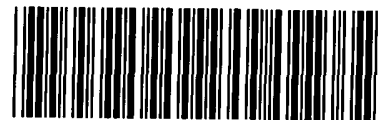


# S.A.T.V. PUBLISHING LIMITED

Annual report and financial statements  
For the year ended 30 June 2017

Registered number: 01085975

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## Directors and Officers

For the year ended 30 June 2017

### **Directors**

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

C R Jones

C J Taylor

K Holmes (appointed 21 October 2016)

### **Company Secretary**

C J Taylor

### **Registered office**

Grant Way

Isleworth

Middlesex

TW7 5QD

### **Auditor**

Deloitte LLP

Statutory Auditor

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 2017.

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 Television Limited (the immediate parent company). The ultimate parent company is Sky plc ("Sky") and the Company operates together with Sky's other subsidiaries, as part of the Sky 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 these activities to continue for the foreseeable future.

The financial statements for the year ended 30 June 2017 are set out on pages 9 to 20. The profit for the year was £3,702,000 (2016: £2,058,000). The Balance Sheet shows that the Company's shareholder's equity position at the end of the year was £13,718,000 (2016: £10,016,000). The Directors do not recommend the payment of a dividend (2016: £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 Company's activities expose it to financial risks, namely credit risk and liquidity risk.

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

## Financial risk management objectives and policies

The use of financial derivatives is governed by the Group's treasury policy approved by the Board of Directors, which provide written principles on the use of financial derivatives to manage these risks. The Company does not use derivative financial instruments for speculative purposes.

## Credit risk

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

## 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 a £1 billion revolving credit facility which is due to expire on 30 November 2021. The Company benefits from this liquidity through intra-group facilities and loans.

On behalf of the Board,

K Holmes  
Director

Grant Way  
Isleworth  
Middlesex  
TW7 5QD

A handwritten signature in black ink, appearing to be 'K Holmes', written over a light blue horizontal line.

14 March 2018

## Strategic and Directors' Report (continued)

### Directors' Report

The Directors who served during the year are shown on page 1. During the year ended 30 June 2017 the Directors proposed a dividend of £nil (2016: £nil).

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

### Going concern

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

After making enquiries, the Directors have formed a judgement at the time of approving the financial statements that the Company will have access to adequate resources to continue in existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

### Auditor

In accordance with the provisions of Section 418 of the Companies Act 2006, each of the persons who are Directors of the Company at the date of approval of this report confirms that:

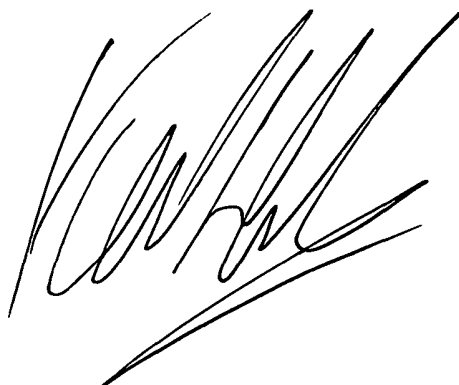
- so far as the Director is aware, there is no relevant audit information (as defined in the Companies Act 2006) of which the Company's auditor is unaware; and
- the Director has taken all the steps that he/she ought to have taken as a Director to make himself/herself aware of any relevant audit information (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 14 March 2018.

On behalf of the Board,

K Holmes  
Director

Grant Way  
Isleworth  
Middlesex  
TW7 5QD



14 March 2018

## Directors' Responsibilities Statement

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;
- 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

### Report on the audit of the financial statements

#### Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and IFRSs as issued by the International Accounting Standards Board (IASB); and
- have been prepared in accordance with the requirements of the Companies Act 2006

We have audited the financial statements of S.A.T.V. Publishing Limited (the 'company') 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 14

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.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs(UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

## Auditor's Report (continued)

### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

### **Responsibilities of directors**

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.



## Auditor's Report (continued)

### Use of our report

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.

### Report on other legal and regulatory requirements

#### Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

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

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

#### Other matter

As the company was exempt from audit under section 479A of the Companies Act 2006 in the prior year we have not audited the corresponding amounts for that year.



Jon Young (Senior Statutory Auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

London, United Kingdom

14 March 2018

## Statement of Comprehensive Income

For the year ended 30 June 2017

	Notes	2017 £'000	2016 £'000
<b>Revenue</b>	2	<b>4,104</b>	2,985
Operating expense	3	<b>(402)</b>	(413)
<b>Operating profit before tax</b>	4	<b>3,702</b>	2,572
<b>Profit before tax</b>		<b>3,702</b>	2,572
Tax	5	-	(514)
<b>Profit for the year attributable to equity shareholders</b>		<b>3,702</b>	2,058

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

For the years ended 30 June 2016 and 30 June 2017, the Company did not have any other items of Comprehensive Income.

