefit on the basis of the likely resolution of the issue through negotiation and/or litigation. The amounts recognised in the financial statements in respect of each matter are derived from the Company's best estimation and judgement, as described above. However the inherent uncertainty regarding the outcome of these items means the eventual resolution could differ from the provision and in such event the Company would be required to make an adjustment in a subsequent year which could have a material impact on the Company's profit or loss and/or cash position.

The key area of judgement in respect of deferred tax accounting is the assessment of the expected timing and manner of realisation or settlement of the carrying amounts of assets and liabilities held at the balance sheet date. In particular, assessment is required of whether it is probable that there will be suitable future taxable profits against which any deferred tax assets can be utilised.

## Notes to the financial statements (continued)

### 2. Accounting policies (continued)

#### 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.

#### 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) FRS 101 exemptions

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- The requirements of IAS 1 'Presentation of financial statements' and IAS 7 'Statement of cash flows' to present a statement of cash flows and related notes;
- The requirements of IAS 8 'Accounting policies, changes in accounting estimates and errors' to disclose information in relation to accounting standards which are issued but not yet effective;
- The requirements of IAS 24 'Related party disclosures' relating to key management compensation; and
- The requirements of IAS 24 'Related party disclosures' to disclose related party transactions between two or more members of a group.

#### n) Critical judgements and key sources of estimation uncertainty

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

There are no areas identified for which there are major sources of estimation uncertainty at the reporting year end that have a significant 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 accounting policies sections above.

## Notes to the financial statements (continued)

### 3. Revenue

	2022 £m	2021 £m
Operating revenue	321	309
	<u>321</u>	<u>309</u>

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.

### 4. Operating expense

	2022 £m	2021 £m
Sales, general and administration	28	40
	<u>28</u>	<u>40</u>

## Notes to the financial statements (continued)

### 5. Investment income and finance costs

	2022 £m	2021 £m
<b>Investment income</b>		
Intercompany interest receivable <sup>(i)</sup>	121	95
	<u>121</u>	<u>95</u>
	<u><u>121</u></u>	<u><u>95</u></u>
	2022 £m	2021 £m
<b>Finance costs</b>		
Interest payable and similar charges		
Guaranteed Notes (see note 11)	(141)	(140)
Intercompany interest payable <sup>(ii)</sup>	(61)	(3)
	<u>(202)</u>	<u>(143)</u>
	<u><u>(202)</u></u>	<u><u>(143)</u></u>
<b>Other finance Income / (Expense)</b>		
Remeasurement of borrowings and borrowings-related derivative financial instruments (not qualifying for hedge accounting)	(247)	218
Foreign exchange gain/(loss) arising on intercompany loan agreement	253	(212)
Gain on sale of partial Bond settlement	2	-
	<u>8</u>	<u>6</u>
	<u><u>8</u></u>	<u><u>6</u></u>
<b>Total finance costs</b>	<u><u>(194)</u></u>	<u><u>(137)</u></u>

- (i) Intercompany interest is receivable on certain loans to Sky Operational Finance Limited and certain loans to Sky UK Limited (see note 11).
- (ii) Intercompany interest is payable on loans from Comcast Corporation, Sky UK limited and Sky UK Investments Limited (see note 13).

### 6. Profit before taxation

#### Audit fees

Amounts paid to the auditor for the audit of the Company's annual financial statements of £102,400 (2021: £125,000). No amounts for other services have been paid to the auditor.

# Notes to the financial statements (continued)

## 7. Tax

### a) Tax recognised in the income statement

	2022 £m	2021 £m
<b>Current tax expense</b>		
Current year	30	43
<b>Total current tax charge</b>	<b>30</b>	<b>43</b>
<b>Tax charge</b>	<b>30</b>	<b>43</b>

### b) Tax recognised directly in equity

	2022 £m	2021 £m
Deferred tax charge relating to cash flow hedges	(2)	-
<b>Total tax recognised directly in equity</b>	<b>(2)</b>	<b>-</b>

### c) Reconciliation of effective tax rate

The tax expense for the year is consistent with (2021: consistent with) the expense that would have been calculated using the rate of corporation tax in the UK of 19.0% (2021: 19.0%) applied to profit before tax. The differences are explained below:

