SKY CP LIMITED

Annual report and financial statements
For the year ended 31 December 2023

Registered number: 09513259

Directors and Officers

For the year ended 31 December 2023

Directors

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

P Clarke	
P Gopalakrishan	
K Holmes	
C Smith	(Resigned on 12 May 2023)
F Stirling	

Secretary

Sky Corporate Secretary Limited

Registered office

Grant Way
Isleworth
Middlesex
United Kingdom
TW7 5QD

Auditor

Deloitte LLP
Statutory Auditor
London
United Kingdom

Strategic and Directors' Report

Strategic Report for the year ended 31 December 2023

The Directors present their Strategic Report on the affairs of the Company, together with the Directors' Report, audited financial statements and Auditor's Report for the year ended 31 December 2023, with comparatives for the year to 31 December 2022.

The purpose of the Strategic Report is to inform members of the Company and to help them assess how the Directors have performed their duty to promote the success of the Company for the benefit of its members as a whole under Section 172(1) of the Companies Act 2006 (duty to promote the success of the Company).

Business review and principal activities

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

The Company's principal activity is to research and develop products and services which will generate intellectual property for the Sky Group. It is responsible for the defining, designing, developing, industrialising, procuring, manufacturing, repairing, testing, maintaining and selling of Sky Group's Products and Software, and developing and supporting similar products, software and services in the future. Contained within these financial statements are Sky CP Limited - Sucursal em Portugal and Sky CP Limited - odštepný závod, branches of Sky CP Limited.

The Directors are not aware, at the date of this report, of any likely major changes in the Company's activities in the next year.

Financial Review and Dividends

The audited financial statements for the year ended 31 December 2023 are set out on pages 17 to 47. During the year, the Company made a profit before tax of £47 million (2022: profit before tax of £133 million). Revenue has decreased to £1,379 million (2022: £1,521 million) and operating expenses have decreased to £1,247 million (2022: £1,372 million). Revenue has decreased due to a lower intercompany recharge resulting from the decline in expenses.

The balance sheet shows the Company's shareholder equity position at the year end was £924 million (2022: £908 million). The increase in the net assets during the year is primarily due to the total comprehensive income.

For the year ended 31 December 2023, there was no interim dividend paid (2022: £416 per ordinary share).

Key performance indicators (KPIs)

Comcast and the Company manage their operations on a divisional basis. For this reason, the Directors believe that an analysis using KPIs for the Company is not necessary or appropriate for an understanding of the development, performance or position of the Company. The results of the Company are included in the KPIs of Comcast, the ultimate controlling party. More information is included in Comcast's filings with the U.S. Securities and Exchange Commission, including its Annual Report on Form 10-K for the year ended 31 December 2023, and subsequent filings.

Principal risks and uncertainties

The Company's business is heavily regulated and changes in regulations, changes in interpretation of existing regulations or failure to obtain required regulatory approvals or licenses could adversely affect the Company's ability to operate or compete effectively. The Company's business is reliant on technology which is subject to the risk of failure, change and development. The Company operates in a highly competitive environment that is subject to rapid change and it must continue to invest to remain competitive. The failure of key suppliers could affect the Company's ability to operate as a business. The Company relies on a number of third parties and outsourced suppliers to support its supply chain.

Section 172(1) statement

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

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

This section explains how the Directors of the Company, both individually and collectively, have had regard to the factors listed above in their decision making during the year ended 31 December 2023. As part of their decision-making process, the Directors have regard to the likely consequences of any decision in the long term.

The Company is a subsidiary of the Comcast Group and therefore consideration of stakeholder engagement is intrinsically linked to the wider Comcast strategy in order to achieve a greater aligned impact, rather than at an individual company level. Decisions made by the Directors consider the Comcast Group's strategic goals and follow Comcast's Code of Conduct, which defines our principles of business conduct and reflects our shared commitment to integrity and seeks to ensure that the Company maintains high standards of business conduct. The Directors also have due regard to other relevant policies, frameworks and internal controls of the Comcast Group in relation to governance and stakeholder matters. Principal decisions made at the Company level include approving the annual financial statements and dividend distribution in Board meetings, among others.

Our Employees

The Directors recognize that employees are central to our success. We embrace diversity, of background, culture, skills and experience throughout our business, and seek to have a workforce that is inclusive and reflective of the diversity of our stakeholders, including our shareholders, employees, customers, suppliers and the communities where we operate.

The Company and its Directors are proud of our community of employee resource groups, which are voluntary, employee-led organisations dedicated to developing the careers of our employees, contributing to community service and building on an inclusive and collaborative workplace and culture. The Company is committed to equal opportunities in employment and recruitment and promoting the diversity of our workforce in respect of, among others, disability, race, gender, age, sexual orientation, pregnancy, marital status or fixed or part time status. We aim to ensure a transparent, professional working environment where employees treat each other with respect and in which all employment-related decisions (from recruitment to career development and progression) are based on the individual's qualifications, ability, performance, skills and potential. We communicate with our employees frequently and conduct employee engagement surveys.

Our Partners

As a part of the Comcast Group, the Directors and the Company as a whole seek to build long-term relationships with our suppliers and customers and help them succeed. A critical part of doing business is partnering with others, and we believe that partnerships are built on trust and mutual advantage. The Comcast Group considers these relationships and the feedback received from engagement with our partners in its decision-making process.

We expect our suppliers and business partners to act ethically and share in our commitment to operate with integrity and in accordance with applicable laws and regulations, as set forth in our Code of Conduct for Suppliers and Business Partners, available here: https://corporate.comcast.com/impact/values-integrity/integrity/our-suppliers-and-business-partners.

Comcast's annual Statement on Modern Slavery and Supply Chain Values and Sky's Human Rights and Modern Slavery Update provide more information on the Company's approach to understanding and addressing the risks of modern slavery, as well as conducting human rights due diligence.

Our Communities

As a part of the Comcast Group, a global media and technology company, the Directors and the Company as a whole seek to use our resources – our people, programming and platforms – to work toward opportunity for all in areas where we can have a meaningful impact. By supporting local communities, our teammates, and our planet we can help create a world of unlimited possibilities so that together we can build a future that benefits generations to come. We are focusing our efforts in the following areas:

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

Section 172(1) statement (continued)

Environment

The Directors and the Company as a whole have considered the importance of climate change and working towards the Comcast Group's strategy for a sustainable future, which includes setting a goal to be carbon neutral by 2035 in Scope 1 and 2 emissions across our global operations. Comcast Group is also working toward its commitment to set near-term emissions reduction goals with the Science Based Target initiative (SBTi). To achieve these goals, we are focused primarily on sourcing clean and renewable energy and improving energy efficiency. We are also innovating to create more sustainable products and packaging. More details on the Comcast Group's environmental strategy can be found at https://corporate.comcast.com/impact/environment.

The Directors and management of the Company are responsible for ensuring the Company contributes to the progress toward these Group wide goals, and consideration of these goals, together with wider environmental impact considerations, are incorporated into the Company's decision-making processes. For more information on Group wide environmental performance and progress, see the Carbon Footprint Data Report, the Sustainability Accounting Standards Board (SASB) Report, the Task Force on Climate-Related Financial Disclosures (TCFD) Report and the Carbon Disclosure Project (CDP) Report, all available on Comcast Group's ESG Reporting website at https://www.cmcsa.com/esg-reporting.

Members

The Company is a wholly owned subsidiary of Sky UK Limited, is part of the Sky Group and is ultimately controlled by Comcast. The duties of the Directors are exercised in a way that is most likely to promote the success of the Company, the Sky Group and the Comcast Group as a whole, while having regard to the factors outlined in Section 172(1).

Approved by the Board and signed on its behalf by

K Holmes
Director

Grant Way
Isleworth
Middlesex
United Kingdom
TW7 5QD

Date:19 June 2024

Directors' Report for the year ended 31 December 2023

The Directors present their report and the audited financial statements of Sky CP Limited (the "Company") for the year ended 31 December 2023

Directors

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

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 risk.

Given the integrated nature of the Group's financial planning and treasury functions, funding requirements have been assessed at the Group level. The Directors believe that the cash flow from operating activities generated by the businesses, together with the Company's existing cash, cash equivalents, investments and available borrowings under its existing credit facilities, including the £6 billion revolving credit facility with Comcast, will be sufficient for the Company to meet its current and long-term liquidity and capital requirements.

The Company is in a net current liability position. However, the Company has received confirmation that Comcast intends to support the Company for a period of at least 12 months from the date of signing of these financial statements.

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

Director's confirmations

For the purposes of Section 418 of the Companies Act 2006, in the case of each Director in office at the date this report is approved:

- so far as the Director is aware, there is no relevant audit information 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 in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

Deloitte LLP have expressed their willingness to continue as auditor and a resolution to reappoint them was approved by the Board of Directors on 19 June 2024.

Dividend

During the year no interim dividend was paid (2022: £1,800 million).

The Directors do not recommend the payment of a final dividend in the current year (2022: £nil).

Financial risk management

The use of financial derivatives is governed by the Comcast Group treasury policy approved by the Comcast's audit committee and board of directors, which provides written principles on the use of financial derivatives to manage these risks. The Company does not use derivative financial instruments for speculative purposes.

The principal risks facing the Company are interest rate risk, liquidity risk, credit risk and foreign exchange rate risk, which is mainly associated with intercompany balances, revenue and purchases which are Euro denominated. The intercompany balances of the Company are detailed in notes 14 and 15.

Interest rate risk

The Company has financial exposure to UK and European interest rates arising from interest rate derivatives transacted on behalf of the Sky Group and various loan balances with other companies within the Group. The Comcast Group's Treasury function monitors the Company's exposure to fluctuations in interest rates.

