SKY INTERNATIONAL OPERATIONS LIMITED

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

Registered number: 08055122

Directors and Officers

For the year ended 31 December 2020

Directors

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

C Smith
T C Richards
S Robson

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 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 a part of the Comcast Group. The Company is a wholly-owned subsidiary of Sky UK Limited (the immediate parent company). The Company is ultimately controlled by Comcast and operates together with Comcast's other subsidiaries as a part of Comcast Group.

The principal activity of the Company is to act as a holding company for the Sky Group's ("the Group") investments in Sky Germany and Italy. The Company also acts as a sales agent for other Sky Limited Group companies. There were no significant changes in the Company's activities in the year and no significant changes are foreseen at the date of this report. Sky International Operations Limited, has a Zurich branch of the Company that is registered and domiciled in Switzerland.

During the year, the Company invested in Sky UK Investments Limited, a wholly owned subsidiary incorporated on 29 January 2020, subscribing for a single share for consideration of €2,400,000,000.

On 23 July 2020, the Company issued 1 ordinary share to Sky UK Limited in exchange for the assignment of a loan note receivable with a face value of €469,000,000 issued by Sky Operational Finance Limited and €3,000,000 accrued interest.

As part of a Sky Group restructuring exercise, in June 2021 the Company issued a single share at a premium to its immediate parent company for consideration of €1.34bn, and also increased its investment in subsidiaries by €1.34bn.

The Share capital of the Company is detailed in note 11.

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 14 to 34. The loss for the year before tax was €2,397,292,000 (2019: €3,081,650,000), reflecting an impairment charge relating to the Company's investment in Sky Italian Holdings Srl. Based on a valuation of the Sky Italia business derived from expected future cash flows, the recoverable amount was determined to be less than the carrying amount of the investment, resulting in an impairment charge.

The loss for the prior 18 month period related largely to an impairment charge relating to the Company's investment in Sky German Holdings GmbH . The valuation of Sky German Holdings GmbH was lower than the cost of the investment held based on expected future cash flows, resulting in an impairment charge.

For further details see note 7 to the financial statements.

The Balance Sheet shows that the Company's shareholder equity position at the year-end is €211,741,000 (2019: €2,136,540,000). No dividend was proposed for the year ended 31 December 2020 (2019: €nil).

Key performance indicators (KPIs)

The Sky 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 Company is also exposed to risk through the performance of its investments.

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

Credit risk

The Company's principal financial assets are cash and intercompany receivables. The Company is therefore exposed to credit risk on these balances. The credit risk on cash is limited because the counterparty is a bank with a high credit rating assigned to it by international credit rating agencies. The intercompany balances of the Company are detailed in notes 8 and 9.

Liquidity risk

The Company relies on the Sky 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 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 the investment of surplus cash and various loan balances with other companies within the Group. The Group's Treasury function monitors the Company's exposure to fluctuations in interest rates.

Investment performance risk

The principal risk facing the Company relates to the recoverability of the Company's investment in subsidiaries. Recovery of these assets is dependent upon the generation of sufficient profits to pay dividends or from the proceeds of sale of such investments, in the event of their disposal. The Company reviews the carrying amount of its investments at the balance sheet date to determine whether there is any indication of impairment.

Legislation and Regulation risk

UK 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.

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.

Streamlined Energy and Carbon Reporting

We have been reporting our carbon footprint since 2005/06, which now includes our businesses in the UK, Republic of Ireland, Portugal, Germany, Austria and Switzerland, and Italy. In February 2020, we launched Sky Zero, our commitment to halve our greenhouse gas emissions across our value chain against a 2018 baseline, and become net zero carbon by 2030. Sky has been a CarbonNeutral® company since 2006, and we have already more than halved our operational emissions since 2012.

Streamlined Energy and Carbon Reporting (continued)

Over 2020 many of our sites across Europe remained open for our key worker engineers, journalists and broadcast operations employees. We replaced diesel generator fuel with low carbon HVO at three main sites, introduced 151 Ford Transit PHEV to Sky's commercial fleet, providing a 60% reduction in emissions against their diesel equivalents, and continue to invest in LED lighting. We optimised cooling at our technical sites and introduced automated computing power controls to our data centres, to maximise efficiency and reduce the number of physical devices needed at low demand times. In September 2020 we launched a renewable energy offer to our people to help them reduce their emissions at home.

