

BRITISH SKY BROADCASTING GROUP PLC

Form 6-K

July 31, 2008

**FORM 6-K**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**Report of Foreign Issuer**

**Pursuant to Rule 13a - 16 or 15d - 16 of**

**the Securities Exchange Act of 1934**

For the month of July 2008

31 July 2008

**BRITISH SKY BROADCASTING GROUP PLC**

(Name of Registrant)

**Grant Way, Isleworth, Middlesex, TW7 5QD England**

(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports  
under cover of Form 20-F or Form 40-F

Form 20-F  X

Form 40-F

Indicate by check mark whether the registrant by furnishing the information  
contained in this Form is also thereby furnishing the information to the  
Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934

Yes

No  X

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): Not Applicable

This report is incorporated by reference in the prospectus contained in the Registration Statements on Form F-3 (SEC File No.333-08246) and Form F-3/S-3 (SEC File No.333-106837) filed by the Registrant under the Securities Act of 1933.

## EXHIBIT INDEX

### Exhibit

EXHIBIT NO. 1 Press release of British Sky Broadcasting Group plc announcing BSkyB results for the 12 months ended 30 June 2008 released on 31 July 2008

### Consolidated financial statements

#### Consolidated Income Statement

for the year ended 30 June 2008

|   | Notes | 2008<br>£m     | 2007<br>£m |
|---|-------|----------------|------------|
| <b>Revenue</b>  | 1     | <b>4,952</b>   | 4,551      |
| Operating expense   | 2     | <b>(4,228)</b> | (3,736)    |
| <b>Operating profit</b>   |       | <b>724</b>     | 815        |
| Share of results of joint ventures and associates                           | 12    | <b>15</b>      | 12         |
| Investment income   | 3     | <b>47</b>      | 46         |
| Finance costs   | 3     | <b>(177)</b>   | (149)      |
| Profit on disposal of joint venture   | 4     | <b>67</b>      | -          |
| Impairment of available-for-sale investment                                 | 5     | <b>(616)</b>   | -          |
| <b>Profit before tax</b>  |       | <b>60</b>      | 724        |
| Taxation  | 6     | <b>(187)</b>   | (225)      |
| <b>(Loss) profit for the year</b>   |       | <b>(127)</b>   | 499        |
| <b>(Loss) earnings per share from (loss) profit for the year (in pence)</b> |       |                |            |
| Basic   | 7     | <b>(7.3p)</b>  | 28.4p      |
| Diluted   | 7     | <b>(7.3p)</b>  | 28.2p      |

**Consolidated Statement of Recognised Income and Expense**  
for the year ended 30 June 2008

|  | <b>2008</b>  | 2007  |
|--|--------------|-------|
|  | <b>£m</b>    | £m    |
| <b>(Loss) profit for the year</b>  | <b>(127)</b> | 499   |
| <b>Net (loss) profit recognised directly in equity</b>                   |              |       |
| Loss on available-for-sale investments                                   | 13           |       |
|  | <b>(192)</b> | (151) |
| Cash flow hedges   | <b>43</b>    | (70)  |
| Tax on cash flow hedges  | <b>(13)</b>  | 21    |
| Exchange differences on translation of foreign operations                | <b>4</b>     | -     |
|  | <b>(158)</b> | (200) |
| <b>Amounts reclassified and reported in the income statement</b>         |              |       |
| Cash flow hedges   | <b>2</b>     | 109   |
| Tax on cash flow hedges  | <b>-</b>     | (33)  |
| Transfer to (loss) profit on impairment of available-for-sale investment | <b>343</b>   | -     |
|  | <b>345</b>   | 76    |
| <b>Net profit (loss) recognised directly in equity</b>                   | <b>187</b>   | (124) |
| <b>Total recognised income and expense for the year</b>                  | <b>60</b>    | 375   |

