

SKY COMEDY LIMITED

Annual report and financial statements
For the year ended 30 June 2016

Registered number: 03079609



Directors and Officers

For the year ended 30 June 2016

Directors

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

C R Jones
C J Taylor
K Holmes (appointed 21 October 2016)

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 2016.

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

Business review and principal activities

The Company is a wholly-owned subsidiary of Sky Ventures Limited (the immediate parent company). The ultimate parent company is Sky plc ("Sky") and operates together with Sky's other subsidiaries as a part of the Sky Group ("the Group").

The Company's principal activity is to act as a holding company. The Company has a 25% interest in Paramount UK Partnership ("PUK"), a joint venture partnership whose principal activity is the broadcasting of two general entertainment television channels called 'Comedy Central UK' and 'Comedy Central Extra' to multi-channel subscribers. In addition to these mainstream channels, both are accompanied by a +1 channel (a delayed multiplex of 'Comedy Central UK' and 'Comedy Central Extra'), with 'Comedy Central UK' also broadcast as a high definition ("HD") simulcast. The Company has no plans to change its investment in Paramount UK Partnership.

The audited accounts for the year ended 30 June 2016 are set out on pages 6 to 14. The profit after tax for the financial year was £4,753,000 (2015: £4,625,000). The balance sheet shows that the Company's total shareholder's equity position at the end of the year was £26,753,000 (2015: £22,000,000).

Key performance indicators (KPIs)

The Group manages its operations on a divisional basis and the KPIs used are as reported in the Group Annual Report. The Company's directors believe that further key performance indicators for the Company are not necessary or appropriate for an understanding of the development, performance or position of the Company.

Principal risks and uncertainties

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

Financial risk management objectives and policies

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

Credit risk

The balance sheet of the Company includes intercompany balances, amounts owing by joint ventures. The Company is therefore exposed to credit risk on these balances. The intercompany balances of the Company are detailed in note 5.

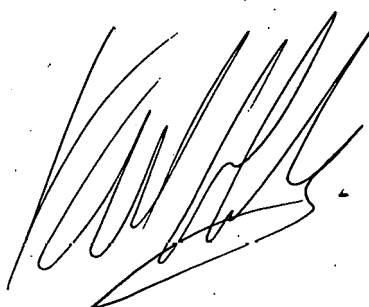
Liquidity risk

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 2021. The Company benefits from this liquidity through intra-group facilities and loans.

The Directors do not believe the business is exposed to cash flow risk, price risk, interest rate risk or foreign exchange risk.

By Order of the Board,

K Holmes
Director



Grant Way
Isleworth
Middlesex
TW7 5QD

29 November 2016

Strategic and Directors' Report (continued)

Directors' Report

The Directors who served during the year are shown on page 1. The Directors have not recommended a dividend payment for the year ended 30 June 2016 (2015: £nil).

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

Going concern

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

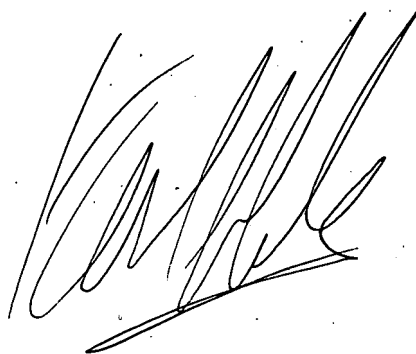
- so far as the Director is aware, there is no relevant audit information (as defined in the Companies Act 2006) of which the Company's auditor is unaware; and
- the Director has taken all the steps that he/she ought to have taken as a Director to make himself/herself aware of any relevant audit information (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 28 November 2016.

By Order of the Board

K Holmes
Director

Grant Way
Isleworth
Middlesex
TW7 5QD
28 November 2016



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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditor's Report

Independent Auditor's report to the members of Sky Comedy Limited:

We have audited the financial statements of Sky Comedy Limited for the year ended 30 June 2016 which comprise the Statement of Comprehensive Income, the Balance Sheet, Statement of Changes in Equity and the related notes 1 to 11. 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 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 2016 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.



Paul Franek FCA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London
United Kingdom

28 November 2016

Statement of Comprehensive Income

For the year ended 30 June 2016

| | Notes | 2016 £'000 | 2015 £'000 |
|--|-------|---------------|---------------|
| Investment income | 2 | 6,063 | 4,625 |
| Profit before tax | 3 | 6,063 | 4,625 |
| Tax | 4 | (1,310) | - |
| Profit and total Comprehensive Income for the year attributable to equity shareholder | | 4,753 | 4,625 |

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

For the years ended 30 June 2016 and 30 June 2015, the Company did not have any other items of comprehensive income.

