SKY UK LIMITED

Annual report and financial statements
For the year ended 31 December 2022

Registered number: 02906991

Directors and Officers

For the year ended 31 December 2022

Directors

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

C Smith	(resigned 12 May 2023)
S Robson	
C R Jones	
T C Richards	
K Holmes	(appointed 16 May 2023)

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 2022

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 2022, with comparatives for the year ended 31 December 2021.

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 Limited (the immediate parent company) and operates together with it and its subsidiaries (the "Sky Group" or "Group"). The Company is ultimately controlled by Comcast.

The Company operates the leading pay television broadcasting service in the United Kingdom ("UK") and Ireland as well as broadband, telephony and mobile services. The Company's principal activities consist of the operation and distribution of wholly-owned television channels via a direct-to-home ("DTH") service and it supplies certain channels to cable operators for retransmission to their subscribers in the UK and Ireland.

There have not been any significant changes in the Company's activities in the year under review. 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

The audited financial statements for the year ended 31 December 2022 are set out on pages 15 to 66. In the year, the Company made an operating loss of £111 million (2021: profit of £6 million).

Total revenue in the year can be analysed as follows:

	2022	2021
	£m	£m
Direct to consumer	**8,363**	7,989
Content	**572**	579
Advertising	**1,269**	1,247
Revenue	**10,204**	9,815

The drivers of the increase in direct to consumer revenue include the growth of Sky Glass (which launched in October of the prior year), Mobile and Broadband, as well as Streaming. Content and advertising revenue were broadly in line with prior year trading. Also during the year, the Sky Group increased prices across TV and communications products, reflecting the additional value being provided in these areas.

Content and advertising revenue were broadly in line with prior year trading.

The Company's operating expense can be analysed as follows:

	2022	2021
	£m	£m
Programming	**(3,425)**	(3,539)
Direct network costs	**(930)**	(683)
Sales, general and administration	**(5,960)**	(5,587)
Operating expenses	**(10,315)**	(9,809)

The decrease in programming costs is predominantly driven by the impact of the World Cup on the 2022/23 football season. Additionally, there are incremental costs with the investment in Sky Originals titles, offset by a reduction in Disney and Fox content.

Direct network costs have increased as a result of the increase in mobile customers, the launch of Sky Glass in October of the prior year and the launch of Sky Stream this October.

Sales, general and administration costs have grown due to increased marketing, logistics and other costs related to the launch and delivery of Sky Glass and Sky Stream, higher depreciation and amortisation on investment in technology and retail stores, and higher technology costs driven by increased fibre subscribers.

Business review and principal activity (continued)

An impairment charge against the Company's investment in subsidiaries of £4,057 million (2021: £2,254 million) was recognised in the current year, as the recoverable amount was determined to be less than the carrying amount of the investments. For further details please see note 16 to the financial statements.

Net assets at the balance sheet date were £922 million (2021: net liabilities of £5,129 million). The increase in net assets during the year is primarily due to the issue of 1 share to Sky Limited for £6,600 million (see note 26), as part of a Group recapitalisation.

Net current liabilities decreased in the year to £8,750 million (2021: £9,640 million). During the year the Sky Group recapitalised its investments in subsidiaries across the Group, primarily exchanging intercompany loan notes for shares and receiving dividends from subsidiaries reducing intercompany balances (see notes 16, 21 and 22).

During the year the Company transitioned from reporting under UK-adopted IFRS Accounting Standards to reporting under Financial Reporting Standard 101, 'Reduced Disclosure Framework' ("FRS 101"). This transition has not led to any changes to any accounting policies in comparison to the prior-year and no previously reported numbers have been restated as a result of the transition.

A list of the disclosure exemptions taken following the adoption of FRS 101 is included in note 2.

Important subsequent events

Subsequent to the year-end, on 20 March 2023, the Company issued 1 share for £4,542m. The proceeds from this share issue were used to repay intercompany payable balances held by the Company. Subsequent to the share issue, the resulting share premium was cancelled into retained earnings.

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 2022, 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.

The Company's business is based on a subscription model and its future success relies on building long-term relationships with its customers. The Company generates wholesale revenue principally from one customer.

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 members 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 2022. 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 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 recognise that employees are central to our success. We celebrate diversity, equity and inclusion 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 Modern Slavery Update provide more information on Company's approach to understanding and addressing the risks of modern slavery, and 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 the power of our platforms, our people, and our reach to create positive change and a more equitable society. 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.* Creating a more diverse and equitable company and society.
- *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 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 also recently took the critical step of joining the Science Based Target initiative (SBTi) on climate action, committing to set near-term emissions reduction goals. To achieve these goals, we are focused primarily on sourcing renewable and clean 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 2022 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 Limited and 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

T C Richards
Director

Grant Way
Isleworth
Middlesex
United Kingdom
TW7 5QD

13 June 2023

Directors' Report for the year ended 31 December 2022

The Directors present their report and the audited financial statements of Sky UK Limited (the "Company") for the year ended 31 December 2022.

Directors

The Directors who served during the year are shown on page 2.

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 key exposures to risk.

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, in line with the operational model of the Company (which holds investments in subsidiaries as non-current assets). 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 case of each Director in office at the date of 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 13 June 2023.

Dividend

The Directors do not recommend the payment of a final dividend in the current year (2021: £nil).

Financial risk management

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

Interest rate risk

The Company has financial exposure to UK, USA 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 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 25 of the accompanying financial statements for more details.

Credit risk

The Company's principal financial assets are cash, cash equivalents, trade and other receivables and derivative financial assets.

The Balance Sheet of the Company includes receivables due from third parties, as well as intercompany balances due from related parties. The Company is therefore exposed to credit risk on these balances. The Company recognises credit losses relating to these receivables, as applicable, under an expected loss model in accordance with IFRS 9 Financial Instruments. The receivables balances of the Company are detailed further in note 21.

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

Financial risk management (continued)

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 a £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.

Investment performance risk

The principal risk facing the Company relates to the recoverability of the Company's investment in subsidiaries. Recovery of these assets is dependent upon the generation of sufficient profits to pay dividends or from the proceeds of sale of such investments, in the event of their disposal. The Company reviews the carrying amount of its investments at balance sheet date to determine whether there is any indication of impairment.

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 35,000 members in over 200 chapters, including a variety of uniquely tailored mentorship programs across our business. Comcast has an open door policy and culture so employees can report any questions or concerns - whether involving a workplace issue, a concern about suspected illegal or unethical conduct or any other matter - trusting that we will take their concerns seriously and without fear of retaliation. See also the "Section 172 statement" section of the Strategic Report for more information on how we consider the interests of our employees.

Comcast has employee stock purchase plans in the United States, United Kingdom, Ireland 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 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.

Corporate Governance Statement (continued)

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.

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 company wide 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.

Streamlined energy and carbon reporting (SECR)

The Company is a wholly-owned subsidiary of Sky Limited (the immediate parent company) and operates as part of the Sky Group. Information on our 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 our carbon footprint for Sky Group and the UK and Ireland, which are the only levels at which the information can be practically obtained.

	2022		2021	
	UK and Ireland	**Sky Group**	**UK and Ireland**	**Sky Group**
Carbon Intensity				
Revenue (£m)	**11,097**	**14,521**	**10,891**	**14,744**
Carbon intensity (Total scopes 1 and 2 (location-based) tCO_2e/£m revenue	**5.27**	**5.55**	**5.67**	**6.06**
Carbon Emissions (tCO_2e)				
Scope 1 (Fuel combustion and operation of facilities)	**25,693**	**29,336**	**21,657**	**38,324**
Scope 2 (market-based purchased energy)	**-**	**2,963**	**3,038**	**8,149**
Total Scope 1 and Scope 2 (market-based purchased energy)	**25,693**	**32,300**	**24,695**	**46,473**
Scope 2 (location-based purchased energy)	**32,772**	**51,237**	**40,090**	**51,055**
Total Scope 1 and Scope 2 (location-based purchased energy)	**58,466**	**80,574**	**61,747**	**89,379**
Total Energy consumption Scope 1 and Scope 2 (kWh)	**281,669,579**	**367,937,642**	**280,703,720**	**400,474,465**
Carbon Emissions (Scope 3 tCO_2e)				
Scope 3 (Business travel in non-company vehicles)	**1,013**	**1,194**	**977**	**1,095**

Streamlined energy and carbon reporting (SECR) (continued)

Methodology

We calculate our greenhouse gas emissions in carbon dioxide equivalent (CO_2e) for Scopes 1 and 2 according to the Greenhouse Gas Protocol Corporate Standard and associated guidance. We use the emission factors from the latest UK Government (DEFRA/BEIS) Greenhouse Gas Conversion Factors for Company Reporting (2021), IEA Statistics Data Service: Emission Factors (2021 edition) and the Association of Issuing Bodies: Version 1.0 2020 European Residual Mixes (2021 edition). Data for UK & Ireland includes Sky Limited's Joint Ventures, small international offices and news bureaux and business activities in Portugal.

Our total gross CO2e emissions include all Scope 1 and Scope 2 location-based greenhouse gas emissions; and our market-based emissions are those remaining after emissions factors from contractual instruments have been applied. Our energy providers retain, on our behalf, the Guarantees of Origin and Renewable Energy Guarantee of Origin. In addition, we offset our total gross emissions, including Scope 1, location-based Scope 2 and selected Scope 3 emissions, through the purchase of Voluntary Carbon Standard offsets.

For our full basis of reporting, please see our website https://www.skygroup.sky/documents-policies.

Measures taken to increase energy efficiency

During the prior year, to further reduce our Scope 1 and 2 emissions, Sky Group replaced diesel generator fuel with HVO (Hydrotreated Vegetable Oil), a low carbon biofuel, at three main sites and optimised cooling at our technical sites amongst other initiatives to maximise energy efficiency.

Approved by the Board and signed on their behalf by:

T C Richards
Director

Grant Way
Isleworth
Middlesex
United Kingdom
TW7 5QD

13 June 2023

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 are required to prepare the financial statements in accordance with 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 UK Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Sky UK Limited (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 31 December 2022 and of its loss 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"; and
- 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;
- the related notes 1 to 31.

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 UK 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 and internal audit about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks 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 and 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 Employment Law, the Privacy and Electronic Communications Regulations 2003, the Communications Act 2003, the Broadcasting Act 1990, the Data Protection Act 2018 and the Bribery Act 2010.

We discussed among the audit engagement team including relevant internal specialists such as valuation, tax and IT 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 performing the above, we identified the greatest potential for fraud in the impairment assessment of the carrying value of investments. The risk arises due to the potential incentive to overstate the recoverable amount of the international operations in which the company has investments. We performed specific procedures to address this risk through:

- obtaining an understanding of management's controls over the carrying value of investments;
- performing audit procedures over the impairment tests including assessing and challenging the forecasts, the models and the assumptions used. This included involving local audit teams where relevant, and leveraging their cumulative knowledge and expertise; and
- searching for contradictory evidence or bias in management's judgements and conclusions in relation to the total recoverable amount for the international operations.

Auditor's Report (continued)

Independent auditor's report to the members of Sky UK Limited (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, 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

Opinion 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 and 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
13 June 2023

Income Statement

For the year ended 31 December 2022

	Notes	**2022**	2021
		£m	£m
Revenue	3	**10,204**	9,815
Operating expense	4	**(10,315)**	(9,809)
Operating (loss)/profit		**(111)**	6
Investment income	5	**3,851**	22
Finance costs	6	**(182)**	(51)
Net losses on investments	7	**(4,121)**	(2,252)
Loss before tax	8	**(563)**	(2,275)
Tax	11	**3**	-
Loss for the year attributable to equity shareholder		**(560)**	(2,275)

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

All recognised gains and losses for both the current financial year and the previous financial year arise from continuing operations.

