

Consolidated financial statements

Consolidated income statement

for the year ended 30 June 2017

	Notes	2017 £m	2016 £m
Revenue	2	12,916	11,965
Operating expense	2	(11,952)	(10,988)
Operating profit		964	977
Share of results of joint ventures and associates	12	21	2
Investment income	3	22	17
Finance costs	3	(204)	(244)
Profit before tax	4	803	752
Taxation	6	(112)	(89)
Profit for the year		691	663
Profit (loss) for the year attributable to:			
Equity shareholders of the parent company		695	666
Non-controlling interests		(4)	(3)
		691	663
Earnings per share from profit for the year (in pence)			
Basic	7	40.6p	39.0p
Diluted	7	40.0p	38.7p

The accompanying notes are an integral part of this consolidated income statement.

Consolidated statement of comprehensive income

for the year ended 30 June 2017

	2017 £m	2016 £m
Profit for the year	691	663
Other comprehensive income		
Amounts recognised directly in equity that may subsequently be recycled to the income statement		
Gain on revaluation of available-for-sale investments	-	1
Gain on cash flow hedges (see note 20)	31	699
Tax on cash flow hedges (see note 14)	(2)	(138)
Loss on net investment hedges (see note 20)	(335)	(897)
Exchange differences on translation of foreign operations (see note 21)	396	1,082
Actuarial movements on employee benefit obligations (see note 18)	1	(3)
	91	744
Amounts reclassified and reported in the income statement		
Gain on cash flow hedges (see note 20)	(85)	(427)
Tax on cash flow hedges (see note 14)	17	86
	(68)	(341)
Amounts reclassified and reported in non-financial assets (basis adjustment)		
Gain on cash flow hedges (see note 20)	(165)	(31)
Tax on cash flow hedges (see note 14)	33	6
	(132)	(25)
Other comprehensive (loss) income for the year (net of tax)	(109)	378
Total comprehensive income for the year	582	1,041
Total comprehensive income (loss) for the year attributable to:		
Equity shareholders of the parent company	586	1,044
Non-controlling interests	(4)	(3)
	582	1,041

Consolidated balance sheet

as at 30 June 2017

	Notes	2017 £m	2016 £m
Non-current assets			
Goodwill	9	4,930	4,713
Intangible assets	10	4,626	4,446
Property, plant and equipment	11	2,273	1,957
Investments in joint ventures and associates	12	116	123
Available-for-sale investments	13	110	71
Deferred tax assets	14	302	245
Programme distribution rights	15	63	36
Trade and other receivables	16	41	95
Derivative financial assets	20	643	1,022
		13,104	12,708
Current assets			
Inventories	15	1,113	990
Trade and other receivables	16	1,475	1,349
Current tax assets		12	14
Short-term deposits	20	300	-
Cash and cash equivalents	20	2,200	2,137
Derivative financial assets	20	234	212
		5,334	4,702
Total assets		18,438	17,410
Current liabilities			
Borrowings	19	974	31
Trade and other payables	17	4,303	3,902
Current tax liabilities		146	162
Provisions	18	107	181
Derivative financial liabilities	20	20	50
		5,550	4,326
Non-current liabilities			
Borrowings	19	8,207	8,901
Trade and other payables	17	87	81
Provisions	18	83	94
Derivative financial liabilities	20	384	259
Deferred tax liabilities	14	280	308
		9,041	9,643
Total liabilities		14,591	13,969
Share capital	22	860	860
Share premium	23	2,704	2,704
Reserves	23	274	(117)
Total equity attributable to equity shareholders of the parent company	23	3,838	3,447
Total equity (deficit) attributable to non-controlling interests		9	(6)
Total liabilities and equity		18,438	17,410

The accompanying notes are an integral part of this consolidated balance sheet.

These consolidated financial statements of Sky plc, registered number 02247735, have been approved and authorised for issue by the Board of Directors on 26 July 2017 and were signed on its behalf by:

