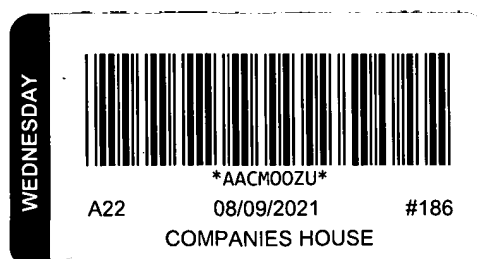


SKY IQ LIMITED

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

Registered number: 07246069



Directors and Officers

For the year ended 31 December 2020

Directors

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

C Smith

T 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 month period 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 is a wholly-owned subsidiary of Sky Ventures Limited (the immediate parent company). The Company is ultimately controlled by Comcast and operates together with Comcast's other subsidiaries as a part of the Comcast Group.

The Company's principal activity is now the holding of assets for the benefit of Sky UK Limited. Sky IQ Limited's IDS function which previously delivered services to Sky UK Limited was shut down in 2019 with remaining activity transferred to Sky UK Ltd, meaning Sky IQ Limited's cost base has decreased significantly. This has resulted in a new cost-plus recharge basis to Sky UK Limited for the year ending 31 December 2020, in line with similar arrangements in the Sky Group ("the Group").

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 year ended 31 December 2020.

Financial Review and Dividends

The audited financial statements for the year ended 31 December 2020 are set out on pages 12 to 39. The profit before tax for the year was £313,000 (2019: £10,188,000). Revenue has decreased to £5,514,000 (2019: £29,528,000) and operating expenses have reduced to £3,061,000 (2019: £19,340,000). Operating expenses have decreased due to Sky IQ Limited's IDS function being close down in 2019, this resulted in decreased revenue and profit due to a lower internal revenue recharge to Sky UK Limited.

Goodwill was impaired to nil (2019: £2,140,000) due to the change of the company's business model for 2020 following the shutdown of the IDS function.

The balance sheet shows that the Company's Shareholders' equity position at the year-end was £35,515,000 (2019: £34,607,000). The Directors do not recommend the payment of a dividend for the year ended 31 December 2020 (2019: £nil).

Key performance indicators (KPIs)

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

Principal risks and uncertainties

The Company's activities expose it to financial risks, namely credit risk, and liquidity risk.

Strategic and Directors' Report (continued)

The Directors do not believe the Company is exposed to significant cash flow risk, price risk, interest rate 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 Comcast Audit Committee and Board of Directors, which provides 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 and balances due from related parties. The Company is therefore exposed to credit risk on these balances. The intercompany balances of the Company are detailed in note 11. 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 year.

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

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.

Strategic and Directors' Report (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,

A handwritten signature in black ink, appearing to be 'C Smith', written over a horizontal line.

C Smith
Director
Grant Way
Isleworth
Middlesex
United Kingdom
TW7 5QD

03 September 2021

Strategic and Directors' Report

Directors' Report

The Directors who served during the year are shown on page 1. During the year ended 31 December 2020 the Directors proposed a dividend of nil (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 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, 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 themselves 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 03 September 2021.

Approved by the Board and signed on their behalf by:



C Smith
Director
Grant Way
Isleworth
Middlesex
United Kingdom
TW7 5QD

03 September 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 have elected 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 company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditor's Report

Independent auditor's report to the members of Sky IQ Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Sky IQ 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 profit for the year 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 statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity;
- the related notes 1 to 22

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.

Auditor's Report (continued)

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.

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

Auditor's Report (continued)

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

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.

As a result of performing the above, we identified the greatest potential for fraud in revenue recognition, and we varied the nature, timing and extent of our procedures to address this risk, including procedures specifically designed to address the risk of fraud.

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 directors' report.

Auditor's Report (continued)

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.

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

3 September 2021

Statement of Comprehensive Income

For the year ended 31 December 2020

	Notes	12 months to 31 December 2020 £'000	18 months to 31 December 2019 £'000
Revenue	2	5,514	29,528
Operating expense	3	(3,061)	(19,340)
Loss on Impairment of Goodwill	7	(2,140)	-
Profit before tax	4	313	10,188
Tax	6	595	(830)
Profit for the year attributable to equity shareholders		908	9,358

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.

All results relate to continuing operations.

Balance Sheet

As at 31 December 2020

	Notes	31 December 2020 £'000	31 December 2019 £'000
Non-current assets			
Goodwill	7	-	2,140
Intangible assets	7	2,286	3,296
Property, plant and equipment	8	1,626	2,226
Deferred tax asset	10	482	-
Right-of-use assets	9	456	-
Total non-current assets		4,850	7,662
Current assets			
Trade and other receivables	11	37,911	33,009
Cash and cash equivalents		113	354
Total current assets		38,024	33,363
Total assets		42,874	41,025
Current liabilities			
Trade and other payables	12	5,960	6,069
Provisions	13	938	270
Lease liabilities	14	368	-
Total current liabilities		7,266	6,339
Net current assets		30,758	27,024
Non-current liabilities			
Deferred tax liabilities	10	-	79
Lease liabilities	14	93	-
Total non-current liabilities		93	79
Total liabilities		7,359	6,418
Net assets		35,515	34,607
Share capital	17	-	-
Share premium	18	8,100	8,100
Retained earnings	18	27,415	26,507
Total equity attributable to equity shareholders	18	35,515	34,607
Total liabilities and shareholders' equity		42,874	41,025

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 Notes 1 and 9.