Foreign exchange risk

The Company's activities expose it to the financial risks of changes in foreign currency exchange rates. The Company uses foreign exchange forward contracts and cross currency swaps to hedge these exposures and mitigates exposures by matching foreign currency assets and liabilities as far as is possible. See note 17 of the accompanying financial statement for more details.

Financial risk management (continued)

Credit risk

The Company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers other than other Comcast Group companies.

The Balance Sheet of the company includes intercompany balances and the Company is therefore exposed to credit risk on these balances. The intercompany balances are detailed in notes 14 and 15 of the accompanying financial statements.

Given the amount and nature of the receivables balance, no allowance account has been made under IFRS 9, and there has been no write-off during the year.

Liquidity risk

The Company relies on the Comcast Group Treasury function to manage its liquidity and ensure that sufficient funds are available for ongoing operations and future developments. The Company currently has access to the £6 billion revolving credit facility with Comcast Corporation which is due to expire in 2027. The Company benefits from this liquidity through intra-group facilities and loans.

Research and Development

The Company engages in research and development activities performed on behalf of other companies in the Comcast Group.

Future developments

The Directors do not expect any changes to the business model in the foreseeable future.

Branches outside the United Kingdom

The Company has the following company branches outside the UK: Sky CP Limited - Sucursal em Portugal and Sky CP Limited - odštěpný závod.

Employee engagement statement

The Directors and the Company as a whole place considerable value on the involvement of employees, and have continued to keep them informed on matters affecting them as employees and various factors affecting the performance of the Company. Employees are consulted through formal and informal meetings and internal communications, with the aim of ensuring that their views are taken into account when decisions are made which are likely to affect their interests, and that all employees are aware of the financial and economic performance of the Company and of Comcast Group as a whole. Furthermore, directors have regard to employee interests in the context of principal decisions made with respect to the Company during the year. We seek to create an engaged workforce through proactive listening and constructive dialogue, including through employee engagement surveys, as well as through Comcast's nine employee resource groups, with approximately 36,000 members in 250 chapters, that are voluntary, employee-led organizations open to all across our business dedicated to developing the careers of our employees, contributing to community service and building on an inclusive and collaborative workplace and culture. We also offer a variety of training programs and initiatives focused on creating a more inclusive workplace culture, including company-wide forums like our DE&I speaker series, along with an enterprise-wide learning catalog. We are committed to creating an environment that encourages employees to ask questions, raise concerns and speak up about a workplace issue or suspected illegal or unethical conduct. We provide several channels for speaking up without fear of retaliation, including a helpline and web portal that are administered by an independent third-party company and allow for anonymous reporting when permitted by applicable laws.

Comcast has employee stock purchase plans in the United States, United Kingdom, India and several other European countries where most of our full-time and part-time employees can purchase Comcast stock at a discount.

Disabled persons

Applications for employment by anyone with a physical or mental impairment are always fully considered, bearing in mind the abilities of the applicant concerned. For members of staff with a disability, or who become disabled during employment, every effort is made to ensure that their employment with the Company continues and that appropriate adjustments are considered and support provided, in line with our reasonable adjustment policy. If a disabled employee is unable to continue in their current role after considering the adjustments available, we have a redeployment policy to provide support to help the employee secure an alternative role. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be equal to that of other employees.

Stakeholder engagement statement

The Company and Comcast maintain an active dialogue with Comcast's shareholders to consider a diversity of perspectives. Information on engagement with stakeholders, including suppliers, customers and communities, is set out in the "Section 172(1) statement" section of the Strategic Report

Corporate governance statement

Code of Conduct

The Company is ultimately controlled by Comcast and operates together with Comcast's other subsidiaries as part of the Comcast Group. Comcast board of directors is responsible for establishing corporate governance practices and policies for the Comcast Group. The Company has adopted the Comcast Code of Conduct, which sets out the four core values that the Comcast Group is guided by: an entrepreneurial spirit; doing the right thing and acting with integrity; having respect for each other; and giving back. It explains how these principles are put into practice within the Comcast Group of companies. Specifics of the Code of Conduct are available at https://www.cmcsa.com/corporate-governance.

Sky Group employees also receive their own "Ways of Working" manual which details its values as a business and sets employee behavioural expectations. The Sky Group's policies may be found at https://www.skygroup.sky/documents-policies.

The Directors believe that the Comcast Code of Conduct, Sky's Ways of Working and the corporate governance arrangements described below represent the primary areas of the Company's corporate governance framework given that it operates as a wholly-owned subsidiary of Comcast. As a result, the Directors decided not to formally adopt a recognised code of corporate governance.

Board composition

The Company's board (the "Board") comprises of 4 directors. The size, structure and composition of the Board is appropriate to meet the Company's strategic needs and challenges and reflects a balance in depth of skills and experience to promote effective decision making. The Directors did not receive remuneration for their role as statutory directors of the Company during the year because they are employees who receive remuneration for their employment with the Sky Group or Comcast Group..

Director responsibilities

The Company's embedded operating framework within the Comcast Group and Sky Group sets out the rules, policies and delegations of authority with which the Company complies and establishes clear lines of accountability and responsibility to support decision-making. The Company delegates authority of day-to-day management to senior executives and engages leadership to set, approve and oversee the execution of the Company's and the Sky Group's business strategy. The Company follows our Contract Standards and Approval Policies for approving contracts which reserves certain matters. In some circumstances additional approvals from specific personnel are required. The Board meets on an ad hoc basis to consider the Company's activities and to review and approve strategic and other key decisions.

Corporate governance statement (continued)

Oversight of management and risk

Oversight of management and risk is intrinsically linked to the Comcast board of directors, which provides guidance to and oversight of management with respect to Comcast Group's business strategy throughout the year. Active risk management is primarily the responsibility of management, which performs a companywide enterprise risk management assessment to identify key risks and to manage and mitigate the significant strategic, operational and legal risk areas for Comcast, overseen by the Comcast board of directors. In addition, the Company's Board monitors risks relating to the Company and its performance and regularly reviews measures to address and mitigate such risks, as well as monitoring how the Comcast Group strategy is implemented and communicated. Sky's formal risk management framework is embedded within the business to support the identification and management of risk across the Sky Group. An ongoing monitoring process operated by the Sky Group risk team and supported by senior management identifies and reports on significant changes or new risks. The Sky Group Risk and Assurance function assists the business in developing risk registers and consolidates these both to support Sky's day-to-day approach to risk and to inform Comcast's annual enterprise risk management assessment.

Comcast corporate governance documents are available at: https://www.cmcsa.com/corporate-governance.

Non-Financial and Sustainability Information (NFSI) Statement

Governance

The significant risks facing the Company are set forth under "Principal risks and uncertainties" above. The Company also recognises the importance of effectively managing significant climate-related risks and opportunities and has embedded this into its existing risk management and decision-making processes as appropriate. Climate-related risks and opportunities are first identified and managed on a Comcast Group-wide basis through the Comcast Group's enterprise risk management ("ERM") process, as described in further detail below, which includes input from the Company. The Company further assesses climate-related risks and opportunities in relation to the Company, on a Sky Group basis, and relevant climate-related initiatives at the Sky Group level as described below.

Comcast Board Oversight

The Comcast Corporation Board of Directors and its committees exercise their respective roles in strategy and risk oversight in a variety of ways, including the following that may relate to climate change:

- Oversight of risks associated with the Comcast Group's reputation, which may include the Comcast Group or the Company's climate-related activities, and review of climate-related strategies and initiatives as appropriate, including those related to the Company.
- Oversight of the Comcast Group's ERM assessment process, which includes input from the Company, and various policies, practices and assessments with respect to significant business risks including relating to business continuity, such as those risks arising from severe weather events.

Management Oversight

The Company, at the Sky Group level, has a Risk, Compliance and Governance Committee which is responsible for the monitoring and management of the Sky Group's risks. The Committee is composed of legal, financial, technology and security executives, who contribute into the wider Comcast ERM process.

The Comcast Group's executive management team has the overall responsibility for its ERM process, and an ERM steering committee composed of legal, financial, and business executives manages the process, with one or more senior business executives then monitoring and managing each of the identified risks.

In addition, the Comcast Group has two management committees that oversee governance of environmental sustainability for the enterprise - a senior executive-level committee and an operational committee.

- The Executive Environmental Committee, chaired by the Comcast Group's Chief Financial Officer and Chief Legal Officer, meets at least annually with members of the Environment Operating and Governance Committee ("EOGC") to assess and manage climate-related risks and opportunities and review and approve environmental sustainability strategy, targets and results.
- The EOGC, chaired by the Comcast Group's Senior Vice President of Corporate Environmental Sustainability, defines strategies across its businesses to address climate-related risks, realise climate-related opportunities and prioritise activities from a financial planning perspective that will help the Comcast Group 2035 carbon neutral goal. The EOGC meets periodically and is comprised of executives from each business unit, including the Sky Group, across multiple functions including procurement, strategy, finance, accounting, legal and other operational functions.

The Company, at the Sky Group level, has further developed its own tailored climate-related strategies and initiatives. The Sky Group Chief Corporate Affairs Officer and the Sky Group Director of Bigger Picture and Sustainability are accountable for the Company's sustainable business strategy and report into the Risk, Compliance and Governance Committee and EOGC when required.

Non-Financial and Sustainability Information (NFSI) Statement (continued)

Identification, Assessment and Management of Climate-Related Risks and Opportunities

The Company, at the Sky Group level, has a Risk, Compliance and Governance Committee which is responsible for identifying and managing the Sky Group's risks, with key Committee members involved in the Comcast Group-wide ERM process.

Risk identification and management are integrated within the Comcast Group's ERM process which is led by its ERM Committee, comprised of executive leadership across Comcast's businesses (including the Sky Group) and co-chaired by the Comcast Group's Chief Financial Officer and Chief Legal Officer. This Committee is responsible for identifying risks that are potentially most impactful to the Comcast Group and related risk mitigation strategies. The Audit Committee of Comcast Corporation's Board of Directors has oversight of the ERM process, and the full Board of Directors has oversight for the resulting risks and mitigations.

