

SKY OPERATIONAL FINANCE LIMITED

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

Registered number: 02906994

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Directors and Officers

For the year ended 31 December 2021

Directors

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

C Smith
T C Richards
S Robson

Secretary

Sky Corporate Secretary Limited

Registered office

Grant Way
Isleworth
Middlesex
United Kingdom
TW7 5QD

Auditor

Deloitte LLP
Statutory Auditor
1 New Street Square
London
EC4A 3HQ
United Kingdom

Strategic and Directors' Report

Strategic Report

The Directors present their Strategic and Directors' report on the affairs of the Company, together with the financial statements and Auditor's Report for the year ended 31 December 2021, with comparatives for the year ended 31 December 2020.

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

Business review and principal activity

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

The Company's principal activity is to assist in financing the operations of the Sky Group. The Directors expect this activity to continue for the foreseeable future.

Financial Review and Dividends

The audited financial statements for the year ended 31 December 2021 are set out on pages 11 to 24. The profit after tax for the year was £3 million (2020: £4 million). During the year the Company had investment income of £108 million (2020: £125 million) and finance costs of £104 million (2020: £120 million).

The Balance Sheet shows that the Company's shareholders' position at the end of the year was a surplus of £186 million (2020: £183 million). The increase was due to the profit arising in the year.

No dividend was paid in the year (2020: £nil).

Key performance indicators (KPIs)

The Sky Group ("the Group") manages its operations on a divisional basis. For this reason, and given the Company's nature as a holding company, the Company's directors believe that further key performance indicators for the Company are not necessary or appropriate for an understanding of the development, performance or position of the Company.

Principal risks and uncertainties

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

Financial risk management objectives and policies

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

Credit risk

The balance sheet of the Company includes intercompany balances. The Company is therefore exposed to credit risk on these balances. The intercompany balances of the Company are detailed in note 6. 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.

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 Sky Group currently have access to a £6 billion revolving credit facility with Comcast Corporation which is due to expire in 2027. The Company benefits from this liquidity through intra-group facilities and loans.

Foreign exchange risk

The Company's activities expose it to the financial risks of changes in foreign currency exchange rates.

Impacts of COVID-19

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

Strategic and Directors' Report (continued)

Streamlined Energy and Carbon Reporting

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

Sky follows three steps to become carbon neutral:

- **Measure** - we calculate our greenhouse gas emissions at the end of each financial year by calculating our Scope 1 and 2 CO₂e emissions (premises, company owned vehicles and refrigerant use) and Scope 3 emissions including business travel and waste sent to landfill.
- **Reduce** - we are committed to avoiding and reducing our emissions before offsetting to achieve our carbon neutral status. Performance against our targets can be reviewed in our Bigger Picture Impact Report.
- **Offset** - each year we offset our location-based Scope 1 and 2 emissions and selected Scope 3 emissions to make Sky a CarbonNeutral® Company across our operations. Carbon offsetting is compensating for your own, unavoidable emissions by financing an emission reduction project elsewhere. That finance purchases carbon credits, equivalent to one tonne of CO₂ each, which the emission reduction projects generate. These projects are audited by an independent third party.

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

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

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

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

The information provided is for Sky's UK and Ireland operations as a whole. Due to the complexity of the corporate structure in the UK and Ireland, further disaggregated reporting at an entity level is not available at this time. We believe users of the financial statements are well served by understanding the scope of Sky's emissions in the UK and Ireland as a whole, but will further assess a practical way to present this on an entity basis.

Methodology

We calculate our greenhouse gas emissions in carbon dioxide equivalent (CO₂e) for Scopes 1 and 2 according to the Greenhouse Gas Protocol Corporate Standard and associated guidance. We use the emission factors from the latest UK Government (DEFRA/BEIS) Greenhouse Gas Conversion Factors for Company Reporting (2021), IEA Statistics Data Service: Emission Factors (2021 edition) and the Association of Issuing Bodies: Version 1.0 2020 European Residual Mixes (2021 edition). Data for UK & Ireland includes Sky's Joint Ventures, small international offices and news bureaux and business activities in Portugal.

