KIDSPROG LIMITED

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

Registered number: 02767224

Directors and Officers

For the 18 month period ended 31 December 2019

Directors

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

C R Jones (Resigned 5 June 2019)

C J Taylor (Resigned 5 June 2019)

K Holmes (Resigned 5 June 2019)

C Smith (Appointed 5 June 2019)

T C Richards (Appointed 5 June 2019)

Secretary

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

Registered office

Grant Way

Isleworth

Middlesex

United Kingdom

TW7 5QD

Auditor

Deloitte LLP

Statutory Auditor

London

United Kingdom

Strategic Report

The Directors present their Strategic and Directors' report on the affairs of the Company, together with the financial statements and Auditor's Report for the 18 month period ended 31 December 2019. During the period the Company changed its year-end from 30 June to 31 December, to align with that of Comcast Corporation ("Comcast"), the ultimate controlling party of the Company. Accordingly, the financial statements comprise the 18-month period to 31 December 2019, with comparatives for the 12 months to 30 June 2018.

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

Business review and principal activities

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

The Company's principal activity is to act as a holding company for an investment in Nickelodeon UK Limited, a company which broadcasts a number of children's satellite television channels. The Directors expect that there will be no major changes in the Company's activities in the following year. For the foreseeable future, the Company will continue to hold the investment in Nickelodeon UK Limited.

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

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

The Company has adopted IFRS 15 'Revenue from Contracts with Customers' and IFRS 9 'Financial Instruments' from 1 July 2018, which have not had a significant impact on the Company's financial performance or position on transition or during the period. Except for the first-time application of IFRS 15 and IFRS 9, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those applied to the Company's financial statements as at and for the year ended 30 June 2018.

Financial Review and Dividends

The accounts for the period ended 31 December 2019 are set out on pages 11 to 24. The profit for the period was £18,400,000 (2018: £11,600,000). The increase in profit during the period was due to the Company receiving more dividend income from Nickelodeon UK Limited of £18,400,000 compared to £11,600,000 in the prior year. Total shareholder's equity increased by £18,400,000 to £93,200,000 from £74,800,000 at the previous year ended 30 June 2018, which is in line with profit for the period. The Directors do not recommend the payment of a dividend for the period ended 31 December 2019 (2018: £nil).

Key performance indicators (KPIs)

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

Principal risks and uncertainties

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

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

Financial risk management objectives and policies

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

Credit risk

The balance sheet of the Company includes receivables due from third parties, as well as balances due from related parties. The Company is therefore exposed to credit risk on these balances. The intercompany balances of the Company are detailed in notes 7 and 8. 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 period.

Liquidity risk

The Company relies on the Group Treasury function to manage its liquidity and ensure that sufficient funds are available for ongoing operations and future developments. The Group currently has access to a £3 billion revolving credit facility with Comcast Corporation which is due to expire on 11 January 2024. The Company benefits from this liquidity through intra-group facilities and loans.

Legislation and Regulation risk

U.K. Exit from the European Union

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

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

Investment performance risk

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

Impacts of COVID-19

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

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

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

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

On Behalf of the Board,

T C Richards
Director

Grant Way
Isleworth
Middlesex
United Kingdom
TW7 5QD
13 November 2020

Directors' Report

The Directors present their annual report, together with the financial statements and auditor's report. The Directors who served during the period are shown on page 1.

During the 18-month period ended 31 December 2019 the Directors proposed a dividend of £nil (2018: £nil).

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

Going concern

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

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

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

Post balance sheet events

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

Auditor

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

- so far as the Director is aware, there is no relevant audit information (as defined in the Companies Act 2006) of which the Company's auditor is unaware; and
- the Director has taken all the steps that he ought to have taken as a Director to make himself/herself aware of any relevant audit information (as defined) and to establish that the Company's auditor is aware of that information.

Deloitte LLP have expressed their willingness to continue as auditor and a resolution to reappoint them was approved by the Board of Directors on 13 November 2020.