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

The financial statements of Sky IQ Limited, registered number 07246069 were approved and authorised for issue by the Board of Directors on 03 September 2021 and were signed on its behalf by:



C Smith, Director

03 September 2021

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Statement of Changes in Equity

For the year ended 31 December 2020

	Share capital £'000	Share premium £'000	Retained earnings £'000	Total shareholders' equity £'000
At 1 July 2018	-	8,100	17,149	25,249
Total comprehensive income / profit for the period	-	-	9,358	9,358
At 31 December 2019	-	8,100	26,507	34,607
Total comprehensive income / profit for the year	-	-	908	908
At 31 December 2020	-	8,100	27,415	35,515

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 Notes 1 and 9.

Cash Flow Statement

For the year ended 31 December 2020

		12 months to 31 December 2020 £'000	18 months to 31 December 2019 £'000
	Note		
Cash flows from operating activities			
Cash (used in)/generated from operations	19	93	370
Net cash (used in)/generated from operating activities		93	370
Cash flows from investing activities			
Purchase of property, plant and equipment	8	8	(33)
Purchase of intangible assets	7	30	(48)
Net cash (used in)/generated from investing activities		38	(81)
Cash flow from financing activities			
Repayment of lease liabilities - capital		(360)	-
Repayment of lease liabilities - interest		(12)	-
Net cash from used in financing activities		(372)	-
Net (decrease)/increase in cash and cash equivalents		(241)	289
Cash and cash equivalents at the beginning of the year		354	65
Cash and cash equivalents at the end of the year		113	354

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 IQ 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 07246069. The Company's principal activities are set out in the Directors' report.

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 Directors' 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.

The Company has adopted the new accounting pronouncements which became effective for this year. The Company has adopted IFRS 16 'Leases' from 1 January 2020.

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.

The Company has adopted IFRS 16 using the modified retrospective transition method, with the cumulative effect from initial application recognised as an adjustment to the opening balance of retained earnings at the date of initial application, 1 January 2020, where applicable.

Under the implementation of IFRS 16, it is possible to elect to apply certain practical expedients to reduce complexity on adoption of the new requirements. The main practical expedients applied by the Company are:

- the Company recognised a lease liability at the date of initial application measured at the present value of the remaining minimum lease payments based on the incremental borrowing rate over the remaining lease term.
- the Company did not reassess whether a contract is or contains a lease on the date of initial application of IFRS 16 for all contracts identified as leases under previous accounting standards.
- for leases previously recognised as operating leases, the Company recognised a right-of-use asset at the date of initial application measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before the date of initial application.
- for leases previously recognised as finance leases, the Company recognised the right-of-use asset and lease liability at date of initial application equal to the carrying amount of the lease asset and lease liability immediately before the date of initial application.
- the Company applies a single discount rate to a portfolio of leases with reasonably similar characteristics such as lease term, class of underlying asset, currency and economic environment.
- the Company excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application.

Notes to the financial statements (continued)

1. Accounting policies (continued)

b) Basis of Preparation (continued)

i) IFRS 16 - 'Leases' (continued)

No adjustments were required relating to the accounting for assets held as lessor under operating leases as a result of the adoption of IFRS 16.

The details of the accounting policies in relation to lease accounting under IFRS 16 are set out in Note 14.

The Company have assessed the impact of implementation of IFRS 16 on the financial statements with the significant impacts relating to; the first-time recognition of right-of-use assets and lease liabilities; reduction in operating lease rental expenses in profit and loss; increase in lease interest expense and right-of-use depreciation charges in profit and loss.

The impacts of adopting IFRS 16 on the Company's financial statements for the year ended 31 December 2020 are set out below:

Income Statement

	Notes	12 months to 31 December 2020 IFRS 16 £'000	12 months to 31 December 2020 Pre-IFRS 16 £'000	12 months to 31 December 2020 IFRS 16 Impact £'000
Revenue		5,514	5,514	-
Operating expense (excl. ROU depreciation)	a)	(2,684)	(3,056)	372
Right-of-use (ROU) depreciation	b)	(365)	-	(365)
Operating Profit		2,465	2,458	7
Financial costs	c)	(12)	-	(12)
Loss on Impairment of Goodwill		(2,140)	(2,140)	-
Profit before tax		313	318	(5)
Tax		595	595	-
Profit for the year attributable to equity shareholders		908	913	(5)

a) The decrease in operating expenses is driven by a reduction in lease expenses as these are now recognised as depreciation of right-of-use assets and interest costs on lease obligations, under IFRS 16.

b) The increase in right-of-use depreciation expense is related to the recognition of new right-of-use assets that are depreciated over the lease term.

c) The increase in lease interest expense is related to interest on recognition of lease obligations.