Risk identification and mitigation is iterative. The Company, at the Sky Group level, models and considers various assumptions for strategic investment as part of the Comcast Group's Long-Range Planning ("LRP") cycle each year. The LRP process occurs over several months annually to model, plan and set budgets for the Comcast Group over a 5-year (short-term and medium-term) horizon, in line with the financial LRP process.

The combination of the ERM and LRP processes determines which mitigation activities for the Comcast Group's most impactful risks are prioritised for short-term and medium-term funding. As mitigation strategies and opportunities are planned and funded as part of the LRP and budget processes, the results feed into the plans of the Comcast Group's Internal Audit function, who independently validates progress in the general course of its audit work.

In addition, the outcomes of the LRP process are used across the Comcast Group to identify risks and opportunities to inform the decarbonisation of the business. At the Sky Group level, the Company works with various business units on these plans, with focus on material areas of the business including Group Product and Group Supply Chain.

Risk Management

Within the ERM process, environmental risks are not stand-alone ERM risks given the overall nature of the Comcast Group's business. Instead, environmental-related risks are reflected within some of the Comcast Group's top risks. For example, business continuity risk includes crisis planning, preparedness/testing and response across a variety of events, including weather events (e.g. hurricanes, floods, wildfires), natural disasters (e.g. earthquakes and tsunamis), pandemics, wide-spread power outages, supply chain disruption and cyber-attacks.

Business continuity and disaster recovery programs at the Company are led by a Steering Committee comprised of senior business, financial and technological leaders. These leaders seek to ensure that the Company continuously evaluates and tests critical operations, technology and facilities for incident response and recovery. Where relevant, the Steering Committee and crisis responders coordinate to ensure appropriate responses for the Company's customer and employee populations. Pursuant to its charter, the Audit Committee of Comcast Corporation's Board of Directors receives periodic reports on business continuity activities. Because risk management is considered an integral part of company operations, environmental aspects of top ERM risks are managed by the same operational owners responsible for mitigating the specific ERM risks. This approach allows environmental issues to be considered alongside other operational factors when determining mitigation strategies and prioritisation.

Climate-Related Risks and Opportunities

At this time, neither the Company nor the Comcast Group has more widely identified any climate-related risks that are independent of the material operational risks already identified as part of the ERM process, which includes input from the Company. See Risk Management above for more information.

It is not considered that acute and chronic physical climate-related risks are material on a standalone basis for the Company or for the Comcast Group. The following are examples of some of the more meaningful climate-related transition risks identified that, while also not material on a standalone basis, may impact the Company at the Sky Group level. Consistent with the Corporate Sustainability Reporting Directive, we consider short-term to be less than one year, medium-term to be one to five years, and long-term to be over five years, but the specific time-period definitions are not determinative since the transition risks below fall across all three timeframes.

Non-Financial and Sustainability Information (NFSI) Statement (continued)

Risk Category	Risk Description	Efforts to Mitigate Risk
Transition Risks		
Regulatory and Legal	Increased or changing climate-related rules and regulations in the jurisdictions in which the Sky Group operates, which could lead to increased operational costs, compliance burdens and/or litigation. Such risks could be exacerbated by regulations that are enacted now but rely on future improvements in public infrastructure.	• Tracking relevant current and emerging regulations. • Building into annual budget and long-range plans investments needed to comply with new regulations. • Continuing to decarbonise Scope 1, 2 and 3 greenhouse gas (GHG) emissions towards Sky's 2030 target, which may reduce potential regulatory exposure to future requirements based on an entity's GHG emissions.
Market	Increased operational costs due to changing input prices (e.g. energy, water, supply chain) or output requirements (e.g. energy efficiency, waste treatment).	• Continuing to pursue energy efficiency and reduction initiatives in Sky's network, data centres, facilities and operations to minimise exposure to negative market changes. • Securing long-term supply contracts for clean and renewable energy in both deregulated and regulated markets. • Continuing to build geographic diversity and supplier reliability, redundancy, and business continuity planning in Sky's supply chain. • Designing products and operational infrastructure for increased refurbishment, reuses and recycling in support of a circular economy to reduce the use of raw materials.
Reputation	Brand and reputation risk from the Company's environmental impact or speed of action around climate or energy, or the climate resilience of Sky's products and services.	• Continuing to reduce Scope 1, 2 and 3 GHG emissions towards Sky's 2030 target over time. • Developed a Code of Conduct for Suppliers and Business Partners, which includes key provisions around business continuity and sustainable practices.

Climate-related opportunities, at the Sky Group level which may impact the Company's business, have been assessed and it has been determined that there are no such opportunities that are material on a standalone basis.

Metrics and Targets

In addition to enterprise metrics, targets and key performance indicators, the Company has been reporting its carbon footprint at the Sky Group level since 2005/06, which includes its businesses in the UK, Republic of Ireland, Portugal, Germany, Austria, Switzerland and Italy.

Non-Financial and Sustainability Information (NFSI) Statement (continued)

Metrics

The Company is a wholly owned subsidiary of Sky UK Limited (the immediate parent company) and operates as part of the Sky Group. Information on Sky's carbon footprint across Scope 1, Scope 2 and certain Scope 3 emissions, an appropriate intensity metric, and the total energy use of electricity, gas and transport fuel is not practical to determine at the Company level. The information is obtainable only at the Sky Group and the UK and Ireland levels, and there is no practical allocation method available (for example based on revenue or headcount) that would result in consistent and reliable information between companies in the Sky Group and over time. Accordingly, the table below presents the carbon footprint for the Sky Group and the UK and Ireland, which are the only levels at which the information can be practically obtained.

	2023		2022	
	UK and Ireland	**Sky Group**	**UK and Ireland**	**Sky Group**
Carbon Emissions (tCO2e)				
Emissions from combustion of gas (Scope 1)	3,244	**3,244**	5,264	**5,264**
Emissions from the consumption of fuel for the purposes of transport (Scope 1)	17,469	**19,992**	20,075	**22,836**
Emissions from purchased electricity (Scope 2 - location-based)	36,434	**54,580**	32,772	**48,774**
Emissions from business travel in employee-owned vehicles where the company is responsible for purchasing the fuel (Scope 3)	254	**438**	1,013	**1,194**
Total Carbon Emissions (tCO2e)	57,401	**78,254**	59,124	**78,068**
Total Energy consumption (kWh)	266,903,404	**336,620,365**	285,258,511	**352,872,911**

During the year ended 31 December 2023 the UK&I intensity ratio of tCO2e per FTE was 2.22 (2022: 2.19). Note that this metric was presented in prior year as emissions divided by revenue, whereas in current year this metric represents emissions divided by FTE. Further, the presentation of emission data in the metric has been updated to bifurcate Scope 1 and Scope 2 information. As such the 2022 numbers in the metric above are not directly comparable to the disclosure in the prior-year financial statements.

Methodology

The Company has revised the presentation of the metrics in line with the 2019 UK Government environmental reporting guidance.

The Company has calculated GHG emissions using the location-based method, in compliance with Streamlined Energy and Carbon Reporting (SECR) requirements. Sky's GHG emissions are calculated in carbon dioxide equivalent (CO2e) according to the Greenhouse Gas Protocol Corporate Standard and associated guidance. Sky utilise the emission factors from the latest UK Government (DESNZ) Greenhouse Gas Conversion Factors for Company Reporting (2023), IEA Statistics Data Service: Emission Factors (2023 edition) and theEPA eGRID (2021 edition). Sky does not currently track emissions related to rental cars within Scope 3 business travel emissions.

Data for UK and Ireland includes Sky Limited's Joint Ventures, small international offices and news bureaus and business activities in Portugal.

Targets

Sky was the first media company to go CarbonNeutral® in Scope 1 and 2 emissions in 2006. In 2020, Sky set a science-based target, verified by the Science Based Targets initiative, to halve Scope 1, 2 (market-based), and 3 emissions by 2030 from a 2018 baseline. From 2018 to 2023, Sky's total Scope 1, 2 (market-based) and 3 emissions have increased by 3%, driven by an increase in Scope 3 emissions.

Sky's focus for Scope 3 emission reductions is through engaging suppliers and designing products and services with energy efficiency and recyclability in mind. Sky is shifting the product mix to include more efficient streaming devices to help reduce emission impacts and incorporating product Life Cycle Assessment (LCA) data into future emissions reporting to better reflect this.

Between 2022 and 2023, the total Scope 1 and 2 (market-based) emissions have decreased by 17%. The reduction in Scope 1 and 2 emissions is a result of utilising more renewable electricity and decarbonising the fleet. Sky continues to be carbon neutral for Scope 1 and 2. During the year, to further reduce Scope 1 and 2 emissions, the Sky Group delivered a range of heating, ventilation, and air conditioning (HVAC) optimisations primarily focussed on building management initiatives for increasing energy efficiency.

Non-Financial and Sustainability Information (NFSI) Statement (continued)

Impact and Resilience

The Directors reasonably believe that, having regard to the nature of the Company's business, and the manner in which it is carried on, the climate-related financial disclosures set forth in Section 414CB(2A)(e) and (f) of the Companies Act 2006 are not necessary for an understanding of the Company's business and have therefore been omitted. This information is not necessary because the Company's business model and strategy form part of a Comcast Group-wide business model and strategy that takes into account climate-related risks and opportunities. Various climate-related risks are components of several Comcast Group-wide risks identified as part of the Comcast Group-wide ERM process. These risks, including relevant climate-related risks, are managed by the operational owners of such risks so that mitigation is considered within the broader risk mitigation plan. At this time, neither the Comcast Group nor the Company has identified climate-related risks that are independent of the material operational risks identified through the ERM process, therefore the Company has not performed a stand-alone qualitative or quantitative climate-related scenario analysis.