On Behalf of the Board,

T C Richards
Director

Grant Way
Isleworth
Middlesex
United Kingdom
TW7 5QD

13 November 2020

Statement of Directors' Responsibilities

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

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

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

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

Independent auditor's report to the members of Kidsprog Ltd

Report on the audit of the financial statements

Opinion

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

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

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity;
- the related notes 1 to 14.

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

Basis for opinion

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

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

Conclusions relating to going concern

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

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

We have nothing to report in respect of these matters.

Other information

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

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

We have nothing to report in respect of these matters.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial period 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.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Other Matter

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

Use of our report

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

Jon Young FCA, (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
13 November 2020

Statement of Comprehensive Income

For the period ended 31 December 2019

	Notes	**18 Months to 31 December 2019 £'000**	12 Months to 30 June 2018 £'000
Investment income	2	**18,400**	11,600
Profit before tax	3	**18,400**	11,600
Tax	5	**-**	-
Profit for the year attributable to equity shareholder		**18,400**	11,600

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

As a result, the 2018 figures presented for comparison purposes have not been adjusted.

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

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

All results relate to continuing operations.

Balance Sheet
As at 31 December 2019

	Notes	31 December 2019 £'000	30 June 2018 £'000
Non-current assets			
Investment in joint venture	6	**5,527**	5,527
Current assets			
Trade and other receivables	7	**101,575**	74,800
Total current assets		**101,575**	74,800
Total assets		**107,102**	80,327
Current liabilities			
Trade and other payables	8	**13,902**	5,527
Total current liabilities		**13,902**	5,527
Net current assets		**87,673**	69,273
Total liabilities		**13,902**	5,527
Net assets		**93,200**	74,800
Share capital	9	**-**	-
Reserves		**93,200**	74,800
Total equity attributable to equity shareholder		**93,200**	74,800
Total liabilities and shareholder's equity		**107,102**	80,327

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

As a result, the 2018 figures presented for comparison purposes have not been adjusted.

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

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

Balance Sheet

As at 31 December 2019

The financial statements of Kidsprog Limited, registered number 02767224, were approved by, and authorised for issue, the Board of Directors on 13 November 2020 and were signed on its behalf by:

T C Richards
Director

Grant Way
Isleworth
Middlesex
United Kingdom
TW7 5QD

13 November 2020

Statement of Changes in Equity

For the period ended 31 December 2019

	Share capital £'000	Retained earnings £'000	Total shareholder's equity £'000
At 1 July 2017	**-**	**63,200**	**63,200**
Profit for the year	-	11,600	11,600
At 30 June 2018	**-**	**74,800**	**74,800**
Profit for the period	-	18,400	18,400
At 31 December 2019	**-**	**93,200**	**93,200**

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

As a result, the 2018 figures presented for comparison purposes have not been adjusted.

Notes to the financial statements

1. Accounting policies

Kidsprog Limited (the "Company") is a private limited liability 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 02767224. The company's principal activities are set out in the director's report.

a) Statement of compliance

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

b) Basis of preparation

The financial statements have been prepared on a going concern basis (as set out in the Directors' Report) and on a historical cost basis, except for the re-measurement to fair value of certain financial assets and liabilities as described in the accounting policies below.

The Company adopted IFRS 15 Revenue and IFRS 9 Financial Instruments from 1 July 18 on a modified retrospective basis. No impacts were identified on transition nor during the period. Other than for the adoption of new accounting standards, there have been no significant changes to accounting policies or estimates during the period.

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

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

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

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

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

The Company's revenue comprises

- Investment income

ii) IFRS 9 - 'Financial Instruments'

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

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

Notes to the financial statements

1. Accounting policies (continued)

b) Basis of preparation (continued)

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

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

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

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

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

The Company has classified assets and liabilities as current when they are expected to be realised in, or intended for sale or consumption in, the normal operating cycle of the Company.

The Company has taken advantage of the exemption from preparing the consolidated financial statements afforded by section 401 of the Companies Act 2006, because it is a wholly-owned subsidiary of the Comcast Corporation which prepares consolidated financial statements which are publicly available (see note 13).

c) Investments in joint venture

Investments are stated at cost, less any provision for impairment in value.

