

# 365 Digital Media Limited

Annual report and financial statements  
for the year ended 30 June 2009

Registered number: 3619904

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## **Directors and Officers**

For the year ended 30 June 2009

### **Directors**

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

P Croton

R Flint

V Russell (resigned 9 November 2009)

S Steele (appointed 9 November 2009)

### **Secretary**

D J Gormley

### **Registered office**

Grant Way

Isleworth

Middlesex

TW7 5QD

### **Auditors**

Deloitte LLP

Chartered Accountants

Leeds, United Kingdom

## Directors' report

The Directors present their Annual Report on the affairs of the Company, together with the financial statements and Auditors' Report for the year ended 30 June 2009.

### Business review and principal activities

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

The principal activity of the company is the production and sale of sports content for internet, text, radio and mobile. In previous year's this revenue was assigned elsewhere within the Group.

The audited accounts for the year ended 30 June 2009 are set out on pages 6 to 20. The profit for the period was £2,786,000 (2008: loss £40,000) mainly due to the inclusion of the content syndication revenues, previously recognised within another Group company Teamtalk.com Limited to match costs. These direct costs are now processed through 365 Digital Media Limited following a restructure within the group. The balance sheet shows the Company's shareholders' equity position at the year end of £1,247,000 (2008: deficit £1,553,000). The Directors do not recommend the payment of a dividend for the year ended 30 June 2009 (2008: nil). There have been no significant events since the year end.

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

In assessing the appropriateness of the application of the going concern basis, the Directors have considered uncertainties around the general economic environment, the trading position of the company, the available cash and the current intention of the parent company to provide financial support. The directors are of the view that it is appropriate to apply the going concern basis.

### Principal risks and uncertainty

The balance sheet of the Company includes intercompany balances and the Company is therefore exposed to credit risk on these balances. The intercompany balances of the Company are detailed in notes 7 and 8.

### Liquidity Risk

The Company relies on the Group Treasury function to manage its liquidity and ensure that sufficient funds are available for ongoing operations and future developments. The Group currently has access to an undrawn £1,000 million revolving credit facility and will, on expiration of that facility, have access to a forward start revolving credit facility of £750 million which is available for drawing from 30 July 2010. The Company benefits from this liquidity through intra-group facilities and loans.

### Price and Cash Flow risk

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

### Directors

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

### Auditors

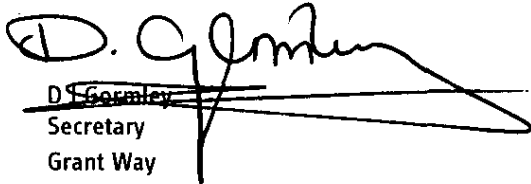
In accordance with the provisions of Section 418 of the Companies Act 2006, each of the persons who are Directors of the Company at the date of approval of this report confirms that:

- 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 auditors are 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 auditors are aware of that information.

## Directors' report

Deloitte LLP have expressed their willingness to continue in office as auditors and a resolution to re-appoint them will be proposed at the forthcoming Annual General Meeting.

By order of the Board,

A handwritten signature in black ink, appearing to read 'D. Gormley', is written over a horizontal line.

~~D. Gormley~~  
Secretary  
Grant Way  
Isleworth  
Middlesex  
TW7 5QD

15 December 2009

## Directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the 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.

# Auditors' report

## Independent Auditors' Report to the Members of 365 Digital Media Limited:

We have audited the financial statements of 365 Digital Media Limited for the year ended 30 June 2009 which comprise the Income Statement, the Statement of Changes in Equity, the Balance Sheet, the Cash Flow Statement, and the related notes 1 to 13. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the company's members, as a body, in accordance with sections 495 and 496 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 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

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

### Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view and of the company's affairs as at 30 June 2009 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006

### Separate opinion in relation to IFRSs as issued by the IASB

As explained in note 1 to the group financial statements, the company in addition to complying with its legal obligation to apply IFRSs as adopted by the European Union, has also applied IFRSs as issued by the International Accounting Standards Board (IASB).

In our opinion the financial statements comply with IFRSs as issued by the IASB.

### Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Dave Johnson B.A., A.C.A (Senior Statutory Auditor)

for and on behalf of Deloitte LLP

Chartered Accountants and Registered Auditors

Leeds, United Kingdom

15 December 2009

# Income Statement

For the year ended 30 June 2009

	Notes	2009 £'000	2008 £'000
<b>Revenue</b>	2	<b>3,320</b>	<b>30</b>
<b>Operating expense</b>	3	<b>(535)</b>	<b>(147)</b>
<b>Operating profit/(loss)</b>		<b>2,785</b>	<b>(117)</b>
<b>Investment income</b>	4	<b>1</b>	<b>138</b>
<b>Finance costs</b>	4	<b>-</b>	<b>(61)</b>
<b>Profit/(loss) before tax</b>	5	<b>2,786</b>	<b>(40)</b>
<b>Taxation</b>	6	<b>14</b>	<b>-</b>
<b>Profit/(loss) for the period attributable to equity holders</b>		<b>2,800</b>	<b>(40)</b>

The accompanying notes are an integral part of this income statement. All results relate to continuing operations.

## Statement of Changes in Equity

For the year ended 30 June 2009

	Share capital £'000	Retained earnings £'000	Total shareholders' equity/(deficit) £'000
<b>At 1 July 2007</b>	-	(1,513)	(1,513)
Loss for the year	-	(40)	(40)
<b>At 30 June 2008</b>	-	<b>(1,553)</b>	<b>(1,553)</b>
Profit for the year	-	2,800	2,800
<b>At 30 June 2009</b>	-	<b>1,247</b>	<b>1,247</b>

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



## Balance Sheet

As at 30 June 2009

	Notes	2009 £'000	2008 £'000
<b>Current assets</b>			
Trade and other receivables	7	8,734	3,403
Deferred tax assets	6	14	-
Cash and cash equivalents		247	1,159
<b>Total assets</b>		<b>8,995</b>	<b>4,562</b>
<b>Current liabilities</b>			
Trade and other payables	8	7,748	6,115
<b>Total liabilities</b>		<b>7,748</b>	<b>6,115</b>
<b>Shareholders' equity/(deficit)</b>		<b>1,247</b>	<b>(1,553)</b>
<b>Total liabilities and shareholders' equity</b>		<b>8,995</b>	<b>4,562</b>

The accompanying notes are an integral part of this balance sheet.

These financial statements of 365 Digital Media Limited, registered number 3619904 were approved by the board of directors and authorised for issued on 15 December 2009.



P M A Croton  
Director

## Cash Flow Statement

For the year ended 30 June 2009

	Notes	2009 £'000	2008 £'000
<b>Cash flows from operating activities</b>			
Cash generated from operations	11	3,814	(907)
Interest received		1	138
Interest paid		-	(8)
<b>Net cash from operating activities</b>		<b>3,815</b>	<b>(777)</b>
<b>Cash flows from investing activities</b>			
Purchase of intangible assets		-	-
<b>Net cash used in investing activities</b>		<b>-</b>	<b>-</b>
<b>Cash flows from financing activities</b>			
Group interest paid		-	(53)
Receipts from loans to subsidiaries		(4,727)	(4,060)
<b>Net cash from financing activities</b>		<b>(4,727)</b>	<b>(4,113)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(912)</b>	<b>(4,890)</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>1,159</b>	<b>6,049</b>
<b>Cash and cash equivalents at the end of the year</b>		<b>247</b>	<b>1,159</b>

The accompanying notes are an integral part of this consolidated cash flow statement.

## Notes to financial statements

### 1. Accounting policies

365 Digital Media Limited (the "Company") is a limited liability company incorporated in England and Wales, and domiciled in the United Kingdom ("UK").

#### a) Statement of compliance

These 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 for use in the European Union ("EU"), the Companies Act 2006 and as issued by the IASB.

#### b) Basis of preparation

The financial statements have been prepared on an historical cost basis, except for the remeasurement to fair value of financial instruments as described in the accounting policies below. The accounts have been prepared on a going concern basis as set out in the Directors' Report.

The Company maintains a 52 or 53 week fiscal year ending on the Sunday nearest to 30 June in each year. In fiscal year 2009 this date was 28 June 2009, this being a 52 week year (fiscal year 2008: 29 June 2008, 52 week year). For convenience purposes, the Company continues to date its financial statements as of 30 June 2008.

