Sky Holdings Limited

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

Registered number 5585009

Directors and Officers

For the year ended 30 June 2009

Directors

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

D J Darroch
A J Griffith

Secretary

D J Gormley

Registered office

Grant Way
Isleworth
Middlesex
TW7 5QD

Auditors

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 period 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 a part of the group ("the Group")

The Company's principal activity is to act as a holding company The Company wholly owns Easynet Group Limited ("Easynet") and 365 Media Group Limited ("365 Media") Easynet is the parent company of a group of companies involved in the provision of broadband networking services in the UK and other European countries and 365 Media is the parent company of a group of companies involved in the provision of on-line gaming

On 17 November 2006, the Company purchased a 17 9% interest in ITV plc This investment has been the subject of a review by the Competition Commission ("CC") and the Secretary of State ("SoS") for Business, Enterprise and Regulatory Reform (now the Department for Business, Innovation and Skills) and the subject of appeals to the Competition Appeal Tribunal and to the Court of Appeal ("CoA") The Group has acted on behalf of the Company during the appeals process

On 21 January 2010 the CoA handed down its judgment, upholding the Group's appeal on the media plurality issue, thereby affirming the CC's interpretation of the media plurality provisions of the relevant legislation, and rejecting the Group's appeal with respect to the competition issues and the remedial direction that the Group divest the ITV shares such that the Group would hold less than 7 5% of ITV's issued share capital As a result, the report of the CC and adverse public interest finding of the SoS (including the remedial direction) are upheld (please refer to note 12)

The audited accounts for the period ended 30 June 2009 are set out on pages 6 to 15 The loss on ordinary activities after taxation for the period was £249,000,000 (2008 £685,000,000) The Directors do not recommend the payment of a dividend for the period ended 30 June 2009 (2008 nil) The balance sheet shows that the Company's shareholder's deficit position at the end of the period was £350,000,000 (2008 £197,000,000)

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

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

Credit and liquidity risk
The balance sheet of the Company includes intercompany balances and the Company is therefore exposed to credit risk on these balances

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

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

Interest rate risk
Interest rate risk is managed by the Company's parent company and no interest rate hedging is undertaken directly within the Company

Foreign exchange rate risk
The Company is not exposed to significant foreign exchange rate risk

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

Directors' report (continued)

Going concern

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 In making this decision the directors have considered the net current liability position of the company, and the fact that subsequent to the year end the Company entered into a £1,500 million revolving credit facility ("RCF")with BSkyB Finance Limited of which it drew down £1,309 million, settling in full its current payables to BSkyB Finance Limited. Amounts drawn down on the RCF are repayable in October 2014 Accordingly, they continue to adopt the going concern basis in preparing the financial statements

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

Deloitte LLP 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. Gormley

D J Gormley

Company Secretary
Grant Way
Isleworth
Middlesex
TW7 5QD

12 March 2010

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

Auditors' report

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SKY HOLDINGS LIMITED

We have audited the financial statements of Sky Holdings Limited for the year ended 30 June 2009 which comprise the Income Statement, the Statement of Recognised Income and Expense, the Balance Sheet and the related notes 1 to 13 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 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 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 loss 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 Company 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 Company 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

T.M. Powell

Timothy Powell (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
London, United Kingdom
12 March 2010

Income Statement for the year to 30 June 2009

	Notes	Year ended 30 June 2009 £m	Year ended 30 June 2008 £m
Investment income	2	**5**	22
Finance costs	2	**(63)**	(91)
Impairment of available-for-sale investment	5	**(191)**	(616)
Loss before tax	3	**(249)**	(685)
Taxation	4	**-**	-
Loss for the year attributable to equity shareholders		**(249)**	(685)

The accompanying notes are an integral part of this income statement

All results are derived from continuing operations

Statement of Recognised Income and Expense for the year ended 30 June 2009

	Notes	Year ended 30 June 2009 £m	Year ended 30 June 2008 £m
Loss for the year attributable to equity shareholders		**(249)**	(685)
Net profit (loss) recognised directly in equity:			
Gain (loss) on available-for-sale investment	9	**96**	(192)
Amounts reclassified and reported in the income statement:			
Transfer to loss on impairment of available-for-sale investments	9	**-**	343
Net profit (loss) recognised directly in equity		**96**	(151)
Total recognised income and expense for the year		**(153)**	(534)