Further information including a detailed breakdown of our Scopes 1, 2 and 3 emissions, our progress towards net zero carbon by 2030 and historic reporting can be found in our annual impact reports at https://www.skygroup.sky/reports.

	2020		2019 (18 months)	
	UK and Ireland[1]	Sky Group	UK and Ireland[1]	Sky Group
Carbon Intensity				
Revenue (£m)	9,873	14,464	14,649	22,351
Carbon intensity (Total Scopes 1 and 2 (location-based) tCO2e/£m revenue	5.93	6.05	6.81	6.57
Carbon Emissions (tCO2e)				
Scope 1 (Fuel combustion and operation of facilities)	19,758	35,265	34,114	54,238
Scope 2 (market-based purchased energy)	4,983	21,191	11,213	44,689
Total Scope 1 and Scope 2 (market-based purchased energy)[2]	24,741	56,456	45,327	98,928
Scope 2 (location-based purchased energy)	38,820	52,276	65,692	92,712
Total Scope 1 and Scope 2 (location-based purchased energy)[2]	58,579	87,541	99,806	146,951
Total Energy consumption (kWh)	240,674,393	361,617,988	384,385,368	564,758,108

Figures in the above table are reflecting UK and Ireland and Sky Group revenue figures only and therefore will not agree to the revenue reported in these financial statements.

Methodology

We calculate our greenhouse gas emissions in carbon dioxide equivalent (CO2e) for Scopes 1 and 2 according to the Greenhouse Gas Protocol Corporate Standard and associated guidance. We use the emission factors from the latest UK Government Emissions Conversion Factors for Greenhouse Gas Company Reporting (Department for Business, Energy & Industrial Strategy, 2020), IEA emission factors (2020 edition) and the Reliable Disclosure (RE-DISS) European Residual Mixes 2019. (1) UK & Ireland includes Sky's Joint Ventures, small international offices and news bureaux and business activities in Portugal. (2) Our total gross CO2e emissions include all Scope 1 and Scope 2 location-based greenhouse gas emissions; and our market-based emissions are those remaining after emissions factors from contractual instruments have been applied. Our energy providers retain, on our behalf, the Guarantees of Origin (GOs) and Renewable Energy Guarantee of Origin (REGOs). In addition, we offset our total gross emissions, including Scope 1, location-based Scope 2 and selected Scope 3 emissions, through the purchase of Voluntary Carbon Standard offsets. Our carbon emissions data and carbon intensity are subject to an annual independent assurance review, the results of which are published alongside our annual impact report. The 2020 carbon emissions data and carbon intensity have been independently assured by ERM CVS.

For our full basis of reporting, please see our website (https://www.skygroup.sky/documents-policies).

S172 Statement

Under section 172(1) of the Companies Act 2006 ("Section 172"), the Directors must act in a way that they consider, in good faith, would most likely promote the success of the Company for the benefit of its members as a whole and in doing so have regard (amongst other matters) to:

- The likely consequences of any decision in the long term.
- The interests of the Company's employees.
- The need to foster the Company's business relationships with suppliers, customers and others.
- The impact of the Company's operations on the community and the environment.
- The desirability of the Company maintaining a reputation for high standards of business conduct.
- The need to act fairly between members of the Company.

The Directors of the Company consider that they have discharged their duties under Section 172, considering the factors listed above in the decisions made during the year ended 31 December 2020.

Due to the range of stakeholders and the size of the Group, stakeholder engagement often takes place at an operational, territory or Group level for Sky Group as well as Comcast, rather than at an individual company level. Decisions made by the Directors consider the Group's strategic goals and follow Comcast's Code of Conduct. Key decisions made at the Company level include approving the annual financial statements and dividend distribution in board meetings, among others.

Our Employees

The Directors recognise that employees are central to our success. We celebrate diversity, equity and inclusion, and seek to have a workforce that is inclusive and reflective of the diversity of our customers and modern society. At Sky, we know it is crucial to listen to, and empower, employees in order to achieve our vision, which is why we have programmes such as the Sky Forum in the UK and Ireland to empower employees to raise questions, provide feedback and propose suggestions and give senior leaders the opportunity to better understand the needs of their people and make adjustments to Sky's policies and action plans. We communicate frequently with our employees, publishing relevant content about matters affecting our business and our people via the company intranet, and have sought feedback from our employees during the COVID-19 pandemic on how we could best support them.

