

BSkyB SNA Limited

Annual report and financial statements
For the period ended 30 June 2011

Registered number 7418281

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COMPANIES HOUSE

Directors and Officers

For the period ended 30 June 2011

Directors

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

D J Darroch (appointed 25 October 2010)

A J Griffith (appointed 25 October 2010)

Secretary

D J Gormley

Registered office

Grant Way

Isleworth

Middlesex

TW7 5QD

Auditor

Deloitte LLP

Chartered Accountants

London

United Kingdom

Directors' Report

The Directors present their Annual Report on the affairs of the Company, together with the financial statements and Auditor's Report for the period from incorporation on 25 October 2010 to 30 June 2011

Business review and principal activities

The Company is a wholly owned subsidiary of Sky Ventures Limited ("Sky Ventures") The ultimate parent company is British Sky Broadcasting Group plc ("BSkyB") and operates together with BSkyB's other subsidiaries as a part of the Group ("the Group")

The Company was incorporated on 25 October 2010 On 29 November 2010, the Company entered into a joint venture agreement with Abu Dhabi Media Investment Corp Limited ("ADMIC") to invest in Sky News Arabia FZ-LLC ("the Venture") The business of the Venture is the establishment of a 24 hour Arabic language news channel which will broadcast in the Middle East region It is management's aim that the channel will begin broadcasting within the next 12 months

The audited financial statements for the period ended 30 June 2011 are set out on pages 6 to 11 On formation of the Venture, the Company subscribed for 4,171,571 US\$1 shares, representing 50% of the issued share capital of the Venture The remaining 50% of share capital is owned by ADMIC Both the Company and ADMIC ("the Venturers") maintain rights over any distribution made by the Venture in proportion to their respective shareholdings

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 risk, namely liquidity risk

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 £750 million revolving credit facility which is due to expire on 30 July 2013 The Company benefits from this liquidity through intra-group facilities and loans

Going concern

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 In making this decision the Directors have considered the net current asset position of the company, and confirmations received from British Sky Broadcasting Limited ("BSkyB Ltd") that, for at least 12 months from the date of signing these financial statements, they will not demand payment of any amounts owed to them by the company where such repayment would prevent the company from continuing to settle its third party liabilities as they fall due Accordingly, they continue to adopt the going concern basis in preparing the financial statements

Directors

The Directors who served during the period are shown on page 1

Directors' Report (continued)

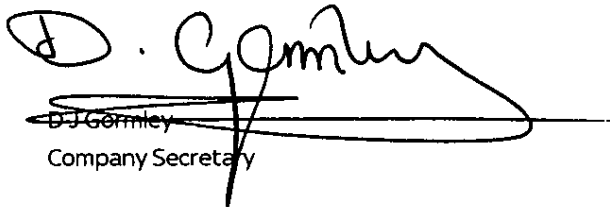
Auditor

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 were appointed to fill a casual vacancy in the current year following the incorporation of the Company. A resolution to reappoint them will be proposed at the forthcoming Annual General Meeting

By Order of the Board,



D.J. Gormley
Company Secretary

Grant Way
Isleworth
Middlesex
TW7 5QD

25 November 2011

Statement of Directors' responsibility

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

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

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

Auditor's report

Independent Auditor's report to the members of BSKyB SNA Limited:

We have audited the financial statements of BSKyB SNA Limited for the period ended 30 June 2011 which comprise the Balance Sheet, and the related notes 1 to 7. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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 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. 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 (APB'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. 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 2011,
- the financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Separate opinion in relation to IFRSs as issued by the IASB

As explained in note 1 to the financial statements, the Company in addition to applying IFRSs as adopted by the European Union, has also applied IFRSs as issued by the International Accounting Standards Board (IASB).

In our opinion the financial statements comply with IFRSs as issued by the IASB.

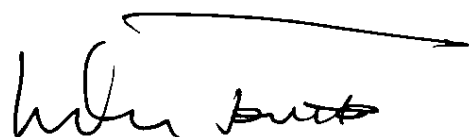
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the 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

25 November 2011

Balance Sheet

As at 30 June 2011

	Notes	2011 £'000
Non-current assets		
Investments in joint ventures	2	4,212
Total assets		4,212
Current liabilities		
Trade and other payables	3	4,212
Total liabilities		4,212
Share capital	5	-
Total equity attributable to equity shareholders		-
Total liabilities and shareholders' equity		4,212

The accompanying notes are an integral part of this Balance Sheet

The Company did not trade during the current period and has made neither profit nor loss, nor any other recognised comprehensive income. Accordingly, no Statement of Comprehensive Income or Statement of Changes in Equity has been prepared. The Directors expect the Company to begin trading in the next financial year.

The Company has no cash flows. Accordingly, a Cash Flow Statement has not been prepared.

The financial statements of BSkyB SNA Limited, registered number 7418281 have been approved by the Board of Directors on 25 November 2011 and were signed on its behalf by



A J Griffith
Director, 25 November 2011

Notes to the financial statements

1. Accounting policies

BSkyB SNA Limited (the "Company") is a limited liability Company incorporated in England and Wales, and domiciled in the United Kingdom ("UK")

a) Statement of compliance

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

b) Basis of preparation

The financial statements have been prepared on a going concern basis (as set out in the Directors' Report) and on a historical cost basis, except for the remeasurement to fair value of financial instruments as described in the accounting policies below. At the beginning of the period the Company adopted the new accounting pronouncements which became effective this period, none of which had any significant impact on the Company's results or financial position.

The Company was incorporated on 25 October 2010 and will maintain (subsequent to this year) a 52 or 53 week fiscal year ending on the Sunday nearest to 30 June in each year. In fiscal year 2011, this date was 3 July 2011, this being a 53 week year. For convenience purposes, the Company will date its financial statements as at 30 June. The Company has classified assets and liabilities as current when they are expected to be realised in, or intended for sale or consumption in, the normal operating cycle of the Company.

