BSkyB SNA Limited

Annual report and financial statements
For the year ended 30 June 2013

Registered number 07418281

Directors and Officers
For the year ended 30 June 2013

Directors

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

C R Jones (appointed 8 January 2013)
C J Taylor (appointed 8 January 2013)
D J Darroch (resigned 8 January 2013)
A J Griffith (resigned 8 January 2013)

Secretary

C J Taylor (appointed 5 November 2012)
D J Gormley (resigned 5 November 2012)

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 year ended 30 June 2013

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 Ltd and other companies 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 during the year was broadcast in the Middle East region in line with the business plan

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 During the year ended 30 June 2013, the Company subscribed to further shares, bringing its total shareholding to 26,666,666 (2012 16,666,666)

The investment in the Venture has been impaired to £nil during the year for accounting purposes due to the lack of visibility of future profits As a result of the impairment, the investment is carried at £nil on the Balance Sheet at 30 June 2013 (2012 £nil)

The audited financial statements for the year ended 30 June 2013 are set out on pages 7 to 17 As shown in the Company's Statement of Comprehensive Income on page 7, the Company made a loss for the year of £4,747,000 (2012 £12,141,000) The loss arose as a result of the impairment of the Company's investment in joint venture of £4,747,000 (2012 £10,506,000) The Balance Sheet shows that the Company's shareholder deficit position at the end of the year was £16,888,000 (2012 £12,141,000), with the change in financial position being driven by the impairment of the joint venture in the period The Directors do not recommend the payment of a final dividend

On the 1st August 2013, Sky Ventures sold its shareholding in the Company to BSkyB SNI Limited (see note 9)

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 and investment performance 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 £743 million revolving credit facility which is due to expire on 31 October 2018 The Company benefits from this liquidity through intra-group facilities and loans

Investment performance risk

The Company faces risks relating to the recoverability of its investments in the Venture Recovery of these assets is dependent upon the visibility over the generation of sufficient profits to pay dividends or from the proceeds of such investments, in the event of their disposal The Company reviews the carrying amounts of its investments at balance sheet date to determine whether there is any indication of impairment

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 Directors' Report details the financial position of the Company, as well as the Company's objectives and policies, and details of its exposures to investment performance and liquidity risk

After making enquiries, the Directors have formed a judgment 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 liability position of the Company, and confirmations received from each of British Sky Broadcasting Limited and Sky Ventures Limited 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 year are shown on page 1

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 will be proposed at the forthcoming BSkyB Annual General Meeting

By Order of the Board,

C J Taylor

C J Taylor
Company Secretary

Grant Way
Isleworth
Middlesex
TW7 5QD

15 November 2013

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 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 year ended 30 June 2013 which comprise the Statement of Comprehensive Income, the Statement of Changes in Equity, the Balance Sheet and the related notes 1 to 9 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 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 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

- give a true and fair view of the state of the Company's affairs as at 30 June 2013 and of its loss for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- 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

12 November 2013

Statement of Comprehensive Income

For the year ended 30 June 2013

	Note	2013 £'000	2012 £'000
Impairment of investment in joint venture	2	**(4,747)**	(10,506)
Operating expense		**-**	(1,635)
Loss before tax		**(4,747)**	(12,141)
Tax	3	**-**	-
Loss for the year attributable to equity shareholders		**(4,747)**	(12 141)

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

For the years ended 30 June 2013 and 2012, the Company did not have any items of other comprehensive income

All results relate to continuing operations

Balance sheet

As at 30 June 2013

	Notes	2013 £'000	2012 £'000
Non-current assets			
Investments in joint ventures	2	-	-
Total assets		-	-
Current liabilities			
Trade and other payables	4	**16,888**	12,141
Total liabilities		**16,888**	12,141
Share capital	6	-	-
Retained losses		**(16,888)**	(12,141)
Total deficit attributable to equity shareholders		**(16,888)**	(12,141)
Total liabilities and shareholders' deficit		-	-

The accompanying notes are an integral part of this Balance Sheet

The Company has no cash flows Accordingly, no cash flow statement or reconciliation of operating losses to cash flows from operating activities has been prepared The equity transactions in the period were funded by British Sky Broadcasting Limited

The financial statements of BSkyB SNA Limited, registered number 07418281 have been approved by the Board of Directors on 15 November 2013 and were signed on its behalf by

C R Jones
Director,
15 November 2013

Statement of Changes in Equity

For the year ended 30 June 2013

	Share capital £'000	Retained losses £'000	Total shareholders' deficit £'000
At 30 June 2011	-	-	-
Loss for the year	-	(12 141)	(12,141)
At 30 June 2012	**-**	**(12,141)**	**(12,141)**
Loss for the year	-	(4,747)	(4,747)
At 30 June 2013	**-**	**(16,888)**	**(16,888)**

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

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 The Company has 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 maintains a 52 or 53 week fiscal year ending on the Sunday nearest to 30 June in each year In fiscal year 2013, this date was 30 June 2013, this being a 52 week year (fiscal year 2012 1 July 2012, 52 week year) For convenience purposes, the Company continues to 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 British Sky Broadcasting Group plc ("BSkyB") which prepares consolidated accounts which are publicly available (see note 8)

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

1 Accounting policies (continued)

c) Financial assets and liabilities (continued)

ii. Trade and other payables

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

iii. 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

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, excluding financial assets (see accounting policy c) and deferred taxation (see accounting policy e) to determine whether there is any indication that any of those assets have suffered an impairment loss

An impairment is recognised in the Statement of Comprehensive Income whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount The recoverable amount is the greater of net selling price, defined as the fair value less costs to sell, and value in use In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs Impairment losses recognised in respect of cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to those units, and then to reduce the carrying amount of other assets in the unit on a pro-rata basis