	2022 £m	2021 £m
Profit before tax	220	227
Profit before tax multiplied by rate of corporation tax in the UK of 19.0% (2021: 19.0%)	42	43
Group relief (claimed)/surrendered for £nil consideration	(12)	-
<b>Tax</b>	<b>30</b>	<b>43</b>

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

## Notes to the financial statements (continued)

### 8. Investment in subsidiaries and associates

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

The movement in the year was as follows:

	2022 £m	2021 £m
<b>Cost and funding</b>		
Beginning of year	10,400	10,400
Subscription for shares	6,600	-
<b>End of year</b>	<b>17,000</b>	<b>10,400</b>
<b>Amounts provided</b>		
Beginning of year	(1,005)	(1,005)
<b>End of year</b>	<b>(1,005)</b>	<b>(1,005)</b>
<b>Net book value</b>		
Beginning of year	9,395	9,395
<b>End of year</b>	<b>15,995</b>	<b>9,395</b>

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.

During the period the Company subscribed for £6,600 million shares in Sky UK Limited.

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.



## Notes to the financial statements (continued)

### 8. 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

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Name

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##### Direct Holdings

British Sky Broadcasting Group Limited

Picnic Limited

Sky Finance Europe Limited

Sky Group Finance Limited

Sky Guarantee Investments Limited

Sky Operational Finance Limited

Sky Television Limited

Sky UK Limited

##### Indirect holdings

365 Media Group Limited

Active Voices Limited

Agreed Voices Limited

Amstrad Limited

Blast! Films Limited

Blast! Films - Hunger Limited

Blast! Films - One Day Limited

British Sky Broadcasting Limited

Ciel Bleu 6 Limited

Cymru International Limited

Diagonal View Limited

Directed Voices Limited

Dolphin TV Limited

Factual Voices Limited

Independent Fibre Retail Limited

International Channel Pack Distribution Limited

Kidsprog Limited

Love Productions Limited

Low Voices Limited

Lucky G Production Music Ltd

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

## Notes to the financial statements (continued)

### 8. Investment in subsidiaries and associates (continued)

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

##### Subsidiaries (continued)

Rising Voices Limited  
Rivals Digital Media Limited  
S.A.T.V. Publishing Limited  
Scripted Voices Limited  
Sky Comedy Limited  
Sky Corporate Secretary Limited  
Sky CP Limited  
Sky Europe Limited  
Sky Global Media Limited  
Sky Group Limited  
Sky Healthcare Scheme 2 Limited  
Sky History Limited  
Sky Holdings 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 Partner Limited  
Sky Pension Plan Trustees Limited  
Sky Publications Limited  
Sky Retail Stores Limited  
Sky SNA Limited  
Sky SNI Limited  
Sky SNI Operations Limited  
Sky Studios Limited (formerly Parthenon Entertainment Limited)  
Sky Studios Productions Limited (formerly Parthenon 1 Limited)  
Sky Subscribers Services 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 (formerly Sky Channel Limited)  
Transistor Films Limited (formerly Znak & Co Limited)  
True North Productions Limited (83%)  
Two Plus Voices Limited  
Una Tickets Limited  
Virtuous Systems Limited  
Wider Voices Limited

## Notes to the financial statements (continued)

### 8. Investment in subsidiaries and associates (continued)

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

##### Subsidiaries (continued)

##### Incorporated in the UK

**Millbank Tower, 21-24 Millbank, London SW1P 4QP**

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##### Name

##### Indirect holdings

Attheraces Holdings Limited (50.413%)

Attheraces Limited

Attheraces (UK) Limited

Global Mutuel (UK) Limited

Go Racing Limited

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##### Incorporated in Germany

**Medienallee 26, 85774 Unterföhring, Munich**

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##### Name

##### Indirect holdings

BSkyB GmbH

NBC Universal Global Networks Deutschland 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

Sky Media GmbH

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**Oderstraße 59, 14513 Teltow, Potsdam**

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##### Name

##### Indirect holdings

Sky Deutschland Customer Center GmbH

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**Eckdrift 109, 19061 Schwerin-Krebsförden**

