SKY IP INTERNATIONAL LIMITED

Annual report and financial statements
For the year ended 31 December 2020

Registered number: 07245844

Directors and Officers
For the year ended 31 December 2020

Directors

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

C Smith
T C Richards
S Robson (appointed 14 November 2020)

Secretary

Sky Corporate Secretary Limited

Registered office

Grant Way
Isleworth
Middlesex
United Kingdom
TW7 5QD

Auditor

Deloitte LLP
Statutory Auditor
London
United Kingdom

Strategic and Directors' Report

Strategic Report

The Directors present their Strategic and Directors' report on the affairs of the Company, together with the audited financial statements and Auditor's Report for the year ended 31 December 2020 with comparatives for the 18 months to 31 December 2019.

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 Company).

Business review and principal activities

The Company operates together with Comcast Corporation's other subsidiaries as part of the Comcast Group.

The Company is a wholly-owned subsidiary of Sky International Operations Limited (the immediate parent company). The ultimate controlling party of the Company is Comcast Corporation ("Comcast") and operates together with Comcast's other subsidiaries as a part of the Comcast Group.

The Company's principal activity is to provide consultancy for the international development, protection and licencing of trademarks. The Directors are not aware, at the date of this report, of any major changes in the Company's activities in the next year.

The Company has adopted IFRS 16 'Leases' from 1 January 2020, which has not had a significant impact on the Company's financial performance or position on transition or during the year. Except for the first-time application of IFRS 16, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those applied to the Company's financial statements as at and for the period ended 31 December 2019.

Financial Review and Dividends

The audited financial statements for the year ended 31 December 2020 are set out on pages 12 to 26.

The loss before tax for the period was £6,737 (2019: loss of £14,375). Revenue remained at nil (2019: nil) and operating expenses have reduced to £3,273 (2019: £7,219). Reduction is principally due to the comparative period being 18 months.

The balance sheet shows that the Company's shareholder's equity position at the period end was £727,289 (2019: £735,001). The Directors do not recommend the payment of a dividend for the year ended 31 December 2020 (2019: £nil).

Key performance indicators (KPIs)

The Sky Group ("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.

Financial risk management objectives and policies

The use of financial derivatives is governed by the Group's treasury policy approved by the Comcast Audit Committee and 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 balances of the Company are detailed in notes 6 and 7. Given the amount and nature of the receivables balance, no allowance account has been made under IFRS 9, and there has been no write-off during the period.

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. Sky Group currently has access to a £3 billion revolving credit facility with Comcast Corporation which is due to expire on 11 January 2024. The Company benefits from this liquidity through intra-group facilities and loans.

Interest rate risk

The Company has financial exposure to UK interest rates arising from loan balances with other companies within the Sky Group. The Group's Treasury function monitors the Company's exposure to fluctuations in interest rates.

Legislation and Regulation risk

U.K. Exit from the European Union

The telecommunications and media regulatory framework applicable to Sky's business in the United Kingdom may be subject to greater uncertainty as a result of the UK's withdrawal from the European Union and the end of the transition period on 31 December 2020, with the possibility of greater divergence between the regulation of Sky's UK business and that of its other European businesses over time. The Directors are not able to predict the extent of any such divergence at this point in time.

Impact of COVID-19

The novel coronavirus disease 2019 ("COVID-19") and measures taken to prevent its spread across the globe have impacted the business of the Sky Group in a number of ways.

COVID-19 has had material negative impacts on the Sky Group's results of operations primarily due to the impacts of professional sports. We expect the effects of the COVID-19 pandemic will continue to adversely impact our results of operations over the near to medium term, although the extent of such impact will depend on restrictive governmental measures, global economic conditions, expanded availability and acceptance of vaccines and consumer behaviour in response to COVID-19. The most significant effects of COVID-19 began in the latter part of the first quarter of 2020.