Statement of Comprehensive Income

For the year ended 31 December 2022

	Notes	2022 £m	2021 £m
Loss for the year attributable to equity shareholder		**(560)**	(2,275)
Other comprehensive income			
Amounts recognised directly in equity that may subsequently be recycled to the income statement			
Gain on cash flow hedges	25	**32**	4
Tax charge on cash flow hedges	11	**(8)**	(1)
		24	3
Amounts reclassified and reported in the income statement			
Loss on cash flow hedges	25	**-**	1
		-	1
Other comprehensive profit for the year (net of tax)		**24**	4
Total comprehensive loss for the year attributable to equity shareholder		**(536)**	(2,271)

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 2022

	Notes	**2022**	2021
		£m	£m
Non-current assets			
Goodwill	12	**88**	88
Intangible assets	13	**451**	420
Property, plant and equipment	14	**828**	848
Right-of-use assets	15	**217**	210
Investment in subsidiaries	16	**2,354**	1,935
Investments in joint ventures and associates	17	**131**	55
Deferred tax assets	18	**11**	13
Cost to obtain customer contracts	19	**58**	54
Trade and other receivables	21	**10,226**	2,213
Derivative financial assets	24	**35**	23
Minority equity investments		**-**	1
Total non-current assets		**14,399**	5,860
Current assets			
Inventories	20	**1,573**	1,397
Trade and other receivables	21	**3,748**	3,684
Cash and cash equivalents		**212**	244
Derivative financial assets	24	**108**	39
Current tax assets		**42**	40
Total current assets		**5,683**	5,404
Total assets		**20,082**	11,264
Current liabilities			
Trade and other payables	22	**14,299**	14,846
Lease liabilities		**31**	51
Provisions	23	**16**	28
Derivative financial liabilities	24	**87**	119
Total current liabilities		**14,433**	15,044
Net current liabilities		**(8,750)**	(9,640)

Balance Sheet (continued)

As at 31 December 2022

	Notes	2022 £m	2021 £m
Non-current liabilities			
Trade and other payables	22	**4,405**	1,057
Lease liabilities		**165**	158
Provisions	23	**5**	10
Derivative financial liabilities	24	**152**	124
Total non-current liabilities		**4,727**	1,349
Total liabilities		**19,160**	16,393
Share capital	26	**10**	10
Share premium	27	**1**	1,204
Reserves	27	**911**	(6,343)
Total equity attributable to equity shareholder	27	**922**	(5,129)
Total liabilities and shareholder's equity		**20,082**	11,264

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

The financial statements of Sky UK Limited, registered number 02906991 were approved by the Board of Directors on 13 June 2023 and were signed on its behalf by:

T C Richards
Director

13 June 2023

Statement of Changes in Equity

For the year ended 31 December 2022

	Share capital £m	Share premium £m	Hedging reserve £m	Retained earnings £m	Total shareholder's equity £m
At 1 January 2021	10	1,204	(5)	(4,073)	(2,864)
Loss for the year	-	-	-	(2,275)	(2,275)
Recognition and transfer of cash flow hedges:					
Gains on cash flow hedges (see note 25)	-	-	4	-	4
Total other comprehensive income for the year	**-**	**-**	**4**	**-**	**4**
Total comprehensive income / (loss) for the year	**-**	**-**	**4**	**(2,275)**	**(2,271)**
Inventory cash flow hedge movements (see note 25)	-	-	4	-	4
Tax on items taken directly to equity (see note 11)	-	-	(1)	3	2
At 31 December 2021	**10**	**1,204**	**2**	**(6,345)**	**(5,129)**
Loss for the year	-	-	-	(560)	(560)
Recognition and transfer of cash flow hedges:					
Gains on cash flow hedges (see note 25)	-	-	24	-	24
Total other comprehensive income for the year	**-**	**-**	**24**	**-**	**24**
Total comprehensive income / (loss) for the year	**-**	**-**	**24**	**(560)**	**(536)**
Inventory cash flow hedge movements (see note 25)	-	-	(16)	-	(16)
Tax on items taken directly to equity (see note 11)	-	-	4	(1)	3
Issue of share capital (see note 26)	-	6,600	-	-	6,600
Reduction of share premium	-	(7,803)	-	7,803	-
At 31 December 2022	**10**	**1**	**14**	**897**	**922**

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

For a description of the nature and purpose of the hedging reserve, see note 27.

All results relate to continuing operations.

Notes to the financial statements

1. Company information

Sky UK Limited (the "Company") is a private limited liability 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, United Kingdom, TW7 5QD and registered number is 02906991. The Company's principal activities are set out in the Strategic report.

2. Significant 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. During the year ended 31 December 2022 the Company transitioned from reporting under UK-adopted IFRS Accounting Standards (“IFRS”) to reporting under FRS 101. This transition has not led to any changes to any accounting policies in comparison to the prior-year and no previously reported numbers have been restated as a result of the transition.

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.

b) Basis of preparation

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

The Company has 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 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 30).

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 assessment of risk.

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 12 months from the signing of the financial statements. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

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.

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.

2. Significant accounting policies (continued)

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

i. Intangible assets (continued)

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 i) below.

ii. Property, plant and equipment ("PPE")

Owned PPE is stated at cost, net of accumulated depreciation and any impairment losses, (see accounting policy i). 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; and
- 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 Group's general borrowings, the interest cost to be capitalised is calculated based upon the weighted average cost of borrowing to the 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 year to which they relate.

The assessment of the useful economic lives of both intangible assets and PPE 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 useful economic lives of all its assets on at least an annual basis.

Assessing whether assets meet the required criteria for initial capitalisation for both intangible assets and PPE 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. There is also a judgement required as to whether technological feasibility has been met.

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.

2. Significant accounting policies (continued)

d) Derivative financial instruments and hedging activities

The Company uses derivative financial instruments to hedge its exposure to fluctuations in interest and 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.

On transition to IFRS 9, entities are using the accounting policy choice to continue to apply hedge accounting requirements of IAS 39 instead of applying the new requirements in IFRS 9 until IASB's macro hedging accounting project is complete.

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 in the periods in which the related hedged items are 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 periods. 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.

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.

e) Inventories

i. Acquired and commissioned television programme inventories for broadcast

Programme inventories for broadcast are stated at the lower of cost and net realisable value ("NRV"), including, where applicable, estimated subscriber escalation payments, and net of the accumulated expense charged to the Income Statement to date. Such programming rights are included as inventories when the legally enforceable licence period commences and all of the following conditions have been met: (a) the cost of each programme is known or reasonably determinable; (b) the programme material has been accepted by the Company in accordance with the conditions of the rights, and (c) the programme is available for its first showing.

Prior to being included in inventories, the programming rights are classified as television programme rights not yet available for transmission and not recorded as inventories on the Company's Balance Sheet and are instead disclosed as contractual commitments (see note 28). Payments made in advance of the legal right to broadcast the programmes are included within programming rights inventory.

The cost of television programme inventories is recognised in the operating expense line of the Income Statement, over the period the Company utilises and consumes the programming rights, applying linear-broadcast and time-based methods of amortisation depending on the type of programme right, taking into account the circumstances primarily as described below. These circumstances may change or evolve over time and as such, the Company regularly reviews and updates the method used to recognise programming expense.

2. Significant accounting policies (continued)

e) Inventories (continued)

Sports - the majority or all of the cost is recognised in the Income Statement on the first broadcast or, where the rights are for multiple seasons or competitions, such rights are recognised principally on a straight-line basis across the seasons or competitions. Costs are only recognised in the income statement over the period where the matches or competition occurs, with no costs allocated to the off-season period.

Where sports rebates relates to a delay in events taking place, the rebate is treated as a modification to the original contract (change in price), such that the benefit of the rebate is spread over the remaining contractual period in line with underlying amortisation patterns. However, where a sports rebate relates to a partial or complete cancellation of events, the rebate is treated as a reduction in amortisation of the sports right in the accounting period, reflecting the fact that as the events were not delivered for broadcast, no cost should be recognised in the income statement.

News - the cost is recognised in the Income Statement as incurred.

Movies - The cost is recognised in the Income Statement based on an underlying expectation of how groups of stock items are consumed, considering viewing patterns of the inventory.

General entertainment - the cost relating to acquired, commissioned and produced programming rights for broadcast on the Company's linear channels are recognised in the Income Statement based on the viewing patterns of the inventory, based on an underlying expectation of how groups of stock items are consumed.

The Group regularly reviews its programming rights for impairment. Where programme rights are surplus to the Company's requirements, and no gain is anticipated through a disposal of the rights, or where the programming will not be broadcast for any other reason, a write-down to the Income Statement is made. Any reversals of inventory write-downs are recognised as reductions in operating expense.

General entertainment programming

In assessing the amortisation profile of movies and general entertainment, the Company is required to form an expectation of:

- the period over which the inventory will be broadcast on the Company's linear channels, and the time period over which the programme is expected to be utilised; and
- the expected viewing patterns associated with each inventory, and thus the relative value associated with each broadcast.

ii. Goods held for resale and vouchers used in marketing

Goods held for resale and vouchers are valued at the lower of cost and NRV. The cost of goods held for resale and vouchers is recognised through the operating expense line of the Income Statement on a weighted average basis.

ii. Sky Glass televisions, Mobile Handsets and accessories

Sky Glass televisions, Sky Stream pucks, mobile handsets and accessories held for sale to customers are valued at the lower of cost and NRV. The cost is recognised through the operating expense line of the Income Statement on a weighted average basis.

f) 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 initially recognised at fair value plus any directly attributable transaction costs. 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.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a currently enforceable legal right to set off the recognised amounts and there is the ability and intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

2. Significant accounting policies (continued)

f) Financial assets and liabilities (continued)

i. Minority equity investments

Equity investments are carried at fair value with movements in fair value recognised though profit or loss.

Minority equity investments are included within non-current assets unless the carrying value is expected to be recovered principally through sale within the next 12 months, in which case they are included within current assets.

On disposal, the difference between the carrying amount and the sum of the consideration received is recognised in the Income Statement.

ii. Trade and other receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments and, where no stated interest rate is applicable, are measured at the original invoice amount, if the effect of discounting is immaterial. Where discounting is material, trade and other receivables are measured at amortised cost using the effective interest method.

An allowance account is maintained to reduce the carrying value of trade and other receivables for impairment losses provided for on an expected loss model according to IFRS 9, with movements in the allowance account, either from increased impairment losses or reversals of impairment losses, being recognised in the Income Statement.

iii. Cash and cash equivalents

Cash and cash equivalents include cash in hand, bank accounts, deposits receivable on demand and deposits with maturity dates of three months or less from the date of inception. Bank overdrafts that are repayable on demand and which form an integral part of the Company's cash management are also included as a component of cash and cash equivalents. Cash is recognised on an accruals basis, in line with when financial transfers of cash are initiated.

iv. Short-term deposits

This includes short-term deposits and commercial paper which have maturity dates of more than three months from inception. These deposits are initially recognised at fair value, and then carried at amortised cost through the Income Statement less any allowance for impairment losses.

v. 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.

vi. 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.

g) Investment in subsidiaries

An investment in a subsidiary is recognised at cost less any accumulated impairment. As permitted by section 133 of the Companies Act 2006, where the relief afforded under section 131 of the Companies Act 2006 applies, cost is the aggregate of the nominal value of the relevant number of the Company's shares and the fair value of any other consideration given to acquire the share capital of the subsidiary undertakings.

h) Investment in joint ventures and associates

An investment in a joint venture or associate is recognised at cost less any accumulated impairment. As permitted by section 133 of the Companies Act 2006, where the relief recorded under section 131 of the Companies Act 2006 applies, cost is the aggregate of the nominal value of the relevant number of the Company's shares and the fair value of any other consideration given to acquire the share capital of the venture or associate undertakings.

Investments are classified as joint ventures and associates when the Company is determined to have either joint control of, or significant influence over, an investee.

The Company reviews the carrying amounts of its investment to determine whether there is any indication that the investment has suffered an impairment loss.

2. Significant accounting policies (continued)

i) Impairment

At each balance sheet date, in accordance with IAS 36 "Impairment of Assets", the Company reviews the carrying amounts of all its assets excluding inventories (see accounting policy e), non-current assets classified as held-for-sale, financial assets (see accounting policy f) and deferred taxation (see accounting policy n) to determine whether there is any indication that any of those assets have suffered an impairment loss.

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

Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs. Impairment losses recognised in respect of cash generating units are allocated 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.

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

j) 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.

k) 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:

Direct to consumer revenue includes subscription and transactional revenue from residential and commercial customers. Subscription revenue includes revenue from residential and commercial subscribers to TV, Mobile and home communication products, including over-the-top ("OTT") subscriptions, and income from Sky Glass television sales, Mobile handset and tablet sales, and installation, service calls and warranties.

Revenue is recognised, net of any discount given, at a point in time or over time as the goods or services are provided, and control is transferred. Where appropriate, adjustments are made to consider significant financing offered by Sky to the customer.

A bundle exists where a customer enters into contracts for goods and services at or around the same time, where the transaction can only be understood commercially with reference to the bundle of goods and services as a whole, and where there is price inter-dependency between the products in a bundle. Where a customer purchases further products or services subsequent to the original sale, these are judged to represent contract modifications and are accounted for according to IFRS 15's guidance on contract modifications.