The accompanying notes are an integral part of this statement of recognised income and expense

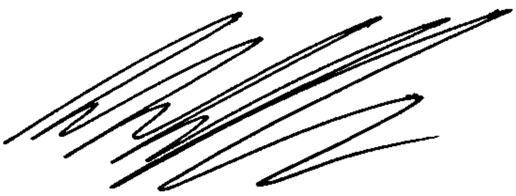
Balance Sheet as at 30 June 2009

	Notes	2009 £m	2008 £m
Non-current assets			
Investment in Group companies	5	**328**	328
Investments in available-for-sale investments	5	**235**	330
Current assets			
Trade and other receivables	6	**439**	435
Total assets		**1,002**	1,093
Current liabilities			
Trade and other payables	7	**1,352**	1,290
Total liabilities		**1,352**	1,290
Share capital	8	**-**	-
Share premium	9	**500**	500
Reserves	9	**(850)**	(697)
Deficit attributable to equity shareholders	9	**(350)**	(197)
Total liabilities and shareholder's deficit		**1,002**	1,093

The accompanying notes are an integral part of this balance sheet

As at 30 June 2009 and 30 June 2008 the Company did not hold any cash or cash equivalents Accordingly, a cash flow statement has not been presented

The financial statements of Sky Holdings Limited, registered number 5585009, have been approved by the board of directors on 12 March 2010 and were signed on its behalf by



A J Griffith
Director
12 March 2010

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

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 In preparing the financial statements, the directors have adopted the 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

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 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 or cancelled or expires

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 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

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) 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 inventories, non-current assets classified as held for sale, financial assets and deferred

Notes to the financial statements

1. Accounting policies (continued)
d) Impairment (continued)

taxation 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

e) Critical accounting policies and the use of judgement

Certain accounting policies are considered to be critical to the Company An accounting policy is considered to be critical if its selection or application materially affects the Company's financial position or results The Directors are required to use their judgement in order to select and apply the Company's critical accounting policies

The Company's critical accounting policy is the carrying value of available-for-sale investments (see note 5)

The key areas of judgment in respect of available-for-sale investments are the assessment of whether there is objective evidence that a loss event has occurred after initial recognition of an available-for-sale 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 If a loss event has occurred, management would then consider whether an impairment loss has occurred and the quantum of that loss

As at 30 June 2009, the Company held an investment in ITV plc ("ITV") which has been impaired in the year The factors management considered in determining whether an impairment loss in ITV had occurred included observable data about the estimated future cash flows of ITV based on ITV's publicly available financial reporting and announcements, publicly available information from financial commentators about ITV and the market in which it operates, the historical performance of ITV's share price, and the regulatory environment affecting ITV and the BSkyB Group The ITV impairment losses accounted for have been determined with reference to ITV's closing equity share price at 27 March 2009, the last trading day of the Company's third fiscal quarter All subsequent increases in the fair value of the ITV investment above this impaired value have been recorded in the available-for-sale reserve (see accounting policy d)

f) 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 the financial statements

2. Investment income and finance costs

	Year ended 30 June 2009 £m	Year ended 30 June 2008 £m
Investment income		
Dividend receivable from available-for-sale investments	**5**	22
Finance costs		
Intercompany interest payable and similar charges	**(63)**	(91)

Intercompany interest includes interest payable on a balance of £1,290 million with BSkyB Guernsey Limited which was settled in the year (see note 7)

3. Loss before taxation

There were no staff costs during the year, as the Company had no employees (2008 none) Services are provided by employees of other companies within the Group with no charge being made for their services (2008 £nil) The Directors did not receive any remuneration during the year in respect of their services to the Company (2008 £nil)

Amounts paid to the auditors for audit services of £5,250 (2008 £6,250) were borne by another Group subsidiary in 2009 and 2008 No amounts for other services have been paid to the auditors

4. Taxation

a) Taxation recognised in the income statement

No taxation charge was recognised in the period ended 30 June 2009 (2008 nil)

b) Factors affecting the tax charge for the year

The tax credit for the year is lower (2008 lower) than the standard rate of corporation tax in the UK (28%) (2008 29 5%) applied to loss before tax The differences are explained below

