

SKY HISTORY LIMITED

Annual report and financial statements
For the year ended 31 December 2020

Registered number: 03071747



Directors and Officers

For the year ended 31 December 2020.

Directors

Sky History Limited (The "Company") present Directors and those who served during the year as follows:

C Smith

T C Richards

S Robson (appointed 14 November 2020)

Company Secretary

Sky Corporate Secretary Limited

Registered office

Grant Way

Isleworth

Middlesex

United Kingdom

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 31 December 2020, with a 18 month comparative for the period ending 31 December 2019.

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 operates together with Comcast Corporation's other subsidiaries as a part of the Comcast Group. The Company is a wholly-owned subsidiary of Sky Ventures Limited (the immediate parent company).

The Company's principal activity is to act as a holding company for a 50% interest in AETN UK, an unlimited company whose principal activity is the broadcasting of The History Channel, including the multiplex version to multi-channel subscribers in the UK and other European territories. It also distributes other channels known as The Biography Channel, Crime and Investigation Channel and the Military History Channel. For the foreseeable future, the Company will continue to hold the investment in AETN UK.

The Company has adopted IFRS 16 'Leases' from 1 January 2020, which has not had a significant impact on the Company's financial performance or position on transition or during the year. Except for the first-time application of IFRS 16, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those applied to the Company's financial statements as at and for the period ended 31 December 2019.

Financial Review and Dividends

The audited financial statements for the year ended 31 December 2020 are set out on pages 12 to 22. The profit for the year was £nil (2019: £nil). The Balance Sheet shows that the Company's total shareholder's equity position at the end of the year was £5,950,000 (2019: £5,950,000). During the year the Company received dividends totalling £nil from AETN UK (2019: £nil). No dividend was proposed for the year ended 31 December 2020 (2019: £nil).

Key performance indicators (KPIs)

The Sky Group ("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 business is exposed to cash flow risk or price risk.

Strategic and Directors' Report (continued)

Credit risk

The balance sheet of the Company includes intercompany balances, amounts owing by associates and joint ventures. The Company is therefore exposed to credit risk on these balances. The intercompany balances of the Company are detailed in notes 6 and 7.

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 Company currently has access to a £3 billion revolving credit facility with Comcast Corporation which is due to expire on 11 January 2024. The Company benefits from this liquidity through intra-group facilities and loans.

Investment performance risk

The principal risk facing the Company relates to the recoverability of the Company's investment in joint ventures. Recovery of these assets is dependent upon the generation of sufficient profits to pay dividends or from the proceeds of sale of such investments, in the event of their disposal. The Company reviews the carrying amount of its investments at balance sheet date to determine whether there is any indication of impairment.

Legislation and Regulation risk

UK exit from the European Union

The telecommunications and media regulatory framework applicable to Sky's business in the United Kingdom may be subject to greater uncertainty as a result of the UK's withdrawal from the European Union and the end of the transition period on 31 December 2020, with the possibility of greater divergence between the regulation of Sky's UK business and that of its other European businesses over time. The Directors are not able to predict the extent of any such divergence at this point in time.

Impact of COVID-19

The novel coronavirus disease 2019 ("COVID-19") and measures taken to prevent its spread across the globe have impacted the business of the Sky Group in a number of ways.

COVID-19 has had material negative impacts on the Sky Group's results of operations primarily due to the impacts of professional sports. We expect the effects of the COVID-19 pandemic will continue to adversely impact our results of operations over the near to medium term, although the extent of such impact will depend on restrictive governmental measures, global economic conditions, expanded availability and acceptance of vaccines and consumer behaviour in response to COVID-19. The most significant effects of COVID-19 began in the latter part of the first quarter of 2020.

Direct-to-consumer revenue has been negatively impacted, and future periods may be negatively impacted, as a result of lower sports subscription revenue due to the closures and extent of reopening of our commercial customers' locations. In addition, delays to the start of the 2020-2021 seasons for certain sports, including European football, resulted in the shift of additional events and the significant costs associated with broadcasting these programmes into the first and second quarters of 2021 compared to a normal year. We expect the timing of sports seasons to generally return to a normal calendar beginning in the third quarter of 2021.

Strategic and Directors' Report (continued)

Impact of COVID-19 (continued)

Given the nature of the Company's operations, other than the impacts on the Sky Group as a whole set out above, there are no significant direct impacts on the Company of COVID-19.