All results are derived from continuing operations.

Balance Sheet


As at 30 June 2016

| | Notes | 2016 £'000 | 2015 £'000 |
|--|-------|---------------|---------------|
| Current assets | | | |
| Trade and other receivables | 5 | 28,063 | 22,000 |
| Total assets | | 28,063 | 22,000 |
| Current Liabilities | | | |
| Trade and other payables | 6 | 1,310 | - |
| Total Liabilities | | 1,310 | - |
| Share capital | 9 | - | - |
| Reserves | | 26,753 | 22,000 |
| Total equity attributable to equity shareholder | | 26,753 | 22,000 |
| Total liabilities and shareholder's equity | | 28,063 | 22,000 |

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

As at 30 June 2016 and 30 June 2015, the Company did not have any cash or cash equivalents. Accordingly, no cash flow statement or reconciliation of operating profit to cash flows from operating activities has been prepared.

The financial statements of Sky Comedy Limited, registered number 03079609, have been approved by the Board of Directors on 28 November 2016 and were signed on its behalf by:



C R Jones

Director

28 November 2016

Statement of Changes in Equity

For the year ended 30 June 2016

| | Share capital £'000 | Retained earnings £'000 | Total shareholders' equity £'000 |
|---|---------------------------|-------------------------------|---|
| At 1 July 2014 | - | 17,375 | 17,375 |
| Total comprehensive income for the year | - | 4,625 | 4,625 |
| At 30 June 2015 | - | 22,000 | 22,000 |
| Total comprehensive income for the year | - | 4,753 | 4,753 |
| At 30 June 2016 | - | 26,753 | 26,753 |

Notes to the financial statements

1. Accounting policies

Sky Comedy Limited (the "Company") is a limited liability company incorporated in the United Kingdom, and registered in England and Wales.

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 the going concern basis (as set out in the Directors' Report) and on a historical cost basis, except for the remeasurement to fair value of certain 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 2016, this date was 3 July 2016, this being a 53 week year (fiscal year 2015: 28 June 2015, 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. Trade and other payables

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

d) Tax

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

Notes to the financial statements

1. Accounting policies (continued)

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

The Company has not yet adopted certain new standards, amendments and interpretations to existing standards, which have been published but are only effective for accounting periods beginning on or after 1 July 2016. 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 1 'Disclosure Initiative' (effective 1 January 2016)
- Amendments to IAS 16 and IAS 28 'Clarification of Acceptable Methods of Depreciation and Amortisation' (effective 1 January 2016)
- Annual Improvements 2012-2014 cycle (effective 1 July 2016)
- Amendments to IAS 7 'Disclosure Initiative' (effective 1 January 2017)*
- Amendments to IAS 12 'Recognition of Deferred Tax Assets for Unrealised Losses' (effective 1 January 2017)*
- IFRS 15 'Revenue from Contracts with Customers' (effective 1 January 2018)*

IFRS 15 requires the identification of deliverables in contracts with customers that qualify as 'performance obligations'. The transaction price receivable from customers must be allocated between the Group's performance obligations under contracts on a relative stand-alone selling price basis.

Where goods or services sold as part of a bundle are concluded to be 'distinct' performance obligations, revenue allocated to such goods is recognised when control of the goods passes to the customer or as the service is delivered.

IFRS 15 requires that certain costs incurred in obtaining and fulfilling customer contracts be deferred on the balance sheet and amortised as revenue is recognised under the related contract.

- Clarifications to IFRS 15 'Revenue from Contracts with Customers' (effective 1 January 2018)*
- Amendments to IFRS 2 'Share-based Payments' (effective 1 January 2018)*
- IFRS 9 'Financial Instruments' (effective 1 January 2018)*

The standard is expected to impact the classification and measurement of financial instruments and is expected to require certain additional disclosures.

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

IFRS 16 replaces IAS 17 'Leases' and will primarily change lease accounting for lessees; lessor accounting under IFRS 16 is expected to be similar to lease accounting under IAS 17.

Where a contract meets IFRS 16's definition of a lease and where the company acts as a lessee, lease agreements will give rise to the recognition of a non-current asset representing the right to use the leased item and a loan obligation for future lease payables. Lease costs will be recognised in the form of depreciation of the right to use asset and interest on the lease liability.

* not yet endorsed for use in the EU

f) 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.