The Company has taken advantage of the exemption from preparing the consolidated accounts afforded by section 228 of the Companies Act 1985, because it is a wholly-owned subsidiary of BSKyB which prepares consolidated accounts which are publicly available (see note 13).

#### c) Foreign currency translation

The Company's functional currency and presentational currency is pounds sterling. Trading activities denominated in foreign currencies are recorded in pounds sterling at the actual exchange rates as of the date of the transaction. Monetary assets, liabilities and commitments denominated in foreign currencies at the year end are reported at the rates of exchange at the balance sheet date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate prevailing at the date of the initial transaction. Gains and losses on retranslation of assets and liabilities are included net in the profit or loss for the year, except for exchange differences arising on non-monetary assets and liabilities where the changes in fair value are recognised directly in equity.

#### d) Financial assets and liabilities

Financial assets and liabilities are initially recognised at fair value plus any directly attributable transaction costs. At each balance sheet date, the Company assesses whether there is any objective evidence that any financial asset is impaired. Financial assets and liabilities are recognised on the Company's balance sheet when the Company becomes a party to the contractual provisions of the financial asset or liability. Financial assets are derecognised from the balance sheet when the Company's contractual rights to the cash flows expire or the Company transfers substantially all the risks and rewards of the financial asset. Financial liabilities are derecognised from the Company's balance sheet when the obligation specified in the contract is discharged or cancelled or expire.

## Notes to financial statements

### 1. Accounting policies (continued)

#### i. Trade and other receivables

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. 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 income statement.

#### 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 included as a component of cash and cash equivalents where offset conditions are met.

#### 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.

#### e) Impairment

At each balance sheet date, and in accordance with IAS 36 "Impairment of Assets", the Company reviews the carrying amounts of all its assets excluding, non-current assets classified as held for sale, financial assets (see accounting policy d) and deferred taxation (see accounting policy g) to determine whether there is any indication that any of those assets have suffered an impairment loss.

An impairment is recognised in the income statement whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of net selling price, defined as the fair value less costs to sell, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

An impairment loss for an individual asset shall be reversed if there has been a change in estimates used to determine the recoverable amount since the last impairment loss was recognised and is only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Any impairment loss in respect of goodwill is irreversible.

## Notes to financial statements

### 1. Accounting policies (continued)

#### f) Revenue recognition

Revenue, which excludes value added tax, represents the gross inflow of economic benefit from the Company's operating activities. Revenue is measured at the fair value of the consideration received or receivable. The Company's main sources of revenue are recognised as follows:

- Syndication of content for third party websites. Revenue is recognised in the month which the content is provided.
- The production and sale of sports and other content to mobile phone retailers and networks. Revenue is recognised in the month which the content is provided.
- Advertising sales revenue is recognised when the advertising is broadcast. Revenue generated from airtime sales where the company acts as an agent on behalf of third parties is recognised on a net commission basis.

#### g) 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. Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, 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 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 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 Company intends to settle its current tax assets and liabilities on a net basis.

#### h) Reportable segments

A reportable segment, as defined by IAS14 "Segmental Reporting", is a distinguishable business or geographic component of the Company, that provides products or services, that are subject to risks and rewards that are different from those of segments.

## Notes to financial statements

### 1. Accounting policies (continued)

#### i) Critical accounting policies

Critical accounting policies are those that require significant judgement or estimates and potentially result in material different results under different assumptions or conditions.

##### *Deferred Taxation*

An estimation of the current tax liability together with an assessment of the temporary differences which arise as a consequence of different tax and accounting treatments is required. Assumptions are made around the extent to which it is probable that future taxable profit will be available against which the temporary differences can be utilised and deferred tax assets are recognised at the balance sheet date based on these assumptions.

