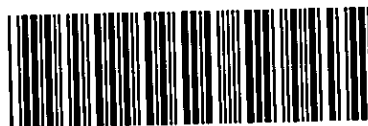


SKY SNI LIMITED
(Formerly BSkyB SNI Limited)

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

Registered number 08458834

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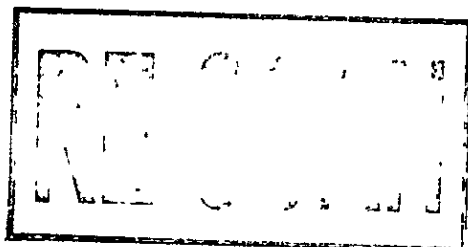
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Directors and Officers

For the year ended 30 June 2015

Directors

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

C J Taylor

A J Griffith

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 Sky UK Limited ("Sky UK Ltd", formerly known as British Sky Broadcasting Limited). 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 a part of the Sky Group ("the Group"). During the year, the Company changed its name from BSkyB SNI Limited to Sky SNI Limited.

The principal activity of the Company is the provision to Sky UK Ltd of newsgathering and production services to produced editorial content for the Sky News Channel and associated digital productions within the territory. The territory means the United Kingdom, the Channel Islands, the Isle of Man and the Republic of Ireland.

The profit for the year was £12,520,000 (2014 £7,772,000). No dividends were paid to the shareholders during the year (2014: £nil). The Directors do not recommend the payment of a final dividend.

The Directors expect that there will be no major changes in the Company's activities in the following year.

Key performance indicators (KPIs)

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

Principal risks and uncertainties

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

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

Financial risk management objectives and policies

The use of financial derivatives is governed by the Group's treasury policy approved by the Board of Directors, which provides 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

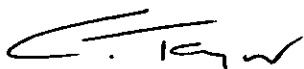
The Company's principal financial assets are trade receivables and intercompany receivables. The Company is therefore exposed to credit risk on these balances.

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

20 November 2015

Strategic and Directors' Report (continued)

Directors' Report

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

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

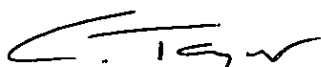
Auditor

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 20 November 2015

By Order of the Board,



C J Taylor

Company Secretary
Grant Way
Isleworth
Middlesex
TW7 5QD
20 November 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 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 year. In preparing these financial statements, International Accounting Standard 1 requires that Directors

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

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

Independent Auditor's report to the members of Sky SNI LIMITED: -

We have audited the financial statements of Sky SNI LIMITED for the year ended 30 June 2015 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 18. 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 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,
- 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.

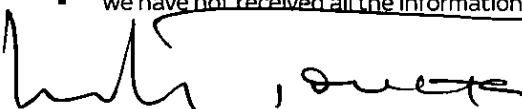
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the 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

20 November 2015

Statement of Comprehensive Income

For the year ended 30 June 2015

	Notes	2015 £'000	2014 £'000
Revenue	2	76,703	72,748
Operating expense	3	(65,486)	(64,629)
Operating profit		11,217	8,119
Income from shares in associates	4	1,192	1,052
Profit before tax	5	12,409	9,171
Tax	6	111	(1,399)
Profit for the period attributable to equity shareholder		12,520	7,772

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

For the year ended 30 June 2015 and the period ended 30 June 2014, the Company did not have any other items of Comprehensive Income

All results relate to continuing operations

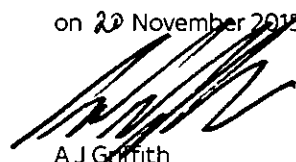
Balance Sheet

As at 30 June 2015

	Notes	2015 £'000	2014 £'000
Non-current assets			
Deferred tax asset	10	633	522
Intangible assets	7	73	114
Property, plant and equipment	8	5,443	8,244
Investment in subsidiaries	9	1,715	1,715
Current assets			
Trade and other receivables	11	15,078	1,518
Total assets		22,942	12,113
Current liabilities			
Trade and other payables	12	2,650	4,341
Total liabilities		2,650	4,341
Share capital	15	-	-
Reserves		20,292	7,772
Total equity attributable to equity shareholder		20,292	7,772
Total liabilities and shareholder's equity		22,942	12,113

The accompanying notes are an integral part of this Balance Sheet. As at 30 June 2015 and 30 June 2014, 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 SNI Limited, registered number 08458834 were approved by the Board of Directors on 20 November 2015 and were signed on its behalf by



