

SKY HOLDINGS LIMITED

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

Registered number: 05585009

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Directors and Officers

For the year ended 30 June 2015

Directors

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

C R Jones

C J Taylor

Secretary

C J Taylor

Registered office

Grant Way

Isleworth

Middlesex

TW7 5QD

United Kingdom

Auditor

Deloitte LLP

Chartered Accountants

London

United Kingdom

Statement of Directors' Responsibilities

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 Group Finance plc (formerly known as B SkyB Finance UK plc) (the immediate parent company). 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 part of the Sky Group ("the Group").

The Company's principal activity was to act as a holding company for the Group's investment in ITV plc ("ITV"). At 30 June 2014 the Group held 7.23% of the share capital of ITV. On 17 July 2014, the Company sold a shareholding of approximately 6.4% in ITV plc, consisting of 259,820,065 ITV shares for an aggregate consideration of approximately £481 million. On 5 November 2014, the Company sold its remaining shareholding of 0.83% in ITV consisting of 31,864,665 ITV shares for an aggregate consideration of £65 million. During the prior year, the Company entered into a derivative to manage its exposure to movements in ITV's share price. The Company disposed of this derivative following the sale of the ITV investment. Following the sale of the ITV investment Sky Holdings remains a holding company for the Group.

The audited financial statements for the year ended 30 June 2015 are set out on pages 8 to 22. The profit for the year was £477 million (2014: £22 million), which was driven by £487 million in relation to the profit on sale of the ITV investment.

The Directors do not recommend the payment of a dividend for the year ended 30 June 2015 (2014: £nil). The balance sheet shows that the Company's shareholder's equity position at the end of the year was £549 million (2014: £527 million), with the change in financial position being largely driven by the profit on sale of the ITV investment less the related release of the Available-for-Sale reserve.

Key performance indicators (KPIs)

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

Principal risks and uncertainties

The Company's activities expose it to financial risks, namely credit risk, and liquidity risk. 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, interest rate risk or foreign exchange.

Statement of Directors' Responsibilities

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. Refer to note 10 for further information. During the prior year, the Company entered into a derivative to manage its exposure to movements in ITV's share price.

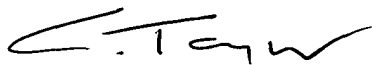
Credit risk

The balance sheet of the Company includes inter-company balances and the Company is therefore exposed to credit risk on these balances. The Company reviews these balances for recoverability at each balance sheet date.

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.

Approved by the Board and signed on their behalf by,



C J Taylor

Company Secretary

Grant Way

Isleworth

Middlesex

TW7 5QD

20 November 2015

Statement of Directors' Responsibilities

Directors' Report

The Directors who served during the year are shown on page 1. The Directors do not recommend the payment of a dividend (2014: £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 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.

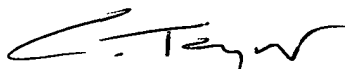
Auditor

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.

Approved by the Board and signed on their behalf by



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.

Auditor's Report

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

We have audited the financial statements of Sky Holdings Limited for year ended 30 June 2015 which comprise the Income Statement, Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, and the related notes 1 to 12. 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 Statement of Director's Responsibilities, 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 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 matters 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.

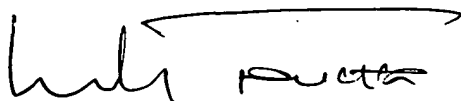
Matters on which we are required to report by exception

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.

Other matter

As the Company was exempt from audit under section 479A of the Companies Act 2006 in the prior year we have not audited the corresponding amounts for that year.



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

Income Statement

For the year ended 30 June 2015

	Notes	2015 £m	2014 £m
Profit on disposal of available-for-sale investment	2	487	-
Loss on disposal of derivative financial asset		(7)	-
Fair value movements of derivative financial instruments		(2)	2
Dividend income	2	-	22
Finance costs	2	(1)	(2)
Profit before tax	3	477	22
Tax	4	-	-
Profit for the year attributable to equity shareholder		477	22

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

All results relate to continuing operations.

Statement of Comprehensive Income

For the year ended 30 June 2015

	Note	2015 £m	2014 £m
Profit for the year attributable to equity shareholder		477	22
Other comprehensive income			
Amounts recognised directly in equity			
Gain on revaluation of available-for-sale investment	5	32	105
Other comprehensive income for the year		32	105
Total comprehensive income for the year attributable to equity shareholder		509	127

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

All results relate to continuing operations.

