SKY SNI OPERATIONS LIMITED
(Formerly BSkyB SNI Operations Limited)

Annual report and financial statements
For the year ended 30 June 2015

Registered number 08522753

Directors and Officers

For the year ended 30 June 2015

Directors

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

A J Griffith

C J Taylor

Secretary

C J Taylor

Registered office

Grant Way

Isleworth

Middlesex

TW7 5QD

Auditor

Deloitte LLP

Chartered Accountants

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 30 June 2015

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 SNI Limited (formerly known as BSkyB SNI Limited) The ultimate parent company is Sky plc ("Sky", formerly known as British Sky Broadcasting Group plc) and operates together with Sky's other subsidiaries as a part of the Sky Group ("the Group") During the year, the Company changed its name from BSkyB SNI Operations Limited to Sky SNI Operations Limited

The Company was incorporated and registered a Swiss branch on 9 May 2013 The principal activity of the Company is the distribution of 24 hour news channels to an international market and this business was transferred from Sky International Operations Limited to the Company on 1 July 2013 The Swiss branch has control of the business relating to the international distribution (being all countries worldwide other than the United Kingdom, the Channel Islands, the Isle of Man and the Republic of Ireland) of the Sky News Channel and the Sky Sports News Channel

The profit for the year was £879,000 (2014 £131,000) No dividends were paid to the shareholders during the year (2014 £nil) The Directors do not recommend the payment of a final dividend

The Directors expect that there will be no major changes in the Company's activities in the following year

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, foreign exchange risk and liquidity 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 cash flow risk, price risk or interest rate risk

Financial risk management objectives and policies

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

Credit risk

The Company's principal financial assets are cash, trade receivables and intercompany receivables The Company is therefore exposed to credit risk on these balances

Liquidity risk

The Company relies on the Group Treasury function to manage its liquidity and ensure that sufficient funds are available for ongoing operations and future developments The Group currently has access to an undrawn £1 billion revolving credit facility which is due to expire on 30 November 2020 The Company benefits from this liquidity through intra-group facilities and loans

Foreign exchange risk

The Company maintains its accounting records and reports its financial performance in pounds sterling ("GBP") A proportion of the existing costs and revenues are denominated in US dollars, resulting in the Company's current foreign exchange exposure

By Order of the Board,

C J Taylor

Company Secretary

Grant Way
Isleworth
Middlesex
TW7 5QD

20 November 2015

Directors' Report

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

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

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

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 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 20 November 2015

By Order of the Board,

C J Taylor

Company Secretary

Grant Way
Isleworth
Middlesex
TW7 5QD

20 November 2015

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the Directors to prepare financial statements for each financial year Under that law, the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union Under Company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period In preparing these financial statements, International Accounting Standard 1 requires that Directors

- properly select and apply accounting policies,
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information,
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and financial performance, and
- make an assessment of the Company's ability to continue as a going concern

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

Independent Auditor's report to the members of Sky SNI Operations Limited. -

We have audited the financial statements of Sky SNI Operations Limited for the year end 30 June 2015 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Cash Flow Statement and the Statement of Changes in Equity and the related notes 1 to 16 The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union

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

Respective responsibilities of Directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Directors, and the overall presentation of the financial statements In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the Company's affairs as at 30 June 2015 and of its profit for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Separate opinion in relation to IFRSs as issued by the IASB

As explained in note 1 to the financial statements, the Company in addition to applying IFRSs as adopted by the European Union, has also applied IFRSs as issued by the International Accounting Standards Board (IASB)

In our opinion the financial statements comply with IFRSs as issued by the IASB

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of Directors' remuneration specified by law are not made or
- we have not received all the information and explanations we require for our audit

William Touche (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
25 November 2015

Statement of Comprehensive Income

For the year ended 30 June 2015

	Notes	2015	2014
		£'000	£'000
Revenue	2	**2,764**	3,576
Operating expense	3	**(1,754)**	(3,413)
Operating profit		**1,010**	163
Investment income	4	**2**	2
Profit before tax	5	**1,012**	165
Tax	6	**(133)**	(34)
Profit for the period attributable to equity shareholder		**879**	131

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

For the year ended 30 June 2015 and the period ended 30 June 2014, the Company did not have any other items of Comprehensive Income