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##### Name

##### Indirect holdings

Sky Deutschland Service Center GmbH

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## Notes to the financial statements (continued)

### 8. Investment in subsidiaries and associates (continued)

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

##### Subsidiaries (continued)

##### **Theresienstraße 47 a, 80333, Munich**

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**Name****Indirect holdings**

Infobonn Text, Informations und Pressebüro Verwaltungsgesellschaft mbH

DFA Deutsche Fernsehnachrichten Agentur GmbH

GIGA Television GmbH

ZAP Television Beteiligungs GmbH (83.5%)

ZAP Television GmbH & Co. KG (83.5%)

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##### **Incorporated in Italy**

##### **Via Monte Penice, 7-20138 Milan**

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**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%)

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##### **Incorporated in the USA**

##### **Corporation Trust Center 1209 Orange Street, Wilmington, New Castle, Delaware, 19801**

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**Name****Indirect holdings**

BSkyB US Holdings, Inc.

Znak & Co LLC

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##### **c/o Comcast Capital Corporation, 1201 N. Market Street, Suite 1000, Wilmington, Delaware 19801**

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**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

Octave Productions' LLC

The Production Hive, LLC

## Notes to the financial statements (continued)

### 8. Investment in subsidiaries and associates (continued)

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

##### Subsidiaries (continued)

**c/o CT Corporation System, 300 Montvue Road, Knoxville, TN 39919-5546**

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**Name****Indirect holdings**

PhotoOps, LLC

**C T Corporation System. 330 N Brand Blvd, Glendale, CA91203-2336**

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**Name****Indirect holdings (subsidiaries of Love Productions Limited)**

Cotham Hill Productions, LLC

Eagle Street Productions, LLC

International Journeys, LLC

Jet Tracks, LLC

Love American Journeys, LLC

Love Production USA, Inc

USA Love Development, LLC

Welcome to Hollywood, LLC

**221 N Broad St. Ste 3A Middletown DE 19709**

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**Name****Indirect holdings (subsidiaries of Love Productions Limited)**

Media Core LLC (USA)

**Jackoway et al, 1925 Century Park East, 22nd Floor, Los Angeles 90067**

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**Name****Indirect holdings (subsidiaries of Love Productions Limited)**

Baking Show, LLC

**16192 Coastal Highway, Lewes, Sussex, Delaware 19958**

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**Name****Indirect holdings**

Neos Ventures, Inc

##### Incorporated in other overseas countries

**Austria - Handelskai 92, 1200 Wien**

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**Name****Indirect holdings**

Sky Österreich Fernsehen GmbH

Sky Österreich Verwaltung GmbH

**Belgium - Boulevard Charlemagne 1, 1041 Brussels**

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**Name****Indirect holdings**

Sky Channel SA

## Notes to the financial statements (continued)

### 8. 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 - PI Pilsudskiego 1, 00-078 Warszawa**

**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

## Notes to the financial statements (continued)

### 9. Intangible assets

	Other intangible assets £m	Total £m
<b>Cost</b>		
At 31 December 2021	5	5
<b>At 31 December 2022</b>	<b>5</b>	<b>5</b>
<b>Carrying amounts</b>		
At 31 December 2021	5	5
<b>At 31 December 2022</b>	<b>5</b>	<b>5</b>

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

### 10. Deferred tax

#### Recognised deferred tax liabilities

	Financial instruments temporary differences £m	Total £m
At 31 December 2020	(2)	(2)
<b>At 31 December 2021</b>	<b>(2)</b>	<b>(2)</b>
Charge to equity	2	2
<b>At 31 December 2022</b>	<b>-</b>	<b>-</b>

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the years in which they reverse. The rate enacted for the relevant years of reversal is 25% (2021: 25%).