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

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

Strategic and Directors' Report (continued)

S172 Statement

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

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

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

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

Our Employees

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

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

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

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

Strategic and Directors' Report (continued)

Our Partners

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

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

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

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

Our Communities

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

Members

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

Approved by the Board and signed on its behalf of



S Robson
Director

Grant Way
Isleworth
Middlesex
United Kingdom
TW7 5QD

Date: 7 September 2022

Strategic and Directors' Report (continued)

Directors' Report

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

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

The Directors do not recommend the payment of a dividend in the current year (2020: £nil).

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

Going concern

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

Given the integrated nature of the Group's financial planning and treasury functions, the impact of COVID-19 on the Company's operations and funding requirements has been assessed at the Group level. The Directors expect that the businesses will continue to generate adequate cash flow from operating activities and believe that these cash flows, together with the Company's existing cash, cash equivalents and investments, and available borrowings under its existing credit facilities, including the £6 billion revolving credit facility with Comcast, will be sufficient for the Company to meet its current and long-term liquidity and capital requirements.

The Company is in a net current liability position. However, the Company has received confirmation that Comcast intends to support the Company for a period of at least 12 months from the date of signing of these financial statements.

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

Auditor

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

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

Deloitte LLP have expressed their willingness to continue as auditor and a resolution to reappoint them was approved by the Board of Directors on 7 September 2022.

Approved by the Board and signed on its behalf,



S Robson
Director

Grant Way
Isleworth
Middlesex
United Kingdom
TW7 5QD

7 September 2022

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors are required to prepare the financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. The financial statements also comply with International Financial Reporting Standards as issued by the IASB. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year.

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

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

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

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

Auditor's report

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SKY OPERATIONAL FINANCE LIMITED

Report on the audit of the financial statements

Opinion

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

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom adopted international accounting standards and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

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

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

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

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.

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.

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.

Auditor's report (continued)

Independent Auditor's report to the members of Sky Operational Finance Limited (continued)

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act and tax legislation; and
- 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. These included Employment Law, the Data Protection Act 2018 and the Bribery Act 2010.

We discussed among the audit engagement team including relevant internal specialists such as IT regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the assessment of finance income. We performed specific procedures to address this risk including:

- obtaining an understanding of management's process and control environment over the calculation of finance income
- independently recalculating finance income using terms from signed loan agreements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house / external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Auditor's report (continued)

Independent Auditor's report to the members of Sky Operational Finance Limited (continued)

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

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.

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

7 September 2022

Income Statement

For the year ended 31 December 2021

	Notes	2021 £m	2020 £m
Finance income	2	108	125
Finance costs	2	(104)	(120)
Profit before tax	3	4	5
Tax	4	(1)	(1)
Profit for the year attributable to equity shareholder		3	4

For the years ended 31 December 2021 and 31 December 2020, the Company did not have any items of other comprehensive income, and therefore no separate Statement of Other Comprehensive Income has been prepared.

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

All results relate to continuing operations.

Balance Sheet

As at 31 December 2021

	Notes	2021 £m	2020 Restated (Note 13) £m	2019 Restated (Note 13) £m
Non-current assets				
Investments	5	354	354	354
Trade and other receivables	6	8,227	8,491	8,827
Total non-current assets		8,581	8,845	9,181
Total assets		8,581	8,845	9,181
Current liabilities				
Trade and other payables	7	8,395	8,662	9,002
Total current liabilities		8,395	8,662	9,002
Net current liabilities		(8,395)	(8,662)	(9,002)
Total liabilities		8,395	8,662	9,002
Equity				
Share capital	10	31	31	31
Retained Earnings		155	152	148
Total equity attributable to equity shareholder		186	183	179
Total liabilities and shareholder's equity		8,581	8,845	9,181

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

As at 31 December 2021, the Company did not have any cash or cash equivalents. Accordingly, no cash flow statement or reconciliation of operating profit to cash flows from operating activities has been prepared.

The financial statements of Sky Operational Finance Limited, registered number 02906994 were approved by the Board of Directors on 7 September 2022 and were signed on its behalf by:



S Robson
Director

7 September 2022

Statement of Changes in Equity

For the year ended 31 December 2021

	Share Capital £m	Retained earnings £m	Total shareholder's equity £m
At 1 January 2020	31	148	179
Profit for the year	-	4	4
At 31 December 2020	31	152	183
Profit for the year	-	3	3
At 31 December 2021	31	155	186

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

Notes to the financial statements

1. Accounting policies

Sky Operational Finance 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 02906994.

