

# CYMRU INTERNATIONAL LIMITED

Annual report and financial statements  
For the year ended 30 June 2015

Registered number: 05536376

WEDNESDAY



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## Directors and Officers

For the year ended 30 June 2015

### **Directors**

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

C J Taylor

C R Jones

### **Secretary**

C J Taylor

### **Registered office**

Grant Way

Isleworth

Middlesex

TW7 5QD

### **Auditor**

Deloitte LLP

Chartered Accountants

London

United Kingdom

# Strategic and Directors' Report

## **Strategic Report**

The Directors present their Strategic and Directors' report on the affairs of the Company, together with the financial statements and Auditor's Report for the year ended 30 June 2015.

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 Parthenon Entertainment Limited (the immediate parent company). The ultimate parent company is Sky plc ("Sky", formerly known as British Sky Broadcasting Group plc) and operates together with Sky's other subsidiaries, as part of the Sky Group ("the Group").

The principal activity of the Company continued to be that of the marketing and distribution of television programmes.

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

The audited accounts for the year ended 30 June 2015 are set out on pages 7 to 13. The Directors consider revenue and operating profit to be key performance indicators of the Company. Revenue for the year-ended 30 June 2015 was £78,317 (2014: £84,642) and the operating profit was £12,360 (2014: £10,956).

## **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 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 Company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

## Strategic and Directors' Report (continued)

### **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 an undrawn £1 billion revolving credit facility which is due to expire on 30 November 2020. The Company benefits from this liquidity through intra-group facilities and loans.

By Order of the Board,



C J Taylor  
Company Secretary

Grant Way  
Isleworth  
Middlesex  
TW7 5QD  
10 December 2015

## Strategic and Directors' Report (continued)

### Directors' Report

The Directors who served during the year are shown on page 1. The Directors do not recommend a dividend for the year ended 30 June 2015 (2014: Nil).

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

### Going concern

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

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 ought to have taken as a Director to make himself 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 10 December 2015.

By Order of the Board,



C J Taylor  
Company Secretary

Grant Way  
Isleworth  
Middlesex  
TW7 5QD  
10 December 2015

## Statement of Directors' responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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, the Directors are required to:

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

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

# Auditor's report

## Independent Auditor's report to the members of Cymru International Limited

We have audited the financial statements of Cymru International Limited for the year ended 30 June 2015 which comprise the Profit and Loss Account, the Balance Sheet, and the related notes 1 to 13. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

### Respective responsibilities of Directors and auditor

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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the Company's affairs as at 30 June 2015 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

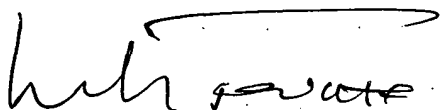
### Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you 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.



William Touche (Senior Statutory Auditor)  
For and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditor  
London, United Kingdom

10 December 2015

## Profit and Loss Account

For the year ended 30 June 2015

	Notes	2015 £	2014 £
<b>Revenue</b>	2	<b>78,317</b>	84,642
Operating expense	3	<b>(65,957)</b>	(73,686)
<b>Operating profit and profit on ordinary activities before taxation</b>	5	<b>12,360</b>	10,956
Tax	6	<b>(417)</b>	(6,509)
<b>Profit for the year</b>		<b>11,943</b>	4,447

The accompanying notes are an integral part of this Profit and Loss Account.

For the years ended 30 June 2015 and 30 June 2014, there are no recognised gains or losses other than those shown above. Accordingly, no Statement of total Recognised Gains and Losses is presented.

All results relate to continuing operations.



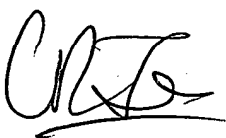
# Balance Sheet

As at 30 June 2015

	Notes	2015 £	2014 £
<b>Current assets</b>			
Debtors: amounts due within one year	7	338,856	343,237
<b>Total assets</b>		<b>338,856</b>	<b>343,237</b>
<b>Current liabilities</b>			
Creditors: amounts falling due within one year	8	(56,368)	(72,692)
<b>Total assets less current liabilities</b>		<b>282,488</b>	<b>270,545</b>
<b>Net Assets</b>		<b>282,488</b>	<b>270,545</b>
<b>Capital and reserves</b>			
Called up share capital	9	2	2
Profit and loss account	10	282,486	270,543
<b>Total shareholders' funds</b>	11	<b>282,488</b>	<b>270,545</b>

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

The financial statements of Cymru International Limited, registered number 05536376 were approved by the Board of Directors on 10 December 2015 and were signed on its behalf by:



C R Jones

Director,

10 December 2015

# Notes to the financial statements

## 1. Accounting policies

Cymru International Limited (the "Company") is a limited liability Company incorporated in the United Kingdom, and registered in England and Wales.

### Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

The accounts are prepared on the going concern basis as described in the Directors' report on page 4.

### Cash flow statement

The Company has taken advantage of the exemption from the requirements of FRS 1 (Revised) to present a cash flow statement on the grounds that the Company is a wholly-owned subsidiary and is included in the publicly available consolidated accounts of Sky.

### Revenue recognition

Revenue represents amounts receivable for goods and services net of VAT and trade discounts.