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

e) Tax, including deferred tax

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

Notes to the financial statements

1. Accounting policies (continued)

e) Tax, including deferred tax (continued)

The carrying amount of deferred tax assets is reviewed at each balance sheet date and adjusted to reflect an amount that is probable to be realised based on the weight of all available evidence Deferred tax is calculated at the rates that are expected to apply in the period when the liability is settled or the asset is realised Deferred tax assets and liabilities are not discounted Deferred tax is charged or credited in the Statement of Comprehensive Income, except where it relates to items charged or credited directly to equity, in which case the deferred tax is also included within equity Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same tax authority and the Company intends to settle its current tax assets and liabilities on a net basis

f) 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 2013 or later periods

These new pronouncements are listed below

- IFRS 12 "Disclosure of Interests in Other Entities" (effective 1 January 2013)
- IFRS 13 "Fair Value Measurement" (effective 1 January 2013)
- Amendment to IAS 27 "Separate Financial Statements" (effective 1 January 2013)
- Amendment to IAS 28 "Investments in Associates and Joint Ventures" (effective 1 January 2013)
- Amendments to IFRS 7 "Financial Instruments Disclosures – Offsetting Financial Assets and Financial Liabilities" (effective 1 January 2013)
- Amendments to IAS 32 "Financial Instruments Presentation – Offsetting Financial Assets and Financial Liabilities" (effective 1 January 2014)
- IFRS 9 "Financial Instruments" (effective 1 January 2015)

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

g) Critical accounting policies and the use of judgment

Certain accounting policies are considered to be critical to the Company An accounting policy is deemed to be critical if its selection or application materially affects the Company's position or results The Directors are required to use their judgment in order to select and apply the Company's critical accounting policies

i Investments

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

Notes to the financial statements

2. Investment in joint ventures

Subscription for shares in and capital contribution to joint ventures

The movement in the period was as follows

Cost and funding	2013 £'000	2012 £'000
Beginning of the year	-	4,212
Subscription for shares	**4,747**	6,294
Impairment	**(4,747)**	(10,506)
30 June 2013	-	-

Investments in joint ventures shown above represent the cost of shares and further equity contribution in the joint venture

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			
Sky News Arabia FZ-LLC	United Arab Emirates	26,666,666 (2012 16,666,666) $1 ordinary shares (50% of total issued shares)	Television news broadcaster

During the year the Company subscribed for an additional 10,000,000 ordinary shares (2012 12,495,095) The Directors have reviewed the carrying value of the investments in joint ventures and due to the lack of visibility of future profits the investment has been impaired for accounting purposes by £4,747,000 (2012 £10,506,000)

Notes to the financial statements

3. Tax

a) Tax recognised in the Statement of Comprehensive Income

	2013	2012
	£'000	£'000
Current tax expense		
Current year	-	-
Adjustment in respect of prior year	-	-
Total current tax charge / (credit)	-	-
Deferred tax expense		
Origination and reversal of temporary differences	-	-
Adjustment in respect of prior years	-	-
Total deferred tax charge / (credit)	-	-
Total current tax charge / (credit)	-	-

a) Reconciliation of effective tax rate

The tax credit for the year is lower (2012 lower) than the credit that would have been calculated using the standard rate of corporation tax in the UK (23 75%) applied to the loss before tax The applicable or substantively enacted effective rate of UK corporation tax for the year was 23 75% (2012 25 5%) The differences are explained below

	2013	2012
	£'000	£'000
Loss before tax	(4,747)	(12,141)
Loss before tax multiplied by standard rate of corporation tax in the UK of 23 75% (2012 25 5%)	(1,128)	(3,096)
Effects of		
Non-deductible expense	1,128	3,096
Tax charge / (credit)	-	-

All tax relates to UK corporation tax

Notes to the financial statements

4. Trade and other payables

	2013	2012
	£'000	£'000
Amounts payable to parent company	**12,141**	12,141
Amounts payable to other Group companies	**4,747**	-
	16,888	12,141

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 £16,888,000 (2012 £12,141,000) represent trade payable balances These are non-interest bearing and repayable on demand

Amounts paid to the auditor for audit services of £1,000 (2012 £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

5. 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 BSkyB's policies approved by its Board of Directors

6. Financial risk management objectives and policies (continued)

Liquidity risk

The Company's financial liabilities are shown in note 4

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 2013	
Trade and other payables	**16,888**
At 30 June 2012	
Trade and other payables	12,141

6. Share capital

	2013 £'000	2012 £'000
Allotted, called-up and fully paid		
100 (2012 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

Notes to the financial statements

7. 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 2013, there was 1 member (2012 2) of key management who was a Director 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 2013, the Company had an amount payable of £12,141,000 (2012 £12,141,000) 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 2013, the Company had an amount payable of £4,747,000 (2012 £nil) to British Sky Broadcasting Limited, another Group company

For details of amounts owed to other Group companies, see note 4

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

d) Transactions with joint ventures

During the year the Company invested £4,747,000 (2012 £6,294,000) into its joint venture

8. Ultimate parent undertaking

The Company is a wholly-owned subsidiary undertaking of Sky Ventures Limited, a company incorporated and registered in England and Wales The Company is ultimately controlled by British Sky Broadcasting Group plc (BSkyB) 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

9. Post Balance sheet events

On the 1st August 2013, Sky Ventures sold its holding of 100 shares in the Company to BSkyB SNI Limited for a consideration of £100 Amounts owing to Sky Ventures as at the balance sheet date did not form part of this sale