## Notes to the financial statements (continued)

### 11. Trade and other receivables

	2022 £m	2021 £m
Amounts receivable from subsidiaries	180	1,528
Prepayments and other receivables	1	3
<b>Current other receivables</b>	<b>181</b>	<b>1,531</b>
Non-current amounts receivable from subsidiaries	10,053	6,479
<b>Total trade and other receivables</b>	<b>10,234</b>	<b>8,010</b>

#### Amounts receivable from subsidiaries

##### Current

Amounts due from subsidiaries as at 31 December 2022 are £180 million (2021: £1,528 million). £180 million (2021: £518 million) represent trade receivables, these are unsecured, non-interest bearing and are repayable on demand. On 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 was terminated in 2022. At 31 December the balance on the account was £0 million (2021: £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 2022 the balance of the loan was £358 million (2021: £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 2022 the balance of the loan was £532 million (2021: £504 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 2022 the balance of the loan was £356 million (2021: £337 million).

On 23 July 2020 the Company entered into an agreement with Sky UK Limited for a loan of \$1.25 billion. The loan is interest bearing at a rate of 0.45% per annum and is repayable on 16 September 2024. At 31 December 2022 the balance on the account inc Interest was £1,039 million (2021: £914 million).

On 23 November 2022 the Company entered into an agreement with Sky UK Limited for a loan of £3.2 billion. The loan is interest bearing at a rate of 5.4% per annum and is repayable on 23 November 2027. At 31 December 2022 the balance on the account inc Interest was £3,218 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 2022 the balance of the loans were £756 million and £112 million respectively (2021: £715 million and £106 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 2022 the balance of the loan was £446 million (2021: £422 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 2022 the balance of the loans were £1,337 million and £894 million respectively (2021: £1,265 million and £846 million respectively).

All other amounts receivable from subsidiaries are unsecured, 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.



## Notes to the financial statements (continued)

### 12. Borrowings

	2022 £m	2021 £m
<b>Current Borrowings</b>		
US\$800 million of 3.125% Guaranteed Notes repayable in November 2022	-	590
€850 million of 1.875% Guaranteed Notes repayable in November 2023	754	-
<b>Total Current Borrowings</b>	<b>754</b>	<b>590</b>
<b>Non-Current Borrowings</b>		
€850 million of 1.875% Guaranteed Notes repayable in November 2023	-	712
US\$1,250 million of 3.75% Guaranteed Notes repayable in September 2024	1,038	921
€500m of 2.250% Guaranteed Notes repayable in November 2025	443	419
€1,000 million of 2.5% Guaranteed Notes repayable in September 2026	885	837
£300 million of 6.000% Guaranteed Notes repayable in May 2027	298	298
£300 million of 4.0% Guaranteed Notes repayable in November 2029	234	298
€400 million of 2.75% Guaranteed Notes repayable in November 2029	353	334
<b>Total Non-Current Borrowings</b>	<b>3,251</b>	<b>3,819</b>
<b>Total</b>	<b>4,005</b>	<b>4,409</b>

## Notes to the financial statements (continued)

### 12. Borrowings (continued)

At 31 December 2022 the Company had in issue the following Guaranteed Notes:

		Interest Rate Hedging		Hedged Interest Rates	
	Hedged Value £m	Fixed £m	Floating £m	Fixed	Floating
<b>Non-Current Borrowings</b>					
£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%	-
	<u>500</u>	<u>500</u>	<u>-</u>		
	€m	€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 6.0% Guaranteed Notes repayable in May 2027	126	126	-	2.943%	-
€400 million of 2.75% Guaranteed Notes repayable in November 2029	400	400	-	2.750%	-
	<u>2,876</u>	<u>2,876</u>	<u>-</u>		
	\$m	\$m	\$m		
US\$1,250 million of 3.75% Guaranteed Notes repayable in September 2024	1,250	1,250	-	3.750%	-
	<u>1,250</u>	<u>1,250</u>	<u>-</u>		

## Notes to the financial statements (continued)

### 12. Borrowings (continued)

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

	Interest Rate Hedging		Hedged Interest Rates	
	Hedged Value £m	Fixed £m	Floating £m	Fixed Floating
<b>Non-Current Borrowings</b>				
US\$800 million of 3.125% Guaranteed Notes repayable in November 2022	503	503	-	3.226%
£300 million of 4.0% Guaranteed Notes repayable in November 2029	300	300	-	6.000%
£300 million of 4.0% Guaranteed Notes repayable in November 2029	200	200	-	4.000%
	<u>1,003</u>	<u>1,003</u>	<u>-</u>	
	€m	€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	-	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%
	<u>2,876</u>	<u>2,876</u>	<u>-</u>	
	\$m	\$m	\$m	
US\$1,250 million of 3.75% Guaranteed Notes repayable in September 2024	1,250	1,250	-	3.750%
	<u>1,250</u>	<u>1,250</u>	<u>-</u>	

