SKY HOLDINGS LIMITED

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

Registered number 05585009

Directors and Officers

For the year ended 30 June 2012

Directors

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

D J Darroch

A J Griffith

Secretary

D J Gormley (resigned 5/11/2012)

C J Taylor (appointed 5/11/2012)

Registered office

Grant Way
Isleworth
Middlesex
TW7 5QD
United Kingdom

Auditor

Deloitte LLP
Chartered Accountants
London
United Kingdom

Directors' Report

The Directors present their Annual Report on the affairs of the Company, together with the financial statements and Auditors' Report for the year ended 30 June 2012

Business review and principal activities

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

The Company's principal activity is to act as a holding company The Company wholly owns BSkyB LLU Assets Limited, 365 Media Group Limited ("365 Media") and the Group's investment in ITV plc ("ITV") BSkyB LLU Assets Limited is the parent company of a group of companies involved in the provision of residential networking services in the UK, and 365 Media is involved in the provision of on-line gaming. The directors do not anticipate any changes to the Company's principal activity for the foreseeable future

The audited accounts for the period ended 30 June 2012 are set out on pages 7 to 21 The loss for the year was £134 million (2011 loss of £36 million), which was driven by finance costs in relation to interest bearing inter-company loans and the impairment of the Company's investment in 365 Media, offset by a £5 million dividend from ITV

During the period the Company impaired its investment in 365 Media by £105 million (2011 £nil) The impairment was a result of companies in which 365 Media had an interest being liquidated as part of an entity restructuring programme On the 24 May 2012 as part of the restructuring programme, the Company issued additional ordinary shares of £570 million to its immediate parent company BSkyB Finance UK plc, on the same date the shares issued were cancelled by the Company and the Company's share premium of £500 million was reduced to £nil, resulting in a credit of £1,070 million to the Company's retained earnings

The Directors do not recommend the payment of a dividend for the year ended 30 June 2012 (2011 £nil) The balance sheet shows that the Company's shareholder's equity position at the end of the year was £187 million (2011 deficit of £257 million), with the change in financial position being driven by the issue of shares during the period

Key performance indicators (KPIs)

The Group manages its operations on a divisional basis For this reason, the Company's Directors believe that further key performance indicators for the Company are not necessary or appropriate for an understanding of the development, performance or position of the Company

Principal risks and uncertainties

The Company's activities expose it to financial risks, namely credit risk and liquidity risk. The Company is also exposed to risk through the performance of its investments, which are subject to impairment risk.

Financial risk management objectives and policies

Credit risk

The balance sheet of the Company includes inter-company balances and the Company is therefore exposed to credit risk on these balances The Company reviews these balances for recoverability at each balance sheet date

Liquidity risk

The Company relies on the Group Treasury function to manage its liquidity and ensure that sufficient funds are available for ongoing operations and future developments The Group currently has access to an undrawn £743 million revolving credit facility which is due to expire on 31 October 2017 The Company benefits from this liquidity through intra-group facilities and loans

Impairment risk

The balance sheet of the Company includes investments in subsidiaries and the Company is therefore exposed to impairment risk on these investments Impairment risk is managed through review of the underlying business performance of the subsidiaries as part of the Group's annual reporting procedures

Cash flow risk, price risk, interest risk and foreign exchange risk

The Directors do not believe the business is exposed to cash flow risk, price risk, interest risk or foreign exchange risk

Going concern

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

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

Directors

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

Directors' Report (continued)

Auditor

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

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

Deloitte LLP have expressed their willingness to continue as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting

By Order of the Board,

C J Taylor
Company Secretary

Grant Way
Isleworth
Middlesex
TW7 5QD

10 December 2012

Statement of Directors' responsibilities

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

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

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

We have audited the financial statements of Sky Holdings Limited for the year ended 30 June 2012 which comprise the Income Statement, the Statement of Other Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, and the related notes 1 to 13 The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of Directors and auditor

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Directors, and the overall presentation of the financial statements In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion

- the financial statements give a true and fair view of the Company's affairs as at 30 June 2012 and of its loss for the year then ended,
- the financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006