A.J. Griffith

Director

20 November 2015

Statement of Changes in Equity

For the year ended 30 June 2015

	Share capital £'000	Retained earnings £'000	Total Shareholder's equity £'000
Upon incorporation on 22 March 2013	-	-	-
Profit for the period	-	7,772	7,772
At 30 June 2014	-	7,772	7,772
Profit for the year	-	12,520	12,520
At 30 June 2015	-	20,292	20,292

Notes to the financial statements

1. Accounting policies

Sky SNI Limited (the "Company") is a limited liability company incorporated in the United Kingdom, and registered in England and Wales

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 Director's Report) on a 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 has adopted the new accounting pronouncements which became effective this year, none of which had a 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 2015, this date was 28 June 2015, this being a 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.

c) Intangible assets and property, plant and equipment ("PPE")

i. Intangible assets

Intangible assets, which are acquired by the Company separately or through a business combination, are initially stated at cost or fair value, respectively, less accumulated amortisation and impairment losses, other than those that are classified as held for sale, which are stated at the lower of carrying amount and fair value less costs to sell.

Amortisation of an intangible asset begins when the asset is available for use, and is charged to the Statement of Comprehensive Income through operating expense on a straight-line basis over the intangible asset's estimated useful life, principally being a period between 3 and 4 years, unless the asset life is judged to be indefinite. If the useful life is indefinite or the asset is not yet available for use, no amortisation is charged and an impairment test is carried out at least annually. Other intangible assets are tested for impairment in line with accounting policy e) below.

ii. Property, plant and equipment

Owned PPE is stated at cost, net of accumulated depreciation and any impairment losses, (see accounting policy e), other than those items that are classified as held for sale, which are stated at the lower of carrying amount and fair value less costs to sell. When an item of PPE comprises major components having different useful economic lives, the components are accounted for as separate items of PPE.

Assets held under finance leases, which confer rights and obligations similar to those attached to owned assets, are treated as PPE.

Notes to the financial statements

1. Accounting policies (continued)

c) Intangible assets and property, plant and equipment ("PPE") (continued)

i. Intangible assets (continued)

The cost of PPE, less estimated residual value, is depreciated in operating expense on a straight-line basis over its estimated useful life. Land, and assets that are not yet available for use, are not depreciated. Principal useful economic lives used for this purpose are

Freehold buildings	25 to 40 years
Equipment, furniture and fixtures	3 to 20 years
Assets under finance leases and leasehold improvements	Lesser of lease term and the useful economic life of the asset

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

To the extent that the financing for a qualifying asset is part of the Group's general borrowings, the interest cost to be capitalised is calculated based upon the weighted average cost of borrowing to the Group (excluding the interest on any borrowings specific to any qualifying assets). This is then applied to the expenditures on the asset.

All other borrowing costs are recognised in profit in the period to which they relate.

d) 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 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 identified from objective evidence, with movements in the allowance account, either from increased impairment losses or reversals of impairment losses, being recognised in the Statement of Comprehensive Income.

ii. Trade and other payables

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

Notes to the financial statements

1. Accounting policies (continued)

d) Financial assets and liabilities (continued)

iii Investment in subsidiaries

An investment in a subsidiary is recognised at cost less any provision for impairment. As permitted by section 133 of the Companies Act 2006, where the relief afforded 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.

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 d) and deferred tax (see accounting policy g) 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.

f) Revenue recognition

Revenue, which excludes value added tax, represents the gross inflow of economic benefit from the Company's operating activities. Revenue is measured at the fair value of the consideration received or receivable. Syndication revenue is recognised on an accrual basis under the relevant terms of the agreements between the parties. Other revenue is generated from intercompany recharges for the provision of news production and news gathering services to the Sky Group.

g) 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. Temporary differences arising from goodwill and 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

Notes to the financial statements

1. Accounting policies (continued)

g) Tax, including deferred tax (continued)

temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying

amount of assets and liabilities, using tax rates that have been enacted or substantively enacted at the balance sheet date.

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

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 our accounting periods beginning on or after 1 July 2015 or later periods. These new pronouncements are listed below:

- Annual Improvements 2012-2014 cycle (effective 1 July 2016)*
- Amendments to IFRS 11 "Accounting for Acquisitions of Interests in Joint Operations" (effective 1 January 2016)*
- Amendments to IAS 16 and IAS 38 "Clarification of Acceptable Methods of Depreciation and Amortisation" (effective 1 January 2016)*
- IFRS 15 "Revenue from Contracts with Customers" (effective 1 January 2018)*
- IFRS 9 "Financial Instruments" (effective 1 January 2018)*

* not yet endorsed for use in the EU

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

i) Critical accounting policies and the use of judgement

Certain accounting policies are considered to be critical to the Company. An accounting policy is considered to be critical if its selection or application materially affects the Company's financial position or results. The Directors are required to use their judgement in order to select and apply the Company's critical accounting policies. Below is a summary of the Company's critical accounting policies and details of the key areas of judgement that are exercised in their application:

(i) Revenue (see note 2)

- Selecting the appropriate timing for, and amount of, revenue to be recognised requires judgement. This may involve estimating the fair value of consideration before it is received.