When the Company sells a Sky Glass television, installation or service and a subscription in one bundled transaction, the total consideration from the arrangement is allocated to each element based on their relative fair values, according to standalone selling prices. Discounts are allocated to products on a pro-rata basis according to relative fair values.

Transactional revenue includes the purchase of physical content, OTT passes, pay-per-view and buy to keep content by residential and commercial customers. Transactional revenue is recognised, net of any discount given, at a point in time or over time as relevant goods or service are provided, and control is transferred.

Mobile handset and tablet revenues are recognised upfront on delivery to the customer. The Sky Mobile proposition includes an option whereby the customer can sell their handset to Sky at a pre-set market price. This requires the application of judgement in assessing whether or not the customer's option is on-market, taking into account the expected future resale value of the equipment. If the option is concluded to be on-market, the Group recognises handset and tablet revenue on delivery, and any future purchases of customer handsets or tablets at the time of purchase, as inventory.

As a result of right to purchase the customer's handset at market price, Sky recognises a refund liability and a right to returned goods asset, representing its best estimate of expected cash outflow in repurchasing the handset asset. Where appropriate, adjustments are made to consider significant financing offered by Sky to the customer.

2. Significant accounting policies (continued)

k) Revenue recognition (continued)

Content revenue includes revenue from the sale of channels and programmes across other platforms and internationally.

Channel sales revenue is recognised as the services are provided on a wholesale basis to cable and other retailers and is based on the number of subscribers taking the Sky channels, as reported to the Company by the cable and other retailers, and the applicable rate card or contract.

Programming sales revenue is earned from the distribution of programming rights and the production of programming. Distribution and production revenue are typically recognised when control of the programme is transferred to the customer.

Advertising sales revenue is recognised when the advertising is broadcast. Revenue generated from airtime sales, where Sky acts as an agent on behalf of third parties, is recognised on a gross basis, as under IFRS 15 Sky is concluded to be responsible for delivering the service and has sufficient influence over price, to be concluded as Principal. A portion of advertising revenue is deferred relating to deal debt, where a campaign has delivered less than its expected impacts, under IFRS 15's refund liability guidance.

Where revenue is accrued under IFRS 15's requirements, this is presented as a contract asset within trade and other receivables.

Where revenue is deferred under IFRS 15's requirements, this is presented as a contract liability within trade and other payables.

l) Employee benefits

i. 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 as the employees' services are rendered.

ii. Pension obligations

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.

iii. Termination benefits

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.

iv. Share based payments

The Company issues equity-settled share-based payments to certain employees, using shares of its ultimate parent undertaking Comcast, 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 year is recognised immediately in the Income Statement.

2. Significant accounting policies (continued)

m) Leases

The Company has elected to not apply the general requirements to short-term leases (lease term of 12 months or less). These leases will be 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 and 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.

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.

n) Tax, including deferred tax

The Company's liability for current tax is based on taxable losses 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 loss, 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 / Statement of Comprehensive Income, except where it relates to items charged or credited directly to equity, in which case the deferred tax is also included within equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same tax authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Notes to the financial statements (continued)

2. Significant accounting policies (continued)

n) Tax, including deferred tax (continued)

The Company's tax charge is the sum of the total current and deferred tax charges. The calculation of the Company's total tax charge necessarily involves a degree of 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.

o) Distributions to equity shareholders

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

p) Foreign currency remeasurement

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 recorded in pounds sterling at the exchange rate prevailing at the date of the initial transaction. Gains and losses from the remeasurement of assets and liabilities are included net in loss for the year.

q) 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.

r) 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 not considered to be any critical judgements applied in the preparation of the financial statements.

Critical areas of estimation, determined as being areas 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, are disclosed below.

Additional areas where estimation or judgement is applied have been discussed in the related accounting policies sections above.

2. Significant accounting policies (continued)

r) Critical judgements and key sources of estimation uncertainty (continued)

Investment in Subsidiaries - impairment review (see note 16)

The carrying value of the Company's investment in other group companies is supported by either the historical cost value of underlying investments, their fair value (if, for example, a recent third party valuation report is available) or their value in use, which is contingent on the Company's judgement in selecting key assumptions and in its estimation of future financial performance.

This estimation is underpinned by the Sky Group's latest available long-range plan, and extrapolated beyond the forecast period using reasonable assumptions. Given the nature of Sky's subscription-based business model and significantly fixed and committed cost base, management has sufficient confidence in its ability to execute and realise these plans.

The assessment of the value in use of investments in these businesses is sensitive to the method, assumptions and estimates underlying the calculations. The sensitivity of the outcome to plausible changes in key inputs is considered as part of the judgement in making the assessments. If the Company's investments do not achieve the results included in the forecast, this could result in an impairment in future periods. Uncertainty around key sources of estimation will be resolved through the passage of time, potentially over the course of several years depending on events, as future performance materialises and latest forecasts can be considered.

3. Revenue

	2022	2021
	£m	£m
Direct to consumer	**8,363**	7,989
Content	**572**	579
Advertising	**1,269**	1,247
Total revenue	**10,204**	9,815

Revenue arises from goods and services provided to the United Kingdom, with the exception of £439 million (2021: £434 million) which arises from services provided outside the United Kingdom.

4. Operating expense

	2022	2021
	£m	£m
Programming	**3,425**	3,539
Direct network costs	**930**	683
Sales, general and administration	**5,960**	5,587
Total operating expense	**10,315**	9,809

5. Investment income

	2022	2021
	£m	£m
Interest income from cash, cash equivalents and short-term deposits	**-**	1
Other external interest receivable	**4**	6
Intercompany interest receivable	**77**	15
Distributions received	**3,765**	-
Foreign exchange gain on loan	**5**	-
	3,851	22

Intercompany interest is receivable on certain intercompany loans as detailed in note 21. All distributions were received from wholly owned subsidiaries during the year.

6. Finance costs

	2022 £m	2021 £m
Intercompany interest payable	**(130)**	(52)
Interest on lease liabilities	**(6)**	(6)
Foreign exchange loss on loan	**-**	(69)
Remeasurement of other derivative financial instruments (not qualifying for hedge accounting)	**(46)**	76
	(182)	(51)

Intercompany interest is payable on certain intercompany loans as detailed in note 22.

Borrowing costs included in the cost of qualifying assets during the year arose on the general borrowing pool and are calculated by applying a capitalisation rate of 1.9% (2021: 2.4%) to expenditure on such assets. The amount capitalised in the current year amounted to £1 million (2021: £3 million).

7. Net losses on Investment

During the year, the Company realised net losses on disposal of investments of £3 million (2021: gains of £2 million).

During the year, the Company recognised an investment in subsidiaries impairment charge of £4,057 million (2021: £2,254 million). For more on impairment of investment, please refer to note 16. The Company recognised an investment in associates impairment charge of £60 million (2021: £nil), please refer to note 17. It also recognised a minority equity investment impairment charge of £1 million (2021: £nil).

8. Loss before tax

Loss before tax is stated after charging	2022 £m	2021 £m
Cost of inventories recognised as an expense	**3,413**	3,277
Write down of inventory charged to operating expenses	**6**	4
Provision for bad and doubtful debts	**84**	53
Depreciation and impairment of property, plant and equipment	**91**	79
Amortisation and impairment of intangible assets	**150**	117
Depreciation and impairment of right of use assets	**59**	60
Loss on disposal of property, plant and equipment	**4**	5
Loss on disposal of intangibles assets	**2**	2

Foreign exchange

Foreign exchange differences recognised in the Income Statement during the year amounted to £41 million loss (2021: £7 million gain).

9. Auditor's remuneration

An analysis of auditor's remuneration is as follows:

	2022 £m	2021 £m
Total audit fees	**2**	2

Fees payable to the Company's auditor for the audit of the annual accounts were £1.0 million (2021: £0.9 million) and fees payable to the Company's auditor for settlement of audit fees on behalf of other Group companies were £1.0 million (2021: £1.2 million).

10. Employee benefits

a) Company employee benefits

	2022	2021
	£m	£m
Wages and salaries	**635**	559
Social security costs	**96**	75
Costs of employee share option schemes[(i)]	**76**	79
Contributions to the Sky Pension Plan ("the Pension Plan")[(ii)]	**36**	32
	843	745

(i) The expense recognised for employee share option schemes relates wholly to equity-settled share-based payments granted under the Restricted Stock Units and Sharesave schemes operated by Comcast Corporation (note 26).

(ii) The Company operates a defined contribution pension scheme through the Pension Plan. The pension charge for the year represents the cost of contributions payable by the Company to the scheme during the year. The Company's amount payable to the scheme at 31 December 2022 was £8 million (2021: £7 million).

The average monthly number of full-time equivalent persons (including temporary employees) employed by the Company during the year was 9,528 (2021: 9,157).

	2022	2021
	Number	Number
Channels and services	**3,113**	2,908
Transmission and technology	**3,541**	3,852
Customer services, sales and marketing	**1,863**	1,410
Management and administration	**1,011**	987
	9,528	9,157

b) Key management compensation

	2022	2021
	£m	£m
Short-term employee benefits	**5**	3
Share-based payment expense	**5**	2
	10	5

Key management are defined as the Directors of the Company.

The Company operates a defined contribution pension scheme through the Pension Plan. Contributions were made by the Company to the scheme during the year in respect of 4 Directors (2021: 4).

During the year, the highest paid director was paid compensation of £4 million (2021: £3 million). The highest paid director received 33,324 shares during the year under share award schemes (2021: 49,296 shares). Please refer to Note 26 for further information on share option and contingent share award schemes.

11. Tax

a) Tax recognised in the Income Statement

	2022 £m	2021 £m
Current tax expense		
Current year	**1**	3
Total current tax charge	**1**	3
Deferred tax credit		
Origination and reversal of temporary differences	**-**	9
Adjustment in respect of prior years	**(5)**	(6)
Adjustment in respect of change in tax rate	**1**	(6)
Total deferred tax credit	**(4)**	(3)
Tax credit	**(3)**	-

b) Tax recognised directly in equity

	2022 £m	2021 £m
Current tax credit relating to share-based payments	**-**	4
Deferred tax charge relating to share-based payments	**(1)**	(1)
Deferred tax charge relating to cash flow hedges	**(4)**	(2)
	(5)	1

c) Reconciliation of effective tax rate

The tax income for the year is lower (2021: higher) than the standard rate of corporation tax in the UK of (19.0%) (2021: 19.0%) applied to loss before tax. The differences are explained below:

The credit for the year can be reconciled to the loss in the Income Statement as follows:

	2022 £m	2021 £m
Loss before tax	**(563)**	(2,275)
Loss before tax multiplied by rate of corporation tax in the UK of 19.0% (2021: 19.0%)	**(107)**	(432)
Effects of:		
Group relief	**28**	3
Other permanent differences	**80**	441
Adjustment in respect of prior year	**(5)**	(6)
Change in corporation tax rate	**1**	(6)
Tax	**(3)**	-

All tax relates to UK corporation tax.

12. Goodwill

On the 29 April 2012, the assets of Living TV Group Holdings Limited, which was put into liquidation as part of a Group restructuring programme, were transferred to the Company in a common control transaction for consideration of £144 million. The net assets acquired were transferred at book value of £144 million. On transfer the carrying value of the goodwill was £18 million, and the carrying value of the intangible asset relating to the customer contract between Living TV Group Holdings Limited and the Company was £70 million. This resulted in the recognition of £88 million of goodwill by the Company. The carrying value of goodwill at year end is £88 million (2021: £88 million).

13. Intangible assets

	Internally generated intangible assets £m	Software development (external) and software licences £m	Other intangible assets £m	Internally generated intangible assets not yet available for use £m	Acquired intangible assets not yet available for use £m	Total £m
Cost						
At 1 January 2021	447	191	99	69	43	849
Additions	25	31	-	37	32	125
Disposals	(13)	(11)	-	-	-	(24)
Transfers	48	16	13	(48)	(29)	-
At 31 December 2021	507	227	112	58	46	950
Additions	40	41	-	50	52	183
Disposals	(44)	(17)	(1)	-	-	(62)
Transfers	31	24	-	-	(55)	-
At 31 December 2022	**534**	**275**	**111**	**108**	**43**	**1,071**
Amortisation						
At 1 January 2021	288	117	30	-	-	435
Charge for the year	79	30	8	-	-	117
Disposals	(12)	(10)	-	-	-	(22)
At 31 December 2021	355	137	38	-	-	530
Charge for the year	77	40	33	-	-	150
Disposals	(43)	(16)	(1)	-	-	(60)
At 31 December 2022	**389**	**161**	**70**	**-**	**-**	**620**
Carrying amounts						
At 1 January 2021	159	74	69	69	43	414
At 31 December 2021	152	90	74	58	46	420
At 31 December 2022	**145**	**114**	**41**	**108**	**43**	**451**

The Company's internally generated intangible assets relate to software development associated with our customer management and accounting systems.