Notes to the financial statements (continued)

1. Accounting policies (continued)

b) Basis of Preparation (continued)

i) IFRS 16 – 'Leases' (continued)

	Notes	31-Dec-20 IFRS 16 £'000	31-Dec-20 Pre-IFRS 16 £'000	31-Dec-20 IFRS 16 Impact £'000
Non-current assets				
Right-of-use assets	d)	456	-	456
Total non-current assets		4,850	4,394	456
Current assets				
Total current assets		38,024	38,024	-
Total assets		42,874	42,418	456
Current liabilities				
Lease liabilities	f)	368	-	368
Total current liabilities		7,266	6,898	368
Net current assets		30,758	31,126	368
Non-current liabilities				
Lease liabilities	f)	93	-	93
Total non-current liabilities		93	-	93
Total liabilities		7,359	6,898	461
Net assets		35,515	35,520	(5)
Share capital		-	-	-
Share premium		8,100	8,100	-
Retained earnings	h)	27,415	27,420	(5)
Total equity attributable to equity shareholders		35,515	35,520	(5)
Total liabilities and shareholders' equity		42,874	42,418	456

d) The right-of-use assets reflects the contractual right to use assets over a period of time in exchange for consideration.

e) The change in trade and other receivables and in trade and other payables is primarily driven by the inclusion of certain lease related working capital balances within the right-of-use asset on adoption of IFRS 16.

f) The increase in lease liabilities relates to the recognition of the present value of lease payments due on right-of-use assets held.

g) The decrease in provisions relates to certain leased properties and contracts that would have been recognised as onerous leases under previous accounting standards but under IFRS 16 the liability was already recognised within lease liabilities.

h) The movement in retained earnings reflect the impact of IFRS 16 implementation on the Income statement, where applicable.

Notes to the financial statements (continued)

1. Accounting policies (continued)

b) Basis of Preparation (continued)

i) IFRS 16 – 'Leases' (continued)

The operating lease commitments as at 31 December 2019 have been reconciled to the opening lease liabilities recognised as follows:

At 1 January 2020	£'000
Operating lease commitments as at 31 December 2019	826
Adjustments as a result of a different treatment of extension and termination options	29
Discounting using the incremental borrowing rate at the date of initial application	(17)
Lease liability recognised as at 1 January 2020	838

The weighted average incremental borrowing rate applied to lease liabilities recognised in the statement of financial position of the date of initial application was 2.4%.

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.

The Company has classified assets and liabilities as current when they are expected to be realised in, or intended for sale or consumption in, the normal operating cycle of the Company.

The Company has taken advantage of the exemption from preparing the consolidated financial statements afforded by section 401 of the Companies Act 2006, because it is a wholly-owned subsidiary of the Comcast Corporation which prepares consolidated financial statements which are publicly available (see note 22).

c) Intangible assets and property, plant and equipment ("PPE")

i. Intangible assets

Research expenditure is recognised in operating expense in the Statement of Comprehensive Income as the expenditure is incurred. Development expenditure (relating to the application of research knowledge to plan or design new or substantially improved products for sale or use within the business) is recognised as an intangible asset from the point that the Company has the intention and ability to generate future economic benefits from the development expenditure, that the development is technically feasible and that the subsequent expenditure can be measured reliably. Any other development expenditure is recognised in operating expense as incurred.

Other intangible assets, which are acquired by the Company separately or through a business combination, are initially stated at cost or fair value, respectively, less accumulated amortisation and impairment losses.

Amortisation of an intangible asset begins when the asset is available for use, and is charged to the Statement of Comprehensive Income through operating expense over the asset's useful economic life in order to match the expected pattern of consumption of future economic benefits embodied in the asset.

Principal useful economic lives used for this purpose are:

Internally generated intangible assets	3 to 5 years straight-line
Software development (external) and software licences	3 to 7 years straight-line
Other intangible assets	1 to 5 years straight-line

Notes to the financial statements (continued)

1. Accounting policies (continued)

c) Intangible assets and property, plant and equipment ("PPE") (continued)

i. Intangible assets (continued)

If the useful life is indefinite or the asset is not yet available for use, no amortisation is charged and an impairment test is carried out at least annually. Other intangible assets are tested for impairment in line with accounting policy e) below.

ii. Property, plant and equipment

Owned PPE is stated at cost, net of accumulated depreciation and any impairment losses, (see accounting policy e). When an item of PPE comprises major components having different useful economic lives, the components are accounted for as separate items of PPE.

The costs of assets comprise the following where applicable:

- Purchase price, including import duty and non-refundable purchase taxes, after probable trade discounts and rebates; and
- Directly attributable costs of bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, including relevant delivery and logistics costs.