Approved by the Board and signed on its behalf,



S Robson

Grant Way
Isleworth
Middlesex
United Kingdom
TW7 5QD

28 July 2021

Strategic and Directors' Report (continued)

Directors' report

Directors who served during the year are shown on page 1. No dividend was proposed for the year ended 31 December 2020 (2019: £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 Directors' report.

The Company was ultimately controlled by Comcast Corporation at year end (31st December 2020).

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, liquidity risk, interest rate risk and foreign exchange risk.

Given the integrated nature of the Group's financial planning and treasury functions, the impact of COVID-19 on the Company's operations and funding requirements has been assessed at the Group level. The Directors expect that the businesses will continue to generate adequate cash flow from operating activities and believe that these cash flows, together with the Company's existing cash, cash equivalents and investments, and available borrowings under its existing credit facilities, including the £3 billion revolving credit facility with Comcast, will be sufficient for the Company to meet its current and long-term liquidity and capital requirements. We further highlight that the Company has received confirmation that Comcast intends to support the Company for a period of at least 12 months from the date of signing of these financial statements.

As a result, 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 they ought to have taken as a Director to make themselves 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 28 July 2021.

Strategic and Directors' Report (continued)

Approved by the Board and signed on its behalf,



S Robson

Grant Way
Isleworth
Middlesex
United Kingdom
TW7 5QD

28 July 2021

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 period. Under that law the directors are required to prepare the financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. The financial statements also comply with International Financial Reporting Standards (IFRSs) as issued by the IASB. Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, International Accounting Standard 1 requires that Directors:

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

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

Auditor's Report

Independent auditor's report to the members of Sky History Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Sky History Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December, 2020 and of its results for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards (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 which comprise:

- the income statement;
- the balance sheet;
- the statement of changes in equity;
- the related notes 1 to 12.

The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006 and IFRSs as issued by the IASB.

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 Financial Reporting Council's (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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Auditor's report (continued)

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 this regard.

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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and internal audit about their own identification and assessment of the risks of irregularities.

Auditor's report (continued)

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, and relevant tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included Employment Law, the Data Protection Act 2018 and the Bribery Act 2010

We discussed among the audit engagement team including relevant internal specialists such as tax, and IT specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in interest income, and we varied the nature, timing and extent of our procedures to address this risk, including procedures specifically designed to address the risk of fraud.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management, internal audit and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance, and reviewing internal audit reports.

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 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

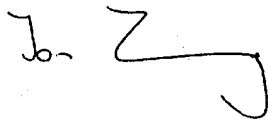
Auditor's report (continued)

- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

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.



Jon Young FCA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom

28 July 2021

Income Statement

For the year ended 31 December 2020

| | Notes | 12 months to 31 December 2020 £'000 | 18 months to 31 December 2019 £'000 |
|---|-------|---|---|
| Investment income | 2 | 231 | 339 |
| Finance costs | 2 | (231) | (339) |
| Profit/(Loss) before tax | 3 | - | - |
| Tax | 4 | - | - |
| Profit/(Loss) for the year attributable to equity shareholders | | - | - |

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

For the 18 month period ended 31 December 2019 and the year ended 31 December 2020, the Company did not have any other items of Comprehensive Income.

All results relate to continuing operations.

Balance Sheet

As at 31 December 2020

| | Notes | 31 December 2020 £'000 | 31 December 2019 £'000 |
|--|-------|------------------------------|------------------------------|
| Non-current assets | | | |
| Investment in joint venture | 5 | 50 | 50 |
| Current assets | | | |
| Trade and other receivables | 6 | 21,432 | 21,204 |
| Total assets | | 21,482 | 21,254 |
| Current liabilities | | | |
| Trade and other payables | 7 | 15,532 | 15,304 |
| Non-current liabilities | | - | - |
| Total liabilities | | 15,532 | 15,304 |
| Share capital | 10 | - | - |
| Reserves | | 5,950 | 5,950 |
| Total equity attributable to equity shareholder | | 5,950 | 5,950 |
| Total liabilities and shareholders' equity | | 21,482 | 21,254 |

The accompanying notes are an integral part of this Balance Sheet.

