

Sky Television Limited

Annual Report and Accounts
for the year ended 30 June 2004

Registered number: 1518707



Directors and Officers

For the year ended 30 June 2004

Directors

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

A F E Ball	(resigned 4 November 2003)
D J Darroch	(appointed 31 August 2004)
J R Murdoch	(appointed 4 November 2003)
M D Stewart	(resigned 4 August 2004)

Secretary

D J Gormley

Registered office

Grant Way
Isleworth
Middlesex
TW7 5QD

Auditors

Deloitte & Touche LLP
London

Directors' report

The Directors present their Annual Report on the affairs of the Company, together with the Accounts and the Auditors' Report, for the year ended 30 June 2004.

Principal activity and future developments

The Company's principal activity is to act as an intermediate holding company on behalf of British Sky Broadcasting Group plc ("BSkyB"). The Directors expect this activity to continue for the foreseeable future.

Results for the year

The audited accounts for the year ended 30 June 2004 are set out on pages 5 to 11. The loss on ordinary activities after taxation for the financial year was £1,492,000 (2003: £1,000 profit). The Directors do not recommend the payment of a dividend for the year ended 30 June 2004 (2003: nil).

Directors and their interests

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

A F E Ball was a Director of the Company's ultimate parent undertaking, British Sky Broadcasting Group plc ("BSkyB"), until 4 November 2003. J R Murdoch and M D Stewart were also Directors of BSkyB at 30 June 2004. The interests of these Directors in the share capital of BSkyB are disclosed in the Report on Directors Remuneration in BSkyB's 2004 Annual Report and Accounts, which are publicly available (see note 13).

Except as disclosed in this report and in BSkyB's 2004 Annual Report and Accounts, no other Director held any interest in the share capital, including options, of the Company or any other member of BSkyB and its subsidiaries (the "Group") during the year.

At 30 June 2004, the BSkyB Executive Share Option Plan ("ESOP") was interested in 4,747,515 BSkyB Ordinary Shares in which the Directors who are employees are deemed to be interested by virtue of section 324 of the Companies Act 1985.

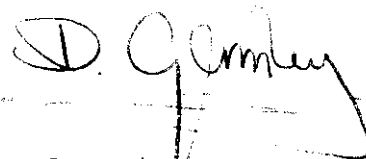
During the year ended 30 June 2004 the BSkyB share price traded within the range of £5.85 to £7.76 per share. The middle-market closing price on the last working day of the financial year was £6.22.

Auditors

A resolution to re-appoint Deloitte & Touche LLP as the Company's auditors will be proposed at the forthcoming Annual General Meeting.

Grant Way
Isleworth
Middlesex
TW7 5QD

By order of the Board,



D J Gormley
Company Secretary
15 April 2005

Directors' responsibilities

United Kingdom company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss of the Company for that period.

After making enquiries, the Directors have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, the Directors continue to adopt the going concern basis in preparing the financial statements.

In preparing those financial statements, the Directors are required to:

- *select suitable accounting policies and then apply them consistently;*
- *make judgements and estimates that are reasonable and prudent; and*
- *state whether applicable accounting standards have been followed.*

The Directors are responsible for keeping proper accounting records which 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 1985. 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.

Independent Auditors' report

Independent Auditors' Report to the Members of Sky Television Limited:

We have audited the financial statements of Sky Television Limited for the year ended 30 June 2004 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 13. These financial statements have been prepared under the accounting policies set out therein.

This Report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditors

As described in the Statement of Directors' Responsibilities, the Company's Directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with the Companies Act 1985. We also report if, in our opinion, the Directors' report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and transactions with the Company is not disclosed.

We read the Directors' Report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the circumstances of the Company, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company at 30 June 2004 and of the loss of the Company for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche Ltd

Deloitte & Touche LLP

Chartered Accountants and Registered Auditors

London

15 April 2005

15 April 2005

Profit and loss account

For the year ended 30 June 2004

	Notes	2004 £000	2003 £000
Interest receivable and similar income	2	32,621	31,772
Interest payable and similar charges	3	(32,621)	(31,771)
Profit on ordinary activities before taxation	4	-	1
Tax charge on profit on ordinary activities	5	(1,492)	-
Retained (loss) profit for the financial year	11	(1,492)	1

The accompanying notes are an integral part of this profit and loss account.

All results relate to continuing operations.