The cost of PPE, less estimated residual value, is depreciated in operating expense on a straight-line basis over its estimated useful life. Land, and assets that are not yet available for use, are not depreciated. Principal useful economic lives used for this purpose are:

Equipment, furniture and fixtures	3 to 20 years
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Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial year of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

To the extent that the financing for a qualifying asset is part of the Group's general borrowings, the interest cost to be capitalised is calculated based upon the weighted average cost of borrowing to the Group (excluding the interest on any borrowings specific to any qualifying assets). This is then applied to the expenditures on the asset.

All other borrowing costs are recognised in profit or loss in the year to which they relate.

d) 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.

Notes to the financial statements (continued)

1. Accounting policies (continued)

d) Financial assets and liabilities (continued)

i. Trade and other receivables (continued)

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 Statement of Comprehensive Income.

IFRS 9 introduced 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. The Company has 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.

Amounts due from Group companies are typically non-interest bearing and are 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 the entity's ability to trade and borrow as part of the wider Group, in order to settle the receivables.

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.

e) 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 (see accounting policy d) and deferred taxation (see accounting policy i) 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.

Notes to the financial statements (continued)

1. Accounting policies (continued)

e) Impairment (continued)

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. Impairment of goodwill is not reversed.

f) Provisions

Provisions are recognised when the Company has a probable, present legal or constructive obligation to make a transfer of economic benefits as a result of past events where a reliable estimate is available. The amounts recognised represent the Company's best estimate of the transfer of benefits that will be required to settle the obligation as of the balance sheet date.

Provisions are discounted if the effect of the time value of money is material using a pre-tax market rate adjusted for risks specific to the liability.

g) Revenue recognition

Revenue, which excludes value added tax, represents the gross inflow of economic benefit from the Company's operating activities, and is measured at the fair value of the consideration received or receivable.

The Company's main source of revenue is recognised as follows:

- Internally generated revenues resulting from annual cost base, including depreciation and amortisation of assets held on behalf of Sky UK Limited, being recharged to Sky UK Limited with a 5% margin
-

h) Employee benefits

i. Wages, salaries and social security contributions

Wages, salaries, social security contributions, bonuses payable and non-monetary benefits for current employees are recognised in the Statement of Comprehensive Income as the employees' services are rendered.

ii. Pension obligations

Where the Company provides pensions to eligible employees through defined contribution schemes, the amount charged to the Statement of Comprehensive Income in the year represents the cost of contributions payable by the Company to the schemes in exchange for employee services rendered in that year. The assets of the schemes are held independently of the Company.

iii. Termination benefits

Termination benefits are recognised as a liability at the earlier of when the Company can no longer withdraw the offer of the termination benefit and when the Group recognises any related restructuring costs, such termination being before the normal retirement date or as the result of an offer to encourage voluntary redundancy.

iv. Share based payments

The Company issues equity-settled share-based payments to certain employees which are measured at fair value and recognised as an expense in the Statement of Comprehensive Income with a corresponding increase in equity. The fair values of these payments are measured at the dates of grant using option-pricing models, taking into account the terms and conditions upon which the awards are granted. The fair value is recognised over the year during which employees become unconditionally entitled to the awards, subject to the Company's estimate of the number of awards which will be forfeited, either due to employees leaving the Company prior to vesting or due to non-market-based performance conditions not being met. Where an award has market-based performance conditions,

Notes to the financial statements (continued)

1. Accounting policies (continued)

h) Employee benefits (continued)

iv. Share based payments (continued)

the fair value of the award is adjusted for the probability of achieving these via the option pricing model. The total amount recognised in the Statement of Comprehensive Income as an expense is adjusted to reflect the actual number of awards that vest, except where forfeiture is due to the failure to meet market-based performance measures. In the event of a cancellation, whether by the Company or by a participating employee, the compensation expense that would have been recognised over the remainder of the vesting year is recognised immediately in the Statement of Comprehensive Income.

i) Tax, including deferred tax

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

j) 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/year.

Notes to the financial statements (continued)

k) Leases

The Company adopted the following IFRS 16 Leases accounting policies from 1 January 2020.

IFRS 16 primarily changes lease accounting for lessees; lessor accounting under IFRS 16 remains unchanged. IFRS 16 removes the distinction between operating and finance leases and requires the recognition of a non-current asset representing the right to use the leased item, and a loan obligation for future lease payables, for all leases. These leases will be recognised on a straight-line basis as an expense on the income statement over the term. The Company has also elected not to recognise non-lease components separately from lease components for those classes of assets in which non-lease components are not significant with respect to the total value of the arrangement.

Right-of-use (ROU) assets comprise the initial measurement of the corresponding lease liability, plus lease payments made at or before the commencement date, less any lease incentives received and any initial direct costs incurred. ROU assets are subsequently measured using the cost model by charging depreciation to profit and loss over the term of the lease and adjusting for any remeasurement of the lease liability or impairment of the asset.

A provision is recognised if the Company incurs an obligation for costs to be incurred in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease. If the costs incurred relate to a ROU asset, the costs are included in the related ROU asset.