The Company is committed to equal opportunities in employment and recruitment and promoting the diversity of our workforce in respect of, among others, disability, race, gender, age, sexual orientation, pregnancy, marital status or fixed or part time status. We aim to ensure a transparent, professional working environment where employees treat each other with respect and in which all employment-related decisions (from recruitment through to career development and progression) are based on the individual's qualifications, ability, performance, skills and potential. Applications for employment by anyone with a physical or mental impairment are always fully considered, bearing in mind the abilities of the applicant concerned. For members of staff with a disability or who become disabled during employment, every effort is made to ensure that their employment with the Group continues and that appropriate adjustments are considered and support provided, in line with our reasonable adjustment policy. In the event that a disabled employee is unable to continue in their current role after considering the adjustments available, we have a redeployment policy and process to provide support to help the employee secure an alternative role. It is the policy of the Group and the Company that the training, career development and promotion of disabled persons should, as far as possible, be equal to that of other employees.

Our Partners

As a part of the Comcast Group, we understand the need to foster relationships with suppliers and customers. We seek to build long-term relationships with them and help them succeed. A critical part of doing business is partnering with others, and we believe that partnerships are built on trust and mutual advantage. We interact honestly and with integrity in the marketplace and expect our business partners to do the same. The Group considers these relationships and the feedback received from engagement with our partners in their decision-making process.

Our Communities

As a part of the Comcast Group, a global media and technology company, we are committed to using the power of our platforms, our people, and our reach to create positive change and a more equitable society. By supporting local communities, our teammates, and our planet we can help create a world of open possibilities – so together, we can build a future that benefits generations to come. We are focusing our efforts in the following areas:

- *Digital Equity.* Helping people access the resources, skills, and tools they need to succeed in an increasingly digital world.
- *Diversity, Equity & Inclusion.* Creating a more diverse and equitable company and society.
- *Environment.* Shaping a more sustainable future by improving our environmental impact.
- *Values & Integrity.* Fostering a company culture built on integrity and respect. Our values and principles guide everything we do.

Members

The Company is a wholly owned subsidiary of Sky UK Limited and is part of the Sky Group. The duties of the Directors are exercised in a way that is most likely to promote the success of the Company and Sky as a whole, while having regard to factors outlined in Section 172.

Approved by the Board and signed on its behalf,

T C Richards
Director

Grant Way
Isleworth
Middlesex
United Kingdom
TW7 5QD

10 September 2021

Directors' Report

The Directors who served during the year and up to the date of signing are shown on page 1. No dividend was proposed for the year 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 he ought to have taken as a Director to make himself/herself aware of any relevant audit information (as defined) and to establish that the Company's 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 10 September 2021.

Approved by the Board and signed on their behalf by:

T C Richards
Director

Grant Way
Isleworth
Middlesex
United Kingdom
TW7 5QD

10 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 reporting 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 Company's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Independent auditor's report to the members of Sky International Operations Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Sky International Operations 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 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 cash flow statement;
- the statement of changes in equity;
- the related notes 1 to 15.

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.

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

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 risk of fraud related to the valuation of the investments. Our specific procedures performed to address this risk included:

- Obtaining an understanding of the process and the relevant controls relating to the review and approval of the impairment review, as well as the forecasting process for Sky Italy and Sky Germany;
- Testing the integrity of the model and cash flow forecasts, and whether the methodology used was consistent with IAS 36;
- Assessing the long term growth rate applied, with reference to external data sources;
- With the involvement of our internal valuation specialists, evaluating the discount rate assumptions;
- Challenging the cash flow projections through making enquiries with local Deloitte teams, assessing key assumptions against external market data and historical forecasting accuracy; and
- Assessing the appropriateness of disclosures within the financial statements in accordance with IFRS

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.

Auditor's Report

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 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.

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
10 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	**187**	854
Operating expense	3	**(2,283,000)**	(2,929,837)
Operating loss		**(2,282,813)**	(2,928,983)
Investment income	4	**3,093**	4,763
Finance costs	4	**(117,572)**	(157,430)
Loss before tax		**(2,397,292)**	(3,081,650)
Tax	6	**(1)**	(13)
Loss for the year attributable to equity shareholder		**(2,397,293)**	(3,081,663)

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

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

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.

