

SKY IP INTERNATIONAL LIMITED

Annual report and financial statements
For the year ended 30 June 2018

Registered number: 07245844



Directors and Officers

For the year ended 30 June 2018

Directors

Sky IP International Limited ("the Company") present Directors and those who served during the year are as follows:

C R Jones
C J Taylor
K Holmes

Secretary

C J Taylor

Registered office

Grant Way
Isleworth
Middlesex
TW7 5QD
United Kingdom

Strategic and Directors' Report

The Directors present their Strategic and Directors' report on the affairs of the Company, together with the financial statements for the year ended 30 June 2018

The purpose of the Strategic Report is to inform members of the Company and help them assess how the Directors have performed their duty under section 172 of the Companies Act 2006 (duty to promote the success of the Company).

Business review and principal activities

The Company is a wholly-owned subsidiary of Sky International Operations Limited (the immediate parent company). As at 30th of June 2018 the ultimate parent company was Sky Limited (formerly Sky plc) ("Sky") and operated together with Sky's other subsidiaries as a part of the Sky Group ("the Group"). On 9 October 2018 the offer by Comcast Bidco Limited, an indirect wholly-owned subsidiary of Comcast Corporation, to acquire the entire issued and to be issued share capital of Sky Limited became wholly unconditional. As a result, and as of that date, the ultimate controlling party of the Company is now Comcast Corporation.

The principal activity of the Company is to provide consultancy for the international development, protection and licencing of trademarks.

The accounts for the year ended 30 June 2018 are set out on pages 6 to 21. The loss for the year was £11,986 (2017: loss of £27,770). The Directors do not recommend the payment of a dividend for the year ended 30 June 2018 (2017: nil). The Balance Sheet shows that the Company's shareholder's equity position at the year end was £749,856 (2017: £761,582).

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, liquidity risk and interest rate risk.

The Directors do not believe the Company is exposed to significant cash flow risk, price risk or foreign exchange risk.

Financial risk management objectives and policies

The use of financial derivatives is governed by the Group's treasury policy approved by the Board of Directors, which provide written principles on the use of financial derivatives to manage these risks. The Company does not use derivative financial instruments for speculative purposes.

Credit risk

The balance sheet of the Company includes intercompany balances. The Company is therefore exposed to credit risk on these balances. The intercompany receivables of the Company are detailed in note 6.

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 has access to a £3 billion revolving credit facility, which was undrawn at 30 June 2018. The facility is due to expire on 11 January 2024. The Company benefits from this liquidity through intra-group facilities and loans.

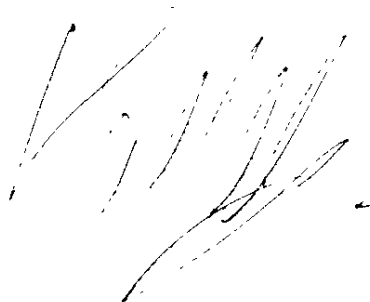
Strategic and Directors' Report (continued)

Financial risk management objectives and policies (continued)

Interest rate risk

The Company has financial exposure to UK interest rates arising from the investment of surplus cash and a loan balance with Sky Operational Finance Limited. The Group's Treasury function monitors the Company's exposure to fluctuations in interest rates.

By Order of the Board,



K Holmes
Director

Grant Way
Isleworth
Middlesex
TW7 5QD

☺ | March 2019

Strategic and Directors' Report (continued)

Directors' Report

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

The Company has chosen, in accordance with section 414C(11) of Companies Act 2006, to include such matters of strategic importance to the Company in the Strategic Report which otherwise would be required to be disclosed in the Directors' report.

Going concern

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

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

By Order of the Board,

K Holmes
Director



Grant Way
Isleworth
Middlesex
TW7 5QD

March 2019

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 Company'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.

Statement of Comprehensive Income

For the year ended 30 June 2018

	Notes	2018 £	2017 £
Operating expense	2	(7,984)	(23,664)
Operating loss		(7,984)	(23,664)
Finance costs	3	(3,742)	(3,707)
Loss before tax	4	(11,726)	(27,371)
Tax	5	(260)	(399)
Loss for the year attributable to equity shareholders		(11,986)	(27,770)

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

For the years ended 30 June 2017 and 30 June 2018, the Company did not have any other items of Comprehensive Income.

All results relate to continuing operations.