(ii) Tax (see note 6)

- The Company's tax charge is the sum of the total current and deferred tax charges. The calculation of the Company's total tax charge necessarily involves a degree of estimation and judgement in respect of certain

Notes to the financial statements

1. Accounting policies (continued)

i) Critical accounting policies and the use of judgement (continued)

(ii) Tax (see note 6) (continued)

items whose tax treatment cannot be finally determined until resolution has been reached with the relevant tax authority or, as appropriate, through a formal legal process

- Accruals for tax contingencies require management to make judgements and estimates in relation to tax audit issues and exposures. Amounts accrued are based on management's interpretation of country-specific tax law and the likelihood of settlement. Tax benefits are not recognised unless it is probable that the tax positions will be sustained. Once considered to be probable, management reviews each material tax benefit to assess whether a provision should be taken against full recognition of the benefit on the basis of the likely resolution of the issue through negotiation and/or litigation.
- The amounts recognised in the financial statements in respect of each matter are derived from the Company's best estimation and judgement, as described above. However, the inherent uncertainty regarding the outcome of these items means the eventual resolution could differ from the provision and in such event the Company would be required to make an adjustment in a subsequent period which could have a material impact on the Company's profit and loss and/or cash position.
- The key area of judgement in respect of deferred tax accounting is the assessment of the expected timing and manner of realisation or settlement of the carrying amounts of assets and liabilities held at the balance sheet date. In particular, assessment is required of whether it is probable that there will be suitable future taxable profits against which any deferred tax assets can be utilised.

(iii) Intangible assets and property, plant and equipment (see notes 7 and 8)

- The assessment of the useful economic lives of these assets requires judgement. Depreciation and amortisation is charged to the Statement of Comprehensive Income based on the useful economic life selected. This assessment requires estimation of the period over which the Company will benefit from the assets.
- Determining whether the carrying amount of these assets has any indication of impairment also requires judgement. If an indication of impairment is identified, further judgement 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.

Assessing whether assets meet the required criteria for initial capitalisation requires judgement. This requires a determination of whether the assets will result in future benefits to the Company. In particular, internally generated intangible assets must be assessed during the development phase to identify whether the Company has the ability and intention to complete the development successfully.

Notes to the financial statements

2. Revenue

	2015	2014
	£'000	£'000
Syndication	7,836	4,887
Other revenue	68,867	67,861
	76,703	72,748

Syndication revenue arises from the sales of News content to digital, radio and other platforms. Other revenue is generated from intercompany recharges for the provision of news production and news gathering services to the Sky Group.

3. Operating expense

	2015	2014
	£'000	£'000
Programming	63,634	62,668
Sales, general and administration	1,852	1,961
	65,486	64,629

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 £1,960,000 previously included in Administration and £1,000 previously included in Marketing are now included in SG&A.

4. Income from shares in associates

	2015	2014
	£'000	£'000
Dividends received from associates	1,192	1,052

Income from shares in associates relates to dividends received from Australian News Channel Pty Ltd.

Notes to the financial statements

5 Profit before tax

Profit before tax is stated after charging	2015	2014
	£'000	£'000
Depreciation of property, plant and equipment	3,174	4,843
Amortisation of intangible assets	41	110

Employee Services

There were no employee costs during the year, 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. The Directors did not receive any remuneration during the year in respect of their services to the Company.

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 the year. No amounts for other services have been paid to the auditor.

Notes to the financial statements

6 Tax

a) Tax recognised in the Statement of Comprehensive Income

	2015 £'000	2014 £'000
Current tax expense		
Current year	-	1,921
Total current tax charge / (credit)	-	1,921
Deferred tax expense		
Origination and reversal of temporary differences	103	(596)
Adjustment in respect of change in tax rates	7	74
Adjustment in respect of prior years	(221)	-
Total deferred tax (credit)/ charge	(111)	(522)
	(111)	1,399

b) Reconciliation of effective tax rate

The tax expense for the year is lower than the expense that would have been charged using the blended rate of corporation tax in the UK (20.75%) applied to profit before tax. The applicable or substantively enacted effective rate of UK corporation tax for the year was 20.75%. The differences are explained below.