13. Intangible assets (continued)

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

	2023	2024	2025	2026	2027
	£m	£m	£m	£m	£m
Estimated amortisation charge	158	91	60	29	8

Other intangible assets include certain assets with indefinite useful lives. The carrying value of these assets at 31 December 2022 is £25 million (2021: £25 million).

14. Property, plant and equipment

	Freehold land and buildings (i)	Leasehold improvements	Equipment, furniture and fixtures	Assets not yet available for use	Total
	£m	£m	£m	£m	£m
Cost					
At 1 January 2021	663	23	797	59	1,542
Additions	2	-	28	69	99
Disposals	(4)	-	(20)	-	(24)
Transfers	4	-	18	(22)	-
At 31 December 2021	**665**	**23**	**823**	**106**	**1,617**
Additions	1	-	39	35	75
Disposals	(8)	(7)	(61)	-	(76)
Transfers	73	-	15	(88)	-
At 31 December 2022	**731**	**16**	**816**	**53**	**1,616**
Accumulated depreciation					
At 1 January 2021	113	23	573	-	709
Charge for the year	18	-	61	-	79
Disposals	(1)	-	(18)	-	(19)
At 31 December 2021	**130**	**23**	**616**	**-**	**769**
Charge for the year	29	-	62	-	91
Disposals	(5)	(7)	(60)	-	(72)
At 31 December 2022	**154**	**16**	**618**	**-**	**788**
Carrying amounts					
At 1 January 2021	550	-	224	59	833
At 31 December 2021	535	-	207	106	848
At 31 December 2022	**577**	**-**	**198**	**53**	**828**

(i) Depreciation was not charged on £80 million of land (2021: £81 million).

Notes to the financial statements (continued)

15. Right-of-use assets

	Property £m	Retail Stores £m	Transponders £m	Total £m
Cost				
At 1 January 2021	47	23	159	229
Additions	-	30	59	89
Disposals	(1)	(14)	-	(15)
At 31 December 2021	46	39	218	303
Additions	6	43	60	109
Disposals	(10)	(36)	-	(46)
At 31 December 2022	**42**	**46**	**278**	**366**
Depreciation				
At 1 January 2021	6	6	36	48
Charge for the year	6	14	40	60
Disposals	-	(15)	-	(15)
At 31 December 2021	12	5	76	93
Charge for the year	8	5	46	59
Disposals	(2)	(1)	-	(3)
At 31 December 2022	**18**	**9**	**122**	**149**
Carrying amounts				
At 31 December 2021	34	34	142	210
At 31 December 2022	**24**	**37**	**156**	**217**

Notes to the financial statements (continued)

16. Investment in subsidiaries

The movement in the year was as follows:

	Loans	**Shares**	**2022**	2021
	£m	**£m**	**£m**	£m
Cost and funding				
Beginning of year	**36**	**9,514**	**9,550**	7,418
Subscription for shares	**-**	**4,479**	**4,479**	2,208
Remeasurement of hedged item qualifying for hedge accounting	**-**	**-**	**-**	(76)
Disposals	**-**	**(3)**	**(3)**	-
End of year	**36**	**13,990**	**14,026**	9,550
Amounts provided				
Beginning of year	**(5)**	**(7,610)**	**(7,615)**	(5,361)
Impairment of Investment	**-**	**(4,057)**	**(4,057)**	(2,254)
End of year	**(5)**	**(11,667)**	**(11,672)**	(7,615)
Net book value				
Beginning of year	**31**	**1,904**	**1,935**	2,057
End of year	**31**	**2,323**	**2,354**	1,935

Material additions in the year were:

In January 2022 the Company acquired a further 2 shares in Sky Ocean Ventures (General Partner) Limited in exchange for its £3 million intercompany receivable. The Company sold its interest in Sky Ocean Ventures (General Partner) Limited the same month for £2, recognising a loss of £3 million.

In March 2022 the Company acquired an additional 1 share in Neos Ventures Limited for £30 million.

In November 2022, as part of a Group recapitalisation, the Company acquired further shares in its subsidiaries for consideration paid in the form of loan notes, a drawdown on revolving credit facilities or intercompany receivables:

- £3,931 million in Sky International Operations Limited ("SIOL") of which £3,926 million was subsequently impaired,
- £87 million in SNI Limited which was subsequently impaired,
- £75 million in Parthenon Media Group Limited of which £39 million was subsequently impaired,
- £5 million in Diagonal View Limited which was subsequently impaired,
- £1 million in Sky Ventures Limited.

In December 2022 the Company paid €400 million (£345 million) for 1 further share in SIOL.

Impairments were recognised where the recoverable amount of the underlying subsidiaries was determined to be less than the carrying amount of the investments.

The principal activity of SIOL is to act as a holding company for the Sky Group's investments in Sky Germany Holdings GmbH ("Sky Germany"), Sky Italian Holdings S.p.A. ("Sky Italy"), and Sky UK Investments Limited, and therefore the recoverable amount of SIOL was calculated using the value-in-use of those businesses, in which expected future cash flows were discounted to present value using rates of 9% (2021: between 7% and 8%). Expected future cash flows were based on amounts forecast in budgets and multi-year business plans, derived using management assumptions based on past experience and expectations regarding developments in the relevant market sectors in which the businesses operate.

The Company has conducted an analysis of the sensitivity of the impairment test of SIOL to changes in the key assumption used to determine the value in use of the underlying investments. Based on what is reasonably possible, the analysis suggests a one per cent increase in the discount rate would result in an additional impairment charge of £321 million. A one per cent decrease in the discount rate would have no impact on the impairment charge recognised.

16. Investment in subsidiaries (continued)

The Company and its subsidiaries are involved in the operation of pay television broadcasting and home communications services, including the provision of broadband and telephone operations. Certain subsidiary companies provide ancillary functions which support these operations.

Unless otherwise indicated, all shareholdings owned directly or indirectly by the Company represent 100% of the issued share capital of the subsidiary and the share capital is comprised of ordinary shares. All entities primarily operate in their country of incorporation and are listed at their registered addresses.

Details of all investments of the Company are as follows:

Incorporated in England and Wales

Sky Central, Grant Way, Isleworth, Middlesex TW7 5QD

Name
Direct Holdings
Amstrad Limited
British Sky Broadcasting Limited
Ciel Bleu 6 Limited
Diagonal View Limited
Dolphin TV Limited
Independent Fibre Retail Limited
International Channel Pack Distribution Limited
Lucky G Production Music Limited
Multicultural & Ethnic Media Sales Limited
NBC Universal Global Networks UK Limited
Neos Ventures Limited
NOW TV Limited
Parthenon Media Group Limited
Rivals Digital Media Limited
Sky Corporate Secretary Limited
Sky CP Limited
Sky Europe Limited
Sky Global Media Limited
Sky Group Limited
Sky Healthcare Scheme 2 Limited
Sky Home Communications Limited
Sky In-Home Service Limited
Sky International Limited
Sky International Operations Limited
Sky LLU Assets Limited
Sky Mobile Services Limited
Sky New Media Ventures Limited
Sky News Limited
Sky Ocean Ventures Partner Limited
Sky Pension Plan Trustees Limited
Sky Publications Limited
Sky Retail Stores Limited
Sky SNI Limited
Sky Subscribers Services Limited
Sky Telecommunications Limited
Sky Telecommunications Services Limited
Sky Ventures Limited
The Cloud Networks Limited
Third Day Productions Limited
Una Tickets Limited
Virtuous Systems Limited

16. Investment in subsidiaries (continued)

Incorporated in England and Wales
Sky Central, Grant Way, Isleworth, Middlesex TW7 5QD
Indirect Holdings
Active Voices Limited
Agreed Voices Limited
Blast! Films Limited
Blast! Films – Hunger Limited
Blast! Films – One Day Limited
Cymru International Limited
Directed Voices Limited
Factual Voices Limited
Kidsprog Limited
Love Productions Limited
Low Voices Limited
Noon Systems Limited
Newserge Limited
Parthenon 2 Limited
Plant Sub-Ocean Ltd Partnership (85%)
Production Voices Limited
Rising Voices Limited
Scripted Voices Limited
Sky Comedy Limited
Sky History Limited
Sky IP International Limited
Sky IQ Limited
Sky SNA Limited
Sky SNI Operations Limited
Sky Studios Limited
Sky Studios Productions Limited
Sky UK Investments Limited
Sugar Films Limited
Transistor Films Limited
True North Productions Limited
Two Plus Voices Limited
Wider Voices Limited

Millbank Tower, 21-24 Millbank, London SW1P 4QP

Name
Indirect holdings
Attheraces Holdings Limited *(50.413%)*
Attheraces Limited *(subsidiary of Attheraces Holdings Limited)*
Attheraces (UK) Limited *(subsidiary of Attheraces Holdings Limited)*
Go Racing Limited *(subsidiary of Attheraces Holdings Limited)*

16. Investment in subsidiaries (continued)

Incorporated in Germany

Medienallee 26, 85774 Unterföhring, Munich

Name
Indirect holdings
NBC Universal Global Networks Deutschland GmbH
SCAS Satellite CA Services GmbH
Sky Deutschland GmbH
Sky Deutschland Fernsehen Gmbh & Co.KG
Sky Deutschland Interaction Center I GmbH
Sky Deutschland Interaction Center II GmbH
Sky Deutschland Verwaltungs GmbH
Sky German Holdings GmbH
Sky Media GmbH

Oderstraße 59, 14513 Teltow, Potsdam

Name
Indirect holdings
Sky Deutschland Customer Center GmbH

Eckdrift 109, 19061 Schwerin-Krebsförden

Name
Indirect holdings
Sky Deutschland Service Center GmbH

Theresienstraße 47 a, 80333, Munich

Name
Indirect holdings
Infobonn Text, Informations und Pressebüro Verwaltungsgesellschaft mbH
DFA Deutsche Fernsehnachrichten Agentur GmbH
GIGA Television GmbH
ZAP Television Beteiligungs GmbH (83.5%)

Kaistr. 3, 40221 Dusseldorf

Name
Indirect holdings
ZAP Television GmbH & Co. KG (83.5%)

Incorporated in Italy

Via Monte Penice, 7-20138 Milan

Name
Indirect holdings
Digital Exchange S.r.l
Nuova Società Televisiva Italiana S.r.l
Sky Italia Network Services S.r.l
Sky Italian Holdings S.p.A
Sky Italia S.r.l
Telepiù S.r.l
Vision Distribution SpA (60%)

16. Investment in subsidiaries (continued)

Incorporated in the USA

Corporation Trust Center 1209 Orange Street, Wilmington, New Castle, Delaware, 19801
Name
Indirect holdings
BSkyB US Holdings, Inc.
Znak & Co LLC

C/o Comcast Capital Corporation, 1201 N. Market Street, Suite 1000, Wilmington, Delaware 19801
Name
Indirect holdings
Big Sky Music, LLC
Callisto Media West, LLC
Catalina Content, LLC
Jupiter Entertainment, LLC
Jupiter Entertainment Holdings LLC
Jupiter Entertainment North, LLC
Octave Productions, LLC
The Production Hive, LLC

c/o CT Corporation System, 300 Montvue Road, Knoxville, TN 39919-5546
Name
Indirect holdings
PhotoOps, LLC

CT Corp.330 N Brand Blvd,Glendale, CA91203-2336
Name
Indirect holdings
International Journeys, LLC
Welcome to Hollywood, LLC

3415 South Sepulveda Boulevard, Suite 1200, Los Angeles CA 90034
Name
Indirect holdings (subsidiaries of Love Productions Limited)
Baking Show, LLC
Cotham Hill Productions, LLC
Eagle Street Productions, LLC
Jet Tracks, LLC
Love American Journeys, LLC
Love Production USA, Inc
Media Core, LLC
USA Love Development, LLC

16192 Coastal Highway, Lewes, Sussex, Delaware 19958
Name
Indirect holdings
Neos Ventures, Inc

16. Investment in subsidiaries (continued)

Incorporated in other overseas countries

Austria - Handelskai 92, 1200 Wien
Name
Indirect holdings
Sky Österreich Fernsehen GmbH
Sky Österreich Verwaltung GmbH

Belgium - Boulevard Charlemagne 1, 1041 Brussels
Name
Indirect holdings
Sky Channel SA

Denmark - Aagade 15B, 9000 Aalborg, Denmark
Name
Direct holdings
Sky Labs Aalborg A/S

Hong Kong - Level 54, Hopewell Centre, 183 Queen's Road East
Name
Indirect holdings
Sky Manufacturing Services Limited

Ireland - Fifth Floor, One Burlington Plaza, Burlington Road, Dublin 4
Name
Indirect holdings
Sky Ireland Limited

Poland - Pl Pilsudskiego 1, 00-078, Warszawa
Name
Indirect holdings
Sky Supply Chain Services Poland sp. z o.o.

