S.A.T.V. PUBLISHING LIMITED

Annual report and financial statements
For the year ended 30 June 2012

Registered number 01085975

Directors and Officers
For the year ended 30 June 2012

Directors

S A T V Publishing Limited's ("the Company's") present Directors and those who served during the year are as follows

D J Darroch
A J Griffith

Secretary

D J Gormley (resigned 5/11/2012)
C J Taylor (appointed 5/11/2012)

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 2012

Business review and principal activities

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

The Company's principal activity is the collection of royalties on music copyrights There have not been any significant changes in the Company's activities in the year under review The Directors expect this activity to continue for the foreseeable future

The audited financial statements for the year ended 30 June 2012 are set out on pages 6 to 17 The profit for the year was £666,000 (2011 £642,000) The balance sheet shows that the Company's shareholder's equity position at the end of the year was £3,372,000 (2011 £2,706,000) The Directors do not recommend the payment of a dividend (2011 £nil)

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 Balance Sheet of the Company includes intercompany balances and the Company is therefore exposed to credit risk on these balances The intercompany balances of the Company are detailed in notes 6 and 7

Financial risk management objectives and policies

Credit risk

The Company's principal assets are intercompany balances The Company's credit risk is primarily attributable to these balances

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 2017 The Company benefits from this liquidity through intra-group facilities and loans

The Directors do not believe the business is exposed to cash flow risk or price risk

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 credit risk 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 Accordingly, they continue to adopt the going concern basis in preparing the financial statements

Directors' Report (continued)

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 Annual General Meeting

By Order of the Board,

C J Taylor
Company Secretary

Grant Way
Isleworth
Middlesex
TW7 5QD

5 December 2012

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 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

Auditor's report

Independent Auditor's report to the members of S.A.T.V Publishing Limited
We have audited the financial statements of S.A.T V Publishing Limited for the year ended 30 June 2012 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Cash Flow Statement, the Statement of Changes in Equity and the related notes 1 to 13 The financial reporting framework that has been applied in their preparation is applicable law and 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 (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 2012 and of its profit for the year then ended,
- 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
5 December 2012

Statement of Comprehensive Income

For the year ended 30 June 2012

	Notes	**2012**	2011
		£'000	£'000
Revenue	2	**766**	760
Operating expense	3	**(100)**	(118)
Operating profit and profit before tax	4	**666**	642
Tax	5	**-**	-
Profit for the year attributable to equity shareholder		**666**	642

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

For the years ended 30 June 2012 and 30 June 2011, the Company did not have any other items of Comprehensive Income

All results relate to continuing operations

Balance Sheet

As at 30 June 2012

	Notes	2012 £'000	2011 £'000
Current assets			
Trade and other receivables	6	**2,491**	2,594
Cash and cash equivalents		**1,428**	659
Total assets		**3,919**	3,253
Current liabilities			
Trade and other payables	7	**547**	547
Total liabilities		**547**	547
Share capital	10	-	-
Reserves		**3,372**	2,706
Total equity attributable to equity shareholder		**3,372**	2,706
Total liabilities and shareholder's equity		**3,919**	3,253

The accompanying notes are an integral part of this Balance Sheet

The financial statements of S.A.T.V Publishing Limited, registered number 01085975, have been approved by the Board of Directors on 5 December 2012 and were signed on its behalf by

A J Griffith
Director

5 December 2012

Cash Flow Statement

As at 30 June 2012

	Notes	2012 £'000	2011 £'000
Cash flows from operating activities			
Cash generated from operations	11	**769**	607
Net cash from operating activities		**769**	607
Net increase in cash and cash equivalents		**769**	607
Cash and cash equivalents at the beginning of the year		**659**	52
Cash and cash equivalents at the end of the year		**1,428**	659