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			
Investment in subsidiaries	7	**7,557,086**	7,440,086
Current assets			
Trade and other receivables	8	**288,719**	305,015
Cash and cash equivalents		**480**	425
Total assets		**7,846,285**	7,745,526
Current liabilities			
Trade and other payables	9	**5,234,544**	5,608,973
Current tax liabilities	6	**-**	13
Non-current liabilities			
Non-current payables	9	**2,400,000**	-
Total liabilities		**7,634,544**	5,608,986
Share capital	11	**3,622,302**	3,622,302
Share premium		**2,473,303**	2,000,809
Reserves		**(5,883,864)**	(3,486,571)
Shareholder's funds attributable to equity shareholder		**211,741**	2,136,540
Total liabilities and shareholder's equity		**7,846,285**	7,745,526

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

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 financial statements of Sky International Operations Limited, registered number 08055122 were approved and authorised for issue by the Board of Directors on 10 September 2021 and were signed on its behalf by:

T C Richards

Director

10 September 2021

Cash Flow Statement

For year ended 31 December 2020

	Notes	**12 months to 31 December 2020 €'000**	18 months to 31 December 2019 €'000
Cash flows from operating activities			
Cash generated from operations	12	**55**	32
Net cash from operating activities		**55**	32
Net increase in cash and cash equivalents		**55**	32
Cash and cash equivalents at the beginning of the year		**425**	393
Cash and cash equivalents at the end of the year		**480**	425

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

Statement of Changes in Equity

For the year ended 31 December 2020

	Share capital	Share premium	Retained deficit	Total shareholder's equity
	€'000	**€'000**	**€'000**	**€'000**
At 1 July 2018	**3,622,302**	**-**	**(404,908)**	**3,217,394**
Loss for the period	-	-	(3,081,663)	(3,081,663)
Issue of share capital		2,000,809		**2,000,809**
At 31 December 2019	**3,622,302**	**2,000,809**	**(3,486,571)**	**2,136,540**
Loss for the year	-	-	(2,397,293)	(2,397,293)
Issue of share capital	-	472,494	-	472,494
At 31 December 2020	**3,622,302**	**2,473,303**	**(5,883,864)**	**211,741**

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.

Notes to the financial statements

1. Accounting policies

Sky International Operations 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, United Kingdom, TW7 5QD and registered number is 08055122.

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.

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.

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 or during the year.

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.

c) Foreign currency translation

The Company's functional and presentational currency is Euro. Trading activities denominated in foreign currencies are recorded in euro at the applicable monthly exchange rates. Monetary assets, liabilities and commitments denominated in foreign currencies at the year-end are reported at the rates of exchange at the balance sheet date. Non-monetary assets and liabilities denominated in foreign currencies are translated to euro at the exchange rate prevailing at the date of the initial transaction. Gains and losses on retranslation of assets and liabilities are included net in the profit or loss for the year.

The assets and liabilities of the Company's foreign operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the applicable monthly average exchange rates. Any exchange differences arising are classified as equity within the foreign currency translation reserve.

1. Accounting policies (continued)

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.

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 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.

1. Accounting policies (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.

iv. Borrowings

Borrowings are recorded as the proceeds received, net of direct issue costs. Finance charges, including any premium payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the Statement of Comprehensive Income using the effective interest method and are added to the carrying amount of the underlying instrument to which they relate, to the extent that they are not settled in the year in which they arise.

v. Investment in subsidiaries

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

e) 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. Subsequent to the transfer of contracts into Sky SNI Operations Limited, revenue generated from Sky News international sales, where the company acts as an agent on behalf of Sky SNI Operations Limited is recognised on a net commission basis.

f) 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 g) to determine whether there is any indication that any of those assets have suffered an impairment loss.
An impairment is recognised in the Statement of Comprehensive Income whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. The recoverable amount is the greater of net selling price, defined as the fair value less costs to sell, and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs. Impairment losses recognised in respect of cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to those units, and then to reduce the carrying amount of other assets in the unit on a pro-rata basis.

An impairment loss for an individual asset or cash generating unit shall be reversed if there has been a change in estimates used to determine the recoverable amount since the last impairment loss was recognised and is only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1. Accounting policies (continued)

g) Tax, including deferred tax

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

Deferred tax assets and liabilities are recognised using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the Balance Sheet and the corresponding tax bases used in the computation of taxable 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.