Revenue from the distribution of programmes is recognised when a contract has been executed by both the Company and licensee and the relevant programmes have met all the necessary technical requirements. Distribution revenue from programmes or formats distributed by third parties and other ancillary revenues are recognised once the Company has been notified of the sums due to it. Non-refundable advance payments received from third parties are recognised as revenue on execution of a contract. Any fees received in advance, which do not meet all the above criteria, are included in deferred income until the above criteria are met.

### Tax

UK corporation tax is provided at current amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which carried forward tax losses can be offset and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

### Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating result.

## Notes to the financial statements

### 2. Revenue

The revenue and profit before taxation are attributable to the one principal activity of the Company, being the marketing and distribution of television programmes.

In the period to 30 June 2015 97% (2014: 92%) of the Company's revenue was to markets outside the United Kingdom.

### 3. Operating expense

	2015	2014
	£	£
Programme costs	58,737	57,249
Sales, general and administration	7,220	16,437
	65,957	73,686

To provide a more relevant presentation, management has chosen to reanalyse the operating expense categories from those previously reported. A number of operating expense sub-categories have been combined within a single Sales, general and administration ("SG&A") operating expense line. As such, certain prior period costs within the 2014 statutory Company total comparatives have been reclassified, as set out below.

Prior year expense of £16,437 previously included in Marketing is now included in SG&A.

### 4. Employees

There were no staff costs for the year ended 30 June 2015 nor for the year ended 30 June 2014.

### 5. Operating profit and profit on ordinary activities before taxation

Profit on ordinary activities before tax is stated after (charging) crediting:	2015	2014
	£	£
Foreign exchange differences	714	(1,298)

### Audit fees

Amounts paid to the auditor for the audit of the Company's annual accounts of £10,000 (2014: £10,000) were borne by another Group subsidiary in 2015 and 2014. No amounts for other services have been paid to the auditor.

### Directors' remuneration

Directors' remuneration for the year were £nil (2014: nil).

## Notes to the financial statements

### 6. Tax

#### a) Analysis of tax charge

The tax charge on the profit on ordinary activities for the year was as follows:

	2015	2014
	£	£
<b>Current tax expense</b>		
UK corporation tax	417	-
Deferred tax	-	6,509
<b>Tax charge (credit) on profit on ordinary activities</b>	<b>417</b>	<b>6,509</b>

UK corporation tax has been charged at 20.75% (2014 – 22.5%).

#### Factors affecting the tax charge

The tax assessed for the year is lower (2014: lower) than the standard rate of corporation tax in the UK. The difference is explained below:

	2015	2014
	£	£
Profit on ordinary activities before tax	12,360	10,956
Profit before tax multiplied by blended rate of corporation tax in the UK of 20.75% (2014: 22.5%)	2,565	2,465
Effects of:		
Expenses not deductible for tax purposes	86	273
Group relief	(2,234)	(3,729)
Double tax relief	-	(1,213)
Overseas tax suffered	-	2,204
<b>Current tax charge</b>	<b>417</b>	<b>-</b>

The UK Government announced a reduction in the main rate of UK corporation tax to 19% with effect from 1 April 2017 and to 18% from 1 April 2020. These changes were not substantively enacted at the balance sheet date and have therefore not been reflected in the figures above.

### 7. Debtors: amounts falling due within one year

	2015	2014
	£	£
Trade debtors	25,890	20,547
Amounts owed by other Group companies <sup>(a)</sup>	312,756	318,515
Vat receivable	210	-
Prepayments and accrued income	-	4,175
	<b>338,856</b>	<b>343,237</b>

#### a) Amounts owed by other Group companies

There are amounts receivable from other Group companies totalling £312,756 (2014: £318,515); these balances are non-interest bearing and repayable on demand.

## Notes to the financial statements

### 8. Creditors: amounts falling due within one year

	2015	2014
	£	£
VAT	-	234
Accruals and deferred income	56,368	72,458
	<b>56,368</b>	<b>72,692</b>

### 9. Share capital

	2015	2014
	£	£
<b>Allotted, called-up and fully paid</b>		
2 (2014: 2) ordinary shares of £1 (2014: £1) each	2	2

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

### 10. Profit and loss account

	Profit and loss account
	£
At 1 July 2014	270,543
Profit for the year	11,943
At 30 June 2015	282,486

### 11. Reconciliation of movements in shareholders' funds

	2015	2014
	£	£
Profit for the financial year	<b>11,943</b>	4,447
Net increase to shareholders' funds	<b>11,943</b>	4,447
Opening shareholders' funds	<b>270,545</b>	266,098
Closing shareholders' funds	<b>282,488</b>	270,545

### 12. Related party disclosures

The Company has taken advantage of the exemption in FRS 8 paragraph 30 from the requirement to disclose transactions with Group companies on the grounds that consolidated financial statements are prepared by the ultimate parent company Sky.

## Notes to the financial statements

### **13. Ultimate controlling party**

The Company is a wholly-owned subsidiary undertaking of Parthenon Entertainment Limited, a company incorporated in the United Kingdom and registered in England and Wales. The Company is ultimately controlled by Sky. The only group in which the results of the Company are consolidated is that headed by Sky.

The consolidated financial statements of the Group are available to the public and may be obtained from the Company Secretary, Sky plc, Grant Way, Isleworth, Middlesex, TW7 5QD.