The accompanying notes are an integral part of this Cash Flow Statement

All results relate to continuing operations

Statement of Changes in Equity

As at 30 June 2012

	Share capital £'000	Retained earnings £'000	Total shareholder's equity £'000
At 1 July 2010	**-**	**2,064**	**2,064**
Profit for the year	-	642	642
At 30 June 2011	**-**	**2,706**	**2,706**
Profit for the year	-	666	666
At 30 June 2012	**-**	**3,372**	**3,372**

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

Notes to the financial statements

1. Accounting policies

S.A.T.V. Publishing 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 year, 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 2012, this date was 1 July 2012, this being a 52 week year (fiscal year 2011 3 July 2011, 53 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) 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. Cash and cash equivalents

Cash and cash equivalents include cash in hand, bank accounts, deposits receivable on demand and deposits with maturity dates of three months or less from the date of inception Bank overdrafts that are repayable on demand and which form an integral part of the Company's cash management are also included as a component of cash and cash equivalents where offset conditions are met

Notes to the financial statements

1. Accounting policies (continued)

c) Financial assets and liabilities (continued)

iii. 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

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) 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 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

An impairment loss for an individual asset 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) 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 Revenue from the collection of royalties is recognised when it can be reliably estimated and collectability is reasonably assured

f) 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

Notes to the financial statements

1. Accounting policies (continued)

g) 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 2012 or later periods These new pronouncements are listed below

– Amendments to IAS 12 "Income Taxes Deferred Tax - Recovery of Underlying Assets" (effective 1 January 2012)

– Amendments to IAS 1 "Presentation of Financial Statements - Presentation of Items of Other Comprehensive Income" (effective 1 July 2012)

– 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)

– 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

h) Critical accounting policies and the use of judgment

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 judgment 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 judgment that are exercised in their application

i. Revenue

Selecting the appropriate timing for, and amount of, revenue to be recognised requires judgment Revenue from the collection of royalties is recognised when it can be reliably estimated and collectability is reasonably assured

2. Revenue

Revenue arose from the Company's sole class of business, being the collection of royalties Revenue was derived principally from activities conducted within the United Kingdom

3. Operating expense

	2012	2011
	£'000	£'000
Royalty expenses (licence fee)	**100**	118

Notes to the financial statements

4. Profit before tax

There were no employee costs during the year (2011 nil) as the Company had no employees (2011 none) Services are provided by employees of other companies within the Group The Directors did not receive any remuneration during the year in respect of their services to the Company (2011 nil)

Audit fees

Amounts paid to the auditor for the audit of the Company's annual accounts of £11,000 (2011 £11,000) were borne by another Group company in 2012 and 2011 No amounts for other services have been paid to the auditor

5. Tax

a) Tax recognised in the Statement of Comprehensive Income

	2012	2011
	£'000	£'000
Current tax expense		
Current year	-	-
Adjustment in respect of prior years	-	-
Total current tax charge	-	-
Tax	-	-

b) Reconciliation of effective tax rate

The tax expense for the year is lower (2011 lower) than the expense that would have been charged using the blended rate of corporation tax in the UK (25 5%) applied to profit before tax The applicable or substantively enacted effective rate of UK corporation tax for the year was 25 5% (2011 27 5%) The differences are explained below

	2012	2011
	£'000	£'000
Profit before tax	**666**	642
Profit before tax multiplied by blended rate of corporation tax in the UK of 25 5% (2011 27 5%)	**170**	177
Effects of		
Group relief claimed for £nil consideration	**(170)**	(177)
Tax	-	-

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

The Government has indicated that it intends to introduce further reductions in the main tax rate, with the rate falling by 1% each year down to 22% by 1 April 2014 These further reductions to the tax rate, below the 24% rate, have not been substantively enacted at the balance sheet date and therefore not reflected in these financial statements

Notes to the financial statements

6. Trade and other receivables

	2012	2011
	£'000	£'000
Gross trade receivables	**1**	-
Less provision for impairment of receivables	**-**	-
Net trade receivables	**1**	-
Amounts receivable from the ultimate parent company [a]	**137**	137
Amounts receivable from other Group companies [b]	**2,353**	2,457
	2,491	2,594