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

The Company has not yet adopted certain new standards, amendments and interpretations to existing standards, which have been published but are only effective for 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); and
- Onerous Contracts - Cost of Fulfilling a Contract - Amendment to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' (effective 1 January 2022);

1. Accounting policies (continued)

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

- Classification of Liabilities as Current or Non-current - Amendment to IAS 1 'Presentation of Financial Statements' (effective 1 January 2023); and
- Implementation issues - Amendments to IFRS 17 'Insurance Contracts' (effective 1 January 2023).

i) 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 key areas of judgement that are exercised in their application.

Key sources of estimation uncertainty

Areas for which there are major sources of estimation uncertainty (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, are discussed below. 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.

Investment in Subsidiaries - impairment review

The carrying value of the Company's investment in other Group companies is supported by either the historical cost value of underlying investments, their fair value (if, for example, a recent third party valuation report is available) or their value-in-use, which is contingent on the Company's judgement in selecting key assumptions and in its estimation of future financial performance.

This estimation is underpinned by the Sky Group's latest available long-range plan and extrapolated beyond the forecast period using reasonable assumptions. Given the nature of Sky's subscription-based business model and significantly fixed and committed cost base, management has sufficient confidence in its ability to execute and realise these plans.

The assessment of the value-in-use of investments in these businesses is sensitive to the method, assumptions and estimates underlying the calculations. The sensitivity of the outcome to plausible changes in key inputs, is considered as part of the judgement in making the assessments. If the Company's investments do not achieve the results included in the forecast, this could result in an impairment in future periods. Uncertainty around key sources of estimation will be resolved through the passage of time, potentially over the course of several years depending on events, as future performance materialises, and latest forecasts can be considered.

2. Revenue

	2020	2019
	€'000	€'000
Commission	**187**	854

Commission is earned as the Company acts as a sales agent for Sky SNI Operations Limited in respect of Sky News international sales.

3. Operating expense	**2020**	2019
	€'000	€'000
Programming	**-**	286
Impairment of Investment	**2,283,000**	2,929,551
	2,283,000	2,929,837

For more details on the Impairment of investments, please refer to Note 7(a).

Audit fees

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

Notes to the financial statements (continued)

4. Investment income and finance costs

	2020	2019
	€'000	€'000
Investment income		
Intercompany interest receivable (i)	3,093	4,677
Foreign exchange gain	-	86
	3,093	4,763

	2020	2019
	€'000	€'000
Finance costs		
Intercompany interest payable (ii)	117,524	157,430
Foreign exchange loss	48	-
	117,572	157,430

(i) Intercompany interest is receivable on certain loans to Sky Operational Finance Limited and Sky Finance Europe Limited (see note 8).

(ii) Intercompany interest is payable on certain loans from Sky Operational Finance Limited (see note 9).

In February 2020, the Company entered into a three separate loan agreements of EUR 200 million, EUR 1.4 billion and EUR 800 million with Comcast Corporation whereby the Company was the borrower and Comcast Corporation was the lender. The loan notes issued under these arrangements are at a rate of 0.25%, 0.75%, 1.25% respectively and are repayable on 20 May 2027, 20 February 2032 and 20 February 2040 respectively.

5. Employee benefits and key management compensation

a) Company employee benefits

	2020	2019
	€'000	€'000
Wages and salaries	-	-
Social security costs	-	(6)
	-	(6)

As at 31 December 2020, the monthly average number of full-time equivalent persons employed by the Company was nil (2019: nil).

b) Key management compensation

The Directors did not receive any remuneration during the year (2019: €nil) in respect of their services to the Company.

6. Tax

a) Tax recognised in the statement of comprehensive income

	2020	2019
	€'000	€'000
Current tax expense		
Current year	**1**	7
Adjustment in respect of prior years	**-**	6
Total current tax charge	**1**	13

b) Reconciliation of total tax charge

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

	2020	2019
	€'000	€'000
Loss before tax	**(2,397,292)**	(3,081,650)
Loss before tax multiplied by rate of corporation tax in the UK of 19.0% (2019: 19.0%)	**(455,486)**	(585,514)
Effects of:		
Overseas tax	**1**	7
Group relief surrendered for £nil consideration	**21,717**	28,901
Other permanent differences	**433,769**	556,613
Adjustment in respect of prior years	**-**	6
Tax	**1**	13

The company is liable to UK corporation tax but suffers small amounts of overseas tax.