**Consolidated Income Statement**  
for the three months ended 30 June 2008

|                         | <b>2008</b>                                      | 2007                                      |
|-------------------------|--|---|
|                         | <b>Three months ended 30 June £m (unaudited)</b> | Three months ended 30 June £m (unaudited) |
| <b>Revenue</b>          | <b>1,246</b>                                     | 1,175                                     |
| Operating expense       | <b>(1,026)</b>                                   | (973)                                     |
| <b>Operating profit</b> | <b>220</b>                                       | 202                                       |

|   |               |      |
|---|---------------|------|
| Share of results of joint ventures and associates                   | <b>3</b>      | 3    |
| Investment income   | <b>9</b>      | 4    |
| Finance costs   | <b>(50)</b>   | (41) |
| Impairment of available-for-sale investments                        | <b>(142)</b>  | -    |
| <b>Profit before tax</b>  | <b>40</b>     | 168  |
| Taxation  | <b>(49)</b>   | (57) |
| <b>(Loss) profit for the quarter</b>                                | <b>(9)</b>    | 111  |
| <b>(Loss) earnings per share from (loss) profit for the quarter</b> |               |      |
| <b>(in pence)</b>   |               |      |
| Basic   | <b>(0.5p)</b> | 6.4p |
| Diluted   | <b>(0.5p)</b> | 6.3p |

### Consolidated Balance Sheet

as at 30 June 2008

|  | Notes | 2008<br>£m   | 2007<br>£m |
|--|-------|--------------|------------|
| <b>Non-current assets</b>                    |       |              |            |
| Goodwill                                     | 9     | <b>852</b>   | 741        |
| Intangible assets                            | 10    | <b>303</b>   | 261        |
| Property, plant and equipment                | 11    | <b>722</b>   | 670        |
| Investments in joint ventures and associates | 12    | <b>114</b>   | 34         |
| Available-for-sale investments               | 13    | <b>338</b>   | 797        |
| Deferred tax assets                          | 14    | <b>23</b>    | 54         |
| Trade and other receivables                  | 16    | <b>19</b>    | -          |
| Derivative financial assets                  |       | <b>13</b>    | -          |
|  |       | <b>2,384</b> | 2,557      |
| <b>Current assets</b>                        |       |              |            |
| Inventories                                  | 15    | <b>310</b>   | 384        |
| Trade and other receivables                  | 16    | <b>566</b>   | 524        |
| Short-term deposits                          |       | <b>185</b>   | 15         |
| Cash and cash equivalents                    |       | <b>632</b>   | 435        |
| Derivative financial assets                  |       | <b>5</b>     | 5          |
|  |       | <b>1,698</b> | 1,363      |
| <b>Total assets</b>                          |       | <b>4,082</b> | 3,920      |
| <b>Current liabilities</b>                   |       |              |            |

|                                  |    |              |       |
|----------------------------------|----|--------------|-------|
| Borrowings                       | 19 | <b>338</b>   | 16    |
| Trade and other payables         | 17 | <b>1,294</b> | 1,295 |
| Current tax liabilities          |    | <b>151</b>   | 144   |
| Provisions                       | 18 | <b>27</b>    | 8     |
| Derivative financial liabilities |    | <b>83</b>    | 36    |
|                                  |    | <b>1,893</b> | 1,499 |

**Non-current liabilities**

|                                  |    |              |       |
|----------------------------------|----|--------------|-------|
| Borrowings                       | 19 | <b>2,108</b> | 2,014 |
| Trade and other payables         | 19 | <b>67</b>    | 84    |
| Provisions                       | 18 | <b>22</b>    | 18    |
| Derivative financial liabilities |    | <b>160</b>   | 258   |
|                                  |    | <b>2,357</b> | 2,374 |

|                          |  |              |       |
|--------------------------|--|--------------|-------|
| <b>Total liabilities</b> |  | <b>4,250</b> | 3,873 |
|--------------------------|--|--------------|-------|

|                                       |    |              |    |
|---------------------------------------|----|--------------|----|
| <b>Shareholders' (deficit) equity</b> | 21 | <b>(168)</b> | 47 |
|---------------------------------------|----|--------------|----|

|   |  |              |       |
|---|--|--------------|-------|
| <b>Total liabilities and shareholders' (deficit) equity</b> |  | <b>4,082</b> | 3,920 |
|---|--|--------------|-------|