The Company's key critical accounting policies are the recoverability of receivables.

i. Receivables

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

Notes to the financial statements

2. Investment income

| | 2016 £'000 | 2015 £'000 |
|---------------------------------|---------------|---------------|
| Distribution from joint venture | 6,063 | 4,625 |

The Company has a 25% interest in its joint venture, Paramount UK Partnership ("PUK"), a partnership operating in the UK and Ireland. The principal activity of this partnership is the transmission of a general entertainment comedy channel.

Distributions totalling £6,063,000 were received in the year from Paramount UK (2015: £4,625,000).

3. Profit before tax

Employee Services

There were no employee costs during the year, as the Company had no employees (2015: none) 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 £6,250 (2015: £6,250) were borne by another Group subsidiary in 2016 and 2015. No amounts for other services have been paid to the auditor on behalf of the Company.

4. Tax

The tax charge for the year is £1,310,000 (2015: £nil).

Reconciliation of effective tax rate

The tax expense for the year is higher (2015: lower) than the expense that would have been charged using the blended rate of corporation tax in the UK (20.0%) applied to profit before tax. The applicable or substantively enacted effective rate of UK corporation tax for the year was 20.0% (2015: 20.75%). The differences are explained below:

| | 2016 £'000 | 2015 £'000 |
|---|---------------|---------------|
| Profit before tax | 6,063 | 4,625 |
| Profit before tax multiplied by blended rate of corporation tax in the UK of 20.0% (2015: 20.75%) | 1,213 | 960 |
| Effects of: | | |
| Non-taxable partnership distribution | (1,213) | (960) |
| Share of taxable profits of partnership in which the Company is a partner | 1,310 | 1,069 |
| Group relief claimed for £nil consideration | - | (1,069) |
| Tax | 1,310 | - |

All tax relates to UK corporation tax.

Notes to the financial statements

5. Trade and other receivables

| | 2016 £'000 | 2015 £'000 |
|--|---------------|---------------|
| Amounts receivable from immediate parent company | 19,688 | 13,625 |
| Amounts receivable from other Group companies | 8,375 | 8,375 |
| Total Trade and Other Receivables | 28,063 | 22,000 |

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

Amounts receivable from the immediate parent company totalling £19,688,000 (2015: £13,625,000) represent trade receivables; they are non-interest bearing and are repayable on demand.

Amounts receivable from other Group companies totalling £8,375,000 (2015: £8,375,000) represent trade receivables; they are non-interest bearing and are repayable on demand.

Within the Company there is a concentration of risk within amounts receivable from other Group companies. No allowances have been recorded against amounts receivable from Group companies as they have been assessed to be fully recoverable.

6. Trade and other payables

| | 2016 £'000 | 2015 £'000 |
|---------------------------------------|---------------|---------------|
| Amounts owed to other Group companies | 1,310 | - |
| Total Trade and Other Payables | 1,310 | - |

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

Amounts due to other Group companies represent trade payables; they are repayable on demand and are non-interest bearing.

Notes to the financial statements

7. Financial Instruments

Carrying value and fair value

The Company's principal financial instruments comprise trade receivables.

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

| | Loans and receivables £'000 | Other liabilities £'000 | Total carrying value £'000 | Total fair values £'000 |
|-----------------------------|--------------------------------------|-------------------------------|-------------------------------------|----------------------------------|
| At 30 June 2016 | | | | |
| Trade and other receivables | 28,063 | | 28,063 | 28,063 |
| Trade and other payables | | (1,310) | (1,310) | (1,310) |
| At 30 June 2015 | | | | |
| Trade and other receivables | 22,000 | | 22,000 | 22,000 |

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.

8. 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.

Credit risk

The Company's maximum exposure to credit risk on trade receivables is the carrying amounts disclosed in note 5.

Capital Risk Management

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

9. Share Capital

| | 2016 £ | 2015 £ |
|---|-----------|-----------|
| Allotted, called up and fully paid | | |
| 2 (2015: 2) ordinary shares of £1 (2015: £1) each | 2 | 2 |

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

Notes to the financial statements

10. Transactions with parent Company and related parties

During the year the Company received investment income of £6,063,000 (2015: £4,625,000) from PUK, a joint venture of the Company. There are no outstanding balances with the partnership at year end.

The Company has not entered into any further transactions with related parties outside the group in which its results are consolidated (see note 11).

The Directors did not receive any remuneration during the year in respect of services to the Company (2015: £nil).

11. Dividends

No dividends were declared or paid during the year (2015: £nil).

Dividends are paid between Group companies out of profits available for distribution subject to, inter alia, the provisions of the companies' articles of association and the Companies Act 2006.

12. Ultimate parent undertaking

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