Notes to the financial statements

1. Accounting policies (continued)

d) Financial assets and liabilities

Directly attributable transaction costs are included in the initial measurement of financial assets and liabilities only with respect to those assets and liabilities that are not subsequently measured at fair value through profit and loss. At each balance sheet date, the Company assesses whether there is any objective evidence that any financial asset is impaired.

Financial assets and liabilities are recognised on the Company's Balance Sheet when the Company becomes a party to the contractual provisions of the financial asset or liability. Financial assets are derecognised from the balance sheet when the Company's contractual rights to the cash flows expire or the Company transfers substantially all the risks and rewards of the financial asset. Financial liabilities are derecognised from the Company's Balance Sheet when the obligation specified in the contract is discharged, cancelled or expires.

i. Trade and other receivables

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

An allowance account is maintained to reduce the carrying value of trade and other receivables for impairment losses recognised on an expected loss basis under IFRS 9, with movements in the allowance account, either from increased impairment losses or reversals of impairment losses, being recognised in the statement of comprehensive income.

ii. Trade and other payables

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

e) Impairment

At each balance sheet date, and in accordance with IAS 36 "Impairment of Assets', the Company reviews the carrying amounts of all its assets excluding Inventories (see accounting policy d) and deferred tax (see accounting policy f) to determine whether there is any indication that any of those assets have suffered an impairment loss.

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

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

Notes to the financial statements

1. Accounting policies (continued)

e) Impairment (continued)

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.

f) Tax, including deferred tax

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

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

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

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

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

g) Critical accounting policies and the use of judgement and key areas of estimation uncertainty

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

The Company's key critical accounting policies are the recoverability of receivables and carrying value of investments.

No key areas of estimation uncertainty have been identified.

i. Receivables

Judgement is required in evaluating the likelihood of collection of debt; this evaluation requires estimates to be made, including the level of provision to be made for amounts with uncertain recovery profiles.

Notes to the financial statements

1. Accounting policies (continued)

g) Critical accounting policies and the use of judgement and key areas of estimation uncertainty (continued)

ii. Investments

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

There were no key areas of estimation uncertainty identified, over and above where estimates form part of critical accounting policies and judgements described above.

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

The Company has not yet adopted certain new standards, amendments and interpretations to existing standards, which have been published but are only effective for accounting periods beginning on or after 1 January 2020. These new pronouncements are listed below. The Directors are currently evaluating the impact of the adoption of these standards, amendments and interpretations in future periods.

- Amendments to References to the Conceptual Framework in IFRS Standards (effective 1 January 2020)

2. Investment income

	18 Months to 31 December 2019 £'000	12 Months to 30 June 2018 £'000
Dividend distribution from joint venture	**18,400**	11,600

Dividends totalling £18,400,000 (2018: £11,600,000) were received in the year from Nickelodeon UK Limited.

3. Employee benefits and key management compensation

There were no staff costs during the period as the Company had no employees (2018: none). Services are provided by employees of other companies within the Group with no charge being made for their services (2018: £nil). The Directors did not receive any remuneration during the period in respect of their services to the Company (2018: £nil).

4. Audit Fees

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

5. Tax

No tax charge was recognised in the 18 month period ended 31 December 2019 (2018: £nil).

Notes to the financial statements

5. Tax (continued)

Reconciliation of effective tax rate

The tax expense for the year is equal to (2018: lower) the expense that would have been charged using the standard rate of corporation tax in the UK 19% (2018: 19%) applied to profit before tax. The applicable or substantively enacted effective rate of UK corporation tax for the year was 19% (2018: 19%). The differences are explained below:

	18 Months to 31 December 2019 £'000	12 Months to 30 June 2018 £'000
Profit before tax	**18,400**	11,600
Profit before tax multiplied by the blended rate of corporation tax in the UK of 19% (2018: blended 19%)	**3,496**	2,204
Effects of:		
Non- taxable dividends received	**(3,496)**	(2,204)
Tax	**-**	-

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

6. Investment in joint venture

Investment in joint ventures represents the net book value of the Company's investment in Nickelodeon UK Limited, a company registered in England and Wales, comprising of Company loans and investment in share capital. Nickelodeon UK Limited is a company which broadcasts a number of children's satellite television channels.