As at 31 December 2020 and 31 December 2019, the Company did not have any cash or cash equivalents. Accordingly, no separate cash flow statement or reconciliation of operating profit to cash flows from operating activities has been prepared.

The financial statements of Sky History Limited, registered number 03071747, were approved by the Board of Directors on 28 July 2021 and were signed on its behalf by:



S Robson
28 July 2021

Statement of Changes in Equity

For the year ended 31 December 2020

| | Share capital £'000 | Retained earnings £'000 | Total shareholder's equity £'000 |
|---|---------------------------|-------------------------------|---|
| At 1 July 2018 | - | 5,950 | 5,950 |
| Total comprehensive income for the period | - | - | - |
| At 31 December 2019 | - | 5,950 | 5,950 |
| Total comprehensive income for the year | - | - | - |
| At 31 December 2020 | - | 5,950 | 5,950 |

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

Notes to the financial statements

1 Accounting policies

Sky History Limited (the "Company") is a private company limited by shares, incorporated in the United Kingdom, and registered in England and Wales. The address of the registered office is Grant Way, Isleworth, Middlesex, United Kingdom, TW7 5QD and the registered number is 03071747.

a) Statement of compliance

The financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards as issued by the 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 an 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 for this year. The Company has adopted IFRS 15 'Revenue from Contracts with Customers' and IFRS 9 'Financial Instruments' from 1 July 2018. The Company has adopted IFRS 16 'Leases' from 1 January 2020. The Company has assessed the impact of initial application of IFRS 16, disclosed in note 1 i).

i) IFRS 16 - 'Leases'

On 1 January 2020, the Company adopted the new IFRS 16 Leases accounting standard. As permitted by the standard, the Company has taken advantage of the modified transitional provisions and as such the prior period results remain as previously reported. No adjustment has been identified on transition to IFRS 16, or recognised during the year.

Except for the first-time application of IFRS 16, no other new accounting pronouncements had a significant impact on the Company's results or financial position.

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.

Notes to the financial statements

1. Accounting policies (continued)

i) Trade and other receivables (continued)

An allowance account is maintained to reduce the carrying value of trade and other receivables for impairment losses identified recognised on an expected loss basis under IFRS 9, 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.

d) Investments in joint venture

Investments are stated at cost, less any provision for impairment in value.

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, except in a business combination, 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 year when the liability is settled or the asset is realised. Deferred tax assets and liabilities are not discounted. Deferred tax is charged or credited in the Statement of Comprehensive Income, except where it relates to items charged or credited directly to equity, in which case the deferred tax is also included within equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same tax authority and the Company intends to settle its current tax assets and liabilities on a net basis.

f) Accounting standards, interpretations and amendments to existing standards that are not yet effective

The Company has not yet adopted certain new standards, amendments and interpretations to existing standards, which have been published but are only effective for accounting periods beginning after 1 January 2021. 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.

Notes to the financial statements

1. Accounting policies (continued)

f) Accounting standards, interpretations and amendments to existing standards that are not yet effective (continued)

- Interest Rate Benchmark Reform (Phase 2) – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (effective 1 January 2021);
- Annual Improvements to IFRS Standards 2018 – 2020 – Amendments to IFRS 1, IFRS 9 and IFRS 16 (effective 1 January 2022);
- Conceptual Framework – Amendments to IFRS 3 ‘Business Combinations’ (effective 1 January 2022);
- Proceeds before Intended Use – Amendments to IAS 16 ‘Property, Plant and Equipment’ (effective 1 January 2022);
- Onerous Contracts – Cost of Fulfilling a Contract – Amendment to IAS 37 ‘Provisions, Contingent Liabilities and Contingent Assets’ (effective 1 January 2022);
- Classification of Liabilities as Current or Non-current – Amendment to IAS 1 ‘Presentation of Financial Statements’ (effective 1 January 2023); and
- Implementation issues – Amendments to IFRS 17 ‘Insurance Contracts’ (effective 1 January 2023).

g) Critical accounting policies and judgement and key sources of estimation uncertainty

Certain accounting policies are considered to be critical to the Company. An accounting policy is considered to be critical if in the Directors’ judgement, its selection or application materially affects the Company’s financial position or results. The application of the Group’s accounting policies also requires the use of estimates and assumptions that affect the Group’s financial position or results.