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)

### 13. Trade and other payables

	2022 £m	2021 £m
Amounts payable to parent company	74	70
Amounts payable to ultimate parent company	1	1
Amounts payable to subsidiaries	102	1,010
Accruals	34	34
Social securities and other taxes		
<b>Current trade and other payables</b>	<b>211</b>	<b>1,115</b>
Non-current amounts payable to ultimate parent company	1,863	1,763
Non-current amounts payable to subsidiaries	9,856	-
<b>Non-current trade and other payables</b>	<b>11,719</b>	<b>1,763</b>
<b>Total trade and other payables</b>	<b>11,930</b>	<b>2,878</b>

#### Amounts payable to parent company

There are current amounts due to the parent company totalling £74 million (2021: £70 million) which are unsecured, non-interest bearing and are repayable on demand.

#### Amounts payable to ultimate parent company

There are current amounts due to the ultimate parent company £1 million (2021: £1 million) of which £1 million (2021: £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 2022 the balance on the account was £532 million (2021: £504 million).

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 settled in 2022. At 31 December 2022 the balance on the account was £NIL million (2021: £1,009m).

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 2022 the balance on the account was £887 million (2021: £840 million) and £444 million (2021: £420 million).

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

#### Amounts payable to the subsidiaries

There are current amounts due to subsidiaries totalling £102 million (2021: £1,010 million) of which £102 million (2021: £1 million) represent trade payables, these are unsecured, non-interest bearing and are repayable on demand.

On 23rd November 2022, the Company entered into agreements with Sky UK Limited for a loan of £6.6 billion. The loan is interest bearing at a rate of 5.35% per annum and is expected to be repaid on 23 November 2027. At 31 December 2022 the balance on the account was £6,638 million.

On 23rd November 2022, the Company entered into agreements with Sky UK Limited for a loan of £3.2 billion. The loan is interest bearing at a rate of 5.45% per annum and is expected to be repaid on 23rd November 2027. At 31 December 2022 the balance on the account was £3,219 million.

## Notes to the financial statements (continued)

### 14. 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 2022 and 31 December 2021:

	Financial Assets at Amortised Cost £m	Financial Liabilities at Amortised Cost £m	Financial Assets at Fair Value Through Income Statement £m	Financial Liabilities at Fair Value Through Income Statement £m	Total carrying value £m	Total fair values £m
<b>At 31 December 2022</b>						
Quoted Bond debt	-	(4,005)	-	-	(4,005)	(3,977)
Derivative financial instruments	-	-	-	(11)	(11)	(11)
Trade and other payables	-	(11,930)	-	-	(11,930)	(12,209)
Trade and other receivables	10,234	-	-	-	10,234	10,331
<b>At 31 December 2021</b>						
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

The fair values of financial assets and financial liabilities are determined as follows:

- The fair value of financial assets and financial liabilities with standard terms and conditions and which are traded on active liquid markets is determined with reference to quoted market prices;
- The fair value of other financial assets and financial liabilities (excluding derivative instruments) is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.
- Interest rate and cross currency swaps are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.

## Notes to the financial statements (continued)

### 14. Derivatives and other financial Instruments (continued)

#### Fair Values (continued)

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

	2022				2021			
	Asset		Liability		Asset		Liability	
	Fair Value £m	Notional £m	Fair Value £m	Notional £m	Fair Value £m	Notional £m	Fair Value £m	Notional £m
Cash flow hedges								
Cross-currency swaps	-	-	-	-	90	503	-	-
<b>Derivatives not in a formal hedge relationship</b>								
Cross-currency swaps	-	-	(11)	100	-	-	(7)	100
<b>Total</b>	<b>-</b>	<b>-</b>	<b>(11)</b>	<b>100</b>	<b>90</b>	<b>503</b>	<b>(7)</b>	<b>100</b>

The maturity of the derivative financial instruments is shown below:

	2022		2021	
	Asset £m	Liability £m	Asset £m	Liability £m
In one year or less	-	-	90	-
Between one and two years	-	-	-	-
Between two and five years	-	-	-	-
In more than five years	-	(11)	-	(7)
<b>Total</b>	<b>-</b>	<b>(11)</b>	<b>90</b>	<b>(7)</b>

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.