##### *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.

#### j) 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 but are only effective for our accounting periods beginning on or after 1 July 2009 or later periods. These new standards are listed below:

- IFRS 8 "Operating Segments" (effective 1 January 2009)
- IFRIC 17 "Distributions of Non Cash Assets to Owners" (effective 1 July 2009)
- IFRIC 18 "Transfers of Assets to Customers" (effective 1 July 2009)
- Revision to IAS 1 "Presentation of Financial Statements" (effective 1 January 2009)
- Amendments to IAS 23 "Borrowing Costs" (effective 1 January 2009)
- Revision to IFRS 3 "Business Combinations" (effective 1 July 2009)
- Revision to IAS 27 "Consolidated and Separate Financial Statements" (effective 1 July 2009)
- Amendment to IFRS 2 "Share-Based Payment" (effective 1 January 2009)
- Amendment to IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" (effective 1 July 2009)
- Amendments to IAS 28 "Investment in Associates" (effective 1 January 2009)
- Amendment to IAS 32 "Financial Instruments: Presentation" (effective 1 January 2009)
- Amendments to IAS 38 "Intangible Assets" (effective 1 January 2009)
- Amendment to IAS 39 "Financial Instruments: Recognition and Measurement" (effective 1 January 2009)

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

## Notes to financial statements

### 2. Revenue

	2009	2008
	£'000	£'000
Content syndication	2,774	-
Mobile	546	-
Advertising	-	30
	3,320	30

Revenue arises from goods and services provided to the United Kingdom, with the exception of £463,000 (2008: £nil) which arises from service provided to Ireland and the rest of the world.

The Company does not have any separable business segments.

### 3. Operating expenses

	2009	2008
	£'000	£'000
Cost of sales	495	-
Administrative costs	40	147
	535	147

## Notes to financial statements

### 4. Investment income and finance costs

	2009	2008
	£'000	£'000

#### Investment income

Cash, cash equivalents and short-term deposits	1	138
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	2009	2008
	£'000	£'000

#### Finance costs

Cash, cash equivalents and short-term deposits	-	(8)
Intercompany interest payable	-	(53)
	-	(61)

### 5. Profit/(loss) before taxation

Profit/(loss) before taxation is stated after charging:

	2009	2008
	£'000	£'000

Amortisation of intangible assets	-	46
Rentals on operating leases and similar arrangements	-	3

#### Audit fees

Amounts paid to the auditors of £10,500 (2008: £8,000) for audit services were borne by another Group subsidiary in 2009 and 2008. No amounts for other services have been paid to the auditors.



## Notes to financial statements

### 6. Taxation

#### a) Taxation recognised in the income statement

	2009 £'000	2008 £'000
<b>Current tax expense</b>		
Current year	-	-
Adjustment in respect of prior years	-	-
<b>Total current tax</b>	-	-
<b>Deferred tax expense</b>		
Origination and reversal of temporary differences	-	-
Decrease/(Increase) in estimate of recoverable deferred tax asset	(14)	-
<b>Total deferred tax</b>	(14)	-
<b>Taxation</b>	(14)	-

#### b) Reconciliation of total tax charge

The tax expense for the year is lower (2008: higher) than the standard rate of corporation tax in the UK (28%) applied to profit before tax. The differences are explained below:

	2009 £'000	2008 £'000
Profit/(loss) before tax	2,786	(40)
Loss before tax multiplied by the standard rate of corporation tax in the UK of 28% (2008: 29.5%)	780	(12)
Effects of:		
Capital allowances in excess of depreciation	(4)	8
Group relief (claimed)/surrendered for nil consideration	(757)	4
Brought forwarded losses utilised	(105)	-
Recognition of deferred tax assets	(14)	-
Non-deductible expense	86	-
<b>Taxation</b>	(14)	-

All taxation relates to UK corporation tax.

A deferred tax asset of £14,000 (2008: £123,000) arising from fixed asset timing differences has now been recognized on the basis that suitable taxable profits are expected to arise in the future.

## Notes to financial statements

### 7. Trade and other receivables

	2009	2008
	£'000	£'000
Gross trade receivables	599	1,973
Less: provision for impairment of receivables	(54)	(349)
Net trade receivables	545	1,624
Amounts receivable from ultimate parent company	6,958	98
Amounts receivable from other Group companies	271	748
Accrued income	960	933
	8,734	3,403

The ageing of the Company's net trade receivables past due or subject to impairment is as follows:

	2009	2008
	£'000	£'000
Within due date	458	935
Up to thirty days past due date	40	457
Thirty to sixty days past due date	1	139
Sixty to ninety days past due date	17	44
Ninety to 120 days past due date	19	11
More than 120 days past due date	10	38
	545	1,624

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

Amounts owed by Group companies are non-interest bearing and repayable on demand.