At 31 December 2020, there was an unrecognised deferred tax asset of €2,000 (2019: €2,162) relating to fixed asset timing differences.

Deferred tax assets have not been recognised at 31 December 2020 on the basis that management do not conclude it probable that there will be suitable taxable profits against which these assets can be utilised. 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 will legislate to increase the corporation tax rate to 25% from 1 April 2023. This change has 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 is not expected to be material.

Notes to the financial statements (continued)

7. Investment in subsidiaries and associates

(a) Subscription for shares and capital contribution in subsidiaries

The movement in the year was as follows:

	2020	2019
	€'000	€'000
Cost and funding		
Beginning of year	10,369,637	8,950,332
Subscription for shares	-	1,419,305
Issue of share	2,400,000	-
End of year	**12,769,637**	10,369,637
Amounts charged/Movement		
Beginning of year	(2,929,551)	-
Impairment of Investment in Sky German Holdings GmbH	-	(2,929,551)
Impairment of Investment in Sky Italian Holdings Srl	(2,283,000)	-
End of year	**(5,212,551)**	(2,929,551)
Net book value		
Beginning of year	7,440,086	8,950,332
End of year	**7,557,086**	7,440,086

Investments in subsidiaries shown above represent the cost of the shares of the wholly-owned subsidiary undertakings plus capital contributions, less amounts charged for impairment in value.

Following an impairment review (performed in accordance with the policy described in note 1(f)), an impairment of the Company's investment in Sky Italian Holdings Srl was recognized in the current year, as the recoverable amount was determined to be less than the carrying amount of the investment. The recoverable amount was calculated using the value-in-use of the investment, in which expected future cash flows were discounted to present value using a rate of 8.22%. Expected future cash flows were based on amounts forecast in budgets and multi-year business plans, derived using management assumptions based on past experience and expectations regarding developments in relevant market sectors in Italy.

During the prior 18-month period, the Company subscribed for additional shares in its subsidiary undertaking Sky German Holdings GmbH. Following an impairment review (performed in accordance with the policy described in note 1(f)), an impairment of the Company's investment in Sky German Holdings GmbH was recognized, as the recoverable amount was determined to be less than the carrying value of the investment. The recoverable amount was calculated using the value-in-use of the investment, in which expected future cash flows were discounted to present value using a rate of 7.0%.

Notes to the financial statements (continued)

7. Investment in subsidiaries and associates (continued)

a) Subscription for shares and capital contribution in subsidiaries (continued)

Unless otherwise stated, all investments are wholly-owned. Details of all investments of the Company are as follows:

Subsidiaries

Incorporated in England and Wales
Grant Way, Isleworth, Middlesex TW7 5QD

Name
Direct Holdings
Sky IP International Limited
Sky UK Investments Limited

Incorporated in Austria

Austria - Handelskai 92, 1200 Wien

Name
Indirect holdings
Sky Österreich Fernsehen GmbH
Sky Österreich Verwaltung GmbH

Incorporated in Germany

Medienallee 26, 85774 Unterföhring, Munich

Name
Direct Holdings
Sky German Holdings GmbH
Indirect holdings
BSkyB GmbH
Premiere WIN Fernsehen GmbH
SCAS Satellite CA Services GmbH
Sky Deutschland GmbH
Sky Deutschland Fernsehen Gmbh & Co.KG
Sky Deutschland Verwaltungs GmbH
Sky Deutschland Interaction Center I GmbH
Sky Deutschland Interaction Center II GmbH
Sky Media GmbH

Oderstraße 59, 14513 Teltow, Potsdam

Name
Indirect holdings
Sky Deutschland Customer Center GmbH

7. Investment in subsidiaries and associates (continued)

a) Subscription for shares and capital contribution in subsidiaries (continued)

Eckdrift 109, 19061 Schwerin-Krebsförden

Name
Indirect holdings
Sky Deutschland Service Center GmbH

Theresienstraße 47 a, 80333, Munich

Name
Indirect holdings
NBC Universal Global Networks Deutschland GmbH
Infobonn Text, Informations und Pressebüro Verwaltungsgesellschaft mbH (*subsidiary of NBC Universal Global Networks Deutschland GmbH*)
DFA Deutsche Fernsehnachrichten Agentur GmbH (*subsidiary of NBC Universal Global Networks Deutschland GmbH*)
GIGA Television GmbH (*subsidiary of DFA Deutsche Fernsehnachrichten Agentur GmbH*)
ZAP Television Beteiligungs GmbH (83.5% *subsidiary of DFA Deutsche Fernsehnachrichten Agentur GmbH*)
ZAP Television GmbH & Co. KG (83.5% *subsidiary of DFA Deutsche Fernsehnachrichten Agentur GmbH*)