All results relate to continuing operations

Balance Sheet

As at 30 June 2015

	Notes	2015 £'000	2014 £'000
Non-current assets			
Investment in subsidiaries	7	**1**	1
Total non-current assets		**1**	1
Current assets			
Trade and other receivables	8	**1,420**	1,455
Cash and cash equivalents		**1,274**	1,109
Total current assets		**2,694**	2,564
Total assets		**2,695**	2,565
Current liabilities			
Trade and other payables	9	**1,020**	1,769
Total liabilities		**1,020**	1,769
Share capital	12	**-**	-
Share premium		**665**	665
Reserves		**1,010**	131
Total equity attributable to equity shareholder		**1,675**	796
Total liabilities and shareholder's equity		**2,695**	2,565

The accompanying notes are an integral part of this Balance Sheet

The financial statements of Sky SNI Operations Limited, registered number 8522753 were approved by the Board of Directors on 20 November 2015 and were signed on its behalf by

A J Griffith

Director

20 November 2015

Cash Flow Statement

For the year ended 30 June 2015

	Note	2015 £'000	2014 £'000
Cash flows from operating activities			
Cash generated from operations	13	**296**	443
Interest received		**2**	2
Tax paid		**(133)**	-
Net cash from operating activities		**165**	445
Cash flows from investing activities			
Investment in Group companies		**-**	(1)
Net cash used in investing activities		**-**	(1)
Cash flows from financing activities			
Issue of shares		**-**	665
Net cash from financing activities		**-**	665
Net increase in cash and cash equivalents		**165**	1,109
Cash and cash equivalents at the beginning of the period		**1,109**	-
Cash and cash equivalents at the end of the period		**1,274**	1,109

All results relate to continuing operations

Statement of Changes in Equity

For the year ended 30 June 2015

	Share capital £'000	Share premium £'000	Retained earnings £'000	Total shareholders' equity £'000
Upon incorporation on 9 May 2013	**-**	**-**	**-**	**-**
Shares issued during the period	-	665	-	665
Profit for the period	-	-	131	131
At 30 June 2014	**-**	**665**	**131**	**796**
Profit for the year	-	-	879	879
At 30 June 2015	**-**	**665**	**1,010**	**1,675**

Notes to the financial statements

1 Accounting policies

Sky SNI Operations Limited (the "Company") is a limited liability company incorporated in the United Kingdom ("UK") and registered in England and Wales Sky SNI Operations Ltd, Isleworth Zurich branch is a branch of the company that is registered and domiciled in Zurich, Switzerland

a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") and the Companies Act 2006 In addition, the Company also complied with IFRS as issued by the International Accounting Standards Board ("IASB")

b) Basis of preparation

The financial statements have been prepared on a going concern basis (as set out in the Director's Report) and on a 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 this period, none of which had a significant impact on the Company's results or financial position

The Company maintains a 52 or 53 week fiscal year ending on the Sunday nearest to 30 June in each year In fiscal year 2015, this date was 28 June 2015 this being a 52 week year (fiscal year 2014 29 June 2014, 52 week year) For convenience purposes, the Company continues to date its financial statements as at 30 June The Company has classified assets and liabilities as current when they are expected to be realised in, or intended for sale or consumption in, the normal operating cycle of the Company

c) Financial assets and liabilities

Financial assets and liabilities are initially recognised at fair value plus any directly attributable transaction costs At each balance sheet date, the Company assesses whether there is any objective evidence that any financial asset is impaired Financial assets and liabilities are recognised on the Company's Balance Sheet when the Company becomes a party to the contractual provisions of the financial asset or liability Financial assets are derecognised from the Balance Sheet when the Company's contractual rights to the cash flows expire or the Company transfers substantially all the risks and rewards of the financial asset Financial liabilities are derecognised from the Company's Balance Sheet when the obligation specified in the contract is discharged, 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 identified from objective evidence, with movements in the allowance account, either from increased impairment losses or reversals of impairment losses, being recognised in the Statement of Comprehensive Income

ii. Cash and cash equivalents

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

Notes to the financial statements

1. Accounting policies (continued)

c) Financial assets and liabilities (continued)

iii. Trade and other payables

Trade and other payables are non-derivative financial liabilities and are measured at amortised cost using the effective interest method Trade and other payables with no stated interest rate are measured at the original invoice amount if the effect of discounting is immaterial

iv. 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

d) Revenue recognition

Revenue, which excludes value added tax, represents the gross inflow of economic benefit from the Company's operating activities Revenue is measured at the fair value of the consideration received or receivable Syndication revenue is recognised on an accrual basis under the relevant terms of the agreements between the parties

e) Tax, including deferred tax

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

Deferred tax assets and liabilities are recognised using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the Balance Sheet and the corresponding tax bases used in the computation of taxable profits Temporary differences arising from goodwill and the initial recognition of assets or liabilities that affect neither accounting profit nor taxable profit are not provided for