Lease liabilities are initially measured at the present value of the lease payments that are not paid at commencement date, adjusting for any remeasurement of the lease liability if it can be readily determined, and discounted by using the rate implicit to the lease. If this rate cannot be readily determined, the lessee utilises the incremental borrowing rate of interest required to finance the expected payments during the lease term. Lease payments included in the initial measurement comprise fixed payments, less any incentives receivable; variable lease payments that depend on an index or rate; amounts expected to be paid under residual value guarantees; the exercise price of a purchase option if the Company is reasonably certain to exercise that option and payments for penalties for terminating the lease, if the lease term reflects the Company exercising an option to terminate the lease.

The Company determines the lease term as the non-cancellable term of the contract, together with any period covered by an extension (or termination) option whose exercise is at the option of the Company and is assessed to be reasonably certain that it will be exercised (or will not be exercised). The Company considers all accessible information by asset class in the industry and evaluates relevant factors that create an economic incentive to exercise an option.

Lease liabilities are subsequently measured by increasing the carrying amount to reflect interest on the lease liability and reducing the carrying amount to reflect the lease payments made. The Company also remeasures the carrying amount to reflect any reassessment or lease modifications. Interest on the liability will be charged as an expense on the Income statement. The Company have assessed the impact of initial application of IFRS 16, disclosed in Notes 1 and 9.

Lessor

When the Company is a lessor, the leases are classified as finance or operating leases. If the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Notes to the financial statements (continued)

1. Accounting policies (continued)

k) Leases (continued)

Assets which are provided under operating lease arrangements are recognised as assets within property, plant and equipment. The assets remain in the economic ownership of the Group for the duration of the lease, and are depreciated over their useful economic lives. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

At commencement of the lease, assets under finance lease arrangement are derecognised from property, plant and equipment. Amounts due from lessees under finance leases are recognised as receivables at the amount of the net investment in the leases. Finance lease income is allocated to accounting periods to reflect a constant periodic rate of return.

l) 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)

m) 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.

(i) Leases (see notes 9 and 14)

Lease terms used in the calculation of right-of-use assets and lease liabilities are estimated. The term is based on the non-cancellable period, including periods covered by options to extend the lease term or terminate, where exercise is assessed to be reasonably certain on an individual lease basis.

As the Company is part of a wider Sky/Comcast financing facility, the Company has concluded that discount rates provided by Comcast and derived from Comcast's borrowing cost by term, represents the Company's best estimate

Notes to the financial statements (continued)

1. Accounting policies (continued)

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

(i) Leases (see notes 9 and 14) (continued)

of its incremental borrowing rate in the context of the wider Group. The Company have also applied a single discount rate to a portfolio of leases with reasonably similar characteristics.

The Company has applied judgement in determining whether or not certain service arrangements are or contain a lease, taking into account IFRS 16 guidance, and the Group accounting policies of its ultimate parent, regarding whether there is an identified asset, and whether the asset is specified, in order to determine if there is a leased asset requiring recognition under IFRS 16.

(ii) Taxation, including deferred taxation (see notes 6 and 10)

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.

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 year 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.

(iii) Intangible assets and property, plant and equipment (see notes 7 and 8)

The assessment of the useful economic lives of these assets requires judgement. Depreciation and amortisation is charged to the Statement of Comprehensive Income based on the useful economic life selected, which requires an estimation of the year and profile over which the Company expects to consume the future economic benefits embodied in the assets. The Company reviews its useful economic lives on at least an annual basis.

Determining whether the carrying amount of these assets has any indication of impairment also requires judgement. If an indication of impairment is identified, further judgement is required to assess whether the carrying amount can be supported by, for example, the net present value of future cash flows forecast to be derived from the asset. This forecast involves cash flow projections and selecting the appropriate discount rate, where applicable.

Assessing whether assets meet the required criteria for initial capitalisation requires judgement. This requires a determination of whether the assets will result in future benefits to the Company. In particular, internally generated intangible assets must be assessed during the development phase to identify whether the Company has the ability and intention to complete the development successfully.

Notes to the financial statements (continued)

1. Accounting policies (continued)

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

(iii) Intangible assets and property, plant and equipment (see notes 7 and 8) (continued)

Determining the costs of assets to be capitalised requires judgement. Specifically, judgement and estimation is required in determining the amount of duties and non-refundable taxes, probable trade discounts and rebates, and directly attributable costs to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management (including relevant delivery and logistics costs to the customer's premises) to be allocated to the asset.

Key sources of estimation uncertainty

No key sources of estimation uncertainty impacting the Company have been identified. To the extent that estimates and treatments reflect judgement, has been discussed above in the preceding section.

2. Revenue

	2020 £'000	2019 £'000
Externally generated revenue	-	4,533
Internally generated revenue from Group Companies	5,514	24,995
	5,514	29,528

Revenue arises from an internal recharge to Sky UK Limited.

Historically, externally generated Data Partnerships revenue, now billed out of Sky UK Limited's systems, has been allocated and recharged to Sky IQ Limited, as the entity providing these services to external customers originally. However, these services are now provided by Sky UK Limited, therefore ceased in 2020.