Balance Sheet

As at 30 June 2015

	Notes	2015 £m	2014 £m
Non-current assets			
Available-for-sale investments	5	-	514
Derivative financial assets	9	-	5
Current assets			
Trade and other receivables	6	584	93
Total assets		584	612
Current liabilities			
Trade and other payables	7	35	82
Non-current liabilities			
Derivative financial liabilities	9	-	3
Total liabilities		35	85
Equity			
Share capital	8	-	-
Reserves		549	527
Total equity attributable to equity shareholder		549	527
Total liabilities and shareholder's equity		584	612

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

As at 30 June 2015 and 30 June 2014, the Company did not have any cash and cash equivalents. Accordingly, no cash flow statement or reconciliation of operating activities has been prepared.

The financial statements of Sky Holdings Limited, registered number 05585009 were approved by the Board of Directors on 20 November 2015 and were signed on its behalf by:



C R Jones

Director

20 November 2015

Statement of Changes in Equity

For the year ended 30 June 2015

	Share capital	Share premium	Available-for- sale reserve	Retained earnings	Total shareholder's equity
	£m	£m	£m	£m	£m
At 1 July 2013 (unaudited)	-	-	350	50	400
Profit for the year	-	-	-	22	22
Revaluation of available-for-sale investment	-	-	105	-	105
At 30 June 2014	-	-	455	72	527
Profit for the year	-	-	-	477	477
Revaluation of available-for-sale investment	-	-	32	-	32
Sale of available-for-sale investment	-	-	(487)	-	(487)
At 30 June 2015	-	-	-	549	549

Notes to the financial statements

1. Accounting policies

Sky Holdings 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 a going concern basis (as set out in the Directors' Report) and on a historical cost basis, except for the remeasurement to fair value of financial instruments as described in the accounting policies below. The Company has adopted the new accounting pronouncements which became effective this period, none of which had any 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) Derivative financial instruments and hedging activities

The Company uses derivative financial instruments to hedge its exposure to fluctuations in the share price of certain available for sale investments.

Derivatives are held at fair value from the date on which a derivative contract is entered into. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under IFRS 13 "Fair Value Measurement". The Company calculates a separate credit valuation adjustment ('CVA') or debit valuation adjustment ('DVA') for each derivative based upon the net position for each counterparty relationship. The Company calculates the CVA where it has a net asset position using a quoted credit default swap curve for the counterparty and calculates the DVA where it has a net liability position using an industry proxy credit default swap curve for the Company. The fair value of derivative financial instruments is calculated by discounting future cash flows with reference to the benchmark Libor curve, adjusted by the relevant credit default swap curve.

The derivatives held by the Company have not been designated for hedge accounting purposes and therefore changes in the fair values of these derivatives are recognised immediately in the Income Statement. The Company does not hold or issue derivatives for speculative purposes.

d) 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.

Notes to the financial statements

1. Accounting policies (continued)

d) Financial assets and liabilities (continued)

i. Available-for-sale investments

Equity investments intended to be held for an indefinite period of time are classified as available-for-sale investments. They are carried at fair value, where this can be reliably measured, with movements in fair value recognised directly in the available-for-sale reserve. Where the fair value cannot be reliably measured, the investment is carried at cost.

Any impairment losses in equity investments classified as available-for-sale investments are recognised in the Income Statement and are not reversible through the Income Statement, and are determined with reference to the closing market share price at the balance sheet date. Any subsequent increase in the fair value of the available-for-sale investment above the impaired value will be recognised within the available-for-sale reserve.

Available-for-sale investments are included within non-current assets unless the carrying value is expected to be recovered principally through sale rather than continuing use, in which case they are included within current assets. On disposal, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had previously been recognised directly in reserves is recognised in the Income Statement.

ii. 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 Income Statement.

iii. Trade and other payables

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

e) Impairment

At each balance sheet date, and in accordance with IAS 36 "Impairment of Assets", the Company reviews the carrying amounts of all its assets excluding financial assets (see accounting policy c) and deferred tax (see accounting policy f) to determine whether there is any indication that any of those assets have suffered an impairment loss.

An impairment is recognised in the Income Statement 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 to reduce the carrying amount of assets in the unit on a pro-rata basis.

Notes to the financial statements

1. Accounting policies (continued)

e) Impairment (continued)

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

f) Tax, including deferred 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.

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 profit. Temporary differences arising from the initial recognition of assets or liabilities that affect neither accounting profit nor taxable profit are not provided for. Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates that have been enacted or substantively enacted at the balance sheet date.