Balance Sheet

As at 30 June 2018

	Notes	2018 £	2017 £
Current assets			
Trade and other receivables	6	1,193,356	1,057,334
Cash and cash equivalents		191,375	203,657
Total assets		1,384,731	1,260,991
Current liabilities			
Trade and other payables	7	387,956	256,233
Non-current liabilities			
Trade and other payables	7	246,919	243,176
Total liabilities		634,875	499,409
Share capital	10	300	300
Reserves		749,556	761,282
Total equity attributable to equity shareholder		749,856	761,582
Total liabilities and shareholder's equity		1,384,731	1,260,991

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

For the years ended 30 June 2018 and 30 June 2017 the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

Directors' responsibilities:

- the members have not required the Company to obtain an audit of its accounts for the year in question in accordance with section 476.
- the Directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

The financial statements of Sky IP International Limited, registered number 07245844 were approved and authorised for issue by the Board of Directors on 01 March 2019 and were signed on its behalf by:



C R Jones

Director

01 March 2019

Cash Flow Statement

For the year ended 30 June 2018

	Note	2018 £	2017 £
Cash flows from operating activities			
Cash used in operations	11	(12,282)	(2,098)
Net cash used in operating activities		(12,282)	(2,098)
Net decrease in cash and cash equivalents		(12,282)	(2,098)
Cash and cash equivalents at the beginning of the year		203,657	205,755
Cash and cash equivalents at the end of the year		191,375	203,657

The accompanying notes are an integral part of this Cash Flow Statement. All results relate to continuing operations.

Statement of Changes in Equity

For the year ended 30 June 2018

	Share capital	Retained earnings	Total Shareholder's equity
	£	£	£
At 1 July 2016	300	789,052	789,352
Loss for the year	-	(27,770)	(27,770)
At 30 June 2017	300	761,282	761,582
Loss for the year	-	(11,986)	(11,986)
At 30 June 2018	300	749,296	749,596

Unaudited Notes to the financial statements

1. Accounting policies

Sky IP International Limited (the "Company") is a private company, limited by shares, incorporated in the United Kingdom, and registered in England and Wales. The address of the registered office is Grant Way, Isleworth, Middlesex, TW7 5QD and registered number is 07245844. Sky IP International Limited Isleworth Zurich Branch, is a branch of the Company that is registered and domiciled in Zurich, Switzerland.

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 Directors' Report) and on a historical cost basis, except for the remeasurement to fair value of certain assets and liabilities 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 2018, this date was 1 July 2018 this being a 52 week year (fiscal year 2017: 2 July 2017, 52 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.

c) Financial assets and liabilities

Directly attributable transaction costs are included in the initial measurement of financial assets and liabilities only with respect to those assets and liabilities that are not subsequently measured at fair value through profit and loss. At each balance sheet date, the Company assesses whether there is any objective evidence that any financial asset is impaired.

Financial assets and liabilities are recognised on the Company's Balance Sheet when the Company becomes a party to the contractual provisions of the financial asset or liability. Financial assets are derecognised from the Balance Sheet when the Company's contractual rights to the cash flows expire or the Company transfers substantially all the risks and rewards of the financial asset. Financial liabilities are derecognised from the Company's Balance Sheet when the obligation specified in the contract is discharged, cancelled or expires.

Unaudited Notes to the financial statements

1. Accounting policies (Continued)

c) Financial assets and liabilities (continued)

i. Trade and other receivables

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

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 Statement of Comprehensive Income.

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 also included as a component of cash and cash equivalents.

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, in accordance with IAS 36 "Impairment of Assets", the Company reviews the carrying amounts of all its assets excluding financial assets and deferred taxation (see accounting policy f) to determine whether there is any indication that any of those assets have suffered an impairment loss.

An impairment is recognised in the Statement of Comprehensive Income 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 first to reduce the carrying amount of any goodwill allocated to those units, and then to reduce the carrying amount of other 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.

Unaudited Notes to the financial statements

1. Accounting policies (Continued)

e) 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.

Taxable temporary differences arising from goodwill and, except in a business combination, the initial recognition of assets or liabilities that affect neither accounting profit nor taxable profit, are not provided for.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates that have been enacted or substantively enacted at the balance sheet date.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and adjusted to reflect an amount that is probable to be realised based on the weight of all available evidence. Deferred tax is calculated at the rates that are expected to apply in the 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 Statement of Comprehensive Income, except where it relates to items charged or credited directly to equity, in which case the deferred tax is also included within equity.