## Notes to the financial statements (continued)

### 14. Derivatives and other financial Instruments (continued)

#### 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
<b>At 31 December 2022</b>					
Derivative financial liabilities	(11)	-	(11)	-	(11)
<b>Total</b>	<b>(11)</b>	<b>-</b>	<b>(11)</b>	<b>-</b>	<b>(11)</b>
<b>At 31 December 2021</b>					
Derivative financial assets	90	-	90	-	90
Derivative financial liabilities	(7)	-	(7)	-	(7)
<b>Total</b>	<b>83</b>	<b>-</b>	<b>83</b>	<b>-</b>	<b>83</b>

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.

#### Changes in asset and liabilities arising from financing activities

	31 December 2021	Net (proceeds) repayments <sup>(3)</sup>	Interest Paid <sup>(3)</sup>	Net Financing Costs <sup>(2)</sup>	31 December 2022
	£m	£m	£m	£m	£m
Assets and liabilities arising from financing activities <sup>(1)</sup>	(4,360)	561	143	(394)	(4,050)

(1) Includes Borrowings £4,005 million (2021: £4,409 million), borrowings related Interest £34 million (2021: £34 million) and debt related derivatives net asset £11 million (2021: net asset £83 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.

## Notes to the financial statements (continued)

### 15. Financial risk management objectives and policies

The Comcast Group Treasury function is responsible for raising finance for the Company's operations and managing credit risks. The Sky Group Treasury function manages liquidity, foreign exchange and interest rate 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 represents the corresponding carrying values and nominal amounts of derivatives in a continued hedge relationship as at 31 December 2022:

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 2022	(Gain) / Loss deferred to OCI	Gain / (Loss) recycled to finance income / costs	Reclass	Closing Balance 31 December 2022
	£m	£m						
<b>Cash Flow Hedges</b>								
<b>Foreign Currency risk</b>								
Cross-Currency Swaps	-	-	Derivative Financial Assets	(3)	(71)	74	-	-
Discontinued hedge	-	-		(12)	-	5	-	(7)

The following table represents the changes in value of hedging instrument and hedged item for calculating hedge ineffectiveness as at 31 December 2022:

	Hedging Instrument	Change in value of hedging instrument for calculating hedge ineffectiveness	Change in value of hedged item for calculating hedge ineffectiveness
		£m	£m
<b>Cash Flow Hedges</b>			
<b>Foreign Exchange Risk</b>			
Foreign Currency Denominated Borrowings	Cross Currency Swaps	(71)	71



## Notes to the financial statements (continued)

### 15. Financial risk management objectives and policies (continued)

#### 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.

A 25% strengthening in pounds sterling against the US dollar would have the beneficial effect on profit of £13 million (2021: £nil), relating to non-cash movements in the valuation of derivatives. The same strengthening would have £nil impact on other equity (2021: adverse impact of £3 million).

A 25% weakening in pounds sterling against the US dollar would have the adverse effect on profit of £21 million (2021: £nil), relating to non-cash movements in the valuation of derivatives. The same weakening would have £nil impact on other equity (2021: beneficial impact of £5 million).

A 25% strengthening in pounds sterling against the euro would have the an adverse effect on profit of £21 million (2021: beneficial impact of £5 million), relating to non-cash movements in the valuation of derivatives. The same strengthening would have £nil impact on other equity (2021: adverse impact of £12 million).

A 25% weakening in pounds sterling against the euro would have an beneficial impact on profit of £48 million (2021: adverse impact of £8 million), relating to non-cash movements in the valuation of derivatives. The same weakening would have £nil impact on other equity (2021: beneficial impact of £20 million).