Switzerland - Rue du Puits-Godet 10, Neuchâtel
Name
Indirect holdings
Sky Switzerland SA

Switzerland - Stockerhof, Dreikönigstrasse 31A, CH8002 Zürich
Name
Indirect holdings
Sky International AG

17. Investment in joint ventures and associates

The movement in the year was as follows:

Funding and cost	**2022** **£m**	2021 £m
Beginning of the year	**55**	50
Equity funding	**136**	5
Impairment	**(60)**	-
Closing balance for the year	**131**	55

The Company established a new joint venture with Paramount Pictures International Limited, incorporating SkyShowtime Limited. Funding of £132 million has been provided by the Company to SkyShowtime during the year.

The Company made a further investment of £4 million in Triton Holdings during the year, and subsequently impaired the entire investment of £51 million.

Details of the investments in joint ventures and associates are as follows:

Incorporated in England and Wales

1 Queen Caroline Street, London, W6 9YN

Name	Description and proportion of units held (%)
Indirect holdings	
AETN UK	50.00%

Sky Central, Grant Way, Isleworth, Middlesex TW7 5QD

Name	Description and proportion of units held (%)
Direct holdings	
SkyShowtime Limited	50.00%

Fieldfisher, Riverbank House, Swan Lane London EC4R 3TT

Name	Description and proportion of units held (%)
Direct holdings	
DTV Services Limited	20.00%

6th Floor, One London Wall, London EC2Y 5EB

Name	Description and proportion of units held (%)
Direct holdings	
Internet Matters Limited	25.00%

Millbank Tower, 21-24 Millbank, London SW1P 4QP

Name	Description and proportion of units held (%)
Indirect holdings	
GBI Racing Limited	50.00%
Global Mutuel (UK) Limited	50.00%

17-19 Hawley Crescent, Camden, London NW1 8TT

Name	Description and proportion of units held (%)
Indirect holdings	
Paramount UK Partnership	25.00%

3rd Floor Waverley House, 7-12 Noel Street, London W1F 8GQ

Name	Description and proportion of units held (%)
Indirect holdings	
The Lighthouse Film and Television Limited	25.00%

17. Investment in joint ventures and associates (continued)

Longboat Pictures Office 4,219 Kensington High Street, London W8 6BD

Name	Description and proportion of units held (%)
Indirect holdings	
Longboat Pictures Limited	25.00%

8th Floor 1 Stephen Street, London W1T 1AT

Name	Description and proportion of units held (%)
Indirect holdings	
Odeon and Sky Filmworks Limited	50.00%

Holborn Gate, 326-330 High Holborn, London WC1V 7PP

Name	Description and proportion of units held (%)
Direct holdings	
Thinkbox TV Limited	25.00%

16 The Furlong, Henleaze, Bristol, United Kingdom, BS6 7TF

Name	Description and proportion of units held (%)
Direct holdings	
True To Nature Limited	24.90%

4 Roger Street, 2nd Floor, London, United Kingdom, WC1N 2JX

Name	Description and proportion of units held (%)
Direct holdings	
Clearcast Limited	37.50%

Incorporated in other overseas countries

USA - 874 Walker Rd, Suite C, Dover, DE 19904

Name	Description and proportion of units held (%)
Indirect holdings	
Talos Films, LLC	Membership interest (25.00%)

USA - 2140 S Dupont Highway, Camden, Kent, DE, 19934

Name	Description and proportion of units held (%)
Indirect holdings	
Skybound Stories Inc	26.77%

USA - 16192 Coastal Highway, Lewes, Sussex, DE 19958

Name	Description and proportion of units held (%)
Indirect holdings	
Life of Crime Productions, LLC	Membership interest (25.00%)

UAE - P.O.Box 77845, Abu Dhabi

Name	Description and proportion of units held (%)
Indirect holdings	
Sky News Arabia FZ-LLC	50.00%

Guernsey - St John's House, Union Street, St Peter Port, Guernsey

Name	Description and proportion of units held (%)
Direct holdings	
Triton Holdings Limited	18.90%

British Virgin Islands - Geneva Place, Waterfront Drive, Road Town, Tortola, British Virgin Islands

Name	Description and proportion of units held (%)
Direct holdings	
iSmash Group Limited	9.48%

17. Investment in joint ventures and associates (continued)

Poland - ul. Mokotowska 19, 00-560 Warsaw	
Name	**Description and proportion of units held (%)**
Indirect holdings	
SkyShowtime Poland sp. Z.o.o	50.00%

Hungary - 1113 Budapest, Bocskai út 134-146	
Name	**Description and proportion of units held (%)**
Indirect holdings	
SkyShowtime CE Europe Kft	50.00%

Spain - Paseo de Recoletos 33, Planta 1 Madrid, 28004-Madrid	
Name	**Description and proportion of units held (%)**
Indirect holdings	
SkyShowtime Iberia srl	50.00%

Sweden - Kungsbro Strand 31, 112 26, Stockholm	
Name	**Description and proportion of units held (%)**
Indirect holdings	
SkyShowtime Nordics AB	50.00%

18. Deferred tax

Recognised deferred tax assets

	Accelerated tax depreciation £m	Short-term temporary differences £m	Share-based payments temporary differences £m	Financial instruments temporary differences £m	Total £m
At 1 January 2021	(5)	(6)	21	3	13
Credit to income	4	2	(3)	-	3
Charge to equity	-	-	(1)	(2)	(3)
At 31 December 2021	(1)	(4)	17	1	13
Credit to income	13	(5)	(4)	-	4
Charge to equity	-	-	(2)	(4)	(6)
At 31 December 2022	**12**	**(9)**	**11**	**(3)**	**11**

There is an unrecognised deferred tax asset of £2 million (2021: £1 million) in respect of tax trading losses and £57 million in respect of tax capital losses (2021: £43 million). There is currently insufficient evidence to support the recognition of a deferred tax asset relating to these losses.

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% (2021: 25%).

19. Cost to obtain customer relationships

Costs to obtain contracts relate to commissions paid to staff relating to acquisition of new subscriber contracts. At 31 December 2022 the balance of cost to obtain contracts was £58 million (2021: £54 million).

These costs are amortised on a straight-line basis over the customer's minimum contract period as this reflects the period over which benefits are transferred to the customer.

20. Inventories

	2022 £m	2021 £m
Television programme rights	**1,430**	1,319
Sky Glass televisions, Pucks and accessories	**98**	33
Mobile Handsets and accessories	**44**	41
Other inventories	**1**	4
Total inventories	**1,573**	1,397

At 31 December 2022 69% (2021: 73%) of the television programme rights and 100% (2021: 100%) of other inventory categories is expected to be recognised in the Income Statement within 12 months.

21. Trade and other receivables

	2022 £m	2021 £m
Current		
Gross trade receivables	**837**	672
Less: loss allowance	**(156)**	(113)
Net current trade receivables	**681**	559
Amounts falling due within one year:		
Amounts receivable from other group companies	**36**	848
Amounts receivable from subsidiaries	**2,170**	566
Amounts receivable from joint ventures and associates	**21**	1
Amounts receivable from parent company	**72**	1,009
Prepayments	**294**	316
Accrued income	**341**	286
Contract assets	**30**	40
Other receivables	**103**	59
Current trade and other receivables	**3,748**	3,684
Non-current		
Gross trade receivables	**619**	433
Less: loss allowance	**(17)**	(9)
Net non-current trade receivables	**602**	424
Amounts receivable from other Group companies	**2,704**	1,750
Amounts receivable from subsidiaries	**6,900**	-
Non-current other receivables	**16**	27
Other receivables	**4**	12
Total non-current trade and other receivables	**10,226**	2,213
Total trade and other receivables	**13,974**	5,897

21. Trade and other receivables (continued)

The Directors consider that the carrying amount of trade and other receivables approximates their fair value, except for fixed interest intercompany loans. Fair values are disclosed in note 24.

In 2022, LIBOR to ARR (Alternative Reference Rate) were transitioned in alignment with ISDA (International Swaps and Derivatives Association). During the year, the Company amended its loan arrangements which referenced Sterling LIBOR and replaced these with SONIA as the benchmark interest rate.

Amounts relating to contract assets are balances that arise from customers with contracts for TV, Broadband, Talk and Mobile services, for performance obligations already satisfied. Amounts previously recognised as a contract asset are reclassified to trade receivables at the point at which it is invoiced to the customer. The contract asset is recognised in the Income Statement over the customer's minimum contract period.

The Company measures a loss allowance account on the contract asset due from customers using a lifetime expected credit loss approach under IFRS 9, taking into account historical churn experience and future prospects.

The Company regularly reviews and updates its estimation techniques, assumptions and calculations as required, the net Income Statement and Balance Sheet impact of which was not material in the year.

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

	2022	2021
	£m	£m
Not past due date	**1,245**	908
Up to 30 days past due date	**25**	55
30 to 60 days past due date	**10**	9
60 to 120 days past due date	**3**	4
More than 120 days past due date	**-**	7
	1,283	983

Loss allowance

	2022	**2021**
	£m	£m
Balance at beginning of year	**122**	106
Increase of loss amount recognised in Income Statement	**51**	16
Balance at end of year	**173**	122

Amounts receivable from other group companies

Current

Amounts due from other Group companies as at 31 December 2022 are £36 million (2021: £848 million). £13 million (2021: £825 million) represent trade receivables, these are unsecured, non-interest bearing and are repayable on demand. The balance of £23 million (2021: £23 million) are loans that are non-interest bearing and are repayable on demand.

Within the Company there is a concentration of risk within accounts receivable from other Group companies. No allowance has been recorded against amounts receivable from other Group companies (2021: No allowance) as the Company has assessed that the expected credit loss in relation to these balances is immaterial.

Non-Current

In November 2014 the Company entered into an agreement with Sky Operational Finance Limited for a loan amount of up to €125 million, which was extended to €350 million in February 2018 and extended further to €750 million from March 2020. The loan is interest bearing at a rate of 3 month EURIBOR +1.00% and is repayable on demand. At year end the balance on the account was £487 million (2021: £389 million).

In October 2015, the Company redenominated an agreement with Sky Operational Finance Limited for a loan of up to €30 million, which was extended to €40 million from September 2020. The loan is repayable on demand and bears interest at a rate of EURIBOR +1.00%. At year end, the balance of this loan plus interest was £18 million (2021: £24 million).

21. Trade and other receivables (continued)

In March 2017, the Company entered into an agreement with Sky Operational Finance Limited for a loan amount of up to £17 million. The loan is interest bearing at a rate of 1.5% per annum and is repayable on demand. At year end the balance on the account was £9 million (2021: £15 million).

In July 2020, the Company entered into an agreement with Comcast Bidco Holdings Limited for a loan amount of up to $1,250 million. The loan is repayable on 16 September 2024 and bears interest at a rate of 0.575% per annum. At year end the balance of this loan plus interest was £1,039 million (2021: £923 million).

The Company has trade receivables, revolving credit facilities and loans with other Group companies amounting to £1,151 million (2021: £399 million), all are non-interest bearing and repayable on demand.

Amounts receivable from subsidiaries

Current

Amounts due from subsidiaries as at 31 December 2022 are £2,170 million (2021: £566 million). £419 million (2021: £549 million) represent trade receivables, these are non-interest bearing and are repayable on demand. The balance of £1,751 million (2021: £17 million) are loans and revolving credit facilities as detailed below:

In June 2019 the Company entered into a €1,500 million revolving credit facility with Sky Deutschland Fernsehen GmbH & Co. KG with an expiry date of 1 July 2024. The facility is interest bearing at a rate of EURIBOR +1.15% per annum. At year end the balance on the account was £654 million (2021: £nil).

In April 2020, the Company entered into an agreement with Sky Italia s.r.l for a revolving credit facility of up to €1,000 million. The loan is repayable at the earlier of a mutual agreed date or 1 April 2023 and bears interest at a rate of EURIBOR +1.15% per annum. At year end the balance of this account was £2 million (2021: £nil).

In November 2022, the Company entered into an agreement with Sky In-Home Service Limited for a loan amount of £1,069 million. The loan is repayable on demand and bears interest at a rate of SONIA +1.00% per annum. At year end the balance of this loan plus interest was £1,077 million (2021: £nil).