**Consolidated Cash Flow Statement**

for the year ended 30 June 2008

|   | 2008         | 2007  |
|---|--------------|-------|
|   | £m           | £m    |
| <b>Cash flows from operating activities</b>                           |              |       |
| Cash generated from operations  | <b>997</b>   | 1,007 |
| Interest received   | <b>43</b>    | 46    |
| Taxation paid   | <b>(163)</b> | (128) |
| <b>Net cash from operating activities</b>                             | <b>877</b>   | 925   |
| <b>Cash flows from investing activities</b>                           |              |       |
| Dividends received from joint ventures and associates                 | <b>11</b>    | 9     |
| Net funding to joint ventures and associates                          | <b>(6)</b>   | (3)   |
| Purchase of property, plant and equipment                             | <b>(215)</b> | (292) |
| Purchase of intangible assets   | <b>(124)</b> | (64)  |
| Purchase of available-for-sale investments                            | <b>(6)</b>   | (947) |
| Purchase of subsidiaries (net of cash and cash equivalents purchased) | <b>(72)</b>  | (104) |
| Proceeds from the sale of subsidiaries                                | <b>3</b>     | -     |
| (Increase) decrease in short-term deposits                            | <b>(170)</b> | 632   |
| <b>Net cash used in investing activities</b>                          | <b>(579)</b> | (769) |
| <b>Cash flows from financing activities</b>                           |              |       |
| Proceeds from borrowings  | <b>383</b>   | 295   |
| Repayment of borrowings   | <b>(16)</b>  | (192) |

|  |              |              |
|--|--------------|--------------|
| Repayment of obligations under finance leases                              | (1)          | -            |
| Proceeds from disposal of shares in Employee Share Ownership Plan ("ESOP") | 22           | 37           |
| Purchase of own shares for ESOP  | (45)         | (76)         |
| Purchase of own shares for cancellation                                    | -            | (214)        |
| Interest paid  | (165)        | (154)        |
| Dividends paid to shareholders   | (280)        | (233)        |
| <b>Net cash (used in) financing activities</b>                             | <b>(102)</b> | <b>(537)</b> |
| Effect of foreign exchange rate movements                                  | 1            | -            |
| <b>Net increase (decrease) in cash and cash equivalents</b>                | <b>197</b>   | <b>(381)</b> |
| <b>Cash and cash equivalents at the beginning of the year</b>              | <b>435</b>   | <b>816</b>   |
| <b>Cash and cash equivalents at the end of the year</b>                    | <b>632</b>   | <b>435</b>   |

## Notes to the consolidated financial statements

The financial information set out in this preliminary announcement does not constitute statutory financial statements for the years ended 30 June 2008 or 2007, for the purpose of the Companies Act 1985, but is derived from those financial statements. Statutory financial statements for 2007 have been filed with the Registrar of Companies and those for 2008 will be filed prior to the Group's next annual general meeting. The Group's auditors have reported on those accounts; their reports were unqualified and did not contain statements under s. 237(2) or (3) Companies Act 1985.

Whilst the financial information included in this preliminary announcement has been prepared in accordance with International Financial Reporting Standards as adopted for use in the European Union ("IFRS"), this announcement does not itself contain sufficient information to comply with IFRS. The accounting policies applied in preparing this financial information are consistent with the Group's financial statements for the year ended 30 June 2007.

### 1. Revenue

|                                    | 2008         | 2007         |
|------------------------------------|--------------|--------------|
|                                    | £m           | £m           |
| Retail subscription                | 3,769        | 3,406        |
| Wholesale subscription             | 181          | 208          |
| Advertising                        | 328          | 352          |
| Sky Bet                            | 44           | 47           |
| Installation, hardware and service | 276          | 212          |
| Other                              | 354          | 326          |
|                                    | <b>4,952</b> | <b>4,551</b> |

**2. Operating expense**

|                                    | <b>2008</b>  | 2007  |
|------------------------------------|--------------|-------|
|                                    | <b>£m</b>    | £m    |
| Programming                        | <b>1,713</b> | 1,539 |
| (i)                                |              |       |
| Transmission and related functions | <b>542</b>   | 402   |
| Marketing                          | <b>743</b>   | 734   |
| Subscriber management              | <b>700</b>   | 618   |
| Administration                     | <b>530</b>   | 443   |
| (ii) (iii)                         |              |       |
|                                    | <b>4,228</b> | 3,736 |

(i) Included within programming for the year ended 30 June 2007 is a £65 million credit due to the Group, arising from certain contractual rights under one of the Group's channel distribution agreements.

(ii) Included within administration for the year ended 30 June 2008 is £21 million (2007: £16 million) of expense relating to legal costs incurred on the Group's ongoing claim against EDS (the information and technology solutions provider).

(iii) Included within administration for the year ended 30 June 2008 is £7 million of expense relating to a restructuring exercise undertaken following a review of operating costs.