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

a) Statement of compliance

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

b) Basis of preparation

The financial statements have been prepared on a going concern basis and on an historical cost basis, except for the remeasurement to fair value of certain financial assets and liabilities as described in the accounting policies below.

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

Given the integrated nature of the Sky Group's financial planning and treasury functions, the impact of COVID-19 on the Company's operations and funding requirements has been assessed at the Sky Group level. The Directors expect that the Sky Group businesses will continue to generate adequate cash flow from operating activities and believe that these cash flows, together with the Company's assets and available borrowings under its existing credit facilities, including the £6 billion revolving credit facility with Comcast, will be sufficient for the Company to meet its current and long-term liquidity and capital requirements.

The Company is in a net current liability position. However, the Company has received confirmation that Comcast intends to support the Company for a period of at least 12 months from the date of signing of these financial statements.

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

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

The Company has adopted the new accounting pronouncements which became effective for this year. Interest Rate Benchmark Reform (Phase 2) - Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 16, IFRS 4 was applicable for the first time in 2021. It has no material impact on the financial statements of the Company.

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

c) Financial assets and liabilities

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

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

i. Trade and other receivables

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

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

Notes to the financial statements (continued)

1. Accounting policies (continued)

d) Investments

An investment is recognised at cost less any accumulated impairment.

e) Impairment

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

f) Tax, including deferred tax

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

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

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

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

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

g) Foreign currency translation

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

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.

Notes to the financial statements (continued)

1. Accounting policies (continued)

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 after 1 January 2021. These new pronouncements are listed below. The Directors are currently evaluating the impact of the adoption of these standards, amendments and interpretations in future periods.

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

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

An accounting policy is considered to be critical if, in the Directors' judgement, its selection or application materially affects the Company's financial position or results. The application of the Company's accounting policies may also require the use of estimation or judgement in a manner which may affect the Company's financial position or results.

No accounting policies are considered critical to the Company.

Key sources of estimation uncertainty

There are no areas identified for which there are major sources of estimation uncertainty at the reporting year end that have 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.

Notes to the financial statements (continued)

2. Finance income and finance costs

	2021 £m	2020 £m
Finance income		
Intercompany interest receivable (i)	94	109
Interest on Sky Television debenture (see note 5)	14	16
	<u>108</u>	<u>125</u>
	2021	2020
	£m	£m
Finance costs		
Foreign exchange losses	(1)	-
Sky Television Limited loan note (see note 7)	(10)	(10)
Intercompany interest payable (ii)	(93)	(110)
	<u>(104)</u>	<u>(120)</u>
Total finance costs	(104)	(120)

- (i) Investment income from other Group undertakings represents, primarily interest receivable from Sky UK Limited, Sky International Operations Limited, Sky IP International Limited, Sky History Limited and Sky International AG (see note 6)
- (ii) Interest payable to other Group companies represents, in the main, amounts payable to Sky Limited, Sky UK Limited, Sky Television Limited, The Cloud Networks Limited and Sky International Operations Limited.

3. Profit before taxation

Employee benefits and key management compensation

There were no employee costs during the year (2020: £nil), as the Company had no employees, other than the Directors. Services are provided by employees of other companies within the Group with no charge being made for their services (2020: £nil). The Directors did not receive any remuneration during the year (2020: £nil) in respect of their services to the Company.

Audit fees

Amounts paid to the auditor for the audit of the Company's annual financial statements of £10,000 (2020: £10,000) were borne by another Group subsidiary in 2021 and 2020. No amounts for other services have been paid to the auditor.

4. Tax

a) Tax recognised in the income statement

	2021 £m	2020 £m
Current tax expense		
Current year	1	1
Adjustment in respect of prior years	-	-
	<u>1</u>	<u>1</u>
Total current tax charge	1	1

Notes to the financial statements (continued)

4. Tax (continued)

b) Reconciliation of effective tax rate

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

	2021 £m	2020 £m
Profit before tax	4	5
Profit before tax multiplied by rate of corporation tax in the UK of 19.0% (2020: 19.0%)	1	1
Tax	1	1

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

5. Investments

	2021 £m	2020 £m
Loan to fellow subsidiary - Sky Television Limited debenture	354	354

The debenture issued by Sky Television Limited is not repayable until 31 October 2080, except at the option of the Company. Interest on the debenture is accrued at 1.5% above the HSBC base rate, compounds semi-annually and is payable on demand.