Reconciliation of total tax charge

	Year ended 30 June 2009 £m	Year ended 30 June 2008 £m
Loss before tax	**(249)**	(685)
Loss before tax multiplied by standard rate of corporation tax in the UK of 28% (2008 29 5%)	**(70)**	(202)
Effects of		
Dividend income not taxable	**(1)**	(7)
Impairment of investments	**54**	182
Group relief surrendered for no charge	**17**	27
Taxation	**-**	-

All taxation relates to UK corporation tax

Notes to the financial statements

5. Investments

	Note	Subsidiary undertakings £m	Available-for-sale investments £m	Total £m
Cost or valuation				
At 1 July 2007		**328**	**795**	**1,123**
Transfer to available-for-sale reserve		-	(192)	**(192)**
Transfer from available-for-sale reserve		-	343	**343**
Impairment of ITV investment		-	(616)	**(616)**
At 30 June 2008		**328**	**330**	**658**
Transfer to available-for-sale reserve	9	-	96	**96**
Impairment of ITV investment	9	-	(191)	**(191)**
At 30 June 2009		**328**	**235**	**563**

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

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 was first recorded following a review of the carrying value of the investment in ITV at 31 December 2007, due to the significant and prolonged decline in the equity share price In accordance with International Financial Reporting Standards ("IFRS"), the Company has continued to review that carrying value throughout fiscal 2008 and fiscal 2009 and has recognised an impairment loss of £191 million in the current year (2008 £616 million). The impairment loss for the year 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 Company's third fiscal quarter In line with IFRS, all subsequent increases in the fair value of the ITV investment above the impaired value have been recorded in the available-for-sale reserve At 26 June 2009, the last trading day of the Company's financial year, ITV's closing equity share price was 33 8 pence

Any disposal of the investment, assuming certain other factors remain consistent with those existing at the balance sheet date, would be exempt from tax under the provisions of the Substantial Shareholding Exemption (SSE) As such, the SSE provisions would prevent any capital loss arising for tax purposes

On the 6 January 2006, the Company took control of Easynet Group Limited (formerly Easynet Group plc) The Company purchased 100% of the issued share capital for consideration of £223 million in cash This consideration included professional fees of £4m Easynet is the parent company of a group of companies involved in the provision of broadband networking services in the UK and other European countries

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

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**
Subsidiary undertakings			
Easynet Group Limited	Ordinary shares	100%	Broadband networking services
365 Media Group Limited	Ordinary shares	100%	Internet
Available-for-sale investment			
ITV plc	Ordinary shares	17 9%	Media

Notes to the financial statements

6. Trade and other receivables

	2009 £m	2008 £m
Amounts owed by Group undertakings	**439**	422
Other debtors	**-**	13
	439	435

Amounts due from Group undertakings are non-interest bearing and all amounts are repayable on demand

No allowances have been recorded against amounts receivable from Group companies as they have been assessed to be fully recoverable The Directors consider that the carrying amount of trade and other receivables approximates to their fair value

7. Trade and other payables

	2009 £m	2008 £m
Amounts due to Group undertakings	**1,352**	**1,290**

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

On 25 April 2006, the Company entered into a RCF for £250 million with BSkyB Finance Limited, which at the same time entered into a reciprocal facility on the same terms with British Sky Broadcasting Limited, a Group company This facility is repayable on demand and is non-interest bearing and was not drawn at 30 June 2009

On 13 March 2007, the Company entered into a loan agreement with BSkyB Guernsey Limited for £1,266 million on which interest was charged at 6 month LIBOR plus 0 75% This loan was repayable on demand On 1 April 2009 this loan was transferred to BSkyB Finance Limited, the loan remained repayable on demand but became non interest bearing

On 29 June 2008 the Company entered into a £42 million loan with British Sky Broadcasting Limited The loan is repayable on demand and bears interest at a rate of 12 month LIBOR plus 1 00% The balance of this loan on 30 June 2009 was £44 million

On 16 March 2009 the Company entered into a £42 million loan with BSkyB Finance Limited The loan is non interest bearing and repayable on demand

Post the year end the Company agreed to combine its £42 million and its £1,266 million non interest bearing loans into one loan which bears interest at a fixed rate of 5 00% and is repayable in October 2014

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

8. Share capital

	2009 £	2008 £
Authorised		
1,000 ordinary shares of £1 each	**1,000**	**1,000**
Allotted and called-up		
600 (2008 100) ordinary shares of £1 each	**600**	**600**