**3. Investment income and finance costs**

|  | <b>2008</b> | 2007 |
|--|-------------|------|
|  | <b>£m</b>   | £m   |
| <b>Investment income</b>                                 |             |      |
| Cash, cash equivalents and short-term deposits           | <b>25</b>   | 33   |
| Dividends receivable from available-for-sale investments | <b>22</b>   | 13   |
|  | <b>47</b>   | 46   |

| <b>2008</b> | 2007 |
|-------------|------|
| <b>£m</b>   | £m   |

**Finance costs**  
**- Interest payable and similar charges**

|  |       |       |
|--|-------|-------|
| £1 billion Revolving Credit Facility ("RCF")   | (6)   | (12)  |
| Guaranteed Notes   | (167) | (135) |
| Finance lease interest   | (7)   | (8)   |
|  | (180) | (155) |
| <b>- Other finance income (expense)</b>  |       |       |
| Remeasurement of borrowings and borrowings-related derivative financial instruments                        | 4     | -     |
| (i)  |       |       |
| Remeasurement of programming-related derivative financial instruments                                      | (1)   | 6     |
| (i)  |       |       |
| Gain (loss) arising on derivatives in a designated fair value hedge accounting relationship                | 14    | (5)   |
| (Loss) gain arising on adjustment for hedged item in a designated fair value hedge accounting relationship | (14)  | 5     |
|  | 3     | 6     |
|  | (177) | (149) |

(i) Not qualifying for hedge accounting

#### 4. Profit on disposal of joint venture

On 12 December 2007, the Group sold its 100% stake in BSkyB Nature Limited, the investment holding company for the Group's 50% interest in the NGC-UK Partnership. As consideration for the disposal, the Group received 21% interests in both NGC Network International LLC and NGC Network Latin America LLC (in effect, 21% of National Geographic Channel's television operations outside of the United States of America). This realised a profit on disposal of £67 million.

#### 5. Impairment of available-for-sale investment

The Group's investment in ITV is carried at fair value. The fair value of ITV is determined with reference to its equity share price at the balance sheet date. An impairment was first recorded following a review of the carrying value of the investment in ITV at 31 December 2007, due to the significant and prolonged decline in the equity share price. In accordance with International Financial Reporting Standards, the Group has continued to review that carrying value throughout fiscal 2008 and has recognised a cumulative impairment loss of £616 million in the current year. The impairment loss for the year was determined with reference to ITV's closing equity share price of 47.5 pence at 27 June 2008, the last trading day of the Group's financial year.

In accordance with IAS 39, the effect of any further decline in the value of the equity share price of ITV will be recognised in the income statement at the relevant future balance sheet date. On 30 July 2008, the equity share price of ITV was 44.5p.

#### 6. Taxation

##### Taxation recognised in the income statement



|   | <b>2008</b> | 2007 |
|---|-------------|------|
|   | <b>£m</b>   | £m   |
| <b>Current tax expense</b>                        |             |      |
| Current year                                      | <b>172</b>  | 204  |
| Adjustment in respect of prior years              | <b>7</b>    | (15) |
| <b>Total current tax charge</b>                   | <b>179</b>  | 189  |
| <b>Deferred tax expense</b>                       |             |      |
| Origination and reversal of temporary differences | <b>5</b>    | 22   |
| Adjustment in respect of prior years              | <b>3</b>    | 14   |
| <b>Total deferred tax charge</b>                  | <b>8</b>    | 36   |
| <b>Taxation</b>                                   | <b>187</b>  | 225  |

Taxation relates to a £179 million  
UK

corporation tax charge (2007: £240 million) and an £8 million tax charge (2007: £15 million credit) in respect of the utilisation of Luxembourg trading losses.

The tax expense for the year is higher (2007: higher) than the expense that would have been charged using the standard rate of corporation tax in the UK (29.5%) applied to profit before tax. The applicable enacted or substantially enacted rate of UK corporation tax for the year was 29.5% (2007: 30%).

## 7. Earnings per share

The weighted average number of shares for the year was:

|   | <b>2008</b>               | 2007               |
|---|---------------------------|--------------------|
|   | <b>Millions of shares</b> | Millions of shares |
| Ordinary shares                             | <b>1,753</b>              | 1,759              |
| ESOP trust ordinary shares                  | <b>(5)</b>                | (4)                |
| <b>Basic shares</b>                         | <b>1,748</b>              | 1,755              |
| Dilutive ordinary shares from share options | -                         | 12                 |
| <b>Diluted shares</b>                       | <b>1,748</b>              | 1,767              |

The calculation of diluted (loss) earnings per share excludes 32 million share options (2007: 17 million), which could potentially dilute earnings per share in the future.