6. Trade and other receivables

	2021 £m	2020 Restated (Note 13) £m
Non-current receivables from other Group companies	8,227	8,491
Total trade and other receivables	8,227	8,491

Non-current amounts receivable from other Group companies

In July 2014, the Company entered into a loan agreement with Sky UK Limited for £1,346 million. This loan is non-interest bearing and is repayable on demand. The balance outstanding at 31 December 2021 was £1,346 million (2020: £1,346).

In September 2014, the Company entered into loan agreements with Sky International Operations Limited for €969 million, €1,500 million and €1,000 million. These loans are repayable on demand and bear interest at 2.19%, 1.5% and 2.5% respectively. The balance outstanding on these loans at 31 December 2021 was £422 million, £1,265 million and £846 million (2020: £450 million, £1,349 million and £902 million).

Notes to the financial statements (continued)

6. Trade and other receivables (continued)

Non-current amounts receivable from other Group companies (continued)

In November 2014, the Company entered into a loan agreement with Sky UK Limited for £408 million. This loan is non-interest bearing and is repayable on demand. The balance outstanding on this loan at 31 December 2021 was £408 million (2020: £408 million).

In November 2014, the Company entered into a loan facility with Sky UK Limited for up to €200 million and extended to €600 million in April 2015. This loan is repayable on demand and bears interest at 3 months EURIBOR +0.75%. The balance outstanding on this loan at 31 December 2021 was £180 million (2020: £192 million).

In November 2014, the Company entered into loan facilities with Sky International Operations Limited for up to €125 million and up to €800 million. In February 2018, the first facility was increased to a limit of up to €350 million and extended further to €750 million from March 2020. These loans are repayable on demand and bear interest at EURIBOR +1%. The balance outstanding on these loans at 31 December 2021 was £389 million and £333 million respectively (2020: £380 million and £353 million respectively).

In November 2014, the Company entered into loan agreements with Sky International Operations Limited for €400 million, €850 million and €126 million. These loans are repayable on demand and bear interest at 2.75%, 1.875% and 2.94% respectively. The balance outstanding on these loans at 31 December 2021 was £337 million, £715 million and £106 million (2020: £359 million, £762 million and £113 million).

In February 2015, the Company entered into a loan facility with Sky UK Limited for up to €139 million. The loan is repayable on demand and bears interest at a rate equivalent to what is charged under the Sky Deutschland Credit Agreement, being 2% in 2021 (2020: 2%). The balance outstanding on this loan at 31 December 2021 was £126 million (2020: £132 million).

In November 2015, the Company entered into a loan agreement with Sky UK Limited for £356 million. This loan is repayable on demand and bears interest at 3.72% per annum. The balance outstanding on the loan at 31 December 2021 was £358 million (2020: £358 million).

With effect from June 2015, the Company redenominated a loan agreement with Sky International AG for up to €30 million, which was extended to €40 million from September 2020. This loan is repayable on demand and bears interest at EURIBOR plus 1%. The balance outstanding on the loan at 31 December 2021 was £24 million (2020: £28 million).

In June 2015, the Company entered into a loan agreement with Sky UK Limited for €2.4 million. This loan is repayable on demand and bears interest at 1.5%. The balance outstanding on the loan at 31 December 2021 was £2 million (2020: £2 million).

In March 2017, the Company entered into a loan agreement with Sky History Limited for up to £17 million. This loan is repayable on demand and bears interest at 1.5%. The balance outstanding on the loan at 31 December 2021 was £15 million (2020: £16 million).

The Company has other revolving credit facility agreements, all of which are repayable on demand, with each of the following Group companies:

- Sky UK Limited; £0.5 million (2020: £0.5 million) interest bearing at 6 month LIBOR + 1%
- Sky IP International Limited; £0.3 million (2020: £0.3 million) interest bearing at 6 month LIBOR + 1 %
- Sky UK Limited; £23 million (2020: £23 million) non-interest bearing
- Sky In-Home Service Limited; £179 million (2020: £179 million) non-interest bearing

All other amounts receivable are trade receivables, which are non-interest bearing and are also repayable on demand. The balance outstanding on these additional items at 31 December 2021 was £599 million (2020: £599 million).