The Company has entered into other revolving credit facilities and loans with other subsidiaries amounting to £18 million (2021: £17 million), all are non-interest bearing and repayable on demand.

The Company is exposed to credit risk on its trade and other receivables. The Company does not have any significant concentrations of credit risk on its trade receivables, with exposure spread over a large number of counterparties and customers. Credit risk in relation to intercompany receivables is mitigated by the letter of support provided by Comcast as detailed in Note 2.

Within the Company there is a concentration of risk within accounts receivable from other Group companies and subsidiaries. No allowance has been recorded against these amounts receivable (2021: No allowance) as Company has assessed that the expected credit loss in relation to these balances is immaterial.

Non-Current

In November 2022, the Company entered into an agreement with Sky UK Investments Limited for a loan amount of £6,600 million. The loan is repayable on 23 November 2027 and bears interest at a rate of 5.40% per annum. At year end the balance of this loan plus interest was £6,638 million (2021: £nil).

In November 2022, the Company entered into an agreement with Sky Ventures Limited for a loan amount of £260 million. The loan is repayable on demand and bears interest at a rate of SONIA +1.00% per annum. At year end the balance of this loan plus interest was £262 million (2021: £nil).

Amounts receivable from joint ventures and associates

Amounts due from joint ventures and associates represent trade receivables, these balances are unsecured, non-interest bearing and are repayable on demand.

Amounts receivable from parent company

In September 2021, the Company entered into an agreement with Sky Limited for a loan amount of up to €1,200 million. The loan is interest bearing at a rate of EURIBOR +1.15% per annum and was repaid on 22 July 2022. At year end the balance on the account was £nil (2021: £1,009 million).

Amounts due from the parent company includes £72 million (2021: £nil) of trade receivables, these are non-interest bearing and are repayable on demand.

22. Trade and other payables

	2022 £m	2021 £m
Current		
Amounts falling due within one year:		
Trade payables	**1,271**	895
Amounts payable to parent company	**49**	1,453
Amounts payable to subsidiaries	**3,123**	4,233
Amounts payable to other group companies	**8,156**	6,645
Amounts payable to joint ventures and associates	**4**	4
Contract liabilities	**65**	43
VAT	**397**	431
Accruals	**716**	641
Deferred income	**455**	454
Other payables	**63**	47
Total current trade and other payables	**14,299**	14,846
Non-current		
Amounts payable to parent company	**4,258**	923
Trade and other payables	**147**	134
Total trade and other payables	**18,704**	15,903

The Directors consider that the carrying amount of trade and other payables approximates their fair values, except for fixed interest intercompany loans. Fair values are disclosed in note 24. Trade payables principally comprise amounts outstanding for programming purchases and on-going costs.

Amounts payable to parent company

In July 1999, Sky Limited issued US $650 million of guaranteed notes and loaned the proceeds to the Company. The Company is liable to the 8.20% external interest payments on the notes. The Company also pays the same rate of interest to Sky Limited. At year end the total of the loan was £49 million (2021: £49 million).

In September 2021, the Company entered into an agreement with Sky Limited for a loan amount of up to €1,200 million. The loan was interest bearing at a rate of EURIBOR +1.15% per annum and was repaid on 22 July 2022. At year end the balance on the account was £nil (2021: £1,009 million).

The Company also has trade payable balances with Sky Limited of £nil (2021: £395 million), these balances are unsecured, non-interest bearing and are repayable on demand.

Non-Current

In July 2020, the Company entered into a loan agreement with Sky Limited for US$1,250 million. The loan is interest bearing at 0.45% per annum and is repayable on 16 September 2024. At year end the balance on this account was £1,039 million (2021: £923 million).

In November 2022, the Company entered into a loan agreement with Sky Limited for £3,200 million. The loan is interest bearing at 5.40% per annum and is repayable on 23 November 2027. At year end the balance on this account was £3,219 million (2021: £nil).

Amounts payable to subsidiaries

In November 2021, the Company entered into a loan agreement with Sky Labs Aalborg AS for a loan up to €4 million. The loan is interest bearing at a rate of 0.50% per annum and is repayable on demand. At year end the balance on this account was £3 million (2021: £3 million).

The Company also has trade payable balances with subsidiaries of £3,120 million (2021: £4,230 million); these balances are unsecured, non-interest bearing and are repayable on demand.

22. Trade and other payables (continued)

Amounts payable to other group companies

There are amounts due to other Group companies totalling £8,156 million (2021: £6,645 million) of which £585 million (2021: £521 million) are trade payables; these balances are non-interest bearing and are repayable on demand. There are £7,571 million (2021: £6,124 million) of intercompany revolving credit facilities and loans, of which £1,907 million (2021: £1,907 million) is non-interest bearing. All loans are repayable on demand.

In September 2008, the Company entered into a £150 million revolving credit facility agreement with Sky Operational Finance Limited and another with Sky Holdings Limited ("SHL"). At the same time the Company entered into reciprocal facilities on the same terms with Sky Group Finance Limited. The facilities are repayable on demand and bear interest at a rate of SONIA +1.00%. At year end the cumulative balance of these loans plus interest was £55 million (2021: £100 million).

In October 2009, the Company entered into a loan agreement with Sky Group Finance Limited for £611 million. Under the terms of the loan agreement interest is payable at one month SONIA +1.00%. At year end the balance of the loan plus interest was £846 million (2021: £825 million).

In November 2014, the Company entered into an agreement with Sky Operational Finance Limited for a loan amount of £408 million. The loan is repayable on demand and bears interest at SONIA. At year end the balance of the loan plus interest was £408 million (2021: £408 million).

In February 2015, the Company entered into an agreement with Sky Operational Finance Limited for a loan amount of up to €140 million. The loan is repayable on demand and bears interest at 2.00% per annum. At year end the balance of the loan was £136 million (2021: £126 million).

In April 2015, the Company entered into an agreement with Sky Operational Finance Limited for a loan amount of €600 million. The loan is repayable on demand and bears interest at 3 month EURIBOR +0.75%. As at year end the balance of the loan was £190 million (2021: £180 million).

In November 2015, the Company entered into an agreement with Sky Operational Finance Limited for a loan amount of £356 million. The loan is repayable on demand and bears interest at 3.72% per annum. At year end the balance of the loan plus interest was £358 million (2021: £358 million).

In 2019, the Company entered into a £3 billion revolving credit facility with Comcast with an expiry date of 10 January 2024. The facility bears interest at SONIA +0.60% per annum. At year end the balance of the facility was £3,563 million (2021: £1,968 million). Subsequent to year end the RCF was extended to £6 billion and expires in 2027.

The Company owes Comcast Capital International Limited ("CCIL") £105 million (2021: £248 million payable was netted against amounts receivable from other group companies in the prior year in note 21). The Company is a pooling participant in the multi-currency notional pool operated by CCIL and thus any overdrawn accounts are funded by CCIL.

As at 31 December 2022, for pooling participants the followings rates apply:

Currency	Reference rate	Participant deposit	Participant funding
Swiss Francs	1 month SARON	Reference rate minus 11 basis points (floor @ 0%)	Reference rate plus 60 basis points
Euros	1 month EURIBOR	Reference rate minus 11 basis points (floor @ 0%)	Reference rate plus 60 basis points
Pounds Sterling	1 month SONIA	Reference rate minus 11 basis points (floor @ 0%)	Reference rate plus 60 basis points
US Dollars	1 month $ Libor	Reference rate minus 11 basis points	Reference rate plus 60 basis points

The Company has entered into other interest bearing revolving credit facilities and loans with other Group companies amounting to £3 million (2021: £3 million), which are repayable on demand.

Notes to the financial statements (continued)

23. Provisions

	At 1 January 2021	Reclassified during the year	Provided during the year	Utilised during the year	At 31 December 2021	**Reclassified during the year**	**Provided during the year**	**Utilised during the year**	**At 31 December 2022**
	£m	£m	£m	£m	£m	**£m**	**£m**	**£m**	**£m**
Current liabilities									
Restructuring provision	78	-	-	(63)	15	**2**	**-**	**(9)**	**8**
Property provisions	3	2	-	-	5	**(1)**	**-**	**(1)**	**3**
Other provisions	7	-	4	(3)	8	**(2)**	**-**	**(1)**	**5**
	88	2	4	(66)	28	**(1)**	**-**	**(11)**	**16**
Non-current									
Property provisions	15	(2)	-	(3)	10	**1**	**1**	**(9)**	**3**
Other provisions	-	-	-	-	-	**2**	**-**	**-**	**2**
	15	(2)	-	(3)	10	**3**	**1**	**(9)**	**5**

As at 31 December 2022 there was a £8 million provision relating to restructuring (2021: £15 million) which primarily relates to severance. It is anticipated that this will be utilised within 12 months of the balance sheet date.

The Company has provided amounts for onerous contracts in relation to property services, maintenance and legal disputes. The timing of the cash flows for onerous contracts and maintenance are dependent on the remaining terms of the contracts. The timing of the cash flows for legal disputes cannot be reasonably determined.

24. Derivatives and other financial Instruments

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

	2022				2021			
	Asset		**Liability**		Asset		Liability	
	Fair Value	**Notional**	**Fair Value**	**Notional**	Fair Value	Notional	Fair Value	Notional
	£m	**£m**	**£m**	**£m**	£m	£m	£m	£m
Fair Value Hedges								
Cross-currency swaps	**-**	**-**	**-**	**-**	-	-	(181)	1,003
Cash flow hedges:								
Forward exchange contracts	**30**	**519**	**(1)**	**100**	3	87	(5)	242
Derivatives not in a formal hedge relationship								
Forward exchange contracts	**102**	**100**	**(109)**	**600**	52	1,638	(50)	1,605
Cross-currency swaps	**11**	**2,099**	**(129)**	**2,340**	7	100	(7)	100
Total	**143**	**2,718**	**(239)**	**3,040**	62	1,825	(243)	2,950

24. Derivatives and other financial instruments (continued)

The maturity of the derivative financial instruments is as follows:

	2022		2021	
	Asset	**Liability**	Asset	Liability
	£m	**£m**	£m	£m
In one year or less	**99**	**(82)**	35	(114)
Between one and two years	**32**	**(27)**	20	(19)
Between two and five years	**1**	**(1)**	-	-
In more than five years	**11**	**(129)**	7	(110)
Total	**143**	**(239)**	62	(243)

The Company's portfolio of rate derivatives is diversified by maturity, counterparty and type. Natural offsets between transactions within the portfolio and the designation of certain derivatives as hedges significantly reduce the risk of Income Statement volatility.

Counterparty exposure from all derivatives is managed within credit limits that ensure that there is no significant risk to any one counterparty. In addition to this deals are only executed with strong relationship banks that, at the date of signing, each carried a minimum credit rating of "A-" or better from Standard and Poor's or "A3" or better by Moody's Investors Service.

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

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

Hedge accounting classification and impact

The Company had previously designated its cross currency swaps as fair value hedges of the spot FX risk on disposal or impairment of its investment in Sky International Operations Limited, which is recorded at historical cost in accordance with IAS 21. Changes in the fair value of the derivatives are recognised immediately in the Income Statement. The fair value of the investment was calculated by retranslating the designated portion of the investment at the prevailing balance sheet exchange rate, with the gains or losses recognised immediately in the Income Statement, which offset the designated element of the fair value movement of the derivatives. The hedge relationship was terminated in its entirety during 2021.

The Company designates its forward foreign exchange contracts as cash flow hedges of forecast foreign currency sales and purchases. Gains or losses are released from the hedging reserve and included in the initial cost or other carrying amount of the non-financial asset or liability on the Balance Sheet and affect the Income Statement in the same periods as the related hedge items. If forecast transactions are no longer expected to occur, any amounts included in the hedging reserve related to that forecast transaction would be recognised directly in the Income Statement. During the current year gains of £16 million were removed from the hedging reserve and credited to inventories in the Balance Sheet (2021: losses of £4 million).

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. Less than £1million of ineffectiveness was recognised in the Income Statement during the current year (2021: less than £1million).

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 current year, there were No instances in which the hedge relationship was not highly effective (2021: no instances).

Notes to the financial statements (continued)

24. Derivatives and other financial instruments (continued)

(a) Carrying value and fair value

The Company's principal financial instruments comprise trade and other payables and provisions. The Company has various financial assets such as trade receivables and cash and cash equivalents.