Separate opinion in relation to IFRSs as issued by the IASB

As explained in note 1 to the financial statements, the Company in addition to applying IFRSs as adopted by the European Union, has also applied IFRSs as issued by the International Accounting Standards Board (IASB)

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

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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

William Touche (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
10 December 2012

Income Statement

For the year ended 30 June 2012

	Notes	2012 £m	2011 £m
Dividend income	2	**5**	-
Impairment of investment in subsidiary	5	**(105)**	-
Finance costs	2	**(34)**	(36)
Loss before tax	3	**(134)**	(36)
Tax	4	**-**	-
Loss for the year attributable to equity shareholder		**(134)**	(36)

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

All results relate to continuing operations

Statement of Other Comprehensive Income

For the year ended 30 June 2012

	Note	2012 £m	2011 £m
Loss for the year attributable to equity shareholder		**(134)**	(36)
Amounts recognised directly in equity			
Gain on revaluation of available-for-sale investment	5	**8**	59
Other comprehensive income for the year		**8**	59
Total comprehensive (loss) income for the year attributable to equity shareholder		**(126)**	23

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

All results relate to continuing operations

Balance Sheet

As at 30 June 2012

	Notes	2012 £m	2011 £m
Non-current assets			
Investment in subsidiaries	5	**226**	331
Available-for-sale investments	5	**223**	215
		449	546
Current assets			
Trade and other receivables	6	**34**	30
Total assets		**483**	576
Current liabilities			
Trade and other payables	7	**38**	49
Non-current liabilities			
Trade and other payables	8	**258**	784
Total liabilities		**296**	833
Share capital	9	**-**	-
Share premium	9	**-**	500
Reserves		**187**	(757)
Shareholder's equity (deficit) attributable to equity shareholder		**187**	(257)
Total liabilities and shareholder's equity (deficit)		**483**	576

The accompanying notes are an integral part of this Balance Sheet

The Company has no cash and cash equivalents Accordingly, no cash flow statement or reconciliation of operating profit to cash flows from operating activities has been prepared

The financial statements of Sky Holdings Limited, registered number 05585009 were approved by the Board of Directors on 10 December 2012 and were signed on its behalf by

A J Griffith
Director
10 December 2012

Statement of Changes in Equity

As at 30 June 2012

	Share capital	Share premium	Available-for-sale reserve	Retained earnings	Total shareholder's (deficit) equity
	£m	£m	£m	£m	£m
At 1 July 2010	**-**	**500**	**98**	**(878)**	**(280)**
Loss for the year	-	-	-	(36)	(36)
Revaluation of available-for-sale investment	-	-	59	-	59
At 30 June 2011	**-**	**500**	**157**	**(914)**	**(257)**
Loss for the year	-	-	-	(134)	(134)
Share premium reduction	-	(500)	-	500	-
Share issue	570	-	-	-	570
Share reduction	(570)			570	-
Revaluation of available-for-sale investment	-	-	8	-	8
At 30 June 2012	**-**	**-**	**165**	**22**	**187**

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

Notes to the financial statements

1. Accounting policies

Sky Holdings Limited (the "Company") is a limited liability company incorporated in England and Wales and domiciled in the United Kingdom ("UK")

a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") and the Companies Act 2006 In addition, the Company also complied with IFRS as issued by the International Accounting Standards Board ("IASB")

b) Basis of preparation

The financial statements have been prepared on a going concern basis (as set out in the Director's Report) and on a historical cost basis, except for the remeasurement to fair value of financial instruments as described in the accounting policies below The Company has adopted the new accounting pronouncements which became effective this period, none of which had any significant impact on the Company's results or financial position

The Company maintains a 52 or 53 week fiscal year ending on the Sunday nearest to 30 June in each year In fiscal year 2012, this date was 1 July 2012, this being a 52 week year (fiscal year 2011 3 July 2011, 53 week year) For convenience purposes, the Company continues to date its financial statements as at 30 June The Company has classified assets and liabilities as current when they are expected to be realised in, or intended for sale or consumption in, the normal operating cycle of the Company