Approved by the Board and signed on its behalf by:

K Holmes
Director

Grant Way
Isleworth
Middlesex
United Kingdom
TW7 5QD

19 June 2024

Directors' responsibilities statement

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework". 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Auditor's Report

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

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Sky CP Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the income statement;
- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 21.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- obtaining an understanding of management's process for monitoring cash requirements for the Company and for Sky Group;
- inspecting the letter of support obtained by management from Comcast Corporation, the ultimate parent, and evaluating the intent and ability to provide that support; and
- considering contradictory evidence for the appropriateness of the basis of preparation.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Independent Auditor's report to the members of Sky CP Limited (continued)

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: http://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management, internal audit and the directors about their own identification and assessment of the risks of irregularities, including those that are specific to the company's business sector.

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, pension legislation and relevant tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included Communications Act 2003, Broadcasting Act 1996, Employment Law, the Data Protection Act 2018, and the Bribery Act 2010.

We discussed among the audit engagement team including relevant internal specialists such as tax and IT specialists, regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of the above, we identified the greatest potential for fraud in the capitalisation of internally generated intangible assets. This is due to the potential incentive for management to capitalise staff time under IAS 38 Intangible assets despite capitalisation criteria not being met. We performed specific procedures to address this risk through:

- performing walkthroughs and tests of controls to confirm our understanding of the process by which management assesses whether costs meet the criteria to recognise an asset; and
- evaluating a number of samples of internally generated intangible assets capitalised during the year to determine whether there was an identifiable assets that will generate future economic benefit, whether the project had reached the development phase and whether the capitalised costs related to development activities.

Auditor's Report (continued)

Independent Auditor's report to the members of Sky CP Limited (continued)

Extent to which the audit was considered capable of detecting irregularities, including fraud (continued)

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management, internal audit, in-house and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing internal audit reports.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Jon Young FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom

19 June 2024

Income Statement

For the year ended 31 December 2023

	Notes	**2023** £m	2022 £m
Revenue	3	**1,379**	1,521
Operating expense	4	**(1,247)**	(1,372)
Operating profit		**132**	149
Finance costs	5	**(85)**	(16)
Profit before tax	6	**47**	133
Tax	8	**1**	(3)
Profit for the year attributable to equity shareholder		**48**	130

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 31 December 2023

	Notes	**2023**	2022
		£m	£m
Profit for the year attributable to equity shareholder		**48**	130
Other comprehensive income			
Amounts recognised directly in equity that may subsequently be recycled to the Income statement			
(Loss)/gain on cash flow hedges	17	**(30)**	55
Other comprehensive (loss)/income for the year (net of tax)		**(30)**	55
Total comprehensive income for the year attributable to equity shareholder		**18**	185

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

All results relate to continuing operations.

Balance Sheet

As at 31 December 2023

	Notes	**31 December 2023 £m**	31 December 2022 £m
Non-current assets			
Intangible assets	9	**832**	901
Property, plant and equipment	10	**155**	160
Right-of-use assets	11	**11**	13
Trade and other receivables	14	**2,034**	571
Investments in subsidiaries	12	**-**	-
Derivative financial assets	16	**-**	6
		3,032	1,651
Current assets			
Trade and other receivables	14	**265**	830
Derivative financial assets	16	**2**	24
		267	854
Total assets		**3,299**	2,505
Current liabilities			
Trade and other payables	15	**2,302**	1,521
Lease liabilities		**1**	1
Provisions		**18**	8
Derivative financial liabilities	16	**12**	1
		2,333	1,531
Non-current liabilities			
Trade and other payables	15	**-**	16
Lease liabilities		**12**	13
Provisions		**1**	1
Deferred tax liabilities	13	**23**	36
Derivative financial liabilities	16	**6**	-
		42	66
Total liabilities		**2,375**	1,597
Share capital	18	**432**	432
Reserves	19	**492**	476
Total equity attributable to equity shareholder	19	**924**	908
Total liabilities and shareholder equity		**3,299**	2,505

Balance Sheet (continued)

As at 31 December 2023

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

The financial statements of Sky CP Limited, registered number 09513259 were approved and authorised for issue by the Board of Directors on 19 June 2024 and were signed on its behalf by:

K Holmes
Director

19 June 2024

Statement of Changes in Equity

For the year ended 31 December 2023

	Notes	Share capital £m	Hedging reserve £m	Retained earnings £m	Total shareholder's equity £m
At 1 January 2022		**432**	**3**	**2,126**	**2,561**
Profit for the year		-	-	130	130
Gains on cash flow hedges		-	55	-	55
Total other comprehensive income for the year		-	**55**	-	**55**
Total comprehensive income for the year		-	**55**	**130**	**185**
Cash flow hedge movements		-	(32)	-	(32)
Dividends		-	-	(1,800)	(1,800)
Tax on items taken directly to equity		-	(6)	-	(6)
At 31 December 2022		**432**	**20**	**456**	**908**
Profit for the year		-	-	48	48
Losses on cash flow hedges	17	-	(30)	-	(30)
Total other comprehensive loss for the year		**-**	**(30)**	**-**	**(30)**
Total comprehensive loss for the year		**-**	**(30)**	**48**	**18**
Cash flow hedge movements		-	(12)	-	(12)
Tax on items taken directly to equity	8	-	10	-	10
At 31 December 2023		**432**	**(12)**	**504**	**924**

The accompanying notes are an integral part of this Statement of Changes in Equity.

For a description of the nature and purpose of each equity reserve, see note 19.

Notes to the financial statements

1. Company information

Sky CP Limited ("the Company") is a private company limited by shares, incorporated in the United Kingdom, and registered in England and Wales. The address of the registered office is Grant Way, Isleworth, Middlesex, TW7 5QD, United Kingdom and registered number is 09513259.

2. Material accounting policies

a) Statement of compliance

The financial statements of the Company have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' ("FRS 101"), in conformity with the requirements of the Companies Act 2006.

The Company meets the definition of a qualifying entity under FRS 100 'Application of Financial Reporting Requirements' issued by the Financial Reporting Council.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of IFRS, but makes amendments where necessary in order to comply with the Companies Act 2006 and to take advantage of FRS 101 disclosure exemptions. These exemptions are listed in accounting policy 2(o).

b) Basis of preparation

The financial statements have been prepared on a going concern basis and on an historical cost basis, except for the remeasurement to fair value of certain financial assets and liabilities as described in the accounting policies below.

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

The group has adopted the amendments to IAS 12 for the first time in the current year. The IASB amends the scope of IAS 12 to clarify that the Standard applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the OECD, including tax law that implements qualified domestic minimum top-up taxes described in those rules. The amendments introduce a temporary exception to the accounting requirements for deferred taxes in IAS 12, so that an entity would neither recognise nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes. Following the amendments, the group is required to disclose that it has applied the exception and to disclose separately its current tax expense (income) related to Pillar Two income taxes.

The Company has taken advantage of the exemption from preparing consolidated accounts afforded by section 401 of the Companies Act 2006, because it is a wholly-owned subsidiary of Comcast Corporation ("Comcast") which prepares consolidated accounts which are publicly available (see note 21).

Going concern

Given the integrated nature of the Group's financial planning and treasury functions, funding requirements has been assessed at the Group level. The Directors believe that the cash flow from operating activities generated by the businesses, together with the Company's existing cash, cash equivalents, investments and available borrowings under its existing credit facilities, including the £6 billion revolving credit facility with Comcast, will be sufficient for the Company to meet its current and long-term liquidity and capital requirements.

The Company is in a net current liability position. However, the Company has received confirmation that Comcast intends to support the Company for a period of at least 12 months from the date of signing of these financial statements.

As a result, after making enquiries, the Directors have formed a judgement at the time of approving the financial statements that the Company will have access to adequate resources to continue for at least twelve months from the signing of the financial statements. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

2. Material accounting policies (continued)

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

i. Intangible assets

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

Costs, including external direct costs and payroll costs, are capitalised directly based on the projects where the costs are directly attributable.

Other intangible assets, which are acquired by the Company separately or through a business combination, are initially stated at cost or fair value, respectively, less accumulated amortisation and impairment losses, other than those that are classified as held for sale, which are stated at the lower of carrying amount and fair value less costs to sell.

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

Principal useful economic lives used for this purpose are:

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

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

ii. Property, plant and equipment

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

The costs of assets comprise the following, where applicable:

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

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

Freehold buildings	25 to 40 years
Equipment, furniture and fixtures	3 to 20 years
Leasehold improvements	Lesser of lease term and the useful economic life of the asset

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. To the extent that the financing for a qualifying asset is part of the Sky Group's general borrowings, the interest cost to be capitalised is calculated based upon the weighted average cost of borrowing to the Sky Group (excluding the interest on any borrowings specific to any qualifying assets). This is then applied to the expenditures on the asset. All other borrowing costs are recognised in profit or loss in the period to which they relate.

2. Material accounting policies (continued)

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

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

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

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

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

d) Derivative financial instruments and hedging activities

The Company uses derivative financial instruments to hedge its exposure to fluctuations in foreign exchange rates.

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 Alternative Reference Rate (ARR) curve, adjusted by the relevant credit default swap curve.