3. Operating expense

	2020 £'000	2019 £'000
Direct costs	-	1,385
Sales, general and administration	1,519	15,544
Depreciation and Amortisation	1,542	2,411
	3,061	19,340

Notes to the financial statements (continued)

4. Profit before tax

Profit before tax is stated after charging:	2020 £'000	2019 £'000
Depreciation and impairment of property, plant and equipment	562	990
Amortisation and impairment of intangible assets	980	1,421
Provision for bad and doubtful debts	43	3

Audit fees

Amounts paid to the auditor for the audit of the Company's annual accounts of £25,000 (2019: £25,000) were borne by another Group subsidiary in 2020 and 2019. No amounts for other services have been paid to the auditor.

5. Employee benefits and key management compensation

a) Company employee benefits	2020 £'000	2019 £'000
Wages and salaries	189	12,024
Social security costs	22	1,278
Contributions to the Sky Pension Plan ⁽ⁱ⁾	14	721
	225	14,023

(i) The Company operates a defined contribution pension scheme (the "Pension Plan"). The pension charge for the year represents the cost of contributions payable by the Company to the schemes during the year. The amount paid to the schemes at 31 December 2020 was £14,000 (2019: £721,000).

The average monthly number of full-time equivalent persons (including temporary employees) employed by the Company during the year was nil (2019: nil). Employees whose services are utilised by the Company are employed by Sky UK Limited, a fellow Group Company and employee costs are recharged to the Company. The Directors did not receive any remuneration during the year (2019: nil) in respect of their services to the Company.

Notes to the financial statements (continued)

6. Tax

a) Tax recognised in the Statement of Comprehensive Income

	2020 £'000	2019 £'000
Current tax expense (credit)		
Current year	(34)	884
Adjustment in respect of prior years	-	-
Total current tax charge (credit)	(34)	884
Deferred tax expense		
Origination and reversal of temporary differences	(553)	(66)
Change in corporation tax rate	7	(2)
Adjustment in respect of prior years	(15)	14
Total deferred tax charge (credit)	(561)	(54)
Tax Charge	(595)	830

b) Reconciliation of effective tax rate

The tax expense for the 12 month year is lower (2019: lower) 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 profit before tax. The differences are explained below:

	2020 £'000	2019 £'000
Profit before tax	313	10,188
Profit before tax multiplied by rate of corporation tax in the UK of 19.0% (2019: 19.0%)	59	1,936
Effects of:		
Fixed Asset timing differences	2	3
Adjustment in respect of prior years	(15)	14
Change in corporation tax rate	7	(2)
Group Relief for £nil consideration	(648)	(1,121)
Group Relief for £consideration	-	(398)
Group Relief creditor	-	398
Tax	(595)	830

All tax relates to UK corporation tax.

Notes to the financial statements (continued)

7. Intangible assets and Goodwill

	Goodwill	Internally generated	Other	Internally generated intangible assets not yet available for use	Acquired intangible assets not yet available for use	Software development (external)	Total
	£'000	intangible assets £'000	intangible assets £'000	£'000	£'000	£'000	£'000
Cost							
At 1 July 2018	2,140	4,532	6,469	52	324	-	13,517
Additions	-	-	-	20	97	-	117
Disposals	-	(69)	-	-	-	-	(69)
Transfers	-	417	-	-	(417)	-	-
At 31 December 2019	2,140	4,880	6,469	72	4	-	13,565
Additions	-	(29)	(1)	-	-	-	(30)
Disposals	-	(207)	(50)	-	-	-	(257)
Impairment	(2,140)	-	-	-	-	-	(2,140)
At 31 December 2020	-	4,644	6,418	72	4	-	11,138
Amortisation							
At 1 July 2018	-	(2,725)	(3,983)	-	-	-	(6,708)
Amortisation	-	(1,419)	(2)	-	-	-	(1,421)
At 31 December 2019	-	(4,144)	(3,985)	-	-	-	(8,129)
Amortisation	-	(543)	(437)	-	-	-	(980)
Disposals	-	207	50	-	-	-	257
At 31 December 2020	-	(4,480)	(4,372)	-	-	-	(8,852)
Carrying amounts							
At 1 July 2018	2,140	1,807	2,486	52	324	-	6,809
At 31 December 2019	2,140	736	2,484	72	4	-	5,436
At 31 December 2020	-	164	2,046	72	4	-	2,286

Goodwill of £2,140,000 arose from the acquisition of the hosted database business from Experian plc. Goodwill is allocated to one CGU in Sky IQ Limited only. An impairment review was performed on this balance at 31 December 2020, resulting in an impairment. The Goodwill asset was fully impaired to nil due to a lack of reliably identifiable cash flows from the CGU to support this legacy Goodwill balance, as a result of business activities migrating to Sky UK Ltd.

The Company's internally generated intangible assets relate to software development associated with our customer management systems and set-top boxes. The Company's other intangible assets mainly include copyright licenses, customer lists and relationships, and patents and brands acquired in business combinations.