No allowances have been recorded against amounts receivable from Group companies as the expected credit losses in relation to these balances are assessed as being immaterial.

In September 1999, the Company loaned £576 million to Sky Television Limited. The loan bears interest at one month HSBC base rate plus 1.5%. The balance now outstanding is £554 million including accrued interest (2020: £540 million). Interest on the debenture is accrued at 1.5% above the HSBC base rate, compounds semi-annually and is payable on demand.

Notes to the financial statements (continued)

7. Trade and other payables

	2021	2020
	£m	£m
Amounts payable to parent company ^(a)	5,517	5,792
Amounts payable to other group companies ^(b)	2,878	2,870
Total trade and other payables	8,395	8,662

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

a) Amounts payable to parent company

In September 2014, the Company entered into loan agreements with Sky Ltd for €969 million, €1,500 million and €1,000 million. These loans are repayable on demand and bear interest at 2.19%, 1.5% and 2.5% respectively. The balance outstanding on these loans at 31 December 2021 was £422 million, £1,265 million and £846 million (2020: £450 million, £1,349 million and £902 million).

In November 2014, the Company entered into loan agreements with Sky Ltd for €400 million, €850 million and €126 million. These loans are repayable on demand and bear interest at 2.75%, 1.88% and 2.94% respectively. The balance outstanding on these loans at 31 December 2021 was £337 million, £715 million and £106 million (2020: £359 million, £762 million and £113 million).

In April 2015, the Company entered into a loan facility with Sky Ltd for up to €600,000,000. The loan is repayable on demand and bears interest at EURIBOR +0.75%. The balance outstanding on this loan at 31 December 2021 was £504 million (2020: £537 million).

In November 2015, the Company entered into a loan with Sky Ltd for £356,252,000. The loan is repayable on demand and bears interest at 3.72% per annum. The balance outstanding on this loan at 31 December 2021 was £358 million (2020: £358 million).

In July 2014, the Company entered into a loan agreement with Rainbow Finance (Jersey) Limited for £1.3 million. This loan is non-interest bearing and is repayable on demand. The balance outstanding at 31 December 2021 was £954 million (2020: £954 million). This loan was assigned from Rainbow Finance (Jersey) Limited to Sky Ltd following the winding up of Rainbow Finance (Jersey) Limited in December 2020.

All other amounts payable are non-interest bearing, unsecured and are also repayable on demand. The balance outstanding on these additional items at 31 December 2021 was £9 million (2020: £8 million).

b) Amounts payable to other group companies

On 12 February 2002, Sky Television Limited loaned £576 million to the Company under the terms of an interest-bearing loan note. The loan note bears interest at base rate plus a margin of 1.5% and is repayable on demand. The accumulated interest on this balance for the year is £9 million (2020: £10 million). The outstanding liability at 31 December 2021 was £600 million (2020: £591 million).

In November 2014, the Company entered into a loan facility with Sky UK Limited for up to €125 million which was extended to €350 million in February 2018 and extended further to €750 million from March 2020. The loan is repayable on demand and bears interest at EURIBOR +1%. The balance outstanding on the loan at 31 December 2021 was £389 million (2020: £380 million).

In November 2014, the Company entered into a loan agreement with Sky Ventures Limited for £408 million. This loan is repayable on demand and is non-interest bearing. The balance outstanding on this loan at 31 December 2021 was £408 million (2020: £408 million).

Notes to the financial statements (continued)

7. Trade and other payables (continued)

b) Amounts payable to other group companies (continued)

In February 2015, the Company entered into a loan facility with Sky International Operations Limited for up to €139 million. The loan is repayable on demand and bears interest at a rate equivalent to what is charged under the Sky Deutschland Credit Agreement, being 2% in 2021 (2020: 2%). The balance outstanding on this loan at 31 December 2021 was £126 million (2020: £132 million).

With effect from June 2015, the Company redenominated a loan agreement with Sky UK Limited for up to €30 million, which was extended to €40 million from September 2020. This loan is repayable on demand and bears interest at EURIBOR plus 1%. The balance outstanding on the loan at 31 December 2021 was £24 million (2020: £28 million).

In June 2015, the Company entered into a loan agreement with The Cloud Networks Limited for €2.5 million. This loan is repayable on demand and bears interest at 1.5%. The balance outstanding on the loan at 31 December 2021 was £2 million (2020: £2 million).