Incorporated in Italy

Via Monte Penice, 7-20138 Milan

Name
Direct Holdings
Sky Italian Holdings S.p.A
Indirect holdings
Digital Exchange S.r.l
Nuova Società Televisiva Italiana S.r.l
Sky Italia S.r.l
Sky Italia Network Services S.r.l
Telepiù S.r.l
Vision Distribution SpA *(60%))*

Switzerland - Stockerhof, Dreikönigstrasse 31A, CH8002 Zürich

Name
Direct Holdings
Sky International AG

Switzerland - Rue du Puits-Godet 10, Neuchâtel

Name
Indirect holdings
Sky Switzerland SA

8. Trade and other receivables

	2020	2019
	€'000	€'000
Amounts receivable from other Group companies	**288,715**	305,002
VAT	**4**	13
Current trade and other receivables	**288,719**	305,015

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 other Group companies totalling €2,800,000 (2019: €2,748,000) represent trade receivables; they are non-interest bearing and are repayable on demand.

On 26 February 2015, the Company made a loan of €139,000,000 to Sky Operational Finance Limited. The loan bears interest at a rate of 2% and is repayable on demand. The amount outstanding on this loan (including interest) as at 31 December 2020 was €147,228,047.

On 16 October 2015, the Company made a loan of €350,000,000 to Sky Finance Europe Limited. The loan bears interest at EURIBOR + 0.40% and is repayable on demand. During current year, there were loan repayments totalling €19,121,260. During prior years, there were loan repayments totalling €188,566,200. The amount outstanding on this loan (including interest) as at 31 December 2020 was €138,689,387.

9. Trade and other payables

	2020	2019
	€'000	€'000
Amounts payable to other Group companies [(a)]	**5,234,536**	5,608,958
Accruals	**6**	9
Other	**2**	6
Current trade and other payables	**5,234,544**	5,608,973
Non-current other payables [(a)]	**2,400,000**	-
Total trade and other payables	**7,634,544**	5,608,973

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

a) Amounts payable to other Group companies

There are amounts due to other Group companies of €7,634,536,000 (2019: €5,608,958,000), of which €2,400,000,000 represents long term intercompany loans with Comcast (2019: €nil), €1,285,000 (2019: €1,309,000) represents other payables; these balances are non-interest bearing and are repayable on demand.

The Company received confirmation from Sky Operational Finance Limited that, for a period of 12 months, they will not demand payment of any amounts owed to them by the Company where such repayment would prevent the Company from continuing to settle its third party liabilities as they fall due.

9. Trade and other payables (continued)

a) Amounts payable to other Group companies (continued)

All loan amounts listed below are between Sky Operational Finance Limited and are treated as being repayable on demand.

Loan Reference	Start Date	Principal €'000	Interest Rate	Amount Oustanding (Inc Interest) 31 December 2020 €'000	Amount Outstanding (Inc Interest) 31 December 2019 €'000
L162DEUR L163DEUR	15 September 2014	1,500,000 1,000,000	1.5% 2.5%	1,506,656 1,007,396	1,506,638 1,007,376
L161DEUR	16 September 2014	968,899	EURIBOR plus 2.1867%	503,193	975,087
L172DEUR L173DEUR L174DEUR	10 December 2014	400,000 850,000 125,549	2.75% 1.875% 2.94%	401,055 851,659 125,910	401,052 851,654 125,910
L169BEUR	11 November 2014[(1)]	750,000[(1)]	3 month EURIBOR plus 1%	424,699	347,729
L175BEUR	5 November 2014	800,000	EURIBOR plus 1%	394,551	392,202

During the year, Sky UK Limited assigned a loan receivable from Sky Operational Finance Limited (L161EUR) to the Company in exchange for the issuance of a share. The balances were then fully offset on loan L161DEUR between Sky Operational Finance Limited and the Company.