	18 Months to 31 December 2019 £'000	12 Months to 30 June 2018 £'000
Cost and net book value		
Beginning and end of period	**5,527**	5,527

At 31 December 2019, the Company held 104 "B" shares of £0.01 each, representing 40% (2018: 40%) of the issued share capital of Nickelodeon UK Limited. The Company accounts for the 40% holding in Nickelodeon UK Limited as an investment in joint venture. The investment is held at cost and reviewed for impairment at each balance sheet date.

7. Trade and other receivables

	31 December 2019 £'000	30 June 2018 £'000
Amounts receivable from immediate parent company	**101,575**	74,800

7. Trade and other receivables (continued)

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

The amounts receivable from the immediate parent have been assessed to be fully recoverable and as such no other allowances have been recorded.

Amounts due from the immediate parent company totalling £101,575,000 (2018: £74,800,000) are non-interest bearing and are repayable on demand.

8. Trade and other payables

	31 December 2019 £'000	30 June 2018 £'000
Amounts payable to parent company	**5,527**	5,527
Amounts due to other group companies	**8,375**	-
Total trade and other payables	**13,902**	5,527

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

Amounts payable to the parent company, Sky Ventures Limited, totalling £5,527,000 (2018: £5,527,000) relate to the initial investment in Nickelodeon.

Amounts due to other group companies totalling £8,375,000 (2018: £nil) are non-interest bearing and are repayable on demand.

9. Share capital

	31 December 2019 £	30 June 2018 £
Authorised, called-up and fully paid		
2 (2018: 2) ordinary shares of £1 each (2018: £1)	**2**	2

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

10. Other financial instruments

Carrying value and fair value

The Company's principal financial instruments comprise trade payables and trade receivables.

The accounting classification of each class of the Company's financial assets and financial liabilities, is as follows:

	Financial assets measured at amortised cost	Financial liabilities measured at amortised cost	Total carrying value	Total fair values
	£'000	£'000	£'000	£'000
At 31 December 2019				
Trade and other payables	-	**(13,902)**	**(13,902)**	**(13,902)**
Trade and other receivables	**101,575**	-	**101,575**	**101,575**
At 30 June 2018				
Trade and other payables	-	(5,527)	(5,527)	(5,527)
Trade and other receivables	74,800	-	74,800	74,800

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

11. Financial risk management objectives and policies

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

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

11. Financial risk management objectives and policies (continued)

Capital Risk Management

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

Credit risk

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

Liquidity risk

The Company's financial liabilities are shown in note 8.

The following table analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. 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 5 years
	£'000	£'000	£'000	£'000
At 31 December 2019				
Trade and other payables	**13,902**	-	-	-
At 30 June 2018				
Trade and other payables	5,527	-	-	-

12. Transactions with related parties

a) Key management

The Company has a related party relationship with the Directors of the Company. At 31 December 2019, there were 2 (2018: 3) members of key managers, both of whom were Directors of the Company. Key management compensation is disclosed in note 3.

b) Transactions with immediate parent company

For details of amounts owed by and amounts payable to the immediate parent company, see notes 7 and 8. Movement in trade and other receivables for the year is £26,775,000 and principally relates to dividend income of £18,400,000 received from Nickelodeon UK Limited. For further detail, see note 2.

12. Transactions with related parties (continued)

c) Transactions with joint ventures

The Company holds 40% of the issued share capital of Nickelodeon UK Limited. Investment income of £18,400,000 (2018: £11,600,000) was received from Nickelodeon UK Limited during the period. There are no outstanding balances with this entity at year end.

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 as required.

Under this policy, Sky UK Limited, received income of £18,400,000 (2018: £11,600,000) on behalf of the Company during the period. This amount appears as an intercompany receivable owed to the company. Please refer to note 7 for details of intercompany receivables.

13. Ultimate parent undertaking

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

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

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

14. Post Balance Sheet Events

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