	2015 £'000	2014 £'000
Profit before tax	12,409	9,171
Profit before tax multiplied by blended rate of corporation tax in the UK of 20.75%	2,575	2,063
Effects of		
Adjustment in respect of prior years	(221)	-
Non-taxable income	(247)	(237)
Group relief claimed for £nil consideration	(2,515)	(443)
Non-deductible expenditure	-	1
Deferred tax not recognised	290	77
Deferred tax recognised at enacted rate rather than blended rate	7	74
Transfer of fixed assets	-	(136)
Tax	(111)	1,399

All tax relates to UK corporation tax.

Notes to the financial statements

7. Intangible assets

	Internally generated intangible assets £000	Software development (external) £000	Software licences £000	Other intangible assets £000	Total £000
Cost					
From incorporation on 22 March 2013					
Transferred on Group reorganisation	177	8	19	9	213
Additions	11	-	-	-	11
At 30 June 2014 and 30 June 2015	188	8	19	9	224

Amortisation

From incorporation on 22 March 2013					
Amortisation	(85)	(8)	(14)	(3)	(110)
At 30 June 2014	(85)	(8)	(14)	(3)	(110)
Amortisation	(38)	-	(1)	(2)	(41)
At 30 June 2015	(123)	(8)	(15)	(5)	(151)

Carrying amounts

At 1 July 2014	103	-	5	6	114
At 30 June 2015	65	-	4	4	73

The Company's internally generated intangible assets relate to software development associated with producing and providing Sky News content

The estimated future amortisation charge on intangible assets with finite lives for each of the next five years is set out below. It is likely that future amortisation will vary from the figures below as the estimate does not include the impact of any future investments, disposals or capital expenditure

	2016 £'000	2017 £'000	2018 £'000	2019 £'000	2020 £'000
Estimated amortisation charge	36	32	5	-	-

There are no intangible assets with indefinite useful lives

Notes to the financial statements

8. Property, plant and equipment

	Freehold land and buildings	Leasehold improvements	Equipment, furniture and fixtures	Total
	£'000	£'000	£'000	£'000
Cost				
From incorporation on 22 March 2013				
Transferred on Group reorganisation	25	4	13,052	13,081
Additions	-	-	8	8
Disposals	-	-	(2)	(2)
At 30 June 2014	25	4	13,058	13,087
Additions	-	-	373	373
At 30 June 2015	25	4	13,431	13,460
Depreciation				
From incorporation on 22 March 2013				
Depreciation	(1)	-	(4,842)	(4,843)
At 30 June 2014	(1)	-	(4,842)	(4,843)
Depreciation	(1)	-	(3,173)	(3,174)
At 30 June 2015	(2)	-	(8,015)	(8,017)
Carrying amounts				
At 1 July 2014	24	4	8,216	8,244
At 30 June 2015	23	4	5,416	5,443

Notes to the financial statements

9 Investment in subsidiaries and associates

The following are included in the net book value of fixed asset investments	2015 £'000	2014 £'000
Beginning of year	1,715	-
Additions	-	1,715
End of Year	1,715	1,715

Investments in subsidiaries shown above represent the cost of the shares of the wholly-owned subsidiary undertakings plus non-current loans advanced, less provisions made for any impairment in value

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			
Australian News Channel Pty Limited	Australia	1 ordinary share of AUD 1 00 (33 333%)	Transmission of news and business channels
Sky SNA Limited (Formerly BSkyB SNA Limited)	United Kingdom	100 ordinary shares of £1 each (100%)	Holding company
Sky SNI Operations Limited (Formerly BSkyB SNI Operations Limited)	United Kingdom	200 ordinary shares of £1 each (100%)	The distribution of 24-hour news channels to an international market
Sky Channel SA	Belgium	1,249 ordinary shares of €49 60 each (99 92%)	News bureau

Notes to the financial statements

10. Deferred tax

	Accelerated tax depreciation
From incorporation on 22 March 2013	£'000
Credit to income	596
Effect of change in tax rate	
- Income	(74)
At 30 June 2014	522
(Charge) credit to income	(103)
Adjustment in respect of prior years	221
Effect of change in tax rate	
- Income	(7)
At 30 June 2015	633

Deferred tax assets have been recognised at 30 June 2015 (and 30 June 2014) on the basis that management deem it probable that there will be suitable taxable profits against which these assets can be utilised. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the periods in which they reverse.