The Company has taken advantage of the exemption from preparing the consolidated accounts afforded by section 400 of the Companies Act 2006, because it is a wholly-owned subsidiary of British Sky Broadcasting Group plc ("BSkyB") which prepares consolidated accounts which are publicly available (see note 13)

c) Financial assets and liabilities

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

Notes to the financial statements

1. Accounting policies (continued)

c) Financial assets and liabilities (continued)

i. Available-for-sale investments

Equity investments intended to be held for an indefinite period of time are classified as available-for-sale investments They are carried at fair value, where this can be reliably measured, with movements in fair value recognised directly in the available-for-sale reserve Where the fair value cannot be reliably measured, the investment is carried at cost

Any impairment losses in equity investments classified as available-for-sale investments are recognised in the income statement and are not reversible through the income statement, and are determined with reference to the closing market share price at the balance sheet date Any subsequent increase in the fair value of the available-for-sale investment above the impaired value will be recognised within the available-for-sale reserve

Available-for-sale investments are included within non-current assets unless the carrying value is expected to be recovered principally through sale rather than continuing use, in which case they are included within current assets On disposal, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had previously been recognised directly in reserves is recognised in the income statement

ii. Trade and other receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments and, where no stated interest rate is applicable, are measured at the original invoice amount, if the effect of discounting is immaterial Where discounting is material, trade and other receivables are measured at amortised cost using the effective interest method An allowance account is maintained to reduce the carrying value of trade and other receivables for impairment losses identified from objective evidence, with movements in the allowance account, either from increased impairment losses or reversals of impairment losses, being recognised in the income statement

iii. Trade and other payables

Trade and other payables are non-derivative financial liabilities and are measured at amortised cost using the effective interest method Trade and other payables, with no stated interest rate, are measured at the original invoice amount if the effect of discounting is immaterial

d) Investment in subsidiaries

An investment in a subsidiary is recognised at cost less any provision for impairment As permitted by section 133 of the Companies Act 2006, where the relief recorded under section 131 of the Companies Act 2006 applies, cost is the aggregate of the nominal value of the relevant number of the Company's shares and the fair value of any other consideration given to acquire the share capital of the subsidiary undertakings

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 financial assets (see accounting policy c) to determine whether there is any indication that any of those assets have suffered an impairment loss

Notes to the financial statements

1. Accounting policies (continued)

e) Impairment (continued)

An impairment is recognised in the income statement whenever the carrying amount of an asset or its cash generating unit 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. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs Impairment losses recognised in respect of cash generating units are allocated to reduce the carrying amount of assets in the unit on a pro-rata basis

An impairment loss for an individual asset or cash generating unit 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

f) Tax, including deferred tax

The Company's liability for current tax is based on taxable profit for the year, and is calculated using tax rates that have been enacted or substantively enacted at the balance sheet date

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 substantively enacted at the balance sheet date

The carrying amount of deferred tax assets is reviewed at each balance sheet date and adjusted to reflect an amount that is probable to be realised based on the weight of all available evidence Deferred tax is calculated at the rates that are expected to apply in the period when the liability is settled or the asset is realised Deferred tax assets and liabilities are not discounted Deferred tax is charged or credited in the 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

Notes to the financial statements

1 Accounting policies (continued)

g) Critical accounting policies and use of judgment

Certain accounting policies are considered to be critical to the Company An accounting policy is considered to be critical if its selection or application materially affects the Company's financial position or results The Directors are required to use their judgment in order to select and apply the Company's critical accounting policies Below is a summary of the Company's critical accounting policies and details of the key areas of judgment that are exercised in their application

The Directors consider that the Company's critical accounting policy is determining the carrying value of its available-for-sale investments, and its investments in subsidiaries (see note 5)

The key areas of judgment in respect of these investments are the assessment of whether there is objective evidence that a loss event has occurred after initial recognition of the investment, and whether such a loss event has a reliably measurable impact on the estimated future cash flows of the investment At each balance sheet date, management considers whether there is objective evidence that a loss event has occurred and whether it has had an impact on the estimated future cash flows of the available-for-sale investment or investment in subsidiary If a loss event has occurred, management would then consider whether an impairment loss has occurred and the quantum of that loss