Basic and diluted (loss) earnings per share are calculated by dividing the loss or profit for the year into the weighted average number of shares for the year.

|  | <b>2008</b>  | 2007  |
|--|--------------|-------|
|  | <b>pence</b> | pence |
| <b>(Loss) earnings per share from (loss) profit for the year</b> |              |       |
| Basic  | <b>(7.3)</b> | 28.4  |
| Diluted  | <b>(7.3)</b> | 28.2  |

## 8. Dividends

|   | <b>2008</b> | 2007 |
|---|-------------|------|
|   | <b>£m</b>   | £m   |
| <b>Dividends declared and paid during the year</b>    |             |      |
| 2006 Final dividend paid: 6.70p per ordinary share    | -           | 117  |
| 2007 Interim dividend paid: 6.60p per ordinary share  | -           | 116  |
| 2007 Final dividend paid: 8.90p per ordinary share    | <b>156</b>  | -    |
| 2008 Interim dividend paid: 7.125p per ordinary share | <b>124</b>  | -    |
|   | <b>280</b>  | 233  |

The 2008 final dividend proposed is 9.625p per ordinary share being £168 million. The dividend was proposed after the balance sheet date and is therefore not recognised as a liability as at 30 June 2008.

## 9. Goodwill

|   | <b>Total</b> |
|---|--------------|
|   | <b>£m</b>    |
| <b>Carrying value</b>                         |              |
| At 1 July 2006                                | 637          |
| Purchase of 365 Media Group Plc ("365 Media") | 77           |
| Other purchases                               | 27           |
| At 30 June 2007                               | 741          |

|                                     |            |
|-------------------------------------|------------|
| Purchase of Amstrad Plc ("Amstrad") | 104        |
| Other purchases                     | 7          |
| <b>At 30 June 2008</b>              | <b>852</b> |

## 10. Intangible assets

|   | Internally<br>generated<br>intangible assets<br>£m | Other intangible<br>assets<br>£m | Internally<br>Generated<br>Other intangible assets<br>not yet available<br>for use<br>£m | Other<br>intangible<br>assets not yet<br>available for<br>use<br>£m | Total<br>£m |
|---|--|----------------------------------|--|---|-------------|
| <b>Cost</b>                             |  |                                  |  |   |             |
| At 1 July 2007                          | 62   | 341                              | -  | 52  | 455         |
| Additions from business<br>combinations | -  | 5                                | -  | 3   | 8           |
| Foreign exchange movements              | -  | 1                                | -  | -   | 1           |
| Other additions                         | 33   | 34                               | 4  | 58  | 129         |
| Disposals                               | (4)  | (25)                             | -  | -   | (29)        |
| Transfers                               | -  | 11                               | -  | (11)  | -           |
| <b>At 30 June 2008</b>                  | <b>91</b>  | <b>367</b>                       | <b>4</b>   | <b>102</b>  | <b>564</b>  |
| <b>Amortisation</b>                     |  |                                  |  |   |             |
| At 1 July 2007                          | 25   | 169                              | -  | -   | 194         |
| Foreign exchange movements              | -  | 1                                | -  | -   | 1           |
| Amortisation for the year               | 14   | 77                               | -  | -   | 91          |
| Disposals                               | (4)  | (21)                             | -  | -   | (25)        |
| <b>At 30 June 2008</b>                  | <b>35</b>  | <b>226</b>                       | <b>-</b>   | <b>-</b>  | <b>261</b>  |
| <b>Carrying amounts</b>                 |  |                                  |  |   |             |
| At 1 July 2007                          | 37   | 172                              | -  | 52  | 261         |
| <b>At 30 June 2008</b>                  | <b>56</b>  | <b>141</b>                       | <b>4</b>   | <b>102</b>  | <b>303</b>  |

The Group's intangible assets include internal and external expenditure on software associated with our customer management systems, software licences, capitalised development costs, copyright licences, customer lists and relationships, patents and brands acquired in business combinations.