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 have not been substantively enacted and have therefore not been reflected in the figures above. The impact of the future rate reductions will be accounted for to the extent they are enacted at future balance sheet dates; however it is estimated that this will not have a material impact on the Company. The rate used of 20% is that currently enacted (30 June 2014: 20%).

Notes to the financial statements

11. Trade and other receivables

	2015	2014
	£'000	£'000
Gross trade receivables	1,787	898
Less provision for impairment of receivables	(21)	-
Net trade receivables	1,766	898
Amounts receivable from ultimate parent company ^(a)	12,276	-
Amounts receivable from other group companies ^(b)	66	15
Amounts receivable from subsidiaries ^(c)	21	27
Prepayments	59	104
Accrued income	890	474
Current trade and other receivables	15,078	1,518
Total trade and other receivables	15,078	1,518

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

The ageing of the Company's net trade receivables which are past due but not impaired is as follows

	2015	2014
	£'000	£'000
Up to 30 days past due date	408	183
30 to 60 days past due date	3	12
60 to 120 days past due date	7	15
More than 120 days past due date	-	-
	418	210

Provisions for doubtful debts

	2015	2014
	£'000	£'000
Balance at beginning of year / period	-	-
Provided for during the year / period	21	-
Balance at end of year / period	21	-

a) Amounts receivable from the ultimate parent company

Amounts due from the ultimate parent company totalling £12,276,000 (2014: £nil) represent trade receivables, they are non-interest bearing and are repayable on demand

b) Amounts receivable from other group companies

Amounts due from the other group companies totalling £66,000 (2014: £15,000) represent trade receivables, they are non-interest bearing and are repayable on demand

c) Amounts receivable from subsidiaries

Amounts due from subsidiaries totalling £21,000 (2014: £27,000) represent trade receivables, they are non-interest bearing and are repayable on demand

Notes to the financial statements

11. Trade and other receivables (continued)

The Company is exposed to credit risk on its trade and other receivables, however the Company does not have any significant concentrations of credit risk, with exposure spread over a large number of counterparties and customers

12. Trade and other payables

	2015 £'000	2014 £'000
Trade payables	200	355
Amounts payable to parent company	-	1,555
Amounts payable to other Group companies ^(a)	1,052	1,715
VAT	245	67
Accruals	830	477
Deferred income	323	172
	2,650	4,341

The Directors consider that the carrying amount of trade and other payables approximates their fair values. Trade payables principally comprise amounts outstanding for programming purchases and ongoing costs.

a) Amounts payable to the other Group companies

Amounts due to the other Group companies totalling £1,052,000 (2014: £1,715,000) represent other payables, they are non-interest bearing and are repayable on demand.

13. Derivatives and other financial instruments

Financial Instruments

(a) Carrying value and fair value

The Company's principal financial instruments comprise trade and other payables. The Company has various financial assets such as trade and other receivables.

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

	Loans and receivables £'000	Other liabilities £'000	Total carrying value £'000	Total fair values £'000
At 30 June 2015				
Trade and other payables	-	(2,082)	(2,082)	(2,082)
Trade and other receivables	15,019	-	15,019	15,019
At 30 June 2014				
Trade and other payables	-	(4,102)	(4,102)	(4,102)
Trade and other receivables	1,414	-	1,414	1,414

Notes to the financial statements

14 Financial risk management objectives and policies

Liquidity risk

The Company's financial liabilities are shown in note 12

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

	Less than 12 months £'000	Between one and two years £'000	Between two and five years £'000	More than five years £'000
At 30 June 2015				
Trade and other payables	2,082	-	-	-
At 30 June 2014				
Trade and other payables	4,102	-	-	-

15. Share capital

	2015 £	2014 £
Allotted, called-up and fully paid		
100 ordinary shares of £1 each	100	100

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

16. Contracted commitments, contingencies and guarantees

a) Future minimum expenditure contracted for but not recognised in the financial statements

	Less than one year £'000	Between one and five years £'000	After five years £'000	Total at 30 June 2015 £'000	Total at 30 June 2014 £'000
Newsgathering	1,417	396	-	1,813	3,156
Operations	33	-	-	33	163
Digital	248	-	-	248	419
	1,698	396	-	2,094	3,738

Notes to the financial statements

17 Transactions with related parties and major shareholders of Sky plc

a) Transactions with parent company and 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 subsidiaries as required. For details of amounts owed by and owed to other Group companies, see notes 11 and 12.

18 Ultimate parent undertaking

The Company is a wholly-owned subsidiary undertaking of Sky UK Ltd, 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.