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

The Company has not yet adopted certain new standards, amendments and interpretations to existing standards, which have been published but are only effective for our accounting periods beginning on or after 1 July 2012 or later periods These new pronouncements are listed below

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

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

– IFRS 10 "Consolidated Financial Statements" (effective 1 January 2013)

– IFRS 11 "Joint Arrangements" (effective 1 January 2013)

– IFRS 12 "Disclosure of Interests in Other Entities" (effective 1 January 2013)

– IFRS 13 "Fair Value Measurement" (effective 1 January 2013)

– Amendment to IAS 19 "Employee Benefits" (effective 1 January 2013)

– Amendment to IAS 27 "Separate Financial Statements" (effective 1 January 2013)

– Amendment to IAS 28 "Investments in Associates and Joint Ventures" (effective 1 January 2013)

– Amendments to IFRS 7 "Financial Instruments Disclosures – Offsetting Financial Assets and Financial Liabilities" (effective 1 January 2013)

– Amendments to IAS 32 "Financial Instruments Presentation – Offsetting Financial Assets and Financial Liabilities" (effective 1 January 2014)

– IFRS 9 "Financial Instruments" (effective 1 January 2015)

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

Notes to the financial statements

2. Investment Income and Finance costs

	2012	2011
	£m	£m
Investment Income and Finance costs		
Inter-company interest payable and similar charges	**(34)**	(36)
Dividend income	**5**	-

For further details of the interest on inter-company loans payable, please refer note 7 and 8 Dividend income relates to dividends received from the Company's available-for-sale investment in ITV plc

3. Loss before tax

There were no staff costs during the year, as the Company had no employees (2011 none) Services are provided by employees of other companies within the Group with no charge being made for their services (2011 £nil) The Directors did not receive any remuneration during the year in respect of their services to the company (2011 £nil)

Amounts paid to the auditor for the audit of the Company's annual accounts of £5,250 (2011 £5,250) were borne by another Group subsidiary in 2012 and 2011 No amounts for other services have been paid to the auditor

Notes to the financial statements

4. Tax

a) Tax recognised in the income statement

No tax charge was recognised in the year ended 30 June 2012 (2011 £nil)

b) Reconciliation of effective tax rate

The tax credit for the year is lower (2011 lower) than the credit that would have been created using the standard rate of corporation tax in the UK 25 5% (2011 27 5%) applied to the loss before tax The applicable or substantively enacted effective rate of UK corporation tax for the year was 25 5% (2011 27 5%)

The differences are explained below

	2012	2011
	£m	£m
Loss before tax	**(134)**	(36)
Loss before tax multiplied by standard rate of corporation tax in the UK of 25 5% (2011 27 5%)	**(34)**	(10)
Effects of		
Dividend income not taxable	**(1)**	-
Impairment of investment in subsidiaries	**27**	-
Group relief surrendered for £nil charge	**8**	10
Tax	**-**	-

All taxation relates to UK corporation tax and is settled by British Sky Broadcasting Limited ("BSkyB Ltd") on the Company's behalf

The Government has indicated that it intends to introduce further reductions in the main tax rate, with the rate falling by 1% each year down to 21% by 1 April 2014 These further reductions to the tax rate, below the 24% rate, have not been substantively enacted at the balance sheet date and therefore not reflected in these financial statements

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the periods in which they reverse The rate enacted or substantively enacted for the relevant period of reversal is 24% as at June 2012 (2011 26%)

Notes to the financial statements

5. Non-current assets - Investment in subsidiaries and available-for-sale investments

	Investment in subsidiaries	Available-for-sale investments	Total
	£m	£m	£m
Cost or valuation			
At 1 July 2010	**333**	**156**	**489**
Revaluation	-	59	59
Decrease in investment	(2)	-	(2)
At 30 June 2011	**331**	**215**	**546**
Revaluation	-	8	8
Impairment in investment	(105)	-	(105)
At 30 June 2012	**226**	**223**	**449**