#### 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 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 2022, and if all other variables were held constant, the Company's profit for the year ended 31 December 2022 would decrease or increase by £4 million (2021: decrease or increase by £1 million) and other equity reserves would decrease or increase by £nil (2021: decrease or increase by £1 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.

#### Liquidity risk

The Company's financial liabilities are shown in note 13.

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 in 2027. The Company benefits from this liquidity through intra-group facilities and loans.

## Notes to the financial statements (continued)

### 15. 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	Between one and two years	Between two and five years	More than five years
		£m	£m	£m	£m
<b>At 31 December 2022</b>					
Non-derivative financial liabilities					
Bonds - USD		39	1,078	-	-
Bonds - GBP		30	30	354	324
Bonds - EUR		810	42	1,414	374
Trade and other payables		141	2	1,425	446
<i>Gross settled derivatives</i>					
Liability	Outflow	3	3	10	118
	Inflow	(4)	(4)	(12)	(108)
		Less than 12 months	Between one and two years	Between two and five years	More than five years
		£m	£m	£m	£m
<b>At 31 December 2021</b>					
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
<i>Gross settled derivatives</i>					
Asset	Outflow	519	-	-	-
	Inflow	(609)	-	-	-
Liability	Outflow	3	3	9	116
	Inflow	(4)	(4)	(12)	(112)

#### Credit risk

The Company's maximum exposure to credit risk on trade receivables is the carrying amounts disclosed in note 11. 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.

The Company is exposed to credit amounting to the positive fair value of derivative financial asset held. However, this risk is deemed to be low. Counterparty risk forms a central part of the Group's treasury policy, which is monitored and reported on regularly. Treasury policies ensure that all derivative transactions are only effective with strong relationship banks and at the date of signing each carried a minimum credit rating of "A-" or better from Standard and Poor's or "A3" or better by Moody's investors Service.

Credit risk in the Company's residential customer base is mitigated by billing and collecting in advance for digital television subscriptions for the majority of its residential customer base.

## Notes to the financial statements (continued)

### 16. Share capital

	2022 Number	2022 £m	2021 Number	2021 £m
<b>Authorised, called-up and fully paid</b>				
<b>Ordinary shares of £0.50 each</b>				
Beginning of year	1,745,540,264	873	1,745,540,264	873
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.

### 17. Shareholders' equity

	2022 £m	2021 £m
Share capital	873	873
Share premium	5,025	5,025
Hedging reserve	5	11
Other reserves	1,048	1,048
Retained earnings	3,337	3,247
Capital contribution reserve		
Equity contribution reserve		
<b>Total shareholder's equity</b>	<b>10,288</b>	<b>10,204</b>

#### Share premium and special reserve

During the year the Company issued nil ordinary shares at a premium of £nil.

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 2022 (2021: £190 million). The capital reserve was £844 million as at 31 December 2022 (2021: £844 million). The special reserve was £14 million as at 31 December 2022 (2021: £14 million).

## Notes to the financial statements (continued)

### 18. 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.

### 19. Transactions with related parties

#### 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 2022 was £100 million (2021: £100 million).

#### Transactions with the immediate parent company

For details of amounts owed to the parent company, see note 13.

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 13.

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 11 and 13.

### 20. Dividends

	2022 £m	2021 £m
2021 Interim dividend paid: 10.02p per ordinary share	-	175
2022 Interim dividend paid: 5.82p per ordinary share	100	-
	<u>100</u>	<u>175</u>

The 2022 interim dividend is 5.82 pence per ordinary share being £100 million.

### 21. Ultimate parent undertaking

The Company is a wholly-owned subsidiary undertaking of Comcast Bidco Limited, (the immediate parent company) a company incorporated in the United Kingdom 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, 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 only group in which the results of the Company are consolidated is that headed by Comcast.

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

### 22. Subsequent events

Subsequent to the year-end, on 20 March 2023, the Company issued 1 share for £4,542m. The proceeds from this share issue were used to repay intercompany payable balances held by the Company and invest into subsidiary entity Sky UK Limited. Subsequent to the share issue, the resulting share premium was cancelled into retained earnings.