Certain other derivatives held by the Company do not meet the qualifying criteria for recognition for accounting purposes as hedges, despite this being their economic function. 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.

i. Derivatives that qualify for cash flow hedge accounting

Changes in the fair values of derivatives that are designated as cash flow hedges ("cash flow hedging instruments") are initially recognised in the hedging reserve, to the extent that the hedges are effective, ineffective portions are recognised in profit or loss immediately. Amounts accumulated in the hedging reserve are subsequently recognised in the initial cost or other carrying value of the non-financial asset or liability on the Balance Sheet and in the Income Statement when the related hedged item is recognised in the Income Statement. At inception, the effectiveness of the Company's cash flow hedges is assessed through a comparison of the principal terms of the hedging instrument and the underlying hedged item. The ongoing effectiveness of the Company's cash flow hedges is assessed using the dollar-offset approach, with the expected cash flows of hedging instruments being compared to the expected cash flows of the hedged items. This assessment is used to demonstrate that each hedge relationship is expected to be highly effective on inception, has been highly effective in the year and is expected to continue to be highly effective in future years. The measurement of hedge ineffectiveness for the Company's hedging instruments is calculated using the hypothetical derivative method, with the fair values of the hedging instruments being compared to those of the hypothetical derivative that would result in the designated cash flow hedge achieving perfect hedge effectiveness. The excess of the cumulative change in the fair value of the actual hedging instrument compared to that of the hypothetical derivative is deemed to be hedge ineffectiveness, which is recognised in the Income Statement. The Company uses a range of 80% to 125% for hedge effectiveness, in accordance with IFRS 9, and any relationship which has effectiveness outside this range is deemed to be ineffective and hedge accounting is suspended.

When a cash flow hedging instrument expires, is terminated or is exercised, or if a hedge no longer meets the qualifying criteria for hedge accounting, any cumulative gain or loss existing in the hedging reserve at that time remains in the hedging reserve and is recognised in the initial cost or other carrying amount of a non-financial asset or liability on the Balance Sheet provided that the underlying transaction is still expected to occur. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in the hedging reserve is immediately recognised in the Income Statement and all future changes in the fair value of the cash flow hedging instruments are immediately recognised in the Income Statement. When a cash flow hedging instrument expires, is terminated or is exercised, or if a hedge no longer meets the qualifying criteria for hedge accounting, any cumulative gain or loss existing in the hedging reserve at that time remains in the hedging reserve provided that the underlying transaction is still expected to occur. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in the hedging reserve is immediately recognised in the Income Statement and all future changes in the fair value of the cash flow hedging instruments are immediately recognised in the Income Statement.

2. Material accounting policies (continued)

e) Financial assets and liabilities

Directly attributable transaction costs are included in the initial measurement of financial assets and liabilities only with respect to those assets and liabilities that are not subsequently measured at fair value through profit and loss. At each balance sheet date, the Company assesses whether there is any objective evidence that any financial asset is impaired.

Financial assets and liabilities are recognised on the Company's Balance Sheet when the Company becomes a party to the contractual provisions of the financial asset or liability. Financial assets are derecognised from the Balance Sheet when the Company's contractual rights to the cash flows expire or the Company transfers substantially all the risks and rewards of the financial asset. Financial liabilities are derecognised from the Company's Balance Sheet when the obligation specified in the contract is discharged, cancelled or expires. Financial assets are determined to be current or non-current based on expected settlement, whilst financial liabilities are determined to be current or non-current based on their contractual settlement date.

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 recognised on an expected loss basis under IFRS 9, with movements in the allowance account, either from increased impairment losses or reversals of impairment losses, being recognised in the income statement.

i. 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. Short-term net cash overdrafts are recognised in trade and other payables when drawn and are measured at amortised cost.

ii. Borrowings

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

f) Investment in subsidiaries

An investment in a subsidiary is recognised at cost less any accumulated impairment. Cost is considered to be 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.

g) Impairment

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

An impairment is recognised in the Income statements whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. The recoverable amount is the greater of net selling price, defined as the fair value less costs to sell, and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

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

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

2. Material accounting policies (continued)

h) Provisions

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

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

i) Revenue recognition

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

The Company's main sources of revenue are recognised as follows:

- Hardware and service revenue is recognised when the goods or service are delivered.
- Intellectual Property sales revenue is recognised when control of the Intellectual Property rights has been transferred.
- Intellectual Property license fee revenue is recognised, net of any discount given, when the relevant goods or service are provided.

j) Employee benefits

Wages, salaries and social security contributions

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

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

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

The Company issues equity-settled share-based payments to certain employees, using shares of its ultimate parent undertaking, which are measured at fair value and recognised as an expense in the Income Statement with a corresponding increase in liabilities to the ultimate parent undertaking.

The fair values of these payments are measured at the dates of grant using option-pricing models, taking into account the terms and conditions upon which the awards are granted. The fair value is recognised over the period during which employees become unconditionally entitled to the awards, subject to the Company's estimate of the number of awards which will be forfeited, either due to employees leaving the Company prior to vesting or due to non-market based performance conditions not being met. Where an award has market-based performance conditions, the fair value of the award is adjusted for the probability of achieving these via the option pricing model. The total amount recognised in the Income Statement as an expense is adjusted to reflect the actual number of awards that vest, except where forfeiture is due to the failure to meet market-based performance measures. In the event of a cancellation, whether by the Company or by a participating employee, the compensation expense that would have been recognised over the remainder of the vesting period is recognised immediately in the income statement.

Deferred or contingent payments (often referred to as earn-out agreements), arising in business combinations, which are linked to the future employment of previous shareholders in the post-completion period, are recognised as employee benefits costs in operating expense, whereby the expected fair value of subsequent payments is accrued in accordance with IAS 19.

k) Leases

The Company has elected to not apply the general requirements to short-term leases (lease term of 12 months or less). These leases are recognised on a straight-line basis as an expense on the Income Statement over the term. The Company has also elected not to recognise non-lease components separately from lease components for those classes of assets in which non-lease components are not significant with respect to the total value of the arrangement.

Right-of-use (ROU) assets comprise the initial measurement of the corresponding lease liability, plus lease payments made at or before the commencement date, less any lease incentives received, any initial direct costs incurred.

ROU assets are subsequently measured using the cost model by charging depreciation to profit and loss over the term of the lease and adjusting for any remeasurement of the lease liability or impairment of the asset.

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

2. Material accounting policies (continued)

k) Leases (continued)

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

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

Lease liabilities are subsequently measured by increasing the carrying amount to reflect interest on the lease liability and reducing the carrying amount to reflect the lease payments made. The Company also remeasures the carrying amount to reflect any reassessment or lease modifications. Interest on the liability will be charged as an expense on the Income Statement.

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

As the Company is part of a wider Sky/Comcast financing facility, the Company has concluded that discount rates provided by Comcast and derived from Comcast's borrowing cost by term, represents the Company's best estimate of its incremental borrowing rate in the context of the wider Group. The Company have also applied a single discount rate to a portfolio of leases with reasonably similar characteristics.

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

Lessor

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

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

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

2. Material accounting policies (continued)

l) Tax, including deferred tax

The Company's liability for current tax is based on taxable profits for the year, and is calculated using tax rates that have been enacted or substantively enacted at the balance sheet date. Tax losses are surrendered as far as possible to other group entities with taxable profits.

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

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

The carrying amount of deferred tax assets is reviewed at each balance sheet date and adjusted to reflect an amount that is probable to be realised based on the weight of all available evidence. Deferred tax is calculated at the rates that are expected to apply in the year when the liability is settled or the asset is realised. Deferred tax assets and liabilities are not discounted. Deferred tax is charged or credited in the 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 tax authority and the Company intends to settle its current tax assets and liabilities on a net basis.

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.

Provisions 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 year which could have a material impact on the Company's profit and loss and/or cash position.

The key area of judgement in respect of deferred tax accounting is the assessment of the expected timing and manner of realisation or settlement of the carrying amounts of assets and liabilities held at the balance sheet date. In particular, assessment is required of whether it is probable that there will be suitable future taxable profits against which any deferred tax assets can be utilised.

m) Distributions to equity shareholders

Dividends are recognised in the retained earnings reserve in the year in which they are declared.

n) Foreign currency translation

The Company's functional currency and presentational currency is pounds sterling.

Trading activities denominated in foreign currencies are recorded in pounds sterling at the applicable monthly exchange rates. Monetary assets, liabilities and commitments denominated in foreign currencies at the Balance Sheet date are recorded at the rates of exchange at that date. Non-monetary assets and liabilities denominated in foreign currencies are translated to pounds sterling at the exchange rate prevailing at the date of the initial transaction. Gains and losses from the retranslation of assets and liabilities are included net in profit for the year.

2. Material accounting policies (continued)

o) FRS 101 exemptions

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- The requirements of IAS 1 'Presentation of financial statements' and IAS 7 'Statement of cash flows' to present a statement of cash flows and related notes;
- The requirements of IAS 8 'Accounting policies, changes in accounting estimates and errors' to disclose information in relation to accounting standards which are issued but not yet effective;
- The requirements of IAS 24 'Related party disclosures' relating to key management compensation; and
- The requirements of IAS 24 'Related party disclosures' to disclose related party transactions between two or more members of a group.

p) Critical judgements and key sources of estimation uncertainty

The application of the Company's accounting policies may require the use of estimation or judgement in a manner which may affect the Company's financial position or results.

There are no areas identified for which there are major sources of estimation uncertainty at the reporting year end that have a significant risk of causing a material adjustment to be made to the carrying value amounts of assets or liabilities within the next financial year. As such, there are no critical estimates noted.

There is considered to be one critical judgement, being the assessment of whether the criteria for initial capitalisation of internally generated intangible assets and property, plant and equipment has been met. This requires a determination of whether the assets will result in future benefits to the Company. In particular, internally generated intangible assets must be assessed during the development phase to identify whether the Company has the ability and intention to complete the development successfully.

Areas where estimation or judgement is applied have been discussed in the accounting policies section.

3. Revenue

	2023	2022
	£m	£m
Hardware and service	**479**	719
Intellectual Property licence fee	**900**	802
	1,379	1,521

Revenue arises from goods and services provided to Australia, Germany, Italy and the UK. £139 million of revenue relates to income received from outside the UK.