All results relate to continuing operations.

## Balance Sheet

As at 30 June 2017

	Notes	2017 £'000	2016 £'000
<b>Current assets</b>			
Trade and other receivables	6	14,609	10,386
Cash and cash equivalents		21	923
<b>Total assets</b>		<b>14,630</b>	11,309
<b>Current liabilities</b>			
Trade and other payables	7	912	1,292
<b>Total liabilities</b>		<b>912</b>	1,292
Share capital	10	-	-
Retained Earnings		13,718	10,016
<b>Total equity attributable to equity shareholders</b>		<b>13,718</b>	10,016
<b>Total liabilities and shareholders' equity</b>		<b>14,630</b>	11,309

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 14 March 2018 and were signed on its behalf by:



C R Jones  
Director

14 March 2018

## Cash Flow Statement

For the year ended 30 June 2017

	Notes	2017 £'000	2016 £'000
<b>Cash flows from operating activities</b>			
Cash (used in) / generated from operations	11	(902)	712
<b>Net cash (used in) / generated from operating activities</b>		<b>(902)</b>	<b>712</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>(902)</b>	<b>712</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>923</b>	<b>211</b>
<b>Cash and cash equivalents at the end of the year</b>		<b>21</b>	<b>923</b>

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

All results relate to continuing operations.

## Statement of Changes in Equity

For the year ended 30 June 2017

	Share capital £'000	Retained earnings £'000	Total shareholders' equity £'000
<b>At 1 July 2015</b>		<b>7,958</b>	<b>7,958</b>
Profit for the year	-	2,058	2,058
<b>Total comprehensive income for the year</b>	-	<b>2,058</b>	<b>2,058</b>
<b>At 30 June 2016</b>	-	<b>10,016</b>	<b>10,016</b>
Profit for the year	-	3,702	3,702
<b>Total comprehensive income for the year</b>	-	<b>3,702</b>	<b>3,702</b>
<b>At 30 June 2017</b>	-	<b>13,718</b>	<b>13,718</b>

## Notes to the Financial Statements (continued)

### 1. Accounting policies

S.A.T.V. Publishing 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 Directors' Report) and 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 period, 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 2017, this date was 2 July 2017 this being a 52 week year (fiscal year 2016: 3 July 2016, 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

Directly attributable transaction costs are included in the initial measurement of financial assets and liabilities only with respect to those assets and liabilities that are not subsequently measured at fair value through profit and loss. 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.

## Notes to the Financial Statements (continued)

### **1. Accounting policies (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) 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.

#### **e) 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.

Taxable 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 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

## Notes to the Financial Statements (continued)

### 1. Accounting policies (continued)

#### 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 accounting periods beginning on or after 1 July 2017 or later periods. These new pronouncements are listed below. The Directors are currently evaluating the impact of the adoption of these standards, amendments and interpretations in future periods.

- Amendments to IAS 7 'Disclosure Initiative' (effective 1 January 2017)\*
- Amendments to IAS 12 'Recognition of Deferred Tax Assets for Unrealised Losses' (effective 1 January 2017)\*
- IFRS 9 'Financial Instruments' (effective 1 January 2018) and is effective on the Company from 1 July 2018 onwards.

The standard is expected to impact the classification and measurement of financial instruments and is expected to require certain additional disclosures.

It introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for the credit event to have occurred before a credit loss is recognised.

It also introduces a new hedge accounting model that is designed to more closely align with how entities undertake risk management activities when hedging financial and non-financial risk exposures.

The Group is currently assessing the impact of the accounting changes that will arise under IFRS 9.

- IFRS 15 'Revenue from Contracts with Customers' (effective 1 January 2018) and is effective on the Company from 1 July 18 onwards.

When IFRS 15 is adopted, it can be applied either on a fully retrospective basis, requiring the restatement of the comparative periods presented in the financial statements, or with the cumulative impact of IFRS 15 applied as an adjustment to equity on the date of adoption; when the latter approach is applied, it is necessary to disclose the impact of IFRS 15 on each line item in the financial statements in the reporting period. The Company has not yet determined which method will be adopted.

IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers:

- Identify the contract with the customer
- Identify the performance obligations in the contract, introducing the new concept of 'distinct'
- Determining the transaction price
- Allocating the transaction price to the performance obligations in the contracts, on a relative stand-alone selling price basis.
- Recognise revenue when (or as) the entity satisfies its performance obligation

IFRS 15 also introduces new guidance on, amongst other areas, combining contracts, discounts, variable consideration, contract modifications and requires that certain costs incurred in obtaining and fulfilling customer contracts be deferred on the balance sheet and amortised over the period an entity expects to benefit from the customer relationship

\* not yet endorsed for use in the EU



## Notes to the Financial Statements (continued)

### 1. Accounting policies (continued)

#### g) Critical accounting policies and the use of judgement and estimates

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 5)

- 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 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.
- Provisions 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.