The Company’s key critical accounting policies are the recoverability of receivables and carrying value of investments. No key areas of estimation uncertainty have been identified.

i) Receivables

Judgement is required in evaluating the likelihood of collection of debt; this evaluation requires estimates to be made, including the level of provision to be made for amounts with uncertain recovery profiles.

ii) Investments

The Company reviews the carrying amounts of its investment to determine whether there is any indication that the investment has suffered an impairment loss. There were no key areas of estimation uncertainty identified, over and above where estimates form part of critical accounting policies and judgements described above.

2. Investment income and finance costs

| | 12 months to 31 December 2020 £’000 | 18 months to 31 December 2019 £’000 |
|---|---|---|
| Investment income | | |
| Intercompany Interest receivable ⁽ⁱ⁾ | 231 | 339 |
| | 2020 | 2019 |
| | £’000 | £’000 |
| Finance costs | | |
| Intercompany interest payable ⁽ⁱⁱ⁾ | (231) | (339) |

Notes to the financial statements

2. Investment income and finance costs (continued)

(i) Intercompany interest receivable is receivable on a balance of £15,532,000 with AETN UK. This loan bears interest at 1.5%.

(ii) Intercompany interest payable includes interest payable on a balance of £15,532,000 with Sky Operational Finance Limited. This revolving credit facility was made available on and from 20th December 2016. Interest is payable at a rate of 1.5%.

3. Profit/(loss) before tax

Audit fees

Amounts paid to the auditor for the audit of the Company's financial statements of £10,000 (2019: £10,000) were borne by another Group subsidiary in 2020 and 2019. No amounts for other services have been paid to the auditor.

Employee benefits and key management compensation

There were no staff costs during the year as the Company had no employees (2019: none). Services are provided by employees of other companies within the Group with no charge being made for their services (2019: £nil). The Directors did not receive any remuneration during the year (2019: £nil) in respect of their services to the Company.

4. Tax

a) Tax recognised in the income statement

The tax charge for the year is £nil (2019: £nil).

b) Reconciliation of effective tax rate

The tax expense for the year is £nil (2019: £nil), the expense would have been charged using the standard rate of corporation tax in the UK applied to profit before tax. The applicable or substantively enacted effective rate of UK corporation tax for the year was 19.00% (2019: 19.00%). The differences are explained below:

| | 12 months to 31 December 2020 | 18 months to 31 December 2019 |
|--|-------------------------------------|--|
| | £'000 | £'000 |
| Profit before tax | - | - |
| Profit before tax multiplied by the blended rate of corporation tax in the UK of 19.00% (2019: 19.00%) | - | - |
| Tax | - | - |

All tax relates to UK corporation tax.

Notes to the financial statements

5. Investment in joint venture

| | 2020 £'000 | 2019 £'000 |
|--------------------------------|---------------|---------------|
| Cost and net book value | | |
| Beginning and end of year | 50 | 50 |

Details of all investments of the Company are as follows:

| Name | Country of incorporation | Description and proportion of shares held (%) |
|------------------------|-----------------------------|--|
| Direct holdings | | |
| AETN UK | UK | 50% |

At 31 December 2020, the Company held 50,000 "A ordinary" shares of £1.00 each, representing 50% (2019: 50%) of the issued share capital of AETN UK. The Company accounts for the 40% holding in Nickelodeon UK Limited as an investment in joint venture. The investment is held at cost and reviewed for impairment at each balance sheet date.

6. Trade and other receivables

| | 2020 £'000 | 2019 £'000 |
|--|---------------|---------------|
| (i) Amounts receivable from immediate parent company | 5,900 | 5,900 |
| (ii) Amounts receivable from joint ventures and associates | 15,532 | 15,304 |
| Total current trade and other receivables | 21,432 | 21,204 |

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

(i) Amounts receivable from immediate parent company

The amounts receivable from the immediate parent have been assessed to be fully recoverable and as such no other allowances have been recorded. Amounts due from the immediate parent company totalling £5,900,000 (2019: £5,900,000) are non-interest bearing and are repayable on demand.

(ii) Amounts receivable from joint ventures and associates

On 20 December 2016 the Company entered a loan agreement of \$19,359,000 with AETN UK, whereby the Company was lender and AETN UK was the borrower. This loan is interest bearing at 1.5%. The amount outstanding on this loan as at 31 December 2020 was £15,532,000 (31 December 2019: £15,304,000). Amounts due from AETN UK totalling £15,532,000 are repayable on demand.