4. Operating expense

	2023	2022
	£m	£m
Sales, general and administration	**780**	669
Costs directly attributable to sales	**467**	703
	1,247	1,372

5. Finance costs

	2023	2022
	£m	£m
Intercompany interest payable	**(85)**	(15)
Vendor financing	**-**	(1)
	(85)	(16)

6. Profit before tax

Profit before tax is stated after charging:	2023	2022
	£m	£m
Depreciation of property, plant and equipment	**36**	56
Amortisation of intangible assets	**298**	290
Amortisation of right-of-use asset	**2**	2
Loss on disposal of property, plant and equipment and intangible assets	**18**	4

Foreign exchange

Foreign exchange gains in the Income Statement during the year amounted to £5 million (2022: losses of £11 million).

Audit fees

Amounts paid to the auditor for the audit of the Company's annual financial statements of £153,000 (2022: £70,400) were borne by another Group subsidiary in 2023 and 2022. No amounts for other services have been paid to the auditor.

Research and development

During the year the Company incurred less than £2 million (2022: less than £1 million) research and development costs which were expensed in the year.

7. Employee benefits

a) Company employee benefits	2023	2022
	£m	£m
Wages and salaries	**305**	219
Social security costs	**38**	31
Contributions to the Sky Pension Plan	**18**	14
	361	264

7. Employee benefits (continued)

(i) The expense recognised for employee share option schemes relates wholly to equity-settled share-based payments.

The average monthly number of full-time equivalent persons (including temporary employees) employed by the company during the year was as follows:

	2023	2022
	Number	Number
Transmission and technology	**3,221**	2,958
Channels and services	**1**	1
Management and administration	**159**	123
	3,381	3,082

b) Key management compensation

The Directors did not receive any remuneration during the year (2022: £nil) in respect of their services to the Company.

8. Tax

a) Tax recognised in the income statement

	2023	2022
	£m	£m
Current tax expense/(credit)		
Current year	**-**	4
Adjustment in respect of prior year	**2**	(22)
Total current tax expense/(credit)	**2**	(18)
Deferred tax (credit)/expense		
Origination and reversal of temporary differences	**(15)**	(2)
Adjustment in respect of prior year	**12**	23
Total deferred tax (credit)/expense	**(3)**	21
Tax (credit)/expense	**(1)**	3

b) Tax recognised directly in equity

	2023	2022
	£m	£m
Deferred tax (charge)/credit relating to cash flow hedges	**(10)**	6
	(10)	6

8. Tax (continued)

c) Reconciliation of effective tax rate

The tax (income)/expense for the year is lower than (2022: lower than) the expense that would have been charged using the rate of corporation tax in the UK of 23.5% (2022: 19.0%) applied to profit before tax. The differences are explained below:

	2023	2022
	£m	£m
Profit before tax	**47**	133
Profit before tax multiplied by rate of corporation tax in the UK 23.5% (2022: 19.0%)	**11**	25
Effects of:		
Patent Box Relief	**(23)**	(16)
Research and Development expenditure credit	**1**	1
Other permanent differences	**-**	1
Change in corporation tax rate	**(4)**	(3)
Group relief surrendered/(claimed) for £nil consideration	**-**	(6)
Adjustment in respect of prior year	**14**	1
Tax	**(1)**	3

All tax relates to UK corporation tax.

The group has applied the temporary exception, introduced in May 2023, from the accounting requirements for deferred taxes in IAS 12, so that the group neither recognises nor discloses information about deferred tax assets and liabilities related to Pillar Two income taxes. There is not expected to be any material impact of Pillar Two income taxes reporting legislation, which will be applicable to the financial statements for the year-ended 31 December 2024.

9. Intangible assets

	Internally generated Intangible assets	Software development (external)	Software licences	Other intangible assets	Internally generated intangible assets not yet available for use	Acquired intangible assets not yet available for use	Total
	£m	£m	£m	£m	£m	£m	£m
Cost							
At 31 December 2022	**1,085**	**420**	**123**	**11**	**58**	**36**	**1,733**
Additions	31	4	2	-	130	84	251
Disposals	(4)	(11)	(2)	-	-	-	(17)
Transfers	176	69	25	-	(176)	(94)	-
At 31 December 2023	**1,288**	**482**	**148**	**11**	**12**	**26**	**1,967**
Amortisation							
At 31 December 2022	**(595)**	**(167)**	**(67)**	**(3)**	**-**	**-**	**(832)**
Amortisation	(163)	(98)	(44)	(1)	-	-	(306)
Disposals	2	-	1	-	-	-	3
At 31 December 2023	**(756)**	**(265)**	**(110)**	**(4)**	**-**	**-**	**(1,135)**
Carrying amounts							
At 31 December 2023	**532**	**217**	**38**	**7**	**12**	**26**	**832**

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

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

	2024	2025	2026	2027	2028
	£m	£m	£m	£m	£m
Estimated amortisation charge	326	255	159	84	13

10. Property, plant and equipment

	Freehold land and buildings £m	Equipment, furniture and fixtures £m	Assets not yet available for use £m	Total £m
Cost				
At 31 December 2022	**9**	**379**	**(4)**	**384**
Additions	1	-	34	35
Disposals	-	(4)	-	(4)
Transfers	-	44	(44)	-
At 31 December 2023	**10**	**419**	**(14)**	**415**
Depreciation				
At 31 December 2022	**(3)**	**(221)**	**-**	**(224)**
Depreciation	-	(36)	-	(36)
Disposals	-	-	-	-
At 31 December 2023	**(3)**	**(257)**	**-**	**(260)**
Carrying amounts				
At 31 December 2023	**7**	**162**	**(14)**	**155**

11. Right-of-use assets

	Property £m	Total £m
Cost		
At 31 December 2022	18	18
Additions	-	-
At 31 December 2023	**18**	**18**
Depreciation		
At 31 December 2022	(5)	(5)
Depreciation	(2)	(2)
At 31 December 2023	**(7)**	**(7)**
Carrying amounts		
At 31 December 2023	**11**	**11**

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

12. Investment in subsidiaries

Investments in subsidiaries of £1,713 (2022: £1,713) represent the cost of the shares of the wholly-owned subsidiary undertakings.

Details of all investments of the Company are as follows:

Name	Country of incorporation	Registered Office	Description and proportion of shares held (%)
Sky Manufacturing Services Limited	Hong Kong	Level 54, Hopewell Centre 183 Queen's Road East, Hong Kong	10,000 ordinary shares - 100% share
Sky Supply Chain Services Poland sp. z o.o.	Poland	ul RondoDaszynskiego 2b 00-843 Warsaw	100 ordinary shares - 100% share

13. Deferred tax liabilities

	Short-term temporary differences	Losses	Accelerated tax depreciation	Share-based payments temporary differences	Financial instruments temporary differences	Total
	£m	£m	£m	£m	£m	£m
At 31 December 2022	-	-	**(30)**	**1**	**(7)**	**(36)**
Credit to income	**1**	**13**	**(12)**	**1**	**-**	**3**
Charge to equity	**-**	**-**	**-**	**-**	**10**	**10**
At 31 December 2023	**1**	**13**	**(42)**	**2**	**3**	**(23)**

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the years in which they reverse. The rate enacted for the relevant years of reversal is 25% (2022: 25%).

14. Trade and other receivables

	2023	2022
	£m	£m
Gross trade receivables	**64**	49
Net trade receivables	**64**	49
Amounts falling due within one year:		
Amounts receivable from parent company	**-**	626
Amounts receivable from other Group companies	**149**	106
VAT	**23**	25
Prepayments	**16**	12
Accrued revenue	**9**	6
Other	**4**	6
Total current trade and other receivables	**265**	830
Amounts falling due after more than one year:		
Amounts receivable from parent company	**1,126**	-
Amounts receivable from other Group companies	**899**	560
Other non current receivables	**9**	11
Total non-current trade and other receivables	**2,034**	571
Total trade and other receivables	**2,298**	1,401

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

14. Trade and other receivables (continued)

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

	2023	2022
	£m	£m
Not past due date	**37**	45
Up to 30 days past due date	**3**	-
30 to 60 days past due date	**5**	4
60 to 120 days past due	**12**	-
Over 120 days past due	**7**	-
	64	49

14. Trade and other receivables (continued)

Amounts receivable from the parent company

Amounts due from the parent company totalling £1,126 million (2022: £626 million) represent trade receivables; they are non-current, unsecured, non-interest bearing and are repayable on demand. In the prior year, this balance was classified as current.

Amounts receivable from other Group companies

Amounts due from other Group companies totalling £149 million (2022: £106 million) represent trade receivables; they are unsecured, non-interest bearing and are repayable on demand.

Amounts due from other Group companies totalling £899 million (2022: £560 million) represent trade receivables; they are unsecured, non-interest bearing and are repayable on demand.

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.

Within the Company there is a concentration of risk within amounts receivable from Group companies. No allowances have been recorded against amounts receivable from Group companies as the expected credit loss in relation to these balances was assessed as being immaterial.

No expected loss has been recognised in relation to accrued income as the loss is considered to be immaterial.

15. Trade and other payables

	2023 £m	2022 £m
Trade payables	**123**	207
Amounts payable to ultimate parent Company	**22**	16
Amounts payable to other Group companies	**2,115**	1,277
Accruals	**19**	-
Other payables	**23**	21
Current trade and other payables	**2,302**	1,521
Non-current other payables	**-**	16
Total trade and other payables	**2,302**	1,537

The Directors consider that the carrying amount of trade and other payables approximates their fair values. Trade payables principally comprise amounts outstanding for hardware purchases and related service and logistic costs and other payables contain short-term net cash overdrafts which are repayable on demand and do not have a fixed repayment schedule.