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

The carrying amount of deferred tax assets is reviewed at each balance sheet date and adjusted to reflect an amount that is probable to be realised based on the weight of all available evidence Deferred tax is calculated at the rates that are expected to apply in the period when the liability is settled or the asset is realised Deferred tax assets and liabilities are not discounted Deferred tax is charged or credited in the Statement of Comprehensive Income, except where it relates to items charged or credited directly to equity, in which case the deferred tax is also included within equity Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same tax authority and the Company intends to settle its current tax assets and liabilities on a net basis

Notes to the financial statements

1. Accounting policies (continued)

f) Foreign currency translation

The Company's functional currency and presentational currency is pounds sterling Trading activities denominated in foreign currencies are recorded in pounds sterling at the applicable monthly exchange rates Monetary assets, liabilities and commitments denominated in foreign currencies at the balance sheet date are reported 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 period

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 exchange rates

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

The Company has not yet adopted certain new standards, amendments and interpretations to existing standards, which have been published but are only effective for our accounting periods beginning on or after 1 July 2015 or later periods These new pronouncements are listed below

- Amendments to IFRS 11 "Accounting for Acquisitions of Interests in Joint Operations" (effective 1 January 2016)*
- Amendments to IAS 16 and IAS 38 "Clarification of Acceptable Methods of Depreciation and Amortisation" (effective 1 January 2016)*
- Annual Improvements 2012-2014 cycle (effective 1 July 2016)*
- IFRS 15 "Revenue from Contracts with Customers" (effective 1 January 2018)*
- IFRS 9 "Financial Instruments" (effective 1 January 2018)*

* not yet endorsed for use in the EU

The Directors are currently evaluating the impact of the adoption of these standards, amendments and interpretations in future periods

h) Critical accounting policies and the use of judgement

Certain accounting policies are considered to be critical to the Company An accounting policy is considered to be critical if its selection or application materially affects the Company's financial position or results The Directors are required to use their judgement in order to select and apply the Company's critical accounting policies 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) Revenue (see note 2)

- Selecting the appropriate timing for, and amount of, revenue to be recognised requires judgement This may involve estimating the fair value of consideration before it is received

(ii) Tax (see note 6)

- 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 estimation and 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

Notes to the financial statements

1. Accounting policies (continued)

h) Critical accounting policies and the use of judgement (continued)

(ii) Tax (continued)

- Accruals for tax contingencies require management to make judgements and estimates 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 estimation and 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 period which could have a material impact on the Company's profit and loss and/or cash position

Notes to the financial statements

2. Revenue

	2015	2014
	£'000	£'000
Syndication	**2,764**	3,576

Syndication revenue is derived from the distribution of Sky News to international territories

3 Operating expense

	2015	2014
	£'000	£'000
Programming	**406**	624
Sales, general and administration	**1,348**	2,789
	1,754	3,413

To provide a more relevant presentation, management has chosen to reanalyse the operating expense categories from those previously reported A number of operating expense sub-categories have been combined within a single Sales, general and administration ("SG&A") operating expense line As such, certain prior period costs within the 2014 statutory Company total comparatives have been reclassified, as set out below

Prior year expense of £898,000 previously included in Transmission, technology and fixed networks and £1,891,000 previously included in Marketing are now included in SG&A

4 Investment income and finance costs

	2015	2014
	£'000	£'000
Investment income		
Intercompany interest receivable [(i)]	**2**	2

(i) Intercompany interest receivable includes interest receivable on a balance of £309,000 (2014 £479,000) with Sky Finance Limited (formerly known as BSkyB Finance Limited) This loan is repayable on demand and bears interest at six month LIBOR minus 0 2%

5 Profit before tax

Foreign exchange

Foreign exchange gains recognised in the Statement of Comprehensive Income during the year amounted to £111,000 (2014 loss of £95,000)