Direct-to-consumer revenue has been negatively impacted, and future periods may be negatively impacted, as a result of lower sports subscription revenue due to the closures and extent of reopening of our commercial customers' locations. In addition, delays to the start of the 2020-2021 seasons for certain sports, including European football, resulted in the shift of additional events and the significant costs associated with broadcasting these programmes into the first and second quarters of 2021 compared to a normal year. We expect the timing of sports seasons to generally return to a normal calendar beginning in the third quarter of 2021.

Impact of COVID-19 (continued)

Given the nature of the Company's operations, other than the impacts on the Sky Group as a whole set out above, there are no significant direct impacts on the Company of COVID-19.

Approved by the Board and signed on its behalf,

S Robson
Director

Grant Way
Isleworth
Middlesex
United Kingdom
TW7 5QD

28 July 2021

Directors' Report

The Directors who served during the period are shown on page 1. No dividend was proposed for the period ended 31 December 2020 (2019: nil).

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 Director's 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, liquidity risk, interest rate risk and foreign exchange risk.

Given the integrated nature of the Group's financial planning and treasury functions, the impact of COVID-19 on the Company's operations and funding requirements has been assessed at the Group level. The Directors expect that the businesses will continue to generate adequate cash flow from operating activities and believe that these cash flows, together with the Company's existing cash, cash equivalents and investments, and available borrowings under its existing credit facilities, including the £3 billion revolving credit facility with Comcast, will be sufficient for the Company to meet its current and long-term liquidity and capital requirements. We further highlight that the Company has received confirmation that Comcast intends to support the Company for a period of at least 12 months from the date of signing of these financial statements.

As a result, 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.

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 they ought to have taken as a Director to make themself 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 was approved by the Board of Directors on 28 July 2021.

Approved by the Board and signed on their behalf by:

S Robson
Director

Grant Way
Isleworth
Middlesex
United Kingdom
TW7 5QD

28 July 2021

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 are required to prepare the financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. The financial statements also comply with International Financial Reporting Standards (IFRSs) as issued by the IASB. 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 entity'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 IP International Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Sky IP International Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its loss for the period then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the income statement;
- the balance sheet;
- the statement of changes in equity;
- the cash flow statement; and
- the related notes 1 to 14.

The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006 and IFRSs as issued by the IASB.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Auditor's Report

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of directors
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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and internal audit about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, and relevant tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included Employment Law, the Data Protection Act 2018 and the Bribery Act 2010

Auditor's Report

We discussed among the audit engagement team including relevant internal specialists such as tax, and IT specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management, internal audit and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance, and reviewing internal audit reports.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in [the strategic report or] the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

Auditor's Report

Use of our report

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.

Jon Young FCA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
28 July 2021

Income Statement

For the year ended 31 December 2020

	Notes	**12 months to 31 December 2020**	18 months to 31 December 2019
		£	£
Operating expense	2	**(3,273)**	(7,219)
Operating loss		**(3,273)**	(7,219)
Finance Costs	3	**(3,464)**	(7,156)
Loss before tax	4	**(6,737)**	(14,375)
Tax	5	**(975)**	(480)
Loss for the period attributable to equity shareholders		**(7,712)**	(14,855)

From 1 January 2020, the Company has applied IFRS 16 'Leases' using a modified retrospective approach, recognising the cumulative effects of first-time adoption in opening equity at 1 January 2020, where applicable.

As a result, the 2019 figures presented for comparison purposes have not been adjusted. The impacts of this first-time adoption are presented in note 1.

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

For the 18 month period to 31 December 2019 and the year ended 31 December 2020, the Company did not have any other items of Comprehensive Income.

All results relate to continuing operations.