In March 2017, the Company entered into a loan agreement with Sky UK Limited for up to £17 million. This loan is repayable on demand and bears interest at 1.5% per annum. The balance outstanding on the loan at 31 December 2021 was £15 million (2020: £16 million).

The Company has other revolving credit facility agreements, all of which are repayable on demand, with each of the following Group companies:

- Sky Television Limited; £115 million (2020: £114 million) interest bearing at 1 month LIBOR + 0.75%
- Sky UK Limited; £0.3 million (2020: £0.3 million) interest bearing at 6 month LIBOR + 1%
- Sky SNI Operations Limited; £0.5 million (2020: £0.5 million) interest bearing at 6 month LIBOR minus 0.2%
- Sky UK Limited; £126 million (2020: £126 million) non-interest bearing
- Sky Subscribers Services Limited; £45 million (2020: £45 million) non-interest bearing

All other amounts payable are non-interest bearing and are also repayable on demand. The balance outstanding on these additional items at 31 December 2021 was £1,028 million (2020: £1,028 million).

8. Financial Instruments

The Company's principal financial receivables comprise amounts receivable from other Group companies. The Company has various financial liabilities such as amounts payable to other Group companies.

The Company's 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:

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

	Financial Assets at Amortised Cost £m	Financial Liabilities at Amortised Cost £m	Total carrying value £m	Total fair values £m
At 31 December 2021				
Trade and other payables	-	(8,395)	(8,395)	(8,395)
Trade and other receivables	8,227	-	8,227	8,227
Investment	354	-	354	354
At 31 December 2020				
Trade and other payables	-	(8,662)	(8,662)	(8,662)
Trade and other receivables	8,491	-	8,491	8,491
Investment	354	-	354	354

Notes to the financial statements (continued)

8. Financial Instruments (continued)

The Company currently has no financial assets measured at fair value through comprehensive income, or financial liabilities at fair value through comprehensive income.

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.

The directors consider that the fair values of the balances recognised is substantially the same as their carrying values.

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

9. 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.

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

Capital Risk Management

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

The Company is not subject to external capital requirements.

Liquidity risk

The Company's financial liabilities are shown in note 7.

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

	Less than 12 months £m	Between one and two years £m	Between two and five years £m	More than five years £m
At 31 December 2021				
Trade and other payables	8,395	-	-	-
At 31 December 2020				
Trade and other payables	8,662	-	-	-

Notes to the financial statements (continued)

9. Financial risk management objectives and policies (continued)

Credit risk

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

10. Share capital

	2021 £m	2020 £m
Authorised, called-up and fully paid		
Ordinary shares of £1.00 each		
Beginning of year	31	31
End of year	31	31

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

11. Transactions with related parties

a) Transactions with the parent company

For details of amounts owed to the parent company, see note 7.

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 7.

b) Key management

The Company has a related party relationship with the Directors of the Company. At 31 December 2021, there were 3 (2020: 3) members of key managers, all of whom were Directors of the Company.

c) Transactions with other Group companies

Principal services supplied to other Group companies:

- Assets held for the benefit of Sky UK Limited

Principal goods/services received from / supplied to other Group companies:

- 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 other Group companies as required.

The Company has related party transactions with other related entities by virtue of its status as finance company to Sky and the Group. In particular, it is normal practice for the Company to lend and borrow funds to and from other related parties, as required. Interest is earned and paid on certain loans to other related parties. For details of amounts owed by and amounts owed to other Group companies, see notes 6 and 7 respectively. For details of investment income and finance costs in relation to other Group companies, see note 2.

The Company has not entered into any further transactions with related parties outside the Group in which its results are consolidated (see note 12).

Notes to the financial statements (continued)

12. Ultimate parent undertaking

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

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

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

13. Prior-period restatement

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

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

	2020	2020	2020
	As previously stated	Adjustment	Restated balance
	£m	£m	£m
Amounts receivable from other group companies - current	8,491	(8,491)	-
Amounts receivable from other group companies - non current	-	8,491	8,491

	2019	2019	2019
	As previously stated	Adjustment	Restated balance
	£m	£m	£m
Amounts receivable from other group companies - current	8,827	(8,827)	-
Amounts receivable from other group companies - non current	-	8,827	8,827