Notes to the financial statements

5. Profit before tax (continued)

Employee Services

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

Audit fees

Amounts paid to the auditor for the audit of the Company's annual accounts of £10,000 (2014 £10,000) were borne by another Group subsidiary in the year No amounts for other services have been paid to the auditor (2014 £nil)

6 Tax

a) Tax recognised in the Statement of Comprehensive Income

	2015	2014
	£'000	£'000
Current tax expense		
UK current tax	-	-
Overseas tax	**133**	34
Total current tax charge	**133**	34

b) Reconciliation of effective tax rate

The tax expense for the year is lower than the expense that would have been charged using the blended rate of corporation tax in the UK (20 75%) applied to profit before tax The applicable or substantively enacted effective rate of UK corporation tax for the year was 20 75% (2014 22 5%) The differences are explained below

	2015	2014
	£'000	£'000
Profit before tax	**1,012**	165
Profit before tax multiplied by blended rate of corporation tax in the UK of 20 75% (2014 22 5%)	**210**	37
Effects of		
Overseas tax	**133**	34
Double tax relief	**(133)**	(34)
Group relief claimed for £nil consideration	**(77)**	(3)
Tax	**133**	34

Notes to the financial statements

7. Investment in subsidiaries and associates

The following are included in the net book value of fixed asset investments

	2015 £'000	2014 £'000
Investments in subsidiary undertakings	**1**	1

Investments in subsidiaries shown above represent the cost of the shares of the subsidiary undertakings plus non-current loans advanced, less provisions made for any impairment in value

Details of the principal investments of the Company are as follows

Name	**Country of incorporation**	**Description and proportion of shares held (%)**	**Principal activity**
Direct holdings			
Sky Channel SA	Belgium	1 ordinary share of €49 60 (0 08%)	News bureau

8. Trade and other receivables

	2015 £'000	2014 £'000
Gross trade receivables	**732**	639
Less provision for impairment of receivables	**(48)**	(93)
Net trade receivables	**684**	546
Amounts receivable from other Group companies[(a)]	**325**	479
VAT	**38**	16
Prepayments	**105**	70
Accrued income	**268**	344
Current trade and other receivables	**1,420**	1,455
Total trade and other receivables	**1,420**	1,455

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

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

	2015 £'000	2014 £'000
Up to 30 days past due date	**72**	349
30 to 60 days past due date	**107**	15
60 to 120 days past due date	**39**	11
More than 120 days past due date	**-**	15
	218	390

8. Trade and other receivables (continued)

Provisions for doubtful debts

	2015 £'000	2014 £'000
Balance at beginning of year / period	**93**	-
Transferred on Group reorganisation	**-**	81
Amounts utilised	**(45)**	-
Provided for during the year / period	**-**	12
Balance at end of year / period	**48**	93

a) Amounts receivable from other Group companies

In June 2013 the Company entered a loan agreement of up to £5,000,000 with Sky Finance Limited This loan is repayable on demand and bears interest at a rate of six month LIBOR minus 0 2% At 30 June 2015 the balance of the loan was £309,000 (2014 £479,000)

The Company is exposed to credit risk on its trade and other receivables, however the Company does not have any significant concentrations of credit risk, with exposure spread over a large number of counterparties and customers

9 Trade and other payables

	2015 £'000	2014 £'000
Trade payables	**45**	18
Amounts payable to parent company[a]	**21**	27
Amounts payable to other Group companies[b]	**613**	1,271
Accruals	**341**	433
Current tax liability	**-**	20
	1,020	1,769

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

a) Amounts payable to the parent company

Amounts due to the parent company totalling £21,000 (2014 £27,000) represent other payables, they are non-interest bearing and are repayable on demand

b) Amounts payable to other Group companies

Amounts due to the other Group companies totalling £613,000 (2014 £1,271,000) represent other payables, they are non-interest bearing and are repayable on demand

Notes to the financial statements

10. 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 and cash equivalents

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

	Loans and receivables	Other liabilities	Total carrying value	Total fair values
	£'000	£'000	£'000	£'000
At 30 June 2015				
Trade and other payables		**(1,020)**	**(1,020)**	**(1,020)**
Trade and other receivables	**1,277**		**1,277**	**1,277**
Cash and cash equivalents	**1,274**		**1,274**	**1,274**
At 30 June 2014				
Trade and other payables	-	(1,749)	(1,749)	(1,749)
Trade and other receivables	1,369	-	1,369	1,369
Cash and cash equivalents	1,109	-	1,109	1,109