Balance Sheet
As at 31 December 2020

	Notes	31 December 2020 £	31 December 2019 £
Current assets			
Trade and other receivables	6	**1,073,370**	1,075,419
Cash and cash equivalents		**181,817**	185,474
Total current assets		**1,255,187**	1,260,893
Total assets		**1,255,187**	1,260,893
Current liabilities			
Trade and other payables	7	**527,500**	525,615
Current tax liabilities		**398**	277
Total current liabilities		**527,898**	525,892
Net assets		**727,289**	735,001
Share capital	10	**300**	300
Reserves	11	**726,989**	734,701
Total equity attributable to equity shareholders		**727,289**	735,001
Total liabilities and shareholders' equity		**1,255,187**	1,260,893

From 1 January 2020, the Company has applied IFRS 16 'Leases' using a modified retrospective approach, recognising the cumulative effects of first-time adoption in opening equity at 1 January 2020, where applicable.

As a result, the 2019 figures presented for comparison purposes have not been adjusted. The impacts of this first-time adoption are presented in note 1.

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

The financial statements of Sky IP International Limited, registered number 07245844 were approved and authorised for issue by the Board of Directors on 28 July 2021 and were signed on its behalf by:

S Robson
Director
28 July 2021

Statement of Changes in Equity

For the period ended 31 December 2020

	Share Capital £	Retained earnings £	Total shareholders' equity £
At 1 July 2018	**300**	**749,556**	**749,856**
Loss for the period	-	(14,855)	(14,855)
At 31 December 2019	**300**	**734,701**	**735,001**
Loss for the period	-	(7,712)	(7,712)
At 31 December 2020	**300**	**726,989**	**727,289**

From 1 January 2020, the Company has applied IFRS 16 'Leases' using a modified retrospective approach, recognising the cumulative effects of first-time adoption in opening equity at 1 January 2020, where applicable.

As a result, the 2019 figures presented for comparison purposes have not been adjusted. The impacts of this first-time adoption are presented in note 1.

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

For a description of the nature and purpose of each equity reserve, see note 11.

Cash Flow Statement

For the period ended 31 December 2020

	Note	**12 months to 31 December 2020 £**	18 months to 31 December 2019 £
Cash flows from operating activities			
Cash used in operations	12	**(3,657)**	(5,901)
Net cash used in operating activities		**(3,657)**	(5,901)
Net decrease in cash and cash equivalents		**(3,657)**	(5,901)
Cash and cash equivalents at the beginning of the period		**185,474**	191,375
Cash and cash equivalents at the end of the period		**181,817**	185,474

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

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, United Kingdom 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 accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards as issued by the 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 an historical cost basis, except for the remeasurement to fair value of certain financial assets and liabilities as described in the accounting policies below.

i) IFRS 16 – 'Leases'

On 1 January 2020, the Company adopted the new IFRS 16 Leases accounting standard. As permitted by the standard, the Company has taken advantage of the modified transitional provisions and as such the prior period results remain as previously reported. No adjustment has been identified on transition to IFRS 16. Except for the first-time application of IFRS 16, no other new accounting pronouncements had a significant impact on the Company's results or financial position.

ii) IFRS 9 – 'Financial Instruments'

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

IFRS 9 introduces an impairment model based on expected credit losses. This requires a provision for impairment to be considered, and if required to be recorded, when the receivable is recognised, compared to IAS 39 which requires a provision to be made only when a loss event occurs. The Company elected to apply IFRS 9's simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables. This involves, for example, the application of a provision matrix where trade receivables are grouped based on shared credit risk characteristics and ageing or other appropriate methods given the nature of the receivable, and requires an estimate of expected lifetime credit loss rates. These loss rates are based on, inter alia, the entity's historical credit losses adjusted for reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions, in order to derive an expectation. The application of this approach has not had a material impact on the provision for impairment of third-party trade receivables compared to the Company's previous approach under IAS 39.

Notes to the financial statements

1. Accounting policies (continued)

bii) IFRS 9 – 'Financial Instruments' (continued)

Amounts due from Group companies are typically non-interest bearing and repayable on demand. With respect to impairment provisions under IFRS 9, an expectation of credit losses for intercompany loan receivables is required, taking into consideration similar factors as for third party balances above, in addition to entity's ability to trade and borrow as part of the wider Group, in order to settle the receivables. The IFRS 9 credit loss model has not had a material impact with respect to impairment of entity's intercompany receivables compared to the Company's previous approach under IAS 39.

