BSkyB Comedy Limited

Annual Report and Accounts
for the year ended 30 June 2007

Registered number. 3079609

Directors and Officers for the year ended 30 June 2007

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

J R Murdoch
D J Darroch

Company Secretary
D J Gormley

Registered office
Grant Way
Isleworth
Middlesex
TW7 5QD

Auditors
Deloitte & Touche LLP
London

Directors' Report

The Directors present their Annual Report on the affairs of the Company, together with the Accounts and Auditors' Report, for the year to 30 June 2007

Business review and principle activity

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

The Company's principal activity is to act as a holding company The Company has a 25% interest in Paramount UK ("PUK"), a joint venture partnership whose principal activity is the broadcasting of two general entertainment television channels called 'Paramount Comedy 1' and 'Paramount Comedy 2' to multi-channel subscribers The Directors expect these activities to continue for the foreseeable future

The audited accounts for the ended 30 June 2007 are set out on pages 6 to 11 The profit after taxation for the financial year was £2,075,000 (2006 £1,825,000) The increase in profit for the year was due to the Company receiving dividends from PUK of £2,075,000 (2006) 1,825,000) The balance sheet on page 8 of the financial statements shows that the Company's financial position at the year end is, in terms of net assets, better than at the prior year end The balance sheet shows that the Company's shareholder's equity at the year end of £7,000,000 was higher than at the prior year end The Directors do not recommend the payment of a dividend for the year ended 30 June 2007 (2006 nil)

There have been no significant events since the period end

The Company's directors believe that further key performance indicators of the Company are not necessary or appropriate for an understanding of the development, performance or position of the business

Directors

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

Principal risks and uncertainty

The Company's activities expose it to liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the company relies on the Group treasury function, which has access to a £1,000m rolling credit facility to ensure ongoing liquidity

The Directors do not believe the business is exposed to cashflow risk, credit risk or price risk

Auditors

Each of the persons who is a director at the date of approval of this annual report confirms that

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company s auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985 Deloitte have expressed their willingness to continue as auditors and a resolution to reappoint them will be proposed at the forthcoming annual General Meeting

By order of the Board,

D J Gormley
Company Secretary
Grant Way
Isleworth
Middlesex
TW7 5QD

13 December 2007

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 The financial statements are required by law to be properly prepared in accordance with IFRSs as adopted by the European Union and the Companies Act 1985

International Accounting Standard 1 requires that financial statements present fairly for each financial year the company's financial position, financial performance and cash flows This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and presentation of financial statements' In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRSs However, directors are also required to

- 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 proper accounting records that 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 1985 They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Independent Auditors' Report to the Members of BSkyB Comedy Limited:

We have audited the financial statements of BSkyB Comedy Limited for the year ended 30 June 2007 which comprise the Income Statement, the Statement of Recognised Income and Expenses, the Balance Sheet and the related notes 1 to 9 These financial statements have been prepared under the accounting policies set out therein

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985 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 auditors' 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 auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union are set out in the Statement of Directors' Responsibilities

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland)

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985 We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed

We read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements Our responsibilities do not extend to any further information outside the Annual Report

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the company's affairs as at 30 June 2007 and of its profits for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

Separate opinion in relation to IFRSs

As explained in Note 1 to the financial statements, the company in addition to complying with IFRSs as adopted by the European Union, has also complied with the IFRSs as issued by the International Accounting Standards Board

In our opinion the financial statements give a true and fair view, in accordance with IFRSs, of the state of the company's affairs as at 30 June 2007 and of its profit for the year then ended

Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
London
13 December 2007

Income Statement for the year ended 30 June 2007

	Notes	2007 £'000	2006 £'000
Investment income	2	**2,075**	1,825
Profit before tax	3	**2,075**	1,825
Taxation	4	**-**	-
Profit for the year	7	**2,075**	1,825

The accompanying notes are an integral part of this profit and loss account

All results derived from continuing operations

Statement of Recognised Income and Expense for the year ended 30 June 2007

	2007 £m	2006 £m
Total recognised income and expense for the period	**2,075**	1,825

Balance Sheet as at 30 June 2007	Notes	**2007** **£'000**	2006 £'000
Current assets			
Trade and other receivables	5	**7,000**	4,925
Total assets		**7,000**	4,925
Shareholders' equity	7	**7,000**	4,925

The accompanying notes are an integral part of this balance sheet

As at 30 June 2007 and 30 June 2006 the Company did not hold any cash or cash equivalents Accordingly a cash flow statement has not been presented

Approved and authorised for issue by the board and signed on its behalf

DJ Darroch
Director

13 December 2007

1. Accounting policies

The Company is a limited liability company incorporated in England and Wales, and domiciled in the United Kingdom ("UK")

a) Statement of compliance

These consolidated financial statements are prepared in accordance with IFRS (including International Accounting Standards ("IAS") and interpretations issued by the International Accounting Standards Board ("IASB") and its committees) as adopted by the European Union ("EU"), the Companies Act 1985 and Article 4 of the IAS Regulations

b) Basis of preparation

The financial statements have been prepared on an historical cost basis The accounts have been prepared on a going concern basis