#### Provisions for doubtful debts

	2009	2008
	£'000	£'000
Balance at beginning of year	349	63
Amounts utilised	-	(56)
Income statement (credit)/charge	(295)	342
Balance at end of year	54	349

## Notes to financial statements

### 8. Trade and other payables

	2009 £'000	2008 £'000
Trade payables	94	-
Amounts payable to other Group companies	7,425	5,769
VAT	66	198
Accruals	159	127
Deferred income	4	21
	<b>7,748</b>	<b>6,115</b>

The Directors consider that the carrying amount of trade and other payables approximates to fair values. Amounts owed to other Group companies are non interest bearing and repayable on demand.

### 9. Financial risk management objectives and policies

The accounting classification of each class of the Company's financial assets and financial liabilities, together with their fair values, is as follows:

	Loans and receivables £'000	Other liabilities £'000	Total carrying value £'000	Total fair values £'000
<b>At 30 June 2009</b>				
Trade and other payables		(7,678)	(7,678)	(7,678)
Trade and other receivables	8,734		8,734	8,734
Cash and cash equivalents	247		247	247
<b>At 30 June 2008</b>				
Trade and other payables		(5,896)	( 5,896)	( 5,896)
Trade and other receivables	3,403		3,403	3,403
Cash and cash equivalents	1,159		1,159	1,159

The Directors consider that the carrying amount of financial instruments approximates to their fair value.

#### Capital risk management

The capital structure of the Company consists of equity attributable to equity holders of the parent company, comprising issue capital, reserves and retained earnings.

Risk and treasury management is governed by British Sky Broadcasting Group plc's policies approved by its board of directors.

#### Credit risk

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

## Notes to financial statements

### Liquidity risk

Liquidity risk is managed on behalf of the Company by the Group treasury function of British Sky Broadcasting Group Plc, of which the Company forms a part. The Group has access to an undrawn £1,000 million rolling credit facility to ensure ongoing liquidity. This facility expires in 2010.

The following table analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 12 months	Between one and two years	Between two and five years	More than 5 years
At 30 June 2009				
Trade and other payables	7,678	-	-	-
At 30 June 2008				
Trade and other payables	5,896	-	-	-

### 10. Share capital

	2009 £'000	2008 £'000
Authorised		
1,000 (2008: 1,000) ordinary shares of £1 each	1,000	1,000
Allotted, called-up and fully paid		
100 (2008: 100) ordinary shares of £1 each	100	100

### 11. Notes to the Cash Flow Statement

#### Reconciliation of profit before taxation to cash generated from operations

	2009 £'000	2008 £'000
Profit/(Loss) before taxation	2,786	(40)
Amortisation of intangible assets	-	46
Net finance costs	(1)	(77)
	2,785	(71)
Decrease/(Increase) in trade and other receivables	1,052	(643)

## Notes to financial statements

Decrease in trade and other payables	(23)	(193)
<b>Cash generated from operations</b>	<b>3,814</b>	<b>(907)</b>

### 12. Transactions with related parties

Details of amounts owed by fellow subsidiary undertaking to the Company are given in note 7 and amounts owed to fellow subsidiary undertakings by the Company are given in note 8.

The BskyB Group plc's treasury function is responsible for liquidity management across the Company's operations. It is standard practice for the company to lend and borrow cash to and from subsidiaries as required.

### 13. Ultimate parent undertaking

The Company is a wholly-owned subsidiary undertaking of British Sky Broadcasting Group plc, a company incorporated in Great Britain and registered in England and Wales. The Company is ultimately controlled by British Sky Broadcasting Group plc. The only group in which the results of the Company are consolidated is that headed by BSKyB.

The consolidated accounts of the Group are available to the public and may be obtained from the Company Secretary, British Sky Broadcasting Group plc, Grant Way, Isleworth, Middlesex, TW7 5QD.