The estimated future amortisation charge on intangible assets with finite lives for each of the next five years is set out below. It is likely that future amortisation will vary from the figures below as the estimate does not include the impact of any future investments, disposals or capital expenditure.

	2021	2022	2023	2024	2025
	£'000	£'000	£'000	£'000	£'000
Estimated amortisation charge	(1,037)	(519)	-	-	-

Notes to the financial statements (continued)

8. Property, plant and equipment

	Equipment, furniture and fixtures	Assets not yet available for use	Total
	£'000	£'000	£'000
Cost			
At 1 July 2018	7,419	-	7,419
Additions	22	11	33
At 31 December 2019	7,441	11	7,452
Additions	-	(8)	(8)
Disposals	(3,393)	-	(3,393)
At 31 December 2020	4,048	3	4,051
Depreciation			
At 1 July 2018	(4,236)	-	(4,236)
Depreciation	(990)	-	(990)
At 31 December 2019	(5,226)	-	(5,226)
Depreciation	(562)	-	(562)
Disposals	3,363	-	3,363
At 31 December 2020	(2,425)	-	(2,425)
Carrying amounts			
At 1 July 2018	3,183	-	3,183
At 31 December 2019	2,215	11	2,226
At 31 December 2020	1,623	3	1,626

Notes to the financial statements (continued)

9. Right-of-use Assets

	Land and buildings	Total
	£'000	£'000
Cost		
At 31 December 2019	-	-
Initial application of IFRS 16	821	821
At 1 January 2020	821	821
Additions	-	-
Disposals	-	-
At 31 December 2020	821	821
Accumulated depreciation		
At 31 December 2019	-	-
Initial application of IFRS 16	-	-
At 1 January 2020	-	-
Charge for the year	(365)	(365)
Disposals	-	-
At 31 December 2020	(365)	(365)
Carrying amounts		
At 31 December 2019	-	-
At 1 January 2020	821	821
At 31 December 2020	456	456

Right-of-use assets have been recognised from 1 January 2020 on a modified retrospective basis. See note 1 for further information on first time adoption of IFRS 16 Leases.

All operating leases relate to property. The rents payable under these leases are subject to renegotiation at the various intervals specified in the leases.

Notes to the financial statements (continued)

10. Deferred tax

Recognised deferred tax assets / liabilities

	Accelerated tax depreciation	Short-term temporary differences	Share-based payments temporary differences	Total
	£'000	£'000	£'000	£'000
At 1 July 2018	(10)	(123)	-	(133)
(Charge)/credit to income	36	(28)	46	54
At 31 December 2019	26	(151)	46	(79)
(Charge) credit to income	41	375	145	561
At 31 December 2020	67	224	191	482

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the periods in which they reverse. The rate enacted for the relevant periods of reversal is 19% (2019: 17%). On 3 March 2021 the Chancellor announced that the government would legislate to increase the corporation tax rate to 25% from 1 April 2023. This change had not been enacted or substantively enacted at the Statement of Financial Position date and is not therefore reflected in these financial statements. The impact of the rate change on the deferred tax balance is expected to be in the region of £152,000.

Notes to the financial statements (continued)

11. Trade and other receivables

	2020 £'000	2019 £'000
Gross trade receivables	-	48
Less: Loss allowance	-	(46)
Net trade receivables	-	2
Amounts receivable from other Group companies ^(a)	37,769	31,932
VAT	18	15
Prepayments	124	214
Other	-	846
Total trade and other receivables	37,911	33,009

The Directors consider that the carrying amount of trade and other receivables approximates their fair value. There are no contract assets which require recognition under IFRS 15.

The ageing of the Company's net trade receivables which are past due but not impaired is as follows:

	2020 £'000	2019 £'000
Not past due date	-	-
Up to 30 days past due date	-	-
30 to 60 days past due date	-	-
60 to 120 days past due date	-	-
More than 120 days past due date	-	2
	-	2

Loss allowance

	2020 £'000	2019 £'000
Balance at beginning of year	46	-
Amounts utilised	(89)	-
Income statement charge	43	46
Balance at end of year	-	46

a) Amounts receivable from other Group companies

Amounts due from other Group companies totalling £37,769,000 (2019: £31,932,000) represent trade receivables; they are non-interest bearing and are repayable on demand.

Notes to the financial statements (continued)

12. Trade and other payables

	2020 £'000	2019 £'000
Trade payables	2	92
Amounts payable to other Group companies ^(a)	5,944	5,539
Amounts payable to parent company	-	399
VAT	3	-
Accruals	11	-
Deferred income	-	-
Other	-	39
	5,960	6,069

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. There are no contract liabilities which require recognition under IFRS 15.

(a) Amounts payable to other Group companies

Amounts payable to other Group companies is £5,944,000 (2019: £5,539,000). These are non-interest bearing and repayable on demand.

13. Provisions

	At 1 July 2018 £'000	Provided during the period £'000	Utilised during the period £'000	At 31 December 2019 £'000	Provided during the year £'000	Utilised during the year £'000	At 31 December 2020 £'000
Current liabilities							
Provision for Property ^(a)	-	2,841	(2,571)	270	968	(300)	938

(a) Dilapidation provision for a property in St Albans no longer in use.