Details of the principal investments of the Company are as follows

Name of company	Holding	Proportion of voting rights and shares held	Nature of business
Investment in subsidiaries			
BSkyB LLU Assets Limited	Ordinary shares	100%	Broadband networking services
365 Media Group Limited	Ordinary shares	100%	Internet
Available-for-sale investment			
ITV plc	Ordinary shares	7 5%	Media

Investments in subsidiaries - BSkyB LLU Assets Limited and 365 Media Group Limited

Investments in subsidiaries shown above represent the cost of the shares of the wholly-owned subsidiary undertakings, less provision made for any impairment in value

The Company's investment in BSkyB LLU Assets Limited decreased by £2 million in the prior year as the liability arising from BSkyB LLU Asset Limited's cash settled share-based payment transactions was settled by the Company during the year at a lower amount than previously estimated

On the 23 January 2007, the Company completed its acquisition of 365 Media Group Limited (formerly 365 Media Group plc) The total consideration for the acquisition was £105 million 365 Media is an operator of sports and gaming websites

During the year, the Company has impaired its investment in 365 Media Group Limited by £105 million, the impairment was the result of companies within 365 Media Group Limited being liquidated, the impairment has reduced the carrying value of the investment to £nil

5. Non-current assets - Investment in subsidiaries and available-for-sale investments (continued)

Available-for-sale investments - ITV plc ("ITV")

On 17 November 2006, the Company acquired 696 million shares in ITV, at a price of 135 pence per share, representing 17 9% of the issued capital of ITV, for a total consideration of £946 million including fees and taxes

The investment in ITV is carried at fair value The fair value of ITV is determined with reference to its equity share price at the balance sheet date An impairment in the carrying value was first recorded at 31 December 2007, due to the significant and prolonged decline in the equity share price In accordance with IFRS, the Group has continued to review that carrying value and recognised an impairment loss of £191 million in the year ended 30 June 2009 This impairment loss was determined with reference to ITV's closing equity share price of 20 0 pence at 27 March 2009, the last trading day of the Group's third fiscal quarter in fiscal 2009 In line with IFRS, all subsequent increases in the fair value of the ITV investment above this impaired value have been recorded in the available-for-sale reserve

On 8 February 2010, the Group successfully placed a shareholding of 10 4% in ITV in accordance with the final undertakings given by the Group to the Secretary of State for Business, Innovation and Skills relating to the Group's investment in ITV The placing by the Group of 404,362,095 ITV shares at 48 5p per share resulted in aggregate consideration of £196 million A profit of £115 million was realised on disposal being the excess of the consideration above the impaired value of the shares The Group continues to hold just under 7 5% of ITV

6. Trade and other receivables

	2012 **£m**	2011 £m
Amounts receivable from other Group companies	**34**	30

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

Amounts receivable from other Group companies are non-interest bearing and all amounts are repayable on demand The Company is exposed to credit risk on these amounts receivable Within the Company there is a concentration of risk within amounts receivable from other Group companies

No allowances have been recorded against amounts receivable from Group companies as they were assessed to be fully recoverable

7. Trade and other payables

	2012 £m	2011 £m
Amounts owed to ultimate parent company	**12**	12
Amounts owed to immediate parent company	**-**	11
Amounts payable to other Group companies	**26**	26
	38	49

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

On 29 June 2008, the Company entered into a loan agreement with BSkyB Limited The loan is repayable on demand and bears interest at a rate of 12 month LIBOR plus 0 75% The loan balance at 30 June 2012 was £nil (2011 £23 million)

On the 27 July 2011 the Company entered into a £24 million revolving credit facility ("RCF") agreement with BSkyB Limited This facility is repayable on demand and is non-interest bearing. At 30 June 2012 the balance on this account was £23 million (2011 £nil)

The Company has £3 million payable to other Group companies all of which are non-interest bearing and repayable on demand (2011 £3 million)