IFRS 9 requires that amounts recognised in non-financial assets (basis adjustment) are recognised directly in equity, which were previously recognised in other comprehensive income under IAS 39 'Financial Instruments: Recognition and Measurement'.

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.

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 provided for on an expected loss model according to IFRS 9, with movements in the allowance account, either from increased impairment losses or reversals of impairment losses, being recognised in the Income Statement.

ii. Cash and cash equivalents

Cash and cash equivalents include cash in hand, bank accounts, deposits receivable on demand and deposits with maturity dates of three months or less from the date of inception. Bank overdrafts that are repayable on demand and which form an integral part of the Company's cash management are also included as a component of cash and cash equivalents.

1. Accounting policies (continued)

c) Financial assets and liabilities (continued)

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) Tax, including deferred tax

The Company's liability for current tax is based on taxable profits for the period 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 profits.

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 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 tax authority and the Company intends to settle its current tax assets and liabilities on a net basis.

e) 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/period.

Notes to the financial statements

1. Accounting policies (continued)

f) 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 after 1 January 2021. 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.

- Interest Rate Benchmark Reform (Phase 2) – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (effective 1 January 2021);
- Annual Improvements to IFRS Standards 2018 – 2020 – Amendments to IFRS 1, IFRS 9 and IFRS 16 (effective 1 January 2022);
- Conceptual Framework – Amendments to IFRS 3 'Business Combinations' (effective 1 January 2022);
- Proceeds before Intended Use – Amendments to IAS 16 'Property, Plant and Equipment' (effective 1 January 2022);
- Onerous Contracts – Cost of Fulfilling a Contract – Amendment to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' (effective 1 January 2022);
- Classification of Liabilities as Current or Non-current – Amendment to IAS 1 'Presentation of Financial Statements' (effective 1 January 2023);
- Implementation issues – Amendments to IFRS 17 'Insurance Contracts' (effective 1 January 2023).

g) 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 if, 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.

Taxation, including deferred taxation (see note 5)

The Company's tax charge is the sum of the total current and deferred tax charges. The calculation of the Company's total tax charge necessarily involves a degree of judgement in respect of certain items whose tax treatment cannot be finally determined until resolution has been reached with the relevant tax authority or, as appropriate, through a formal legal process.

Provisions for tax contingencies require management to make judgements in relation to tax audit issues and exposures. Amounts accrued are based on management's interpretation of country-specific tax law and the likelihood of settlement. Tax benefits are not recognised unless it is probable that the tax positions will be sustained. Once considered to be probable, management reviews each material tax benefit to assess whether a provision should be taken against full recognition of the benefit on the basis of the likely resolution of the issue through negotiation and/or litigation. The amounts recognised in the financial statements in respect of each matter are derived from the Company's best judgement, as described above.

Notes to the financial statements

1. Accounting policies (continued)

g) Critical accounting policies and judgement and key sources of estimation uncertainty (continued)

Taxation, including deferred taxation (continued)

However, the inherent uncertainty regarding the outcome of these items means the eventual resolution could differ from the provision and in such event the Company would be required to make an adjustment in a subsequent period which could have a material impact on the Company's profit and loss and/or cash position.

The key area of judgement in respect of deferred tax accounting is the assessment of the expected timing and manner of realisation or settlement of the carrying amounts of assets and liabilities held at the balance sheet date. In particular, assessment is required of whether it is probable that there will be suitable future taxable profits against which any deferred tax assets can be utilised.

Key sources of estimation uncertainty

There are no areas identified for which there are major sources of estimation uncertainty at the reporting period end (as defined by IAS 1), that have a significant risk of causing a material adjustment to be made to the carrying value amounts of assets and liabilities within the next financial year.