## 11. Property, plant and equipment

| Land and<br>freehold<br>buildings | Leasehold<br>improvements<br>£m | Equipment,<br>furniture and<br>fittings | Assets not yet<br>available for<br>use | Total<br>£m |
|-----------------------------------|---------------------------------|---|--|-------------|
|-----------------------------------|---------------------------------|---|--|-------------|

|                                      | £m         |           | £m         | £m        |              |
|--------------------------------------|------------|-----------|------------|-----------|--------------|
| <b>Cost</b>                          |            |           |            |           |              |
| At 1 July 2007                       | 105        | 64        | 761        | 37        | 967          |
| Additions from business combinations | -          | -         | 1          | -         | 1            |
| Foreign exchange movements           | -          | 1         | 9          | -         | 10           |
| Other additions                      | 3          | 7         | 148        | 46        | 204          |
| Disposals                            | -          | -         | (30)       | -         | (30)         |
| Transfers                            | -          | -         | 25         | (25)      | -            |
| <b>At 30 June 2008</b>               | <b>108</b> | <b>72</b> | <b>914</b> | <b>58</b> | <b>1,152</b> |
| <b>Depreciation</b>                  |            |           |            |           |              |
| At 1 July 2007                       | 17         | 19        | 261        | -         | 297          |
| Foreign exchange movements           | -          | 1         | 7          | -         | 8            |
| Depreciation                         | 3          | 2         | 150        | -         | 155          |
| Disposals                            | -          | -         | (30)       | -         | (30)         |
| <b>At 30 June 2008</b>               | <b>20</b>  | <b>22</b> | <b>388</b> | <b>-</b>  | <b>430</b>   |
| <b>Carrying amounts</b>              |            |           |            |           |              |
| At 1 July 2007                       | 88         | 45        | 500        | 37        | 670          |
| <b>At 30 June 2008</b>               | <b>88</b>  | <b>50</b> | <b>526</b> | <b>58</b> | <b>722</b>   |

## 12. Investments in joint ventures and associates

The movement in joint ventures and associates during the year was as follows:

|  | 2008<br>£m | 2007<br>£m |
|--|------------|------------|
| Share of net assets:   |            |            |
| - At 1 July  | 34         | 28         |
| Acquisition of joint ventures and associates                                   |            |            |
| - Disposal of joint venture  | (15)       | -          |
| - Acquisition of associates  | 82         | -          |
| Movement in net assets   |            |            |
| - Funding, net of repayments   | 6          | 3          |
| - Dividends received   | (11)       | (9)        |
| - Share of profits   | 15         | 12         |
| - Exchange differences on translation of foreign joint ventures and associates | 3          | -          |
| <b>At 30 June</b>  | <b>114</b> | <b>34</b>  |

**13. Available-for-sale investments**

|                                   | <b>2008</b>  | 2007  |
|-----------------------------------|--------------|-------|
|                                   | <b>£m</b>    | £m    |
| Investment in ITV at cost         | <b>946</b>   | 946   |
| Unrealised loss on ITV investment | -            | (151) |
| Impairment of ITV investment      | <b>(616)</b> | -     |
| Fair value of ITV investment      | <b>330</b>   | 795   |
| Other investments at cost         | <b>8</b>     | 2     |
|                                   | <b>338</b>   | 797   |

On 17 November 2006, the Group acquired 696 million shares in ITV, at a price of 135 pence per share, representing 17.9% of the issued capital of ITV, for a total consideration of £946 million including fees and taxes.

The Group's investment in ITV is carried at fair value. The fair value of ITV is determined with reference to its equity share price at the balance sheet date. An impairment was first recorded following a review of the carrying value of the investment in ITV at 31 December 2007, due to the significant and prolonged decline in the equity share price. In accordance with International Financial Reporting Standards, the Group has continued to review that carrying value throughout fiscal 2008 and has recognised a cumulative impairment loss of £616 million in the current year. The impairment loss for the year was determined with reference to ITV's closing equity share price of 47.5 pence at 27 June 2008, the last trading day of the Group's financial year.

Any disposal of the investment, assuming certain other factors remain consistent with those existing at the balance sheet date, would be exempt from tax under the provisions of the Substantial Shareholding Exemption (SSE). As such, the SSE provisions would prevent any capital loss arising for tax purposes.

The Group holds certain unquoted equity investments that are carried at cost less impairment. The fair value of these investments is not considered to differ significantly from the carrying value.