The Company has taken advantage of the exemption from preparing the consolidated accounts afforded by section 400 of the Companies Act 2006, because it is a wholly-owned subsidiary of BSkyB which prepares consolidated accounts which are publicly available (see note 7).

c) Financial assets and liabilities

Financial assets and liabilities are initially recognised at fair value plus any directly attributable transaction costs. 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 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.

ii. Investments in joint ventures

An investment in a joint venture is recognised at cost less any provision for impairment. As permitted by section 133 of the Companies Act 2006, where the relief recorded under section 131 of the Companies Act 2006 applies, cost is the aggregate of the nominal value of the relevant number of the Company's shares and the fair value of any other consideration given to acquire the share capital of the subsidiary undertakings.

Notes to the financial statements

1. Accounting policies (continued)

d) Impairment

At each balance sheet date, in accordance with IAS 36 "Impairment of Assets", the Company reviews the carrying amounts of all its assets to determine whether there is any indication that any of those assets have suffered an impairment loss

e) 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 our accounting periods beginning on or after 1 July 2011 or later periods. These new pronouncements are listed below

- IAS 24 Revised (2009) "Related Party Disclosures" (effective 1 January 2011),
- Improvements to IFRSs 2010 – various standards (effective 1 January 2011),
- IFRS 9 "Financial Instruments" (effective 1 January 2015),
- IFRS 10 "Consolidated Financial Statements" (effective 1 January 2013),
- IFRS 11 "Joint Arrangements" (effective 1 January 2013),
- IFRS 12 "Disclosure of Interests in Other Entities" (effective 1 January 2013), and
- IFRS 13 "Fair Value Measurement" (effective 1 January 2013)

The Directors are currently evaluating the impact of the adoption of these standards, amendments and interpretations in future periods

f) Critical accounting policies and the use of judgment

The Directors do not believe that the company has any critical accounting policies

2. Investment in joint ventures

(a) Subscription for shares in and capital contribution to joint ventures

The movement in the period was as follows

	Shares £'000	2011 £'000
Cost and funding		
Beginning of year	-	-
Subscription for shares	2,660	2,660
Capital contribution	1,552	1,552
End of year	4,212	4,212

Investments in joint ventures shown above represent the cost of shares and further equity contribution in the joint venture. No provisions for impairment in value have been made to date

Notes to the financial statements

2. Investment in joint ventures (continued)

Details of the principal investments of the Company are as follows

Name	Country of incorporation	Description and proportion of shares held (%)	Principal activity
Direct holdings		4,171,571 \$1 ordinary shares	
Sky News Arabia FZ-LLC	United Arab Emirates	(50% of total issued shares)	Television news broadcaster

3. Trade and other payables

	2011 £'000
Amounts payable to parent company	2,660
Amounts payable to other Group companies	1,552
	4,212

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

Amounts payable to the parent company and other Group companies totalling £4,212,000 represent trade payable balances. These are non-interest bearing and repayable on demand.

Amounts paid to the auditor for audit services of £1,000 were borne by another group entity. No amounts for other services have been paid to the auditor.

The Company received confirmation from its intercompany creditors that, for a period of 12 months, they will not demand payment of any amounts owed to them by the Company where such repayment would prevent the Company from continuing to settle its third party liabilities as they fall due.

4. Financial risk management objectives and policies

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

Capital Risk Management

The capital structure of the Company consists of equity attributable to equity holders of the parent Company, comprising issued capital. Risk and treasury management is governed by British Sky Broadcasting Group plc's policies approved by its Board of Directors.

Notes to the financial statements

4. Financial risk management objectives and policies (continued)

Liquidity risk

The Company's financial liabilities are shown in note 3

The following table analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows

	Less than 12 months
	£'000
At 30 June 2011	
Trade and other payables	4,212

5. Share capital

	2011
	£'000
Allotted, called-up and fully paid	
100 ordinary shares of £1 each	-

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

6. Transactions with related parties and major shareholders of BSKyB

a) Key management

The Company has a related party relationship with the Directors of the Company. At 30 June 2011, there were 2 members of key managers, both of whom were Directors of the Company.

b) Transactions with parent company

It is standard practice for the Company to lend and borrow cash to and from its parent company as required. At 30 June 2011, the Company had an amount payable of £2,660,000 to its parent company, Sky Ventures Limited.

c) Transactions with other Group companies

The Company conducts business transactions with other Group companies. At 30 June 2011, the Company had an amount payable of £1,552,000 to British Sky Broadcasting Limited, another Group company.

For details of amounts owed to other Group companies, see note 3.

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.

Notes to the financial statements

6. Transactions with related parties and major shareholders of BSkyB (continued)

d) Transactions with joint ventures

The Company lends amounts to its joint venture. For information on amounts owed from joint ventures, see note 2.

e) Additional information

On 15 June 2010, News Corporation announced a proposal relating to a possible offer for the entire share capital of BSkyB not already owned by News Corporation. On 13 July 2011, this proposal was withdrawn.

7. Ultimate parent undertaking

The Company is a wholly-owned subsidiary undertaking of Sky Ventures Limited, a Company incorporated in Great Britain and registered in England and Wales. The Company is ultimately controlled by British Sky Broadcasting Group plc. The only group in which the results of the Company are consolidated is that headed by BSkyB.

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

8. Post balance sheet event

On 15 June 2010, News Corporation announced a proposal relating to a possible offer for the entire share capital of BSkyB not already owned by News Corporation. On 13 July 2011, this proposal was withdrawn.