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

	Financial Assets at		**Financial Liabilities at**			
	Amortised Cost	**Fair Value through Profit and Loss**	**Amortised Cost**	**Fair Value through Profit and Loss**	**Total carrying value**	**Total fair values**
	£m	**£m**	**£m**	**£m**	**£m**	**£m**
At 31 December 2022						
Derivative financial instruments	**-**	**143**	**-**	**(239)**	**(96)**	**(96)**
Trade and other payables	**-**	**-**	**(17,787)**	**-**	**(17,787)**	**(17,903)**
Minority equity investments	**-**	**-**	**-**	**-**	**-**	**-**
Trade and other receivables	**13,664**	**-**	**-**	**-**	**13,664**	**13,976**
Cash and cash equivalents	**212**	**-**	**-**	**-**	**212**	**212**
At 31 December 2021						
Derivative financial instruments	-	62	-	(243)	(181)	(181)
Trade and other payables	-	-	(13,918)	-	(13,918)	(13,898)
Minority equity investments	-	1	-	-	1	1
Trade and other receivables	3,368	-	-	-	3,368	3,348
Cash and cash equivalents	244	-	-	-	244	244

As at 31 December 2021 the entity also held non-current trade and other payables of £1,057m and non-current trade and other receivables of £2,186m, classified at amortised cost. As at 31 December 2022, both current and non-current trade and other payables and trade and other receivables have been presented in aggregate within the table above.

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

- The fair value of financial assets and financial liabilities with standard terms and conditions and which are traded on active liquid markets is determined with reference to quoted market prices;
- The fair value of other financial assets and financial liabilities (excluding derivative instruments) is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments;
- Foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts;
- Interest rate and cross-currency swaps are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates; and
- The fair value of obligations under finance leases and other borrowings is estimated by discounting the future cash flows to net present value. The fair value of short-term deposits and cash and cash equivalents is equivalent to carrying value due to the short-term nature of these instruments.

The differences between carrying values and fair values reflect unrealised gains or losses inherent in the financial instruments, based on valuations as at 31 December 2022 and 31 December 2021. The volatile nature of the markets means that values at any subsequent date could be significantly different from the values reported above.

Cash and cash equivalents classified as loans and receivables mainly comprise investments in AAA rated money market funds which can be withdrawn without notice.

24. Derivatives and other financial instruments (continued)

(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 £m	Level 1 £m	Level 2 £m	Level 3 £m
At 31 December 2022				
Financial assets				
Cross currency swaps	11	-	11	-
Forward foreign exchange contracts	132	-	132	-
Total	143	-	143	-
Financial liabilities				
Cross currency swaps	(129)	-	(129)	-
Forward foreign exchange contracts	(110)	-	(110)	-
Total	(239)	-	(239)	-
At 31 December 2021				
Financial assets				
Minority equity investments: unlisted	1	-	-	1
Cross currency swaps	7	-	7	-
Forward foreign exchange contracts	55	-	55	-
Total	63	-	62	1
Financial liabilities				
Cross currency swaps	(188)	-	(188)	-
Forward foreign exchange contracts	(55)	-	(55)	-
Total	(243)	-	(243)	-

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.

24. Derivatives and other financial Instruments (continued)

(c) Offsetting of financial assets and liabilities

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

	Gross amounts of recognised financial assets / (liabilities)	Net amounts presented in Balance Sheet	Related amounts not set off in the balance sheet: Right of set off with derivative counterparties	Net amount
	£m	£m	£m	£m
At 31 December 2022				
Derivative financial assets	143	143	(30)	113
Derivative financial liabilities	(239)	(239)	30	(209)
Total	(96)	(96)	-	(96)
At 31 December 2021				
Derivative financial assets	62	62	(9)	53
Derivative financial liabilities	(243)	(243)	9	(234)
Total	(181)	(181)	-	(181)

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.

(d) Changes in assets and liabilities arising from financing activities

	31 December 2021	Net (proceeds)/ repayments	Interest Expense	Additions to leases	Net Financing Gains(ii)	31 December 2022
	£m	£m	£m	£m	£m	£m
Comcast RCF(iii)	(1,966)	(1,570)	-	-	-	**(3,536)**
Comcast RCF - Interest(iii)	(2)	-	35	-	(59)	**(26)**
Derivatives - Financing(iv)	1	(2)	-	-	(5)	**(6)**
Lease liabilities	(209)	78	6	(65)	(6)	**(196)**
Assets and liabilities arising from financing activities(i)	(2,176)	**(1,494)**	**41**	**(65)**	**(70)**	**(3,764)**

(i) Comcast RCF and Interest, derivatives relating to financing and leases (including impact of IFRS16).

(ii) Includes Comcast RCF Interest, derivative fair value and foreign exchange which impact the Income statement or other comprehensive income and lease interest.

(iii) The Comcast RCF and Interest is included within Amounts payable to other Group Companies in Note 22.

(iv) These are financing derivatives only and are subsets of the Balance Sheet derivatives (which also include operating and investing derivatives).

25. Financial risk management objectives and policies

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

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

Market risk

The following table sets out the maturity profile and average interest rates 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
At 31 December 2022			
Cash flow hedges			
Foreign Currency risk			
Forward Currency Contracts (GBP:USD)			
Notional Amount (£m)	183	128	308
Average exchange rate to GBP	1.30	1.31	1.23
At 31 December 2021			
Notional Amount (£m)	89	93	147
Average exchange rate to GBP	1.33	1.33	1.35

25. Financial risk management objectives and policies (continued)

Market risk (continued)

The following table represents the corresponding carrying values and nominal amounts of derivatives in a continued hedge relationship:

	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	Other Comprehensive Income			
		Assets	Liabilities		Opening Balance 1 Jan 2022	(Gain) / Loss deferred to OCI	Gain/(loss) reclassified to inventory or prepayments	Closing Balance 31 December 2022
	£m	£m	£m		£m	£m	£m	£m
Cash Flow Hedges Foreign Currency risk								
Forward exchange contracts	619	30	(1)	Derivative Financial Asset and Derivative Financial Liabilities	(2)	(32)	16	(18)

25. Financial risk management objectives and policies (continued)

Market risk (continued)

	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	Other Comprehensive Income			
		Assets	Liabilities		Opening Balance 1 Jan 2021	(Gain) / Loss deferred to OCI	Gain/(loss) reclassified to inventory or prepayments	Closing Balance 31 December 2021
	£m	£m	£m		£m	£m	£m	£m
Cash Flow Hedges								
Foreign Currency risk								
Forward exchange contracts	329	3	(5)	Derivative Financial Asset and Derivative Financial Liabilities	6	(4)	(4)	(2)
Fair Value Hedges								
Foreign Currency risk								
Cross- Currency Swaps	1,003	-	(181)	Derivative Financial Asset and Derivative Financial Liabilities	-	-	-	-

Notes to the financial statements (continued)

25. Financial risk management objectives and policies (continued)

Market risk (continued)
The following table represents the corresponding carrying values of the hedged item and the accumulated amount of fair value hedge adjustments:

	Carrying amount of the hedged item			Accumulated amount of fair value hedge adjustments on the hedged item included in the carrying amount of the hedged item	
	Assets £m	**Liabilities £m**	**Line item in the statement of financial position where the hedged item is located**	**Assets £m**	**Liabilities £m**
At 31 December 2022					
At 31 December 2021					
Fair Value Hedges					
Foreign Currency Risk					
Investment	1,152	-	Investments in subsidiaries	166	-

The following table represents the changes in value of hedging instrument and hedged item for calculating hedge ineffectiveness:

	Hedging Instrument	**Change in value of hedging instrument for calculating hedge ineffectiveness** £m	**Change in value of hedged item for calculating hedge ineffectiveness** £m
At 31 December 2022			
Cash Flow Hedges			
Foreign exchange risk			
USD Payables	Forward Contracts	(32)	32
At 31 December 2021			
Cash Flow Hedges			
Foreign exchange risk			
USD Payables	Forward Contracts	(4)	4

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 Comcast Corporation's policies approved by its Board of Directors.

25. Financial risk management objectives and policies (continued)

Liquidity risk

The Company's financial liabilities are shown in notes 22 and 23.

The following table analyses the Company's non-derivative 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. These amounts may therefore not reconcile to the liabilities disclosed on the Balance Sheet.

		Less than 12 months	Between one and two years	Between two and five years	More than five years	Total
		£m	£m	£m	£m	£m
At 31 December 2022						
Non-derivative financial liabilities						
Trade and other payables		**13,382**	**132**	**4,273**	**-**	**17,787**
Provisions		**16**	**1**	**2**	**2**	**21**
Gross settled derivatives						
Asset	Outflow	**1,409**	**900**	**209**	**108**	**2,626**
	Inflow	**(1,511)**	**(930)**	**(206)**	**(118)**	**(2,765)**
Liability	Outflow	**1,484**	**857**	**624**	**376**	**3,341**
	Inflow	**(1,401)**	**(834)**	**(562)**	**(324)**	**(3,121)**

		Less than 12 months	Between one and two years	Between two and five years	More than five years	Total
		£m	£m	£m	£m	£m
At 31 December 2021						
Non-derivative financial liabilities						
Trade and other payables		13,918	124	933	-	14,975
Provisions		28	1	4	5	38
Gross settled derivatives						
Asset	Outflow	1,054	530	118	112	1,814
	Inflow	(1,090)	(554)	(115)	(115)	(1,874)
Liability	Outflow	1,854	555	189	728	3,326
	Inflow	(1,746)	(534)	(196)	(654)	(3,130)

Credit risk

The Company is exposed to credit risk amounting to the positive fair value of derivative financial assets held. However, this risk is deemed to be low. Counterparty risk forms a central part of the Group's treasury policy, which is monitored and reported on regularly. Treasury policies ensure that all derivative transactions are only effected with strong relationship banks and at the date of signing each carried a minimum credit rating of "A-" or better from Standard and Poor's or "A3" or better by Moody's Investors Service.

Credit risk in the Company's residential customer base is mitigated by billing and collecting in advance for digital television subscriptions for the majority of its residential customer base.

The Company's maximum exposure to credit risk on trade receivables is the carrying amounts as disclosed in note 21.

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 Sky Group. The Sky Group's Treasury function monitors the Company's exposure to fluctuations in interest rates.

In 2022, LIBOR to ARR (Alternative Reference Rate) were transitioned in alignment with ISDA (International Swaps and Derivatives Association). During the year, the Company amended its loan arrangements which referenced Sterling LIBOR and replaced these with SONIA as the benchmark interest rate.

25. Financial risk management objectives and policies (continued)

Interest rate sensitivity

The sensitivity analysis below has been determined based on the exposure to interest rates for non-derivative financial instruments at the balance sheet date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the balance sheet date was outstanding for the whole year.

A one percentage point increase or decrease represents management's assessment of the reasonably possible change in interest rates. If interest rates had been one percentage point higher, and all other variables were held constant, the Company's loss for the year ended 31 December 2022 would increase by £35 million (2021: loss for the year would increase £15 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 changes as the Company's portfolio of debt, cash and foreign currency 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.

Foreign exchange risk

The Company's revenues are substantially denominated in pounds sterling, although a significant proportion of operating costs are denominated in US dollars. These costs relate mainly to the Company's programming contracts with US suppliers.

The Sky Group hedges currency exposures on US dollar denominated highly probable cash flows by using forward exchange contracts purchased up to thirty months ahead of the cash flow and currently no longer hedges transactional euro exposures arising in the UK.

It is the Group's policy that all US dollar foreign currency exposures are substantially hedged in advance of the year in which they occur. At 31 December 2022, the Sky Group had purchased forward foreign exchange contracts representing:

Approximately 78% (2021: 72%) of US dollar denominated costs falling due within one year and, on a declining basis across a thirty month planning horizon are hedged via:

- Outstanding commitments to purchase, in aggregate, $1,836 million (2021: $1,071 million) at an average exchange rate of £1.00 to $1.26 (2021: £1.00 to $1.35), of which $1,018 million was purchased on behalf of other group companies.
- Outstanding commitments to sell, in aggregate, $17 million (2021: $nil) at an average exchange rate of £1.00 to $1.31 (2021: £1.00 to $nil), of which $5 million was sold on behalf other group companies.

In respect of hedging current Balance Sheet exposures:

- Outstanding commitments to sell, in aggregate, €214 million (2021: €124 million) at an average rate of £1.00 to €1.16 (2021: £1.00 to €1.17).
- Outstanding commitments to purchase, in aggregate, €nil (2021: €42 million) at an average rate of £1.00 to €nil (2021: £1.00 to €1.18).