By contrast, areas where estimation is applied primarily in the context of applying critical accounting policies and judgements, have been discussed in the preceding section above.

2. Operating expense

	2020	2019
	£	£
Sales, general and administration	**3,273**	7,219

3. Finance costs

	2020	2019
	£	£
Finance costs		
Intercompany interest payable	**3,464**	7,156

4. Loss before tax

Employee Services

There were no employee costs during the period, 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/period in respect of their services to the Company.

4. Loss before tax (continued)

Audit fees

Amounts paid to the auditor for the audit of the Company's annual accounts of £10,000 were borne by another Group subsidiary in 2020 (2019: £10,000). No amounts for other services have been paid to the auditor.

5. Tax

a) Tax recognised in the income statement / statement of comprehensive income

	2020	2019
	£	£
Current tax expense		
Current year/period	**1,253**	1,265
Adjustment in respect of prior years	**(277)**	(785)
Total current tax charge	**975**	480
Deferred tax expense	**-**	-
Total deferred tax charge (credit)	**-**	-
Tax charge	**975**	480

b) Reconciliation of effective tax rate

The tax expense for the period is higher (2019: higher) than the expense that would have been charged using the rate of corporation tax in the UK of 19.0% (2019: 19.0%) applied to loss before tax. The differences are explained below:

	2020	2019
	£	£
Profit / loss before tax	**(6,737)**	(14,375)
Profit / loss before tax multiplied by rate of corporation tax in the UK of 19.0% (2019: 19.0%)	**(1,280)**	(2,731)
Effects of:		
Other permanent differences	**(648)**	(635)
Group relief surrendered for £nil consideration	**3,180**	4,631
Adjustment in respect of prior years	**(277)**	(785)
Tax	**975**	480

The Company has unused overseas tax losses of £152,904. 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.

6. Trade and other receivables

	2020	2019
	£	£
Amounts receivable from other Group companies (a)	**1,074,387**	1,075,623
VAT	**41**	-
Other	**(1,058)**	(204)
Current trade and other receivables	**1,073,370**	1,075,419

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

a) Amounts receivable from other Group Companies

Amounts due from the other Group companies represent trade receivables; they are non-interest bearing and are repayable on demand.

7. Trade and other payables

	2020	2019
	£	£
Amounts payable to the parent company[a]	**35,883**	35,883
Amounts payable to other Group companies[b]	**486,579**	482,793
VAT	**-**	217
Corporation Tax	**276**	277
Accruals	**4,762**	6,723
Total	**527,500**	525,892

The Directors consider that the carrying amount of trade and other payables approximates their fair values. Trade payables principally comprise amounts outstanding for programming purchases and ongoing costs.

a) Amounts payable to the parent company

All other amounts payable to the parent company represent trade payables, they are non-interest bearing and are repayable on demand.

b) Amounts payable to other Group companies

Amounts payable to other Group companies totalling £228,441 (2019: £228,718) represent trade payables, they are non-interest bearing and are repayable on demand.

Amounts payable to other Group companies totalling £258,138 (2019: £254,075) represent 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 31 December 2020 the amount outstanding was £256,714 (2019: £252,651).

7. Trade and other payables (continued)

b) Amounts payable to other Group companies (continued)

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 31 December 2020, the total amount outstanding was £1,424 (2019: £1,424).

8. Derivatives and other financial instruments

Financial Instruments

Carrying value and fair value

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

The accounting classification of each class of the Company's financial assets and financial liabilities is as follows:

	Financial Assets measured at Amortised Cost	Financial Liabilities measured at Amortised Cost	Total carrying value	Total fair values
	£	£	£	£
At 31 December 2020				
Trade and other payables	**-**	**(527,500)**	**(527,500)**	**(527,500)**
Trade and other receivables	**1,073,370**	**-**	**1,073,370**	**1,073,370**
Cash and cash equivalents	**181,817**	**-**	**181,817**	**181,817**
At 31 December 2019				
Trade and other payables	-	(525,615)	(525,615)	(525,615)
Trade and other receivables	1,075,419	-	1,075,419	1,075,419
Cash and cash equivalents	185,474	-	185,474	185,474

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

- 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;

9. Financial risk management objectives and policies

The Group's Treasury function is responsible for raising finance for the Company's operations. The Sky Group Treasury function manages liquidity, foreign exchange, interest rate and credit risks.