Jeremy Darroch
Group Chief Executive Officer

Andrew Griffith
Group Chief Operating Officer and Chief Financial Officer

Consolidated financial statements – continued

Consolidated cash flow statement

for the year ended 30 June 2017

	Notes	2017 £m	2016 £m
Cash flows from operating activities			
Cash generated from operations	24	2,254	2,086
Interest received		15	10
Taxation paid		(163)	(189)
Net cash from operating activities		2,106	1,907
Cash flows from investing activities			
Dividends received from joint ventures and associates		20	20
Funding to joint ventures and associates		(9)	(8)
Repayment of loan from associate		83	-
Loan to joint venture		(14)	-
Purchase of joint ventures and associates		(2)	(1)
Proceeds on disposal of joint ventures and associates		4	-
Purchase of property, plant and equipment		(628)	(542)
Proceeds on disposal of property, plant and equipment		1	3
Purchase of intangible assets		(546)	(432)
Purchase of subsidiaries (net of cash and cash equivalents purchased)		(26)	(26)
Purchase of available-for-sale investments		(34)	(50)
Proceeds on disposal of available-for-sale investments		2	16
(Increase) decrease in short-term deposits		(300)	1,100
Net cash (used in) from investing activities		(1,449)	80
Cash flows from financing activities			
Net proceeds from borrowings		-	353
Repayment of borrowings		(7)	(432)
Repayment of obligations under finance leases		(16)	(18)
Proceeds from disposal of shares in Employee Share Ownership Plan ('ESOP')		15	10
Purchase of own shares for ESOP		-	(200)
Interest paid		(238)	(231)
Capital contribution from non-controlling interests		7	-
Purchase of non-controlling interests		-	(170)
Dividends paid to shareholders of the parent		(358)	(564)
Dividends paid to holders of non-controlling interests		(4)	(3)
Net cash used in financing activities		(601)	(1,255)
Net increase in cash and cash equivalents		56	732
Cash and cash equivalents at the beginning of the year		2,137	1,378
Effect of foreign exchange rate movements		7	27
Cash and cash equivalents at the end of the year		2,200	2,137

The accompanying notes are an integral part of this consolidated cash flow statement.

Consolidated statement of changes in equity

for the year ended 30 June 2017

	Attributable to equity shareholders of the parent company								
	Share capital £m	Share premium £m	ESOP reserve £m	Hedging reserve £m	Other reserves £m	Retained (deficit) earnings £m	Total shareholders' equity £m	Non-controlling interests £m	Total equity £m
At 1 July 2015	860	2,704	(125)	62	119	(455)	3,165	59	3,224
Profit (loss) for the year	-	-	-	-	-	666	666	(3)	663
Net investment hedges	-	-	-	-	(897)	-	(897)	-	(897)
Exchange differences on translation of foreign operations	-	-	-	-	1,082	-	1,082	-	1,082
Revaluation of available-for-sale investments	-	-	-	-	1	-	1	-	1
Recognition and transfer of cash flow hedges	-	-	-	241	-	-	241	-	241
Tax on items taken directly to equity	-	-	-	(46)	-	-	(46)	-	(46)
Actuarial movements on employee benefit obligations	-	-	-	-	(3)	-	(3)	-	(3)
Total comprehensive income (loss) for the year	-	-	-	195	183	666	1,044	(3)	1,041
Share-based payment	-	-	-	-	-	(88)	(88)	-	(88)
Non-controlling interests arising on purchase of subsidiaries	-	-	-	-	-	-	-	1	1
Dividends	-	-	-	-	-	(564)	(564)	(3)	(567)
Purchase of non-controlling interests	-	-	-	-	-	(110)	(110)	(60)	(170)
At 30 June 2016	860	2,704	(125)	257	302	(551)	3,447	(6)	3,441
Profit (loss) for the year	-	-	-	-	-	695	695	(4)	691
Net investment hedges	-	-	-	-	(335)	-	(335)	-	(335)
Exchange differences on translation of foreign operations	-	-	-	-	396	-	396	-	396
Recognition and transfer of cash flow hedges	-	-	-	(219)	-	-	(219)	-	(219)
Tax on items taken directly to equity	-	-	-	48	-	-	48	-	48
Actuarial movements on employee benefit obligations	-	-	-	-	1	-	1	-	1
Total comprehensive income (loss) for the year	-	-	-	(171)	62	695	586	(4)	582
Share-based payment	-	-	47	-	-	109	156	-	156
Non-controlling interests arising on purchase of subsidiaries	-	-	-	-	-	-	-	23	23
Tax on items taken directly to equity	-	-	-	-	-	7	7	-	7
Dividends	-	-	-	-	-	(358)	(358)	(4)	(362)
At 30 June 2017	860	2,704	(78)	86	364	(98)	3,838	9	3,847

For a description of the nature and purpose of each equity reserve, see note 23.

The accompanying notes are an integral part of this consolidated statement of changes in equity.