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

g) Critical accounting policies and 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 Directors consider that the Company's critical accounting policy is determining the carrying value of its available-for-sale investments (see note 5).

The key areas of judgement in respect of these investments are the assessment of whether there is objective evidence that a loss event has occurred after initial recognition of the investment, and whether such a loss event has a reliably measurable impact on the estimated future cash flows of the investment. At each balance sheet date, management considers whether there is objective evidence that a loss event has occurred and whether it has had an impact on the estimated future cash flows of the available-for-sale investment or investment in subsidiary. If a loss event has occurred, management would then consider whether an impairment loss has occurred and the quantum of that loss.

Notes to the financial statements

1. Accounting policies (continued)

g) Critical accounting policies and use of judgement (continued)

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.

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.

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 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.

Notes to the financial statements

2. Investment Income and Finance costs

	2015	2014
	£m	£m
Investment Income and Finance costs		
Profit on disposal of available-for-sale investment	487	-
Inter-company interest payable and similar charges	(1)	(2)
Loss on disposal of derivative financial instruments	(7)	-
Fair value movements of derivative financial instruments	(2)	2
Dividend income	-	22
	477	22

On 17 July 2014, the Company sold a shareholding of approximately 6.4% in ITV plc, consisting of 259,820,065 ITV shares for an aggregate consideration of approximately £481 million. A profit of £429 million was realised on disposal, being the excess of the consideration above the previously written-down value of the shares for accounting purposes (£52 million).

On 5 November 2014, the Company sold a further shareholding of 0.8% in ITV consisting of 31,864,665 ITV shares for an aggregate consideration of approximately £65 million. A profit of £58 million was realised on disposal, being the excess of the consideration above the previously written-down value of the shares for accounting purposes (£7 million).

During the year the Company disposed of its derivative financial instrument which was entered into by the Company in the prior year to manage its exposure to movements in ITV's share price. This resulted in a loss on disposal of £7 million and £2 million of losses due to mark to market movements.

For further details of the interest on inter-company loans payable, refer to note 7.

3. Profit before tax

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 audit of the Company's annual accounts of £7,500 (2014: £7,500) were borne by another Group subsidiary in 2015. No amounts for other services have been paid to the auditor.

Notes to the financial statements

4. Tax

a) Tax recognised in the income statement

No tax charge was recognised in the year ended 30 June 2015 (2014: £nil).

b) Reconciliation of effective tax rate

The tax for the year is lower (2014: lower) than the amount that would have been charged using the standard rate of corporation tax in the UK 20.75% (2014: 22.5%) applied to the 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
	£m	£m
Profit before tax	477	22
Profit before tax multiplied by standard rate of corporation tax in the UK of 20.75% (2014: 22.5%)	99	5
Effects of:		
Dividend income not taxable	-	(5)
Profit on disposal of available for sale investment	(101)	-
Loss on disposal of derivative financial assets	1	-
Group relief surrendered for £nil charge	1	-
Tax	-	-

All taxation relates to UK corporation tax.

Notes to the financial statements

5. Non-current assets – Investment in subsidiaries and available-for-sale investments

	Available-for-sale investments £m	Total £m
Cost or valuation		
At 1 July 2013 (unaudited)	409	409
Revaluation	105	105
At 30 June 2014	514	514
Revaluation	32	32
Disposals	(546)	(546)
At 30 June 2015	-	-

Details of the principal investments of the Company are as follows:

Name of company	Holding	Proportion of voting rights and shares held	Nature of business
Investment in subsidiaries			
365 Media Group Limited	17 Ordinary shares of £0.01 each	100%	Non-trading

The Company's investment in 365 Media Group Limited is fully impaired.

Available-for-sale investments – ITV plc ("ITV")

On 17 November 2006, the Company acquired 696 million shares in ITV, at a price of 135 pence per share, representing 17.9% of the issued capital of ITV, for a total consideration of £946 million including fees and taxes. The Company's investment in ITV is carried at fair value which is determined with reference to its equity share price at the balance sheet date.

At 30 June 2014 the Company held 7.23% of the shares in ITV. On 17 July 2014, the Company sold a shareholding of approximately 6.4% in ITV, consisting of 259,820,065 ITV shares for an aggregate consideration of approximately £481m. This had the effect of reducing the investment value in ITV by £481m. On 5 November 2014, the Company sold the remaining shareholding of 0.83% in ITV consisting of 31,864,665 ITV shares for an aggregate consideration of approximately £65 million. This had the effect of reducing the investment value in ITV by the remaining balance of £65 million.