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

f) 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 applicable monthly exchange rates. Monetary assets, liabilities and commitments denominated in foreign currencies at the balance sheet date are recorded at the rates of exchange at that date. Non-monetary assets and liabilities denominated in foreign currencies are translated to pounds sterling at the exchange rate prevailing at the date of the initial transaction. Gains and losses from the retranslation of assets and liabilities are included net in profit for the year.

Unaudited Notes to the financial statements

1. Accounting policies (Continued)

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

The Company has not yet adopted certain new standards, amendments and interpretations to existing standards, which have been published but are only effective for accounting periods beginning on or after 1 July 2018. These new pronouncements are listed below. The Directors are currently evaluating the impact of the adoption of these standards, amendments and interpretations in future periods.

- IFRS 9 'Financial Instruments' replaces IAS 39 'Financial Instruments: Recognition and Measurement' is effective on the Group from 1 July 2018 onwards.

The areas which impact the Group relate to the recognition of impairment provisions for customer receivables and other financial assets and the accounting for available-for-sale investments. IFRS 9 also contains new rules relating to hedge accounting, although the adoption of these is not mandatory and the Group will continue to apply IAS 39 hedge accounting policies.

With respect to impairment provisions, IFRS 9 introduces a model based on expected credit loss. This requires a provision to be made for impairment from the initial point at which the receivable is recognised, compared to IAS 39 which requires a provision to be made only when a loss event occurs.

The IFRS 9 credit loss model is not expected to have a material impact on either the Company's balance sheet position or income statement result.

- IFRS 16 'Leases' (effective 1 January 2019)

When IFRS 16 is adopted, it can be applied either on a fully retrospective basis, requiring the restatement of the comparative periods presented in the financial statements, or with the cumulative retrospective impact of IFRS 16 applied as an adjustment to equity on the date of adoption; when the latter approach is applied it is necessary to disclose the impact of IFRS 16 on each line item in the financial statements in the reporting period. Depending on the adoption method that is utilised, certain practical expedients may be applied on adoption. The Group has not yet determined which method it will adopt.

IFRS 16 replaces IAS 17 'Leases' and will primarily change lease accounting for lessees; lessor accounting under IFRS 16 is expected to be similar to lease accounting under IAS 17. Lessee accounting under IFRS 16 will be similar in many respects to existing IAS 17 accounting for finance leases, but is expected to be substantively different to existing accounting for operating leases.

Where a contract meets IFRS 16's definition of a lease, lease agreements will give rise to the recognition of a non-current asset representing the right to use the leased item, and a loan obligation for future lease payables.

Lease costs will be recognised in the form of depreciation of the right to use asset and interest on the lease liability, which may impact the phasing of operating profit and profit before tax, compared to existing cost profiles and presentation in the income statement, and will also impact the classification of associated cash flows.

The detailed assessment of the impact on the Group is ongoing, with the current focus being on assessing of the completeness of lease contracts.

The adoption is not expected to have a material impact on the presentation of the Company's assets and liabilities, as no operating leases have currently been identified

Unaudited Notes to the financial statements

1. Accounting policies (Continued)

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

- IFRS 15 'Revenue from Contracts with Customers' effective on the Company from 1 July 18 onwards.
IFRS 15 provides a single, principles-based five-step model to be applied to all contracts with customers:
 - Identify the contract with the customer
 - Identify the performance obligations in the contract, introducing the new concept of 'distinct'
 - Determining the transaction price
 - Allocating the transaction price to the performance obligations in the contracts, on a relative stand-alone selling price basis.
 - Recognise revenue when (or as) the entity satisfies its performance obligations

IFRS 15 also introduces new guidance on, amongst other areas, combining contracts, discounts, variable consideration, contract modifications and requires that certain costs incurred in obtaining and fulfilling customer contracts be deferred on the balance sheet and amortised over the period an entity expects to benefit from the customer relationship.

When IFRS 15 is adopted, it can be applied either on a fully retrospective basis, requiring the restatement of the comparative periods presented in the financial statements, or with the cumulative impact of IFRS 15 applied as an adjustment to equity on the date of adoption; when the latter approach is applied, it is necessary to disclose the impact of IFRS 15 on each line item in the financial statements in the reporting period.