Notes to the financial statements (continued)

14. Lease Liabilities

	2020 £000	2019 £000
Current lease liabilities	368	-
Non-current lease liabilities	93	-
Maturity of lease liabilities	2020 £'000	2019 £'000
Within one year	368	-
Later than one year but not later than five years	93	-
Later than five years	-	-
Total lease liabilities	461	-

Upon first time adoption of IFRS 16 Leases these operating leases are recognised as lease liabilities on the statement of financial position.

15. Financial instruments

(a) Carrying value and fair value

The Company's principal financial instruments comprise trade and other payables. The Company has various financial assets such as trade and other receivables and cash.

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

	Financial assets measured at amortised cost £'000	Financial liabilities measured at amortised cost £'000	Total carrying value £'000	Total fair values £'000
At 31 December 2020				
Trade and other payables	-	(5,960)	(5,960)	(5,960)
Trade and other receivables	37,769	-	37,769	37,769
Cash and cash equivalents	113	-	113	113
At 31 December 2019				
Trade and other payables	-	(6,069)	(6,069)	(6,069)
Trade and other receivables	32,777	-	32,777	32,777
Cash and cash equivalents	354	-	354	354

Notes to the financial statements (continued)

15. Financial instruments (continued)

(b) Changes in assets and liabilities arising from financing activities

	31 December 2019	IFRS16 recognition 1 January 2020	Net (proceeds) / repayments	Interest Paid	Net Financing costs	31 December 2020
	£'000	£'000	£'000	£'000	£'000	£'000
Lease Liabilities	-	(821)	360	12	(12)	(461)
Assets and liabilities arising from financing activities	-	(821)	360	12	(12)	(461)

16. 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 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 yearly review by the Comcast 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 and forward foreign exchange contracts to hedge transactional and translational currency exposures.

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 the Group's policies approved by the Comcast Audit Committee and Board of Directors. The Company is not subject to external capital requirements.

Credit risk

The Company is exposed to default risk amounting to cash and cash equivalents of £113,000 (2019: £354,000). The Company's maximum exposure to credit risk on trade receivables is the carrying amounts disclosed in note 11. 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 year.

Liquidity risk

The Company's financial liabilities are shown in notes 6, 10, 12, 13 and 14. The following table analyses the Company's financial liabilities into relevant maturity groupings based on the remaining year 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.

Notes to the financial statements (continued)

16. Financial risk management objectives and policies (continued)

Liquidity risk (continued)

	Less than 12 months £'000	Between one and two years £'000	Between two and five years £'000	More than five years £'000
At 31 December 2020				
<i>Non-derivative financial liabilities</i>				
Trade and other payables	5,960	-	-	-
Provisions	938	-	-	-
At 31 December 2019				
<i>Non-derivative financial liabilities</i>				
Trade and other payables	6,069	-	-	-
Provisions	270	-	-	-

17. Share capital

	2020 £	2019 £
Authorised, allotted, called-up and fully paid		
100 (2019: 100) ordinary shares of £1 (2019: £1) each	100	100

The Company has two classes of ordinary shares which carries equal voting rights and no contractual right to receive payment. The Company has 81 A shares and 19 B shares.

18. Shareholders' equity

	2020 £'000	2019 £'000
Share capital	-	-
Share premium	8,100	8,100
Retained earnings	27,415	26,507

Notes to the financial statements (continued)

19. Notes to the Cash Flow Statement

Reconciliation of profit before tax to cash generated from operations

	2020	2019
	£'000	£'000
Profit before tax	313	10,188
Depreciation and impairment of property, plant and equipment	562	990
Amortisation and impairment of intangible assets	980	1,421
Depreciation and impairment of Right-of-Use assets	365	-
Loss on disposal of property, plant and equipment	30	-
Impairment of goodwill	2,140	-
Net Finance costs	12	-
	4,402	12,599
Increase in trade and other receivables	(4,868)	(8,731)
(Decrease) in trade and other payables	(109)	(3,768)
Increase in provisions	668	270
Cash (used in)/generated from operations	93	370

20. Contracted commitments, contingencies and guarantees

Future minimum expenditure contracted for but not recognised in the financial statements

	Less than one year	Between one and five years	After five years	Total at 31 December 2020	Total at 31 December 2019
	£'000	£'000	£'000	£'000	£'000
Third party resource	-	-	-	-	15

Notes to the financial statements (continued)

21. Transactions with related parties

Transactions with other Group companies

The Company conducts business transactions with other Group companies:

	2020	2019
	£'000	£'000
Supply of services by the Company	5,514	24,995

For details of amounts owed by and owed to other Group companies, see note 11 and note 12.

Principal services supplied to other Group companies:

- Assets held for the benefit of Sky UK Limited

Principal goods/services purchased from 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 other Group companies as required.

22. Ultimate parent undertaking

The Company is a wholly-owned subsidiary undertaking of Sky Ventures Limited, 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 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>.