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

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

11. Financial risk management objectives and policies

The Group's Treasury function is responsible for raising finance for the Company's operations, together with associated liquidity management and management of foreign exchange, interest rate and credit risks Treasury operations are conducted within a framework of policies and guidelines authorised and reviewed by both the Audit Committee and the Board, which receive regular updates of Treasury activity Derivative instruments are transacted for risk management purposes only It is the Group's policy that all hedging is to cover known risks and no speculative trading is undertaken Regular and frequent reporting to management is required for all transactions and exposures, and the internal control environment is subject to periodic review by the Group's internal audit team

The Group's principal market risks are exposures to changes in interest rates and foreign exchange rates, which arise both from the Group's sources of finance and its operations Following evaluation of those market risks, the Group selectively enters into derivative financial instruments to manage these exposures The principal instruments currently used are interest rate swaps to hedge interest rate risks, and cross currency swaps, forward foreign exchange contracts and currency options (collars) to hedge transactional and translational currency exposures

Notes to the financial statements

11. Financial risk management objectives and policies (continued)

Credit risk

The Company is exposed to default risk amounting to cash and cash equivalents of £1,274,000 (2014 £1,109,000) The Company's maximum exposure to credit risk on trade receivables is the carrying amounts disclosed in note 8

Foreign exchange risk

A proportion of the Company's revenue and operating expense are denominated in US dollars

The following analysis details the Company's sensitivity to movements in pounds sterling against all currencies in which it has significant transactions The sensitivity analysis includes only outstanding foreign currency denominated financial instruments and adjusts their translation at the period end for a 25% change in foreign currency rates

- A 25% strengthening in pounds sterling against the dollar would have a beneficial impact on profit of £42,000 (2014 beneficial impact of £1,000)
- A 25% weakening in pounds sterling against the dollar would have an adverse impact on profit of £42,000 (2014 adverse impact of £1,000)

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

12. Share capital

	2015	2014
	£	£
Allotted, called-up and fully paid		
200 ordinary shares of £1 each	**200**	200

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

13. Notes to the Cash Flow Statement

Reconciliation of profit before tax to cash generated from operations

	2015	2014
	£'000	£'000
Profit before tax	**1,012**	165
Investment income	**(2)**	(2)
Decrease / (increase) in trade and other receivables	**35**	(1,455)
(Decrease) / increase in trade and other payables	**(749)**	1,735
Cash generated from operations	**296**	443

Notes to the financial statements

14. Contracted commitments, contingencies and guarantees

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

	Less than one year £'000	Between one and five years £'000	After five years £'000	Total at 30 June 2015 £'000	Total at 30 June 2014 £'000
Transmission and Distribution	529	198	-	727	1,446
	529	**198**	**-**	**727**	**1,446**

This is for the provision of satellite transponder transmission services and distribution of HD capability

15 Transactions with related parties and major shareholders of Sky plc

a) Major shareholders of Sky plc

The Company conducts business transactions with companies that are part of the Twenty-First Century Fox, Inc group (formerly News Corporation) a major shareholder of Sky, the ultimate parent undertaking of the Company

	2015	2014
	£'000	£'000
Supply of services by the Company	**1,355**	452
Purchases of goods / services by the Company	**(158)**	(88)

Services supplied to Twenty-First Century Fox, Inc companies

During the year, the Company supplied programming to Twenty-First Century Fox, Inc companies

Purchases of goods and services from Twenty-First Century Fox, Inc. companies

During the year, the Company purchased distribution and technical services from Twenty-First Century Fox, Inc companies

b) Transactions with parent and other Group companies

The Group's treasury function is responsible for liquidity management across the Group's operations It is standard practice for the Company to lend and borrow cash to and from subsidiaries as required For details of amounts owed by and owed to the parent and other Group companies, see notes 8 and 9

16. Ultimate parent undertaking

The Company is a wholly-owned subsidiary undertaking of Sky SNI Limited, a Company incorporated in the United Kingdom and registered in England and Wales The Company is ultimately controlled by Sky The only group in which the results of the Company are consolidated is that headed by Sky

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