**14. Deferred tax****Recognised deferred tax assets**

|                           | <b>Fixed asset<br/>temporary<br/>differences</b> | <b>Tax<br/>losses</b> | <b>Short-term<br/>temporary<br/>differences</b> | <b>Share-based<br/>Payments<br/>Temporary<br/>Differences</b> | <b>Financial<br/>Instruments<br/>Temporary<br/>differences</b> | <b>Total</b> |
|---------------------------|--|-----------------------|---|---|--|--------------|
|                           | <b>£m</b>  | <b>£m</b>             | <b>£m</b>                                       | <b>£m</b>   | <b>£m</b>  | <b>£m</b>    |
| At 1 July 2007            | (9)  | 15                    | 9   | 28  | 11   | 54           |
| Credit (charge) to income | 3  | (8)                   | (1)   | (3)   | 1  | (8)          |
| Charge to equity          | -  | -                     | -   | (7)   | (13)   | (20)         |
| Business combinations     | (3)  | -                     | -   | -   | -  | (3)          |
| <b>At 30 June 2008</b>    | <b>(9)</b>                                       | <b>7</b>              | <b>8</b>  | <b>18</b>   | <b>(1)</b>   | <b>23</b>    |

**15. Inventories**

|                                     | <b>2008</b> | 2007 |
|-------------------------------------|-------------|------|
|                                     | <b>£m</b>   | £m   |
| Television programme rights         | <b>219</b>  | 290  |
| Set-top boxes and related equipment | <b>81</b>   | 84   |
| Other inventories                   | <b>10</b>   | 10   |
|                                     | <b>310</b>  | 384  |

**16. Trade and other receivables**

|   | <b>2008</b> | 2007 |
|---|-------------|------|
|   | <b>£m</b>   | £m   |
| Net trade receivables                                 | <b>195</b>  | 204  |
| Amounts receivable from joint ventures and associates | <b>10</b>   | 8    |
| Amounts receivable from other related parties         | <b>6</b>    | 1    |
| Prepayments   | <b>149</b>  | 175  |
| Accrued income  | <b>105</b>  | 91   |
| VAT   | <b>51</b>   | 4    |
| Other   | <b>50</b>   | 41   |
| Current trade and other receivables                   | <b>566</b>  | 524  |
| Non current prepayments                               | <b>19</b>   | -    |
| Total trade and other receivables                     | <b>585</b>  | 524  |

Included within trade and other receivables is £36 million (2007: £27 million) which is due in more than one year.

**17. Trade and other payables**

|   | <b>2008</b> | 2007 |
|---|-------------|------|
|   | <b>£m</b>   | £m   |
| Trade payables                                | <b>270</b>  | 380  |
| Amounts owed to joint ventures and associates | <b>3</b>    | 3    |
| Amounts owed to other related parties         | <b>32</b>   | 36   |
| VAT   | <b>105</b>  | 97   |

|                 |              |       |
|-----------------|--------------|-------|
| Accruals        | <b>534</b>   | 468   |
| Deferred income | <b>289</b>   | 245   |
| Other           | <b>61</b>    | 66    |
|                 | <b>1,294</b> | 1,295 |

**18. Provisions**

|   | At 1 July<br>2007<br>£m | Provided<br>during the<br>year<br>£m | On acquisition<br>of subsidiary<br>£m | Utilised<br>during<br>the year<br>£m | At 30<br>June<br>2008<br>£m |
|---|-------------------------|--------------------------------------|---------------------------------------|--------------------------------------|-----------------------------|
| <b>Current liabilities</b>                  |                         |                                      |                                       |                                      |                             |
| Provision for termination benefits          | <b>3</b>                | -                                    | -                                     | (3)                                  | -                           |
| Restructuring provision                     | -                       | 6                                    | -                                     | -                                    | 6                           |
| Acquired and acquisition related provisions | -                       | 2                                    | 22                                    | (10)                                 | 14                          |
| Other provisions                            | 5                       | 4                                    | -                                     | (2)                                  | 7                           |
|   | <b>8</b>                | <b>12</b>                            | <b>22</b>                             | <b>(15)</b>                          | <b>27</b>                   |
| <b>Non-current liabilities</b>              |                         |                                      |                                       |                                      |                             |
| Acquired and acquisition related provisions | -                       | -                                    | 8                                     | -                                    | 8                           |
| Other provisions                            | 18                      | -                                    | -                                     | (4)                                  | 14                          |
|   | <b>18</b>               | <b>-</b>                             | <b>8</b>                              | <b>(4)</b>                           | <b>22</b>                   |