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

Notes to the financial statements

9. Reconciliation of shareholder's equity

	Share Premium £m	Available-for-sale-reserve £m	Retained earnings £m	Total shareholder's equity £m
At 1 July 2007	**-**	**(151)**	**(12)**	**(163)**
Loss for the year	-	-	(685)	(685)
Revaluation of available-for-sale investment	-	151	-	151
Issuance of new shares	500	-	-	500
At 1 July 2008	**500**	**-**	**(697)**	**(197)**
Loss for the year	-	-	(249)	(249)
Revaluation of available-for-sale investment	-	96	-	96
At 30 June 2009	**500**	**96**	**(946)**	**(350)**

10. Financial risk management objectives and policies

The Company's principal financial instruments comprise available-for-sale investments 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 £m	Loans and receivables £m	Other liabilities £m	Total carrying value £m	Total fair values £m
At 30 June 2009					
Trade and other payables	-	-	(1,352)	(1,352)	(1,352)
Trade and other receivables	-	439	-	439	439
Available-for-sale investments	235	-	-	235	235
At 30 June 2008					
Trade and other payables	-	-	(1,290)	(1,290)	(1,290)
Trade and other receivables	-	435	-	435	435
Available-for-sale investments	330	-	-	330	330

The Directors deem the carrying value of financial assets and liabilities approximates fair values

Interest rate risk

At 30 June 2009 3% of loans payable were subject to floating rates (2008 100%) Interest rate risk is managed by the Company's parent company and no interest rate hedging is undertaken directly within the Company

Liquidity risk

The Company's financial liabilities are shown above

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

Notes to the financial statements

10. Financial risk management objectives and policies (continued)

	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	1 352	-	-	-
At 30 June 2008				
Trade and other payables	1 290	-	-	-

Interest rate sensitivity

The sensitivity analysis below has been determined based on the exposure to interest rates for non-derivative financial instruments at the balance sheet date For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the balance sheet date was outstanding for the whole year A 1 percentage point increase or decrease represents management's assessment of the reasonably possible change in interest rates

If interest rates had been 1 percentage point higher and all other variables were held constant, the Company's loss for the year ended 30 June 2009 would increase by £10,000,000 (2008 £13,000,000)

The sensitivity analysis provided is hypothetical only and should be used with caution as the impact provided are not necessarily indicative of the actual impact that would be experienced because the Company's actual exposure to market rates is constantly changing as the Company's portfolio of debt changes In addition, the effect of a change in a particular market variable on fair values or cash flows is calculated without considering interrelationships between the various market rates or mitigating actions that would be taken by the Company The changes in valuations are estimates of the impact of changes in market variables and are not a prediction of future events or anticipated gains or losses

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's policies approved by its board of Directors

Further information on financial risk management is included on page 2

11. Transactions with related parties

For details of amounts owed by and due to other Group companies, see notes 6 and 7

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

12. Events after the balance sheet date

The Company's 17 9% investment in ITV has been the subject of a review by the Competition Commission ("CC") and the SoS for Business, Enterprise and Regulatory Reform (now the Department for Business, Innovation and Skills) and the subject of appeals to the Competition Appeal Tribunal and to the Court of Appeal ("CoA")

On 21 January 2010 the CoA handed down its judgment, upholding the Group's appeal on the media plurality issue, thereby affirming the CC's interpretation of the media plurality provisions of the relevant legislation, and rejecting the Group's appeal with respect to the competition issues and the remedial direction that the Group divest the ITV shares such that the Group would hold less than 7 5% of ITV's issued share capital As a result, the report of the CC and adverse public interest finding of the SoS (including the remedial direction) are upheld

British Sky Broadcasting Group plc ("Sky") has successfully placed a shareholding of approximately 10 4% in ITV plc ("ITV") in accordance with the final undertakings given by Sky to the SoS for Business, Innovation and Skills relating to Sky's investment in ITV

The placing by Sky of 404,362,095 ITV shares with Morgan Stanley Securities Limited at 48 50p per ITV share results in aggregate consideration of approximately £196 million

Sky intends to retain its residual 7 5% investment in ITV for the medium term and to remain a committed shareholder of ITV

Notes to the financial statements

13. Ultimate parent undertaking

The Company is a wholly-owned subsidiary undertaking of BSkyB Finance UK 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 British Sky Broadcasting Group plc

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