Amounts payable to ultimate parent Company

Amounts due to ultimate parent Company totalling £22 million (2022: £16 million) represent trade payables; they are unsecured, non-interest bearing and are repayable on demand.

Amounts payable to other Group companies

Amounts due to other Group companies totalling £159 million (2022: £153 million) represent trade payables; they are unsecured, non-interest bearing and are repayable on demand.

The Company owes Comcast Capital International Limited ("CCIL") £1,956 million (2022: £1,124 million). The Company is a pooling participant in the multi currency notional pool operated by CCIL and thus any overdrawn accounts are funded by CCIL. Receivable and payable balances with CCIL are offset into one balance with CCIL where appropriate, to reflect its nature as a multi-currency notional pool. CCIL is a company within the wider Comcast Group, as opposed to the Sky Group.

As at 31 December 2023, for pooling participants the followings rates apply:

Currency	Reference rate	Participant deposit	Participant funding
Euros	1 month EURIBOR	Reference rate plus 13 basis points	Reference rate plus 40 basis points
Pounds Sterling	1 month SONIA	Reference rate plus 19 basis points	Reference rate plus 70 basis points
US Dollars	1 month SOFR	Reference rate plus 16 basis points	Reference rate plus 50 basis points

16. Derivatives and other financial instruments

Set out below are the derivative financial instruments entered into by the Company to manage its foreign exchange risks.

	2023				2022			
	Asset		**Liabilities**		Asset		Liabilities	
	Fair value	**Notional**	**Fair value**	**Notional**	Fair value	Notional	Fair value	Notional
	£m	**£m**	**£m**	**£m**	£m	£m	£m	£m
Cash flow hedges:								
Forward foreign exchange contracts	**2**	**24**	**(13)**	**331**	30	658	(1)	188
Derivatives not in a formal hedge relationship:								
Forward foreign exchange contracts	**-**	**3**	**(6)**	**129**	-	-	-	-

The maturity of the derivative financial instruments is as follows:

	2023		2022	
	Asset	**Liability**	Asset	Liability
	£m	**£m**	£m	£m
In one year or less	**2**	**(13)**	24	(1)
Between one and two years	**-**	**(6)**	6	-
Total	**2**	**(19)**	30	(1)

The Company's portfolio of FX derivatives is diversified by maturity. Natural offsets between transactions within the portfolio and the designation of certain derivatives as hedges significantly reduce the risk of income statement volatility. All derivatives are transacted with Sky UK Limited.

The Sky Group Treasury function is responsible for liquidity management, and the management of foreign exchange and interest rate risks. The Sky Group is financed through a combination of equity and loan facilities from the Comcast Group. Treasury operations are conducted within a framework of policies and guidelines issued by Comcast Corporation. 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.

Hedge accounting classification and impact

Hedge effectiveness testing is performed quarterly using the dollar-offset approach. The actual movement in the hedging items is compared with the movement in the valuation of the hypothetically perfect hedge of the underlying risk at inception, and any ineffectiveness is recognised directly in the Income Statement. There was £1,463,000 ineffectiveness recognised in the Income Statement during the current year (2022: £nil).

A hedge relationship is deemed to be effective if the ratio of changes in valuation of the underlying hedged item and the hedging instrument is within the range of 80% to 125%. Any relationship which has a ratio outside this range is deemed to be ineffective, at which point hedge accounting is suspended. During the year ended 31 December 2023, there were 3 instance(s) in which the hedge relationship was not highly effective (2022: one instance).

16. Derivatives and other financial instruments (continued)

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 trade and other receivables, cash and cash equivalents and derivative financial instruments.

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

	Financial Assets at Amortised Cost	Financial Liabilities at Amortised Cost	Financial Assets at Fair Value through PL	Financial Liabilities at Fair Value through PL	Total carrying value	Total fair values
	£m	£m	£m	£m	£m	£m
At 31 December 2023						
Derivative financial instruments	**-**	**-**	**2**	**(19)**	**(17)**	**(17)**
Trade and other payables	**-**	**(2,302)**	**-**	**-**	**(2,302)**	**(2,302)**
Trade and other receivables	**2,259**	**-**	**-**	**-**	**2,259**	**2,259**
Cash and cash equivalents	**-**	**-**	**-**	**-**	**-**	**-**
At 31 December 2022						
Derivative financial instruments	-	-	30	(1)	29	29
Trade and other payables	-	(1,537)	-	-	(1,537)	(1,537)
Trade and other receivables	1,358	-	-	-	1,358	1,358

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

- Foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts.

(b) Fair value hierarchy

The following table categorises the Company's financial instruments which are held at fair value into one of three levels to reflect the degree to which observable inputs are used in determining their fair values:

	Fair value	Level 1	Level 2	Level 3
	£m	£m	£m	£m
At 31 December 2023				
Financial assets				
Forward foreign exchange	**2**	**-**	**2**	**-**
Financial liabilities				
Forward foreign exchange	**(19)**	**-**	**(19)**	**-**
At 31 December 2022				
Financial assets				
Forward foreign exchange	30	-	30	-
Financial liabilities				
Forward foreign exchange	(1)	-	(1)	-

16. Derivatives and other financial instruments (continued)

(b) Fair value hierarchy

Level 1 - Fair values measured using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Fair values measured using inputs, other than quoted prices included within Level 1, that are observable for the asset or liability either directly or indirectly. Derivative financial instrument fair values are present values determined from future cash flows discounted at rates derived from market source data.

Level 3 - Fair values measured using inputs for the asset or liability that are not based on observable market data.

(c) Offsetting of financial assets and liabilities

The following table shows those financial asset and liabilities subject to offsetting, enforceable master netting arrangements and similar agreements.

				Related amounts not set off in the balance sheet	
	Gross amounts of recognised financial (liabilities)/assets	Gross amounts of financial assets offset in the balance sheet	Net amounts presented in Balance Sheet	Right of set off with derivative counterparties	Net amount
	£m	£m	£m	£m	£m
At 31 December 2023					
Derivative financial assets	**2**	**-**	**2**	**-**	**2**
Derivative financial liabilities	**(19)**	**-**	**(19)**	**-**	**(19)**
Total	**(17)**	**-**	**(17)**	**-**	**(17)**
At 31 December 2022					
Derivative financial assets	30	-	30	-	30
Derivative financial liabilities	(1)	-	(1)	-	(1)
Total	29	-	29	-	29

Financial assets and liabilities are offset and the amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Derivative financial instruments that do not meet the criteria for offset could be settled net in certain circumstances under ISDA ('International Swaps and Derivatives Association') agreements where each party has the option to settle amounts on a net basis in the event of default from the other.

17. Financial risk management objectives and policies

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

The Group's principal market risks are exposures to changes in 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 forward foreign exchange contracts to hedge transactional and translational currency exposures.

Market risk

The following table sets out the maturity profile and foreign currency exchange rates of the hedging instruments used in the Company's hedging strategies:

	0 - 6 Months	6 - 12 Months	Beyond 12 Months
Cash Flow Hedges			
Foreign Currency Risk			
Forward Currency Contracts (GBP:USD) fixed			
Notional Amount (£m)	125	111	119
Average exchange rate	1.25	1.22	1.23

	Nominal amount of the hedging instrument	Carrying amount of the hedging instrument		Line item in the statement of financial position where the hedging instrument is located	Opening Balance 1 January 2023	(Gain)/Loss deferred to OCI	Gain/(Loss) recycled to Finance Income/ (costs)	Gain/(Loss) reclassified to PPE	Closing Balance 31 December 2023	Hedge ineffective-ness recognised in financing (income)/ costs
		Asset	Liability							
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Cash Flow Hedges										
Foreign Exchange Contracts	335	2	(12)	Derivative Financial Assets/ Liabilities	(28)	35		11	17	(1)
Discontinued Hedges	132		(6)	Derivative Financial Assets/ Liabilities		(5)			(5)	

17. Financial risk management objectives and policies (continued)

Market risk (continued)

The following table represents the changes in value of hedging instrument and hedged item for calculating hedge ineffectiveness as at 31 December 2023:

	Hedging instrument	Change in value of hedging instrument for calculating hedge ineffectiveness	Change in value of hedged item for calculating hedge ineffectiveness
		£m	£m
Cash Flow Hedges			
Foreign Exchange Risk			
USD Payables	Forward Contracts	34	(35)

Capital Risk Management

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

Credit risk

The Company is exposed to credit risk amounting to (£3m) net cash overdrafts (2022: £1m). The Company's maximum exposure to credit risk on trade receivables is the carrying amounts disclosed in note 14.

Liquidity risk

The Company's financial liabilities are shown in note 15.

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. The amounts disclosed may not reconcile to the amounts disclosed on the balance sheet for borrowings, derivative financial instruments and trade and other payables.

		Less than 12 months	Between one and two years	Between two and five years	More than five years
		£m	£m	£m	£m
At 31 December 2023					
Non-derivative financial liabilities					
Trade and other payables		**2,305**	**-**	**-**	**-**
Provisions		**18**	**1**	**-**	**-**
Gross settled derivatives					
Asset	Outflow	**37**	**-**	**-**	**-**
	Inflow	**(39)**	**-**	**-**	**-**
Liability	Outflow	**298**	**181**	**-**	**-**
	Inflow	**(286)**	**(175)**	**-**	**-**
At 31 December 2022					
Non-derivative financial liabilities					
Trade and other payables		1,521	16	-	-
Provisions		8	-	-	1
Gross settled derivatives					
Asset	Outflow	345	201	78	-
	Inflow	(371)	(209)	(79)	-
Liability	Outflow	81	111	-	-
	Inflow	(81)	(111)	-	-

17. Financial risk management objectives and policies (continued)

Foreign exchange risk

The Company's revenues are substantially denominated in pounds sterling and US dollars, and a significant proportion of operating costs are denominated in US dollars. These costs relate mainly to the Company's set-top box and Sky Glass contracts with overseas suppliers.