Notes to the financial statements

9. Financial risk management objectives and policies (continued)

Treasury operations are conducted within a framework of policies and guidelines authorised and reviewed by both the Comcast Audit Committee and the Board of Directors, 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 Comcast Group's internal audit team.

Credit risk

The Company is exposed to default risk amounting to cash and cash equivalents of £181,817 (2019: £185,474). The Company's maximum exposure to credit risk on trade receivables is the carrying amounts disclosed in note 6. Given the amount and nature of the receivables balance, no allowance account has been made under IFRS 9, and there has been no write-off during the period.

Interest rate risk

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/period.

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 31 December 2020 would increase by £2,581 (2019: loss for the year would increase by £2,499).

The sensitivity analyses provided are hypothetical only and should be used with caution as the impacts provided are not necessarily indicative of the actual impacts that would be experienced because the Company's actual exposure to market rates is constantly changing as the Company's portfolio of debt, foreign currency and equity contracts 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.

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. The amounts disclosed may not reconcile to the amounts disclosed on the balance sheet for borrowings, derivative financial instruments, provisions and trade and other payables.

9. Financial risk management objectives and policies (continued)

	Less than 12 months £m	Between one and two years £m	Between two and five years £m	More than five years £m
At 31 December 2020				
Trade and other payables	**527,500**	**-**	**-**	**-**
At 31 December 2019				
Trade and other payables	525,615	-	-	-

10. Share capital

	2020 £	2019 £
Authorised, allotted, called-up and fully paid		
300 (2019: 300) ordinary shares of £1 (2019: £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. Shareholders' equity

	2020 £	2019 £
Share capital	300	300
Retained earnings	726,989	734,701

12. Notes to the Cash Flow Statement

Reconciliation of loss before tax to cash used in operations

	2020 £	2019 £
Loss before tax	**(6,737)**	(14,375)
Finance costs	**3,464**	7,156
	(3,273)	(7,219)
Decrease/(increase) in trade and other receivables	**1,236**	117,456
Increase/(decrease) in trade and other payables	**(1,620)**	(116,138)
Cash used in operations	**(3,657)**	(5,901)

13. Transactions with related parties

a) Key management

The Company has a related party relationship with the Directors of the Company. At 31 December 2020, there were three (2019: two) members of key managers, all of whom were Directors of the Company. No transactions with the Directors of the Company occurred during the year, see note 4.

b) Transactions with parent company

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 subsidiaries as required. For details of amounts owed to the parent company, see note 7.

c) Transactions with other Group companies

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 subsidiaries as required. Outstanding balances relate to trading balances and loans. For details of amounts owed to and by other Group companies, see notes 6 and 7.

14. Ultimate parent undertaking

The Company is a wholly-owned subsidiary undertaking of Sky International Operations Limited (the immediate parent company), a Company incorporated and registered in England and Wales. The Company's ultimate parent company and the largest group in which the results of the company are consolidated is Comcast Corporation ("Comcast"), a company incorporated in Pennsylvania, United States.

The Company is ultimately controlled by Comcast and operates together with Comcast's other subsidiaries, as a part of the Comcast Group. The only group in which the results of the Company are consolidated is that headed by Comcast.

The consolidated financial statements of the Comcast Group are available to the public and may be obtained from Comcast Investor Relations at Comcast Corporation, One Comcast Center, Philadelphia, PA 19103, USA. Or at: https://www.cmcsa.com.