There were no recognised gains or losses in either year other than those included within the profit and loss account. Accordingly, no separate statement of total recognised gains and losses is provided.

Details of movements on reserves are shown in note 11.

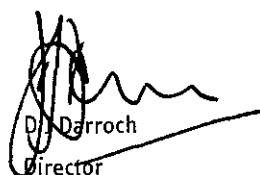
Balance sheet

At 30 June 2004

	Notes	2004 £000	2003 £000
Fixed assets			
Investments	6	38	49
Current assets			
Debtors: Amounts falling due within one year	7	813,290	780,669
Creditors: Amounts falling due within one year	8	(41,290)	(39,809)
Net current assets		772,000	740,860
Total assets less current liabilities		772,038	740,909
Creditors: Amounts falling due after more than one year	9	(652,926)	(620,305)
Net assets		119,112	120,604
Capital and reserves – equity			
Called-up share capital	10	13,377	13,377
Share premium account	11	114,012	114,012
Profit and loss account	11	(918,141)	(916,649)
Other reserve	11	909,864	909,864
Total shareholder's funds	11	119,112	120,604

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

Signed on behalf of the Board


 D.J. Darroch
 Director

15 April 2005

Notes to financial statements

1 Accounting policies

The principal accounting policies are summarised below. All of these have been applied consistently throughout the year and the preceding year.

a) Basis of accounting

The accounts have been prepared under the historical cost convention and in accordance with applicable United Kingdom financial reporting and accounting standards.

The Company maintains a 52 or 53 week fiscal year ending on the Sunday nearest to 30 June in each year. In fiscal year 2004, this date was 27 June 2004, this being a 52 week year (2003: 29 June 2003, 52 week year).

The Company has taken advantage of the exemption from preparing consolidated accounts afforded by section 228 of the Companies Act 1985, because it is a wholly owned subsidiary of BSkyB which prepares consolidated accounts which are publicly available (see note 13). Accordingly, these financial statements represent information of the Company and not of the Group. The Company is also, on this basis, exempt from the requirement of Financial Reporting Standard 1 (Revised) to present a cash flow statement.

b) Investments

Investments in subsidiary undertakings are stated at cost. Provision is made for any impairment. Other fixed asset investments are stated at cost, less any provision for impairment.

c) Taxation

Corporation tax payable is provided at current rates on all taxable profits. Losses are generally surrendered between companies within the Group for no consideration.

d) Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which carried forward tax losses can be offset and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. *Deferred tax is measured on a non-discounted basis.*

Notes to financial statements (continued)

2 Interest receivable and similar income

	2004 £000	2003 £000
Intercompany interest receivable (see note 7)	32,621	31,771
Interest receivable on Treasury Stock	-	1
	32,621	31,772

3 Interest payable and similar charges

	2004 £000	2003 £000
Intercompany interest payable (see note 9)	32,621	31,771

4 Profit on ordinary activities before taxation

There were no staff costs during the year, as the Company had no employees (2003: nil). Services are provided by employees of other companies within the Group (defined as BSKyB and its subsidiary undertakings) with no charge being made for their services (2003: nil). The Directors did not receive any remuneration during the year in respect of their services to the Company (2003: nil).

Amounts paid to the auditors for audit services were borne by another Group undertaking in both 2004 and 2003. No amounts for other services have been paid to the auditors (2003: nil).

5 Tax on profit on ordinary activities

a) Analysis of charge in year

	2004 £000	2003 £000
Current tax charge	(1,492)	-

b) Factors affecting the tax charge for the year

The tax charge for the year is higher than the standard rate of corporation tax in the UK of 30% (2003: 30%). The differences are explained below:

	2004 £000	2003 £000
Profit on ordinary activities before tax	-	1
Profit on ordinary activities before tax multiplied by the standard rate of corporation tax in the UK of 30% (2003: 30%)	-	-
Effects of:		
Imputation of interest charges on intercompany balances	548	-
Group relief surrendered to other group companies at no charge	(548)	-
Group relief payable to other BSKyB companies relating to prior year	(1,492)	-
Tax charge for the year	(1,492)	-

Notes to financial statements (continued)

6 Investments

The following are included in the net book value of investments:

	2004 £000	2003 £000
Fixed asset investments		
Investments in subsidiary undertakings (a)	38	38
10% Treasury stock 2003	-	11
	38	49

The 10% treasury stock was redeemed in September 2003.