[(1)]In November 2015, the first facility (L169BEUR) was increased to a limit of up to €250,000,000. In February 2018, this facility was increased to a limit of €350,000,000 and it was extended further to €750 million from March 2020.

All loan amounts listed below represent long term intercompany loans with Comcast Corporation.

Loan Reference	Start Date	End Date	Principal €'000	Interest Rate	Amount Outstanding (Inc Interest) 31 December 2020 €'000	Amount Outstanding (Inc Interest) 31 December 2019 €'000
L204	3 February 2020	20 May 2027	200,000	0.25%	200,432	-
L205	20 February 2020	20 February 2032	1,400,000	0.75%	1,409,066	-
L206	20 February 2020	20 February 2040	800,000	1.25%	808,634	-

In February 2020, the Company entered into three separate loan agreements of EUR 200 million, EUR 1.4 billion and EUR 800 million with Comcast Corporation whereby the Company was the borrower and Comcast Corporation was the lender. The loan notes issued under these arrangements are at a rate of 0.25%, 0.75%, 1.25% respectively and are repayable on 20 May 2027, 20 February 2032 and 20 February 2040 respectively.

10. Derivatives and other financial instruments

Financial Instruments

i) Carrying value and fair value

The Company's principal financial instruments comprise of trade 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 is as follows:

	Financial Assets at Amortised Cost	Financial Liabilities at Amortised Cost	Total carrying value	Total fair values
	€'000	€'000	€'000	€'000
At 31 December 2020				
Trade and other payables	**-**	**(7,634,544)**	**(7,634,544)**	**(7,765,522)**
Trade and other receivables	**288,719**	**-**	**288,719**	**288,719**
Cash and cash equivalents	**480**	**-**	**480**	**480**
At 31 December 2019				
Trade and other payables	-	(5,608,973)	(5,608,973)	(5,608,973)
Trade and other receivables	305,015	-	305,015	305,015
Cash and cash equivalents	425	-	425	425

i) Carrying value and fair value (continued)

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.

Cash and cash equivalents classified as loans and receivables mainly comprise investments in AAA rated money market funds which can be withdrawn without notice.

ii) Liquidity risk

The Company's financial liabilities are shown in note 9.

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 trade and other payables.

10. Derivatives and other financial instruments (continued)

iii) Non-derivative financial liabilities

	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				
Trade and other payables	**(5,216,412)**	**-**	**-**	**(2,418,132)**
At 31 December 2019				
Trade and other payables	(5,608,973)	-	-	-

iv) 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 its Board of Directors.

v) Credit risk

The Company is exposed to default risk amounting to cash and cash equivalents of €480,000 (2019: €425,000). The Company's maximum exposure to credit risk on trade receivables is the carrying amount disclosed in note 8. 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.

vi) 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.

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 €8,192,500 (2019: loss for the 18 month period ending 31 December 2019 would increase by €7,399,316).

11. Share capital

	2020	2019
	€'000	€'000
Allotted, called-up and fully paid		
2,818,742,788 (2019: 2,818,742,787) ordinary shares of £1 (2019: £1) each	**3,622,302**	3,622,302

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

On 23 July 2020, the Company issued 1 ordinary share to Sky UK Limited in exchange for the assignment of a loan note receivable with a face value of €469 million issued by Sky Operational Finance Limited and €3 million accrued interest.
As a result, share premium of €472,494,000 arose from the issuance of the share during the year.

12. Notes to the Cash Flow Statement

Reconciliation of loss before tax to cash from operations

	2020	2019
	€'000	€'000
Loss before tax	**(2,397,292)**	(3,081,650)
Impairment of investment	**2,283,000**	2,929,551
Decrease in trade and other receivables	**16,285**	94,904
Increase in trade and other payables	**98,062**	57,227
Cash from operations	**55**	32

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 3 (2019: 3) members of key management, each of whom were Directors of the Company. Key management compensation is disclosed in note 5.

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 by Sky UK Limited, see note 8.

c) Transactions with other Group companies

For details of amounts owed to and owed by other Group companies, see notes 8 and 9.

14. Ultimate parent undertaking

The Company is a wholly-owned subsidiary undertaking of Sky UK 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, 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

15. Post balance sheet event

As part of a Group restructuring exercise, in June 2021 the Company issued a single share at a premium to its immediate parent company for consideration of €1.34bn, and also increased its investment in subsidiaries by €1.34bn.