During the year, the Company managed its currency exposure on US dollar denominated contracts by the purchase of forward exchange contracts for up to 30 months ahead. All US dollar-denominated forward exchange contracts entered into by the Company were in respect of highly probable cash flows. At 31 December 2023, the Company had outstanding commitments to purchase, in aggregate, US $629 million at an average rate of US$1.23 to £1.00 (2022: US $1,018 million at an average rate of US$1.25 to £1.00). At 31 December 2023, the Company had outstanding commitments to sell, in aggregate, US$8 million at an average rate of US$1.27 to £1.00.

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 remeasurement at the year-end for a 25% change in foreign currency rates.

- A 25% strengthening in pounds sterling against the US dollar would have impact of increasing profit by £11 million (2022: £5 million). The same strengthening would have an adverse impact on other equity of £57 million (2022: £155 million).
- A 25% weakening in pound sterling against the US dollar would have the impact of reducing profit by £18 million (2022: £8 million). The same weakening would have a beneficial impact on other equity of £95 million (2022: £259 million).
- A 25% strengthening in pounds sterling against the Euro would have the impact of increasing profit by £17 million (2022: £11 million).
- A 25% weakening in pounds sterling against the Euro would have the impact of reducing profit by £29 million (2022: £18 million).

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.

18. Share capital

	2023	2022
	£m	£m
Authorised, allotted, called-up and fully paid		
432,334,228 (2022: 432,334,228) ordinary shares of £1 each	**432**	432

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

Share option and contingent share award schemes

The Company operates various equity-settled share option schemes (the "Schemes") for certain employees, using shares in the Company's ultimate parent company, previously Sky Limited and now Comcast Corporation.

The awards outstanding can be summarised as follows:

	2023 Number of ordinary shares	2022 Number of ordinary shares
Sharesave Scheme options (i)	**584,335**	741,199
Comcast Corporation RSU awards (ii)	**310,823**	262,990
	895,158	1,004,189

(i) Sharesave Scheme options

All Sharesave Scheme options outstanding at 31 December 2023 and 31 December 2022 have no performance criteria attached, other than the requirement that the employee remains in employment with Sky. Options granted under the Sharesave Scheme are to be exercised within six months of the relevant award vesting date. The Sharesave Scheme is open to all employees. Options are normally exercisable after either three or five years from the date of grant. The price at which options are offered is not less than 80% of the middle-market price on the dealing day immediately preceding the date of invitation.

18. Share capital (continued)

Share option and contingent share award schemes (continued)

(ii) Comcast Corporation RSU awards

All awards outstanding at 31 December 2023 and at 31 December 2022 vest provided that on the vesting date the grantee is and has from the date of the grant continuously been an employee of the Company or a Subsidiary Company during the restricted period.

The movement in share awards outstanding is summarised in the following table:

	Sharesave Scheme		Senior Management Schemes		Total	
	Number of shares under option	Weighted average exercise price	Number of shares under option	Weighted average exercise price	Number of shares under option	Weighted average exercise price
Outstanding at 1 January 2022	415,257	£28.49	148,783	-	564,040	£20.97
Granted during the year	365,053	£19.42	252,687	-	617,740	£11.48
Vested during the year	-	£0.00	(121,127)	-	(121,127)	£0.00
Forfeited during the year	(39,111)	£30.66	(17,353)	-	(56,464)	£21.24
Outstanding at 31 December 2022	741,199	£23.91	262,990	-	1,004,189	£17.65
Granted during the year	**84,238**	**£21.94**	**183,947**	**-**	**268,185**	**£6.89**
Vested during the year	**(186,374)**	**£27.25**	**(122,165)**	**-**	**(308,539)**	**£16.46**
Forfeited during the year	**(54,728)**	**£24.59**	**(13,949)**	**-**	**(68,677)**	**£19.59**
Outstanding at 31 December 2023	**584,335**	**£22.50**	**310,823**	**-**	**895,158**	**£14.68**

The weighted average market price of Comcast's shares at the date RSU awards vested during the year was £47.47 (2022: £46.42).

The following table summarises information about share awards outstanding at 31 December 2023 and 31 December 2022:

	Sharesave Scheme		Senior Management Schemes		Total	
	2023	2023 Weighted average remaining life	2023	2023 Weighted average remaining life	2023	2023 Weighted average remaining life
Range of Exercise Prices	Number	Years	Number	Years	Number	Years
£0.00 - £1.00	-	-	310,823	2.17	310,823	2.17
£19.00 - £34.00	584,335	2.02	-	-	584,335	2.02
	584,335	**2.02**	**310,823**	**2.17**	**895,158**	**2.07**

	Sharesave Scheme		Senior Management Schemes		Total	
	2022	2022 Weighted average remaining life	2022	2022 Weighted average remaining life	2022	2022 Weighted average remaining life
Range of Exercise Prices	Number	Years	Number	Years	Number	Years
£0.00 - £1.00	-	-	262,990	1.86	262,990	1.86
£19.00 - £34.00	741,199	2.10	-	-	741,199	2.10
	741,199	**2.10**	**262,990**	**1.86**	**1,004,189**	**2.04**

18. Share capital (continued)

Share option and contingent share award schemes (continued)

The exercise prices of options outstanding at 31 December 2023 ranged from nil to £33.31 (2022: nil to £33.31).

At 31 December 2023 and 31 December 2022 none of the outstanding Sharesave awards were exercisable. On vesting, RSUs are automatically assigned to the employee.

Information for awards granted during the year

The weighted average fair value of equity-settled share options granted during the year, as estimated at the date of grant, was £21.70 (2022: £18.92). This was calculated using the Black-Scholes share option pricing model.

Expected volatility was determined by calculating the historical volatility of the share price, over a period equal to the expected life of the options. Expected life was based on the contractual life of the awards and adjusted, based on management's best estimate, for the effects of exercise restrictions and behavioural considerations.

Weighted average fair value assumptions

i) Sharesave scheme

The weighted average fair value of equity-settled share awards granted during the year under the Sharesave Scheme, as estimated at the date of grant, was £12.61 (2022: £8.04). This was calculated using the Black-Scholes share option pricing model.

The following weighted average assumptions were used in these option pricing models:

	2023	2022
Share price	**£36.22**	£27.44
Exercise price	**£21.94**	£21.60
Expected volatility	**30.7%**	30.6%
Expected life	**3.3 years**	3.5 years
Expected dividend	**3.5%**	3.5%
Risk-free interest rate	**4.1%**	4.1%

ii) Senior management schemes

The weighted average fair value of equity-settled share awards granted during the year under the Senior Management Schemes, as estimated at the date of grant, was £25.86 (2022: £34.63). Awards granted as nil-priced options were treated as the award of a free share. For all other awards, fair value was calculated using the Black-Scholes share option pricing model.

The following weighted average assumptions were used in calculating these fair values:

	2023	2022
Share price	**£26.00**	£34.65
Exercise price	**£0.00**	£0.00
Expected volatility	**0.0%**	0.0%
Expected life	**2.6 years**	3.0 years
Expected dividend	**0.1%**	0.1%
Risk-free interest rate	**2.0%**	2.3%

19. Shareholders' equity

	2023	2022
	£m	£m
Share capital	**432**	432
Hedging reserve	**(12)**	20
Retained earnings	**504**	456
	924	908

19. Shareholders' equity (continued)

Hedging Reserve

Changes in the fair values of derivatives that are designated as cashflow hedges are initially recognised in the hedging reserve to the extent that the hedges are effective. Amounts accumulated in the hedging reserve are subsequently recognised in the initial cost or other carrying value of the non-financial asset or liability on the Balance Sheet and in the Income Statement when the related hedged item is recognised in the Income Statement. In addition, deferred tax relating to these derivatives is also initially recognised in the hedging reserve prior to transfer to the Income Statement. Further detail of hedging activity is disclosed in note 17.

20. Contracted commitments, contingencies and guarantees

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

	Less than one year	**Between one and five years**	**After five years**	**Total at 31 December 2023**	Total at 31 December 2022
	£m	**£m**	**£m**	**£m**	£m
Hardware	**-**	**-**	**-**	**-**	119
Intangible assets	**2**	**5**	**-**	**7**	-
Other	**28**	**21**	**-**	**49**	41
	30	**26**	**-**	**56**	160

Included in the commitments above are £7,060,715 for commitments to purchase intangible assets and £nil for commitments to purchase property, plant and equipment.

b) Contingencies and guarantees

The following guarantees are in place relating to the Sky Group's borrowings: (a) Sky UK Limited, Sky Subscribers Services Limited ("SSSL"), Sky Group Finance Limited, Sky Telecommunications Services Limited, the Company and Comcast Corporation have given joint and several guarantees in relation to the outstanding Guaranteed Notes issued by Sky Limited. (b) Sky UK Limited, SSSL, Sky Limited, the Company, Sky Telecommunications Services Limited and Comcast Corporation have given joint and several guarantees in relation to the outstanding Guaranteed Notes issued by Sky Group Finance Limited.

21. Ultimate parent undertaking

The Company is a wholly-owned subsidiary undertaking of Sky UK Limited, (the immediate parent company), a company incorporated in the United Kingdom and registered in England and Wales. The Company's ultimate parent company and the smallest and largest group in which the results of the company are consolidated is Comcast Corporation, a company incorporated in the United States of America and registered in Pennsylvania.

The Company is ultimately controlled by Comcast and operates together with Comcast's other subsidiaries, as a part of the Comcast Group. The only group in which the results of the Company are consolidated is that headed by Comcast.

The consolidated financial statements of the Comcast Group are available to the public and may be obtained from Company Investor Relations at Comcast Corporation, One Comcast Center, Philadelphia, PA 19103, USA (registered address), or at: https://www.cmcsa.com/investors.