The Company maintains a 52 or 53 week fiscal year ending on the Sunday nearest to 30 June in each year In fiscal year 2007 this date was 1 July 2007, this being a 52 week year (fiscal year 2006 2 July 2006, 52 week year) For convenience purposes, the Company continues to date its financial statements as of 30 June 2007

c) Current assets

Trade and other receivables are non-derivative financial assets with fixed or determinable payments and are measured at amortised cost using the effective interest method Trade and other receivables, with no stated interest rate, are measured at the original invoice amount if the effect of discounting is immaterial

d) Taxation, including deferred taxation

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 profit 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 substantially 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 income statement, 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 taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis

1. Accounting policies (continued)

e) Accounting standards, interpretations and amendments to published standards not yet effective
The Company has not yet adopted certain new standards, amendments and interpretations to existing standards, which have been published and are mandatory for the Company's accounting periods beginning on or after 1 July 2007, or later periods These new standards are listed below

- IFRS 7 "Financial Instruments Disclosures" (effective from 1 July 2007)
- Amendment to IAS 1 "Presentation of Financial Statements – Capital Disclosures" (effective from 1 July 2007)
- Revised guide on Implementing IFRS 4 "Insurance Contracts" (effective from 1 July 2007)
- IFRIC 10 "Interim Financial Reporting and Impairment" (effective from 1 July 2007)
- IFRIC 12 "Service Concession Arrangements" (effective from 1 July 2008)
- IFRIC 13 "Customer Loyalty Programmes" (effective from 1 July 2008)
- IFRIC 14 "IAS 19 - The limit on a Defined Benefit Asset, Minimum Funding Requirement and their Interaction" (effective from 1 July 2008)
- Amendment to IAS 23 "Borrowing Costs" (effective from 1 July 2009)
- IFRS 8 "Operating Segments" (effective from 1 July 2009)

The Directors currently anticipate that the adoption of these standards, amendments and interpretations in future periods will not have a material impact on the financial statements of the Company other than additional disclosure requirements

2. Investment income

	2007	2006
	£'000	£'000
Investment income		
Distribution from joint venture	**2,075**	1,825

The Company has a 25% interest in its joint venture, Paramount UK ("PUK") a partnership operating in the UK and Ireland The principal activity of this company is the transmission of a general entertainment comedy channel

3. Profit before taxation

Staff costs during the year were nil (2006 nil) and the average monthly number of persons employed by the Company during the year was nil (2006 nil) The Directors did not receive any remuneration during either year in respect of their services to the Company

Amounts paid to the auditors for audit services of £6,250 (2006 £6,000) were borne by another Group subsidiary in 2007 and 2006 No amounts for other services have been paid to the auditors

4. Taxation

No taxation charge was recognised in the year ended 30 June 2007 (2006 No taxation charge)

Reconciliation of tax charge

The taxation charge is lower than the expense that would have been charged using the standard rate of corporation tax in the UK (30%) applied to loss before tax The differences are explained below

	2007 £'000	2006 £'000
Profit before tax	**2,075**	**1,825**
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2005 30%)	**623**	**548**
Effects of		
Non taxable amount written back against fixed asset investments	**(623)**	**(548)**
Share of taxable profits of partnership in which the Company is a partner	**939**	**694**
Group relief claimed free of charge	**(939)**	**(694)**
Taxation	-	-

All taxation relates to UK corporation tax

5 Trade and other receivables

	2007 £'000	2006 £'000
Amounts receivable from parent	**7,000**	4,925

Amounts owed by the parent undertaking are non-interest bearing and payable on demand

6. Share Capital

	2007 £	2006 £
Authorised		
100 ordinary shares of £1 each	**100**	100
Allotted, called up and fully-paid		
2 ordinary shares of £1 each	**2**	2

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

7. Reconciliation of shareholders' equity

The movement on shareholders' equity includes all movements on reserves

	Share capital £'000	Profit and loss account £'000	Total £'000
As at 1 July 2005	**-**	**3,100**	**3,100**
Profit for the year	-	1,825	1,825
As at 30 June 2006	**-**	**4,925**	**4,925**
Profit for the year	-	2,075	2,075
As at 30 June 2007	**-**	**7,000**	**7,000**

8. Related party transactions

For details of amounts owed by fellow subsidiary undertakings, see note 5 Investment income of £2,075,000 (2006 £1,825,000) was receivable from Paramount UK during the year

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 subsidiary's as required Under this policy, British Sky Broadcasting Limited received cash of £2,075,000 (2006 £1,825,000) on behalf of the company, during the year

9. Ultimate parent undertaking

The Company is a wholly-owned subsidiary undertaking of Sky Ventures Limited, a company incorporated in Great Britain and registered in England and Wales The only group in which the results of the Company are consolidated is that headed by BSkyB plc, the Company's ultimate parent undertaking and controlling party

The consolidated accounts of this 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