On 25 April 2006, the Company entered into an RCF for £250 million with BSkyB Finance Limited, which at the same time entered into a reciprocal facility on the same terms with BSkyB Ltd The facility is repayable on demand, is non-interest bearing and was not drawn as at 30 June 2012 (2011 undrawn)

All other inter-company balances with the ultimate and immediate parent companies are non-interest bearing and repayable on demand

8. Non-current other payables

	2012 £m	2011 £m
Non-current other payables		
Amounts payable to other Group companies	**258**	784

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

The non-current amounts payable to other Group companies bears interest at a fixed rate of 5 00% and is repayable in October 2014

Notes to the financial statements

9. Share capital

	2012	2011
	£	£
Allotted, called-up and fully paid		
600 (2011 600) ordinary shares of £1 (2010 £1) each	**600**	600

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

On the 24 May 2012, the Company issued 570,000,000 ordinary shares of £1 each to its sole shareholder BSkyB Finance UK plc On the same day, the shares issued were cancelled, and the Company's share premium was reduced from £499,999,500 to £nil

10. Financial Instruments

(a) Carrying value and fair value

The Company's principal financial instruments comprise available-for-sale investments, trade and other receivables and trade and other payables

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

	Available-for-sale investments	**Loans and receivables**	**Other liabilities**	**Total carrying value**	**Total fair values**
	£m	**£m**	**£m**	**£m**	**£m**
At 30 June 2012					
Trade and other payables	**-**	**-**	**(296)**	**(296)**	**(296)**
Trade and other receivables	**-**	**34**	**-**	**34**	**34**
Available-for-sale investments	**223**	**-**	**-**	**223**	**223**
At 30 June 2011					
Trade and other payables	-	-	(833)	(833)	(833)
Trade and other receivables	-	30	-	30	30
Available-for-sale investments	215	-	-	215	215

The fair values of financial assets and financial liabilities are determined as follows

- The fair value of financial assets and financial liabilities with standard terms and conditions and which are traded on active liquid markets is determined with reference to quoted market prices, and
- The fair value of other financial assets and financial liabilities (excluding derivative instruments) is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments

Notes to the financial statements

10. Financial Instruments (continued)

(b) Fair value hierarchy

The Company's available-for-sale investment in ITV is carried at fair value and constitutes a Level 1 financial instrument in the fair value hierarchy Level 1 financial instruments are measured using quoted prices (unadjusted) in active markets for identical assets or liabilities

11. Financial risk management objectives and policies

The Group's Treasury function is responsible for raising finance for the Company's operations, together with associated liquidity management and management of foreign exchange, interest rate and credit risks Treasury operations are conducted within a framework of policies and guidelines authorised and reviewed by both the Audit Committee and the Board, which receive regular updates of Treasury activity Derivative instruments are transacted for risk management purposes only It is the Group's policy that all hedging is to cover known risks and no speculative trading is undertaken Regular and frequent reporting to management is required for all transactions and exposures, and the internal control environment is subject to periodic review by the Group's internal audit team

Capital Risk Management

The capital structure of the Company consists of equity attributable to equity holders of the parent company, comprising issued capital, reserves and retained earnings Risk and treasury management is governed by BSkyB 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 in note 6

Liquidity risk

The Company's financial liabilities are shown in notes 7 and 8

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 £m	**Between 1-2 years £m**	**Between 2-5 years £m**	**More than 5 years £m**
At 30 June 2012				
Trade and other payables	**38**	**-**	**258**	**-**
At 30 June 2011				
Trade and other payables	49	-	784	-

Notes to the financial statements

12. Transactions with related parties

a) Transactions with ultimate and parent company

For details of amounts owed to the ultimate and parent company's please see note 7

b) Transactions with other BSkyB Group companies

For details of amounts to and from other group company's please see notes 6,7 and 8

The Group's treasury function is responsible for liquidity management across the Group's operations It is standard practice for the companies to lend and borrow cash from other Group companies as required

13. Ultimate parent undertaking

The Company is a wholly-owned subsidiary undertaking of British Sky Broadcasting Finance UK plc, a company incorporated in Great Britain and registered in England and Wales The Company is ultimately controlled by BSkyB 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, United Kingdom