The Group has determined that it will adopt IFRS 15 on a modified retrospective basis. The Company also anticipates adopting IFRS 15 on a modified retrospective basis.

At the time of finalising and approving the Company financial statements in March 2019, the Company remains in the process of calculating, reviewing and validating the IFRS 15 transition impacts in order to derive the Company's balance sheet under IFRS 15, as at 30 June 2018.

The Company has not earned revenue for the preceding two accounting periods, and as a result IFRS 15 is not currently anticipated to have a significant impact on the Company's position or results.

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

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

Below is a summary of the Company's critical accounting policies and details of the key areas of judgement that are exercised in their application.

(i) Receivables

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

Unaudited Notes to the financial statements

2. Operating expense

	2018	2017
	£	£
Sales, general and administration	7,984	23,664

Operating expenses principally relate to consultancy fees.

3. Finance costs

	2018	2017
	£	£
Finance costs		
Intercompany interest payable	3,742	3,707

For details of the intercompany payable, please refer to note 7.

4. Loss before tax

Employee Services

There were no employee costs during the year, as the Company had no employees, other than the Directors. Services are provided by employees of other companies within the Group with no charge being made for their services. The Directors did not receive any remuneration during the year in respect of their services to the Company.

Audit fees

For the years ended 30 June 2018 and 30 June 2017 the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

Unaudited Notes to the financial statements

5. Tax

a) Tax recognised in the Statement of Comprehensive Income

	2018 £	2017 £
Current tax expense	1,290	1,310
Adjustment in respect of prior year	(1,030)	(911)
Total current tax	260	399
Deferred tax expense	-	-
Total deferred tax	-	-
Tax	260	399

b) Reconciliation of effective tax rate

The tax expense for the year is higher (2017: higher) than the expense that would have been charged using a standard rate of corporation tax in the UK of 19.0% (2017: 19.75%) applied to loss before tax. The differences are explained below:

	2018 £	2017 £
Loss before tax	(11,726)	(27,371)
Loss before tax multiplied by standard rate of corporation tax in the UK of 19.0% (2017: blended 19.75%)	(2,228)	(5,406)
Effects of:		
Group relief surrendered for £nil consideration	2,388	5,401
Other permanent differences	1,130	1,315
Adjustment in respect of prior years	(1,030)	(911)
Tax expense	260	399

The Company has unused overseas tax losses of £131,240. No deferred tax asset has been recognised in respect of these assets as there is insufficient certainty over the availability of suitable tax profits against which these losses can be used.

Unaudited Notes to the financial statements

6. Trade and other receivables

	2018 £	2017 £
Amount owed by ultimate parent company	467,214	331,192
Amounts owed by parent company	726,142	726,142
	1,193,356	1,057,334

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

a) Amounts receivable from the ultimate parent company

Amounts due from the ultimate parent company represent trade receivables; they are non-interest bearing and are repayable on demand.

b) Amounts receivable from the parent company

Amounts due from the parent company represent trade receivables; they are non-interest bearing and are repayable on demand.

7. Trade and other payables

	2018 £	2017 £
Accruals	4,768	9,539
Amounts payable to other Group companies(a)	383,188	246,694
Current trade and other payables	387,956	256,233
Non-current amounts payable to other Group companies(a)	246,919	243,176
Total trade and other payables	634,875	499,409

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

a) Amounts payable to other Group companies

There are amounts due to other Group companies totalling £246,919 (2017: £243,176) relating to intercompany loans (see below).

On 17 January 2012, the Company entered into a £500,000 loan facility with Sky Operational Finance Limited. Under the terms of the arrangement interest is payable at the rate of 1 month LIBOR plus 1%. As at 30 June 2018 the amount outstanding was £245,495 (2017: £241,752). On the same date, the Company entered into a two-way £20,000,000 loan facility with Sky Operational Finance Limited. Under the terms of this arrangement interest is receivable by the Company at 1 month LIBOR minus 0.2% on deposits and payable at the rate of 1 month LIBOR plus 1% on borrowings. As at 30 June 2018, the total amount of borrowings outstanding was £1,424 (2017: £1,424).

Both loan facilities allow either party to request full or partial repayment with one business day of notice.

All other amounts payable to other Group companies represent trade receivables, they are non-interest bearing and are repayable on demand.

Unaudited Notes to the financial statements

8. Financial Instruments

Carrying value and fair value

The Company's principal financial instruments comprise trade and other receivables, trade and other payables and cash and cash equivalents.