The Company has taken out the following positions on behalf of other Group companies:

- Outstanding commitments to purchase, in aggregate, $1,103 million (2021: $1,156 million) at an average exchange rate of €1.00 to $1.11 (2021: €1.00 to $1.19), all of which was purchased on behalf of other group companies.
- Outstanding commitments to sell, in aggregate, $69 million (2021: $27 million) at an average exchange rate of €1.00 to $1.05 (2021: €1.00 to $1.16), all of which was sold on behalf of other group companies.
- Outstanding commitments to purchase, in aggregate, £7 million (2021: £32 million) at an average rate of £0.88 to €1.00 (2021: £0.88 to €1.00), all of which was purchased on behalf of other group companies.
- Outstanding commitments to sell, in aggregate,€290 million (2021: €262 million at an average rate of £1.14 to €1.00 (2021: £0.89 to €1.00), all of which was sold on behalf of other group companies.

For forward exchange contracts, hedge accounting is applied to changes in the full fair value. Any hedge ineffectiveness on the forward exchange contracts is recognised directly in the Income Statement. The ongoing effectiveness testing is performed using the dollar-offset approach. If forecast transactions are no longer expected to occur, any amounts included in the hedging reserve related to that forecast transaction would be recognised directly in the Income Statement. Certain forward exchange contracts have not been designated as hedges and movements in their values continue to be recorded directly in the Income Statement.

It is the Company's policy that anticipated USD foreign currency exposures are substantially hedged in advance of the fiscal year in which the exposure occurs.

25. Financial risk management objectives and policies (continued)

Foreign exchange sensitivity

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

- A 25% strengthening in pounds sterling against the Dollar would have a beneficial effect on profit of £17 million (2021: beneficial impact of £24 million). The same move would have an adverse impact on other equity of £94 million (2021: adverse impact of £50 million).
- A 25% weakening in pounds sterling against the Dollar would have an adverse effect on profit of £28 million (2021: adverse impact of £39 million). The same move would have a beneficial impact on other equity of £156 million (2021: beneficial impact of £84 million).
- A 25% strengthening in pounds sterling against the Euro would have a beneficial impact on profit of £133 million (2021: beneficial impact of £41 million). The same move would have no impact on other equity (2021: no impact).
- A 25% weakening in pounds sterling against the Euro would have an adverse impact on profit of £222 million (2021: adverse impact of £69 million). The same move would have no impact on other equity (2021: no impact).

The sensitivity analyses provided are a plausible approximation of movements in a year. They 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.

26. Share capital

	2022 Number	**2022 £m**	2021 Number	2021 £m
Authorised, called-up and fully paid				
Ordinary shares of £1.00 each				
Beginning of year	**10,002,008**	**10**	10,002,008	10
Issued during the year	**1**	**-**	-	-
End of year	**10,002,009**	**10**	10,002,008	10

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

During the year the Company issued 1 share to Sky Limited receiving a £6,600 million loan note receivable issued by Sky UK Investments Limited (see note 21). After the share issue the resulting share premium was cancelled into Retained earnings.

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. After the acquisition of the Sky Group by Comcast Corporation on 9 October 2018, the previous share schemes operated by Sky were settled. New awards were granted under the Restricted Stock Units schemes operated by Comcast Corporation.

The awards outstanding can be summarised as follows:

Scheme	**2022 Number of ordinary shares**	2021 Number of ordinary shares
Sharesave Scheme options (i)	**2,268,299**	1,881,755
Comcast Corporation RSU awards (ii)	**3,261,936**	2,097,099
Management Special Incentive awards(iii)	**1,139,414**	635,741
	6,669,649	4,614,595

26. Share capital (continued)

Share option and contingent share award schemes (continued)

(i) Sharesave Scheme options

All Sharesave Scheme options outstanding at 31 December 2022 and 31 December 2021 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.

(ii) Comcast Corporation RSU awards

All awards outstanding at 31 December 2022 and at 31 December 2021 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.

(iii) Management Special Incentive awards

All Management Special Incentive award outstanding at 31 December 2022 and 31 December 2021 vest only if performance conditions are met.

Share option and contingent share award schemes

For the purposes of the disclosure below, the Comcast Corporation RSU awards and Management Special Incentive awards ('Senior Management Schemes') have been aggregated.

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
	Number	£	Number	£	Number	£
Outstanding at 1 January 2021	1,636,835	27.29	4,990,735	-	6,627,570	6.74
Granted during the year	259,810	33.31	2,362,604	-	2,622,414	3.30
Vested during the year	-	-	(3,680,616)	-	(3,680,616)	-
Forfeited during the year	(14,890)	27.26	(939,883)	-	(954,773)	0.43
Outstanding at 31 December 2021	1,881,755	28.12	2,732,840	-	4,614,595	11.47
Granted during the year	**1,096,884**	**19.48**	**3,959,940**	**-**	**5,056,824**	**4.23**
Vested during the year	**-**	**-**	**(1,928,968)**	**-**	**(1,928,968)**	**-**
Forfeited during the year	**(710,340)**	**28.21**	**(362,462)**	**-**	**(1,072,802)**	**18.68**
Outstanding at 31 December 2022	**2,268,299**	**23.91**	**4,401,350**	**-**	**6,669,649**	**8.13**

The weighted average market price of Comcast's shares at the date RSU awards vested during the year was £47.18 (2021: £41.53).

26. Share capital (continued)

Share option and contingent share award schemes (continued)

The following table summarises information about share awards outstanding at 31 December 2022 and 31 December 2021:

	Sharesave Scheme		Senior Management Schemes		Total	
	2022	2022 Weighted average remaining contractual life	2022	2022 Weighted average remaining contractual life	2022	2022 Weighted average remaining contractual life
Range of Exercise Prices	Number	years	Number	years	Number	years
£0.00 - £1.00	**-**	**-**	**4,401,350**	**2.23**	**4,401,350**	**2.23**
£19.00 - £34.00	**2,268,299**	**2.06**	**-**	**-**	**2,268,299**	**2.06**
	2,268,299	**2.06**	**4,401,350**	**2.23**	**6,669,649**	**2.17**

	Sharesave Scheme		Senior management schemes		Total	
	2021	2021 Weighted average remaining contractual life	2021	2021 Weighted average remaining contractual life	2021	2021 Weighted average remaining contractual life
Range of Exercise Prices	Number	years	Number	years	Number	years
£0.00 - £1.00	-	-	2,732,840	1.28	2,732,840	1.28
£27.00 - £34.00	1,881,755	1.89	-	-	1,881,755	1.89
	1,881,755	1.89	2,732,840	1.28	4,614,595	1.53

The exercise prices of options outstanding at 31 December 2022 ranged from nil to £33.31 (2021: nil to £33.31).

At 31 December 2022 and 31 December 2021 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 £28.77 (2021: £36.18). This was calculated using the Black-Scholes share option pricing model except for awards which have market-based performance conditions, where a Monte-Carlo simulation model was used, and for grants of nil-priced options, which were treated as the award of a free share. The fair value of nil-priced options granted during the period was measured on the basis of the market-price of Comcast's shares on the date of grant, discounted for expected dividends which would not be received over the vesting period of the options.

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

26. Share capital (continued)

Share option and contingent share award schemes (continued)

Weighted average fair value assumptions

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 £8.05 (2021: £7.69). This was calculated using the Black-Scholes share option pricing model.

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

	2022	2021
Share price	**£27.44**	£37.39
Exercise price	**£21.60**	£33.31
Expected volatility	**30.6%**	25.9%
Expected life	**3.5 years**	3.5 years
Expected dividend	**3.5%**	2.1%
Risk-free interest rate	**4.1%**	0.2%

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 £34.50 (2021: £39.31). The fair value of awards with market-based performance conditions was calculated using a Monte-Carlo simulation model. 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:

	2022	2021
Share price	**£33.59**	£39.31
Exercise price	**£0**	£0
Expected volatility	**0%**	0%
Expected life	**3.0 years**	3.0 years
Expected dividend	**0.1%**	0%
Risk-free interest rate	**2.3%**	0.1%

27. Shareholders' equity

	2022	2021
	£m	£m
Share capital	**10**	10
Share premium	**1**	1,204
Hedging reserve	**14**	2
Retained earnings	**897**	(6,345)
	922	(5,129)

Hedging reserve

Changes in the fair values of derivatives that are designated as cash flow 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 the Income Statement in the periods in which the related hedged items are 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.

28. Contracted commitments, contingencies and guarantees

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

	Less than 1 year	**Between 1 and 5 years**	**After 5 years**	**Total at 31 December 2022**	Total at 31 December 2021
	£m	**£m**	**£m**	**£m**	£m
Television programme rights	2,322	5,092	770	**8,184**	7,049
Third party payments[(i)]	247	578	160	**985**	925
Intangible asset	-	-	-	**-**	14
Other	186	393	9	**588**	528
Total	**2,755**	**6,063**	**939**	**9,757**	8,516

(i) The third party payment commitments are in respect of distribution agreements for the television channels owned and broadcast by third parties, retailed by the Group to retail and commercial subscribers ("Sky Distributed Channels").

Foreign currency commitments are translated to pounds sterling at the rate prevailing at the balance sheet date.

a) Contingencies and guarantees

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

29. Transactions with related parties

a) Derivative contracts on behalf of Sky Italia Srl ("Sky Italia")

The Company took out a number of derivative contracts with counterparty banks prior to and during the year on behalf of the indirect subsidiary Sky Italia. On the same dates as these derivative contracts were entered into, the Company entered into equal and opposite contracts with Sky Italia in respect of these derivative contracts.

The Company was not exposed to any of the net gains or losses on these derivative contracts. The face value of the derivative contracts that had not matured as at 31 December 2022 was £540 million (2021: £376 million).

During the year, US$448 million (2021: US$379 million) was paid to Sky Italia upon maturity of derivative contracts, £84 million (2021: £50 million) was paid to Sky Italia upon maturity of derivative contracts and €494 million (2021: €383 million) was received from Sky Italia upon maturity of derivative contracts.

b) Derivative contracts on behalf of Sky Deutschland GmbH ("Sky Deutschland")

The Company took out a number of derivative contracts with counterparty banks prior to and during the year on behalf of the indirect subsidiary Sky Deutschland. On the same dates as these derivative contracts were entered into, the Company entered into equal and opposite contracts with Sky Deutschland in respect of these derivative contracts.

The Company was not exposed to any of the net gains or losses on these derivative contracts. The face value of the derivative contracts that had not matured as at 31 December 2022 was £441 million (2021: £523 million).

During the year, US$301 million (2021: US$286 million) was paid to Sky Deutschland upon maturity of derivative contracts, £30 million (2021: £49 million) was paid to Sky Deutschland upon maturity of derivative contracts and €288 million (2021: €303 million) was received from Sky Deutschland upon maturity of derivative contracts.

c) Derivative contracts on behalf of Sky Limited

The Company was not exposed to any of the net gains or losses on these derivative contracts. The face value of the swaps that had not matured as at 31 December 2022 was £100 million (2021: £100 million).

29. Transactions with related parties (continued)

d) Derivative contracts on behalf of Sky CP Limited ("Sky CP")

The Company took out a number of derivative contracts with counterparty banks prior to and during the year on behalf of the indirect subsidiary Sky CP. On the same dates as these derivative contracts were entered into, the Company entered into equal and opposite contracts with Sky CP in respect of these derivative contracts.

The Company was not exposed to any of the net gains or losses on these derivative contracts. The face value of the derivative contracts that had not matured as at 31 December 2022 was £850 million (2021: £405 million).

During the year, US$910 million (2021: US$414 million) was paid to Sky CP upon maturity of derivative contracts and £698 million (2021: £314 million) was received from Sky CP upon maturity of derivative contracts.

e) Derivative contracts on behalf of Sky Subscribers Services Limited ("SSSL")

The Company took out a number of derivative contracts with counterparty banks during the year on behalf of the indirect subsidiary SSSL. On the same dates as these derivative contracts were entered into, the Company entered into equal and opposite contracts with SSSL in respect of these derivative contracts.

The Company was not exposed to any of the net gains or losses on these derivative contracts. The face value of the derivative contracts that had not matured as at 31 December 2022 was £257 million (2021: £220 million).

During the year, £199 million (2021: £235 million) was paid to SSSL upon maturity of derivative contracts and €226 million (2021: €274 million) was received from SSSL upon maturity of derivative contracts.

30. Ultimate parent undertaking

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

31. Subsequent events

Subsequent to the year-end, on 20 March 2023, the Company issued 1 share for £4,542m. The proceeds from this share issue were used to repay intercompany payable balances held by the Company. Subsequent to the share issue, the resulting share premium was cancelled into retained earnings.