**19. Borrowings and non-current other payables**

|                                   | 2008<br>£m   | 2007<br>£m |
|-----------------------------------|--------------|------------|
| <b>Current borrowings</b>         |              |            |
| Guaranteed Notes                  | <b>301</b>   | -          |
| Loan Notes                        | <b>37</b>    | 16         |
|                                   | <b>338</b>   | 16         |
| <b>Non-current borrowings</b>     |              |            |
| Guaranteed Notes                  | <b>2,041</b> | 1,948      |
| Obligations under finance leases  | <b>67</b>    | 66         |
|                                   | <b>2,108</b> | 2,014      |
| <b>Non-current other payables</b> |              |            |
| Accruals                          | <b>19</b>    | 10         |
| Deferred income                   | <b>48</b>    | 74         |
|                                   | <b>67</b>    | 84         |

**20. Share capital**

|   | <b>2008</b>  | <b>2007</b> |
|---|--------------|-------------|
|   | <b>£m</b>    | <b>£m</b>   |
| <b>Authorised</b>                         |              |             |
| <b>ordinary shares of 50p</b>             |              |             |
| 3,000,000,000 (2007: 3,000,000,000)       | <b>1,500</b> | 1,500       |
| <b>Allotted, called-up and fully paid</b> |              |             |
| 1,752,842,599 (2007: 1,752,842,599)       | <b>876</b>   | 876         |

|  | <b>2008</b>            | <b>2007</b>            |
|--|------------------------|------------------------|
|  | <b>Number of</b>       | <b>Number of</b>       |
|  | <b>ordinary shares</b> | <b>ordinary shares</b> |
| <b>Allotted and fully paid during the year</b> |                        |                        |
| Beginning of year                              | <b>1,752,842,599</b>   | 1,791,077,599          |
| Shares repurchased and subsequently cancelled  | -                      | (38,235,000)           |
| <b>End of year</b>                             | <b>1,752,842,599</b>   | 1,752,842,599          |

**21 . Reconciliation of shareholders' equity**

|   | <b>Share</b>   | <b>Share</b>   | <b>ESOP</b>    | <b>Hedging</b> | <b>Available-</b> | <b>Other</b>    | <b>Retained</b> | <b>shareholders'</b> | <b>Total</b>  |
|---|----------------|----------------|----------------|----------------|-------------------|-----------------|-----------------|----------------------|---------------|
|   | <b>capital</b> | <b>premium</b> | <b>reserve</b> | <b>reserve</b> | <b>for-sale</b>   | <b>reserves</b> | <b>earnings</b> | <b>(deficit)</b>     | <b>equity</b> |
|   | <b>£m</b>      | <b>£m</b>      | <b>£m</b>      | <b>£m</b>      | <b>£m</b>         | <b>£m</b>       | <b>£m</b>       | <b>£m</b>            | <b>£m</b>     |
| <b>At 1 July 2007</b>                                     | <b>876</b>     | <b>1,437</b>   | <b>(54)</b>    | <b>(25)</b>    | <b>(151)</b>      | <b>331</b>      | <b>(2,367)</b>  |                      | <b>47</b>     |
| Recognition and transfer of cash flow hedges              | -              | -              | -              | 45             | -                 | -               | -               |                      | 45            |
| Tax on items taken directly to equity                     | -              | -              | -              | (13)           | -                 | -               | (3)             |                      | (16)          |
| Exchange differences on translation of foreign operations | -              | -              | -              | -              | -                 | 4               | -               |                      | 4             |



|   |            |              |             |          |          |            |                |              |
|---|------------|--------------|-------------|----------|----------|------------|----------------|--------------|
| Impairment of available-for-sale investment | -          | -            | -           | -        | 151      | -          | -              | 151          |
| Share-based payment                         | -          | -            | 17          | -        | -        | -          | (9)            | 8            |
| Loss for the year                           | -          | -            | -           | -        | -        | -          | (127)          | (127)        |
| Dividends                                   | -          | -            | -           | -        | -        | -          | (280)          | (280)        |
| <b>At 30 June 2008</b>                      | <b>876</b> | <b>1,437</b> | <b>(37)</b> | <b>7</b> | <b>-</b> | <b>335</b> | <b>(2,786)</b> | <b>(168)</b> |

### SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

**BRITISH SKY BROADCASTING GROUP PLC**

Date: 31 July 2008

By: /s/ Dave Gormley  
 Dave Gormley  
 Company Secretary