### 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

	2017	2016
	£'000	£'000
Royalty expenses (licence fee)	402	413

## Notes to the Financial Statements (continued)

### 4. Profit before tax

#### 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 financial statements of £16,000 (2016: no audit fee as the Company was exempt) were borne by another Group subsidiary. No amounts for other services have been paid to the auditor.

### 5. Tax

#### a) Tax recognised in the Statement of Comprehensive Income

	2017 £'000	2016 £'000
<b>Current tax expense</b>		
Current year	-	514
Adjustment in respect of prior years	-	-
<b>Total current tax charge</b>	-	514
<b>Tax</b>	-	514

#### b) Reconciliation of effective tax rate

The tax expense for the year is lower than (2016: equal to) the expense that would have been charged using the blended rate of corporation tax in the UK of 19.75% (2016: 20%) applied to profit before tax. The differences are explained below:

	2017 £'000	2016 £'000
Profit before tax	3,702	2,572
Profit before tax multiplied by blended rate of corporation tax in the UK of 19.75% (2016: 20%)	731	514
Effects of:		
Group relief claimed for £nil consideration	(731)	-
<b>Tax</b>	-	514

All tax relates to UK corporation tax.

### 6. Trade and other receivables

	2017 £'000	2016 £'000
Amounts receivable from ultimate parent company <sup>(a)</sup>	-	137
Amounts receivable from other Group companies <sup>(b)</sup>	14,609	10,249
	<b>14,609</b>	<b>10,386</b>

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

## Notes to the Financial Statements (continued)

### 6. Trade and other receivables (continued)

#### a) Amounts receivable from the ultimate parent company

Amounts due from the ultimate parent company totalling nil (2016: £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 £14,609,000 (2016: £10,249,000) represent trade receivables; they are non-interest bearing and are repayable on demand.

### 7. Trade and other payables

	2017	2016
	£'000	£'000
Amounts payable to ultimate parent company <sup>(a)</sup>	625	534
Amounts payable to other Group companies <sup>(b)</sup>	-	516
VAT	287	242
	912	1,292

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

#### a) Amounts payable to the ultimate parent company

Amounts payable to the ultimate parent company totalling £625,000 (2016: £534,000) represent trade payables to the ultimate parent company that are non-interest bearing and are repayable on demand.

#### b) Amounts payable to other Group companies

Amounts payable to other Group companies totalling nil (2016: £516,000) represent trade payables that are non-interest bearing and are repayable on demand.

## Notes to the Financial Statements (continued)

### 8. Derivatives and other financial instruments

#### Carrying value and fair value

The Company's principal financial instruments comprise trade payables. The Company has various financial assets such as trade receivables, 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
<b>At 30 June 2017</b>				
Trade and other payables		(625)	(625)	(625)
Trade and other receivables	14,609	-	14,609	14,609
Cash and cash equivalents	21	-	21	21
<b>At 30 June 2016</b>				
Trade and other payables	-	(1,050)	(1,050)	(1,050)
Trade and other receivables	10,386	-	10,386	10,386
Cash and cash equivalents	923	-	923	923

The fair value of other financial assets and financial liabilities (excluding derivative instruments) 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 Sky plc's policies approved by its Board of Directors.

#### Credit risk

The Company is exposed to default risk amounting to cash and cash equivalents of £21,000 (2016: £923,000). The Company's maximum exposure to credit risk on trade receivables is the carrying amounts disclosed in note 6.

## Notes to the Financial Statements (continued)

### 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 consist of trade and other payables of £625,000 (2016: £1,050,000), all of which are payable on demand.

### 10. Share capital

	2017	2016
	£	£
<b>Allotted, called-up and fully paid</b>		
100 (2016: 100) ordinary shares of £1 (2017: £1) each	100	100

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

	2017	2016
	£'000	£'000
<b>Profit before tax</b>	3,702	2,572
Increase in trade and other receivables	(4,223)	(1,925)
(Increase) / Decrease in trade and other payables	(381)	65
<b>Cash (used in) operations</b>	(902)	712

### 12. Transactions with related parties and major shareholders of Sky plc

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 other group companies as required.

### 13. Ultimate parent undertaking

The Company is a wholly-owned subsidiary of Sky Television Limited, a Company incorporated in the United Kingdom and registered in England and Wales. The Company is ultimately controlled by Sky Plc. 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.

### 14. Audit of Comparatives

The comparatives for the year ended 30 June 2016 are unaudited as the company was exempt from audit under section 479A of the Companies Act 2006 in the prior year.