Notes to the financial statements

7. Trade and other payables

| | 2020 £'000 | 2019 £'000 |
|--|---------------|---------------|
| Current payables | | |
| Amounts payable to other Group companies | 15,532 | 15,304 |

The Directors consider that the carrying value of trade and other payables approximate to their fair value.

On 20 December 2016, the Company entered into a loan facility with Sky Operational Finance Limited for up to £17,000,000. The loan bears interest at 1.5%. The balance outstanding on this loan at 31 December 2020 was £15,532,000. Amounts payable to Sky Operational Finance Limited totalling £15,532,000 are repayable on demand.

8. Financial instruments

a) Carrying value and fair value

The Company's principal financial instruments comprise trade receivables and trade payables.

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 31 December 2019 | | | | |
| Trade and other receivables | 21,204 | - | 21,204 | 21,204 |
| Trade and other payables | - | (15,304) | (15,304) | (15,304) |
| At 31 December 2020 | | | | |
| Trade and other receivables | 21,432 | - | 21,432 | 21,432 |
| Trade and other payables | - | (15,532) | (15,532) | (15,532) |

The fair value of other 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 Comcast Audit Committee and Board of Directors, which receive regular updates of Treasury activity.

Regular and frequent reporting to management is required for all transactions and exposures, and the internal control environment is subject to yearly review by the Comcast Group's internal audit team. The Group's principal market risks are exposures to changes in interest rates and foreign exchange rates, which arise both from the Group's sources of finance and its operations. Following evaluation of those market risks, the Group selectively enters into derivative financial instruments to manage these exposures. The principal instruments currently used are interest rate swaps to hedge interest rate risks, and cross currency swaps and forward foreign exchange contracts to hedge transactional and translational currency exposures.

Notes to the financial statements

9. Financial risk management objectives and policies (continued)

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 Comcast policies approved by the Comcast Audit Committee and Board of Directors.

Credit risk

The Company's maximum exposure to credit risk on trade receivables is the carrying amounts disclosed in note 6.

Liquidity risk

The Company's financial liabilities are shown in note 7.

The following table analyses the Company's financial liabilities into relevant maturity groupings based on the remaining year 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 borrowings, provisions and 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 31 December 2020 | | | | |
| Trade and other payables | 15,532 | - | - | - |
| At 31 December 2019 | | | | |
| Trade and other payables | 15,304 | - | - | - |

10. Share capital

| | 2020 £ | 2019 £ |
|---|-----------|-----------|
| Authorised, Allotted, Called Up and Fully Paid | | |
| 2 (2019: 2) ordinary shares of £1 (2019: £1) each | 2 | 2 |

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

Notes to the financial statements

11. Transactions with related parties

a) Key management

The Company has a related party relationship with the Directors of the Company. At 31 December 2020, there were three (2019: two) members of key managers, all of whom were Directors of the Company. Key management compensation is disclosed in note 3.

b) Transactions with parent company

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 the parent company, see note 6 and 7.

c) Transactions with joint ventures

The Company holds 50% of the issued share capital of AETN UK. For details of amounts owed to and by the parent undertaking, see note 6. Investment income of £231,000 (2019: £339,000) was received from AETN UK during the year. The outstanding balance due is £15,532,000.

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.

Under this policy, Sky paid finance charges of £231,000 (2019: £339,000) to Sky Operational Finance Ltd during the year. This amount appears as an intercompany payable of £15,532,000 owed by the Company. Please refer to note 7 for details of intercompany payables.

12. Ultimate parent undertaking

The Company is a wholly-owned subsidiary undertaking of Sky Ventures Limited (the immediate parent company), a Company incorporated and registered in England and Wales. The Company's ultimate parent company and the largest group in which the results of the Company are consolidated is Comcast Corporation ("Comcast"), a company incorporated in Pennsylvania, United States.

The Company is ultimately controlled by Comcast and operates together with Comcast's other subsidiaries, as a part of the Comcast Group. The only group in which the results of the company are consolidated is that headed by Comcast.

The consolidated financial statements of the Comcast Group are available to the public and may be obtained from Comcast Investor Relations at Comcast Corporation, One Comcast Center, Philadelphia, PA 19103, USA. Or at: <https://www.cmcsa.com>.