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

a) Amounts receivable from the ultimate parent company

Amounts due from the ultimate parent company totalling £137,000 (2011 £137,000) represent trade receivables, they are non-interest bearing and are repayable on demand

b) Amounts receivable from other Group companies

Amounts due from other Group companies totalling £2,353,000 (2011 £2,457,000) represent trade receivables owed by British Sky Broadcasting Limited, they are non-interest bearing and are repayable on demand

7 Trade and other payables

	2012	2011
	£'000	£'000
Amounts payable to the immediate parent company [a]	**543**	543
Amounts payable to other Group companies [b]	**4**	4
	547	547

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

a) Amounts payable to the immediate parent company

Amounts payable to the immediate parent company totalling £543,000 (2011 £543,000) represent trade payables to Sky Television Limited that are non-interest bearing and are repayable on demand

b) Amounts payable to other Group companies

Amounts payable to other Group companies totalling £4,000 (2011 £4,000) represent trade payables that are non-interest bearing and are repayable on demand

Notes to the financial statements

8. Financial Instruments

Carrying value and fair value

The Company's principal financial instruments comprise trade receivables, trade payables, and cash and cash equivalents

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 2012				
Trade and other payables	**-**	**(547)**	**(547)**	**(547)**
Trade and other receivables	**2,491**	**-**	**2,491**	**2,491**
Cash and cash equivalents	**1,428**	**-**	**1,428**	**1,428**
At 30 June 2011				
Trade and other payables	-	(547)	(547)	(547)
Trade and other receivables	2,594	-	2,594	2,594
Cash and cash equivalents	659	-	659	659

The fair value of these financial assets and financial liabilities is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments

9. 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, reserves and retained earnings Risk and treasury management is governed by British Sky Broadcasting Group plc's ("BSkyB's") policies approved by its Board of Directors

Credit risk

The Company is exposed to default risk amounting to cash and cash equivalents of £1,428,000 (2011 £659,000) The Company's maximum exposure to credit risk on trade receivables is the carrying amounts disclosed in note 6

Notes to the financial statements

9. Financial risk management objectives and policies (continued)

Liquidity risk

The Company's financial liabilities are shown in note 7

The Company's financial liabilities have been analysed into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date The amounts disclosed are the contractual undiscounted cash flows

The Company's financial liabilities consist of trade and other payables of £547,000 (2011 £547,000), all of which are payable on demand

10 Share capital

	2012	2011
	£'000	£'000
Allotted, called-up and fully paid		
100 (2011 100) ordinary shares of £1 (2011 £1) each	-	-

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

11. Notes to the Cash Flow Statement

Reconciliation of profit before tax to cash generated from operations

	2012	2011
	£'000	£'000
Profit before tax	**666**	642
Decrease in trade and other receivables	**103**	3
Decrease in trade and other payables	-	(38)
Cash generated from operations	**769**	607

Notes to the financial statements

12. Transactions with related parties and major shareholders of BSkyB

For details of amounts owed by and owed to other Group companies, see note 6 and note 7

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

a) Major shareholders of BSkyB

The Company conducts business transactions with companies that are part of the News Corporation Group ("News Corporation"), a major shareholder of BSkyB, the ultimate parent undertaking of the Company

	2012	2011
	£'000	£'000
Supply of services by the Company	**16**	20

Services supplied to News Corporation companies

During the year, the Company supplied music rights to News Corporation companies

b) Key management

The Company has a related party relationship with the Directors of the Company as key management At 30 June 2012, there were two (2011 two) key managers, both of whom were Directors of the Company See note 4

13. Ultimate parent undertaking

The Company is a wholly-owned subsidiary undertaking of Sky Television Limited, a Company incorporated in Great Britain and registered in England and Wales The Company is ultimately controlled by 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