The disposal of these shares in ITV will not be eligible for substantial shareholders exemption but the gain on the disposal of the shares will be covered by capital losses.

Notes to the financial statements

6. Trade and other receivables

	2015	2014
	£m	£m
Amounts receivable from other Group companies (a)	584	93

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

a) Amounts receivable from other Group companies

On 23 October 2014, the Company entered into a £541,000,000 loan agreement with Sky Operational Finance Limited (formerly BSkyB Finance Limited). This facility is repayable on demand and is non-interest bearing. At 30 June, the balance on this account was £538,000,000 (2014: £nil).

All other amounts receivable from other Group companies are non-interest bearing and all amounts are repayable on demand.

No allowances have been recorded against amounts receivable from Group companies as they were assessed to be fully recoverable.

7. Trade and other payables

	2015	2014
	£m	£m
Amounts owed to ultimate parent company (a)	12	12
Amounts payable to other Group companies (b)	23	70
	35	82

The Directors consider that the carrying amount of trade and other payables approximates to fair values.

a) Amounts payable to the ultimate parent company

The inter-company balance with the ultimate parent company is non-interest bearing and repayable on demand.

b) Amounts payable to other Group companies

On the 27 July 2011, the Company entered into a £24 million revolving credit facility ("RCF") agreement with Sky UK Limited. This facility is repayable on demand and is non-interest bearing. At 30 June 2015 the balance on this account was £23 million (2014: £23 million).

8. Share capital

	2015	2014
	£	£
Allotted, called-up and fully paid		
600 (2014: 600) ordinary shares of £1 each	600	600

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

Notes to the financial statements

9. Derivatives and other financial instruments

	2015				2014			
	Asset		Liabilities		Asset		Liabilities	
	Fair value £m	Notional £m	Fair value £m	Notional £m	Fair value £m	Notional £m	Fair value £m	Notional £m
Derivatives not in a formal hedge relationship:								
Option on AFS shares (collar)	-	-	-	-	5	22	(3)	22
Total	-	-	-	-	5	22	(3)	22

At 30 June 2015, the carrying value of financial assets that were, upon initial recognition, designated as financial assets at fair value through profit or loss was £nil (2014: £5m).

The Group's treasury function is responsible for raising finance for the Group's operations, together with associated liquidity management, and the 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 that no speculative trading in financial instruments 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.

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 from 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 forward exchange contracts to hedge transactional and translational currency exposures.

Notes to the financial statements

9. Derivatives and other financial instruments (continued)

(a) Carrying value and fair value

The Company's principal financial instruments comprise available-for-sale investments, trade and other receivables and trade and other payables.

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

	Available- for-sale Investments	Derivatives financial instruments	Loans and receivables	Other liabilities	Total carrying value	Total fair values
	£m	£m	£m	£m	£m	£m
At 30 June 2015						
Trade and other payables	-	-	-	(35)	(35)	(35)
Trade and other receivables	-	-	584	-	584	584
At 30 June 2014						
Derivative financial instruments	-	2	-	-	2	2
Trade and other payables	-	-	-	(82)	(82)	(82)
Trade and other receivables	-	-	93	-	93	93
Available-for-sale investments	514	-	-	-	514	514

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

- The fair value of financial assets and financial liabilities with standard terms and conditions and which are traded on active liquid markets is determined with reference to quoted market prices; and
- 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.

Notes to the financial statements

10. 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 and forward foreign exchange contracts to hedge transactional and translational currency exposures.

Capital Risk Management

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

Credit Risk

The Company's maximum exposure to credit risk on trade receivables is the carrying amounts disclosed in note 6.

Liquidity risk

The Company's financial liabilities are shown in note 7.

The following table analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 12 months £m	Between 1-2 years £m	Between 2-5 years £m	More than 5 years £m
At 30 June 2015				
Trade and other payables	35	-	-	-
At 30 June 2014				
Trade and other payables	82	-	-	-

Notes to the financial statements

11. Transactions with related parties

a) Transactions with ultimate parent company

For details of amounts owed to the ultimate parent company please see note 7.

b) Transactions with other Group companies

For details of amounts owed to and from other Group companies please see notes 6 and 7.

The Group's treasury function is responsible for liquidity management across the Group's operations. It is standard practice for the companies to lend and borrow cash from other Group companies as required.

12. Ultimate parent undertaking

The Company is a wholly-owned subsidiary of Sky Group Finance plc, 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.