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 £	Other liabilities £	Total carrying value £	Total fair values £
At 30 June 2018				
Trade and other payables	-	(634,875)	(634,875)	(634,875)
Trade and other receivables	1,193,356	-	1,193,356	1,193,356
Cash and cash equivalents	191,375	-	191,375	191,375
At 30 June 2017				
Trade and other payables	-	(499,409)	(499,409)	(499,409)
Trade and other receivables	1,057,334	-	1,057,334	1,057,334
Cash and cash equivalents	203,657	-	203,657	203,657

The fair value of financial assets and financial liabilities is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

9. Financial risk management objectives and policies

The Group's Treasury function is responsible for raising finance for the Company's operations, together with associated liquidity management and management of foreign exchange, interest rate and credit risks. Treasury operations are conducted within a framework of policies and guidelines authorised and reviewed by both the 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.

The Group's principal market risks are exposures to changes in interest rates and foreign exchange rates, which arise both from the Group's sources of finance and its operations.

Following evaluation of those market risks, the Group selectively enters into derivative financial instruments to manage these exposures. The principal instruments currently used are interest rate swaps to hedge interest rate risks, and cross currency swaps, forward foreign exchange contracts to hedge transactional and translational currency exposures.

Unaudited Notes to the financial statements

9. Financial risk management objectives and policies (Continued)

Capital Risk Management

The capital structure of the Company consists of equity attributable to equity holders of the parent company, comprising issued capital, reserves and retained earnings. Risk and treasury management is governed by Sky Limited's policies approved by its Board of Directors.

Liquidity risk

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

The following table analyses the Company's financial liabilities into relevant maturity groupings, based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. These amounts may not reconcile to the amounts disclosed on the Balance Sheet for provisions and trade and other payables.

	Less than twelve months	Between one and two years	Between two and five years	More than five years
	£	£	£	£
At 30 June 2018				
Trade and other payables	387,956	-	246,919	-
At 30 June 2017				
Trade and other payables	256,233	-	243,176	-

The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below.

Credit risk

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

Interest rate risk

The Company has financial exposure to UK interest rates arising from the investment of surplus cash and a loan balance with Sky Operational Finance Limited.

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 one percentage point increase or decrease represents management's assessment of the reasonably possible change in interest rates. If interest rates had been one percentage point higher and all other variables were held constant, the Company's loss for the year ended 30 June 2018 would increase by £2,469 (2017: £2,432).

Unaudited Notes to the financial statements

10. Shareholders' equity

	2018	2017
	£	£
Share Capital allotted, called-up and fully paid		
300 (2017: 300) ordinary shares of £1 each	300	300

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

11. Notes to the Cash Flow Statement

Reconciliation of Loss before tax to cash used in operations

	2018	2017
Loss before tax	(11,726)	(27,371)
Finance costs	3,742	3,707
Increase in trade and other payables	131,723	154,882
Increase in trade and other receivables	(136,021)	(133,316)
Cash used in operations	(12,282)	(2,098)

12. Transactions with related parties

a) Key management

The Company has a related party relationship with the Directors of the Company as key management. At 30 June 2018, there were three (2017: three) key managers, who were Directors of the Company. No transactions with the Directors of the Company occurred during the year, see note 4.

b) Transactions with the ultimate parent and immediate parent companies

For details of outstanding amounts owed to and by the ultimate and immediate parent 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 the ultimate and immediate parent companies as required.

c) Transactions with other Group companies

Outstanding balances relate to trading balances and loans. For details of amounts owed to and by 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.

Unaudited Notes to the financial statements

13. Ultimate parent undertaking

The Company is a wholly-owned subsidiary of Sky International Operations Limited, a company incorporated and registered in England and Wales. As at 30th June 2018 the Company was ultimately controlled by Sky Limited (formerly Sky Plc) ("Sky") and operated together with Sky's other subsidiaries, as part of the Group. The only group in which the results of the Company are consolidated is that headed by Sky.

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

14. Post Balance Sheet Event

On 9 October 2018 the offer by Comcast Bidco Limited, an indirect wholly-owned subsidiary of Comcast Corporation, to acquire the entire issued and to be issued share capital of Sky Limited became wholly unconditional. As a result, and as of that date, the ultimate controlling party of the Company is now Comcast Corporation.