a) Investments in subsidiary undertakings:

	2004 £000	2003 £000
Cost		
Beginning and end of year	2,164	2,164
Amounts provided		
Beginning and end of year	(2,126)	(2,126)
Net book value		
Beginning of year	38	38
End of year	38	38

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

Name	Country of incorporation/ registration	Description and proportion of shares held (%)	Principal activity
S.A.T.V. Publishing Limited	England and Wales	100 Ordinary Shares of £1 each (100%)	The collection of royalties on music copyrights
SA Sky Channel NV (Belgium)	Belgium	1,249 Ordinary Shares of €49.6 each (99.92%)	The operation of a Belgian news bureau

Notes to financial statements (continued)

7 Debtors: Amounts falling due within one year

	2004 £000	2003 £000
Amounts owed by fellow Group undertakings	812,691	780,070
Amounts owed by subsidiary undertakings	599	599
	813,290	780,669

Amounts owed by fellow Group undertakings

On 12 February 2002, the Company paid £576,290,000 to BSkyB Finance Limited under the terms of an interest-bearing loan note. The loan note bears interest at base rate plus a margin of 1.5% and is repayable on demand, and to the extent not previously paid, repayable in full on 30 June 2007.

On 12 February 2002, the Company paid £159,765,000 to BSkyB Finance Limited under the terms of an interest free loan, which is repayable on demand, and to the extent not previously paid, repayable in full on 30 June 2007.

Amounts owed by subsidiary undertakings are non-interest bearing and repayable on demand.

8 Creditors: Amounts falling due within one year

	2004 £000	2003 £000
Amounts owed to fellow Group undertakings	41,290	39,809

Included within amounts owed to fellow Group undertakings is a loan for £39,158,000 from BSkyB Finance Limited, which is non-interest bearing and repayable on demand. All other amounts owed to fellow Group undertakings are non-interest bearing and repayable on demand.

9 Creditors: Amounts falling due after more than one year

	2004 £000	2003 £000
Amounts due to fellow Group undertaking	652,926	620,305

Amounts due to the fellow Group undertaking as at 30 June 2004, comprise a debenture issued to BSkyB Finance Limited of £353,511,000 (2003: £353,511,000) and the associated accrued interest of £299,415,000 (2003: £266,794,000). Interest is charged at a rate of 1.5% above the HSBC base interest rate, which compounds semi-annually. The debenture is not repayable until 31 October 2080, except at the option of BSkyB Finance Limited.

Notes to financial statements (continued)

10 Called-up share capital

	2004 £000	2003 £000
<i>Authorised</i>		
25,000,000 Ordinary Shares of £1 each	25,000	25,000
<i>Allotted, called-up and fully-paid</i>		
13,376,982 Ordinary Shares of £1 each	13,377	13,377

11 Reconciliation of movement in shareholder's funds

	Share capital £000	Share premium account £000	Profit and loss account £000	Other reserve £000	Total Shareholder's funds £000
At 1 July 2003	13,377	114,012	(916,649)	909,864	120,604
Loss for the financial year	-	-	(1,492)	-	(1,492)
At 30 June 2004	13,377	114,012	(918,141)	909,864	119,112

The "Other Reserve" represents the surplus which arose on 30 June 1994 on the transfer of the Company's trade and assets to British Sky Broadcasting Limited, as part of the group restructuring, net of amounts used in the issue of preference shares, which have subsequently been cancelled. The Company has undertaken to the court that it will not realise the whole or any part of the remaining "Other Reserve" balance.

12 Transactions with related parties

The Group, including the Company, conducts business transactions on a normal commercial basis with, and receives a number of services from, shareholder companies or members of their groups and associated undertakings. These transactions are described in the consolidated accounts of the Group.

The Company has taken advantage of the exemption given by Financial Reporting Standard 8 "Related Party Disclosures" not to provide further details of transactions with fellow group undertakings and other related parties as it is a wholly-owned subsidiary of BSkyB and disclosures of such transactions are made in the consolidated accounts of the Group, which are publicly available (see note 13).

13 Ultimate parent undertaking

The Company is a wholly owned subsidiary undertaking of BSkyB, a company incorporated in Great Britain and registered in England and Wales. The only group in which the results of the Company are consolidated is that headed by BSkyB.

The consolidated accounts of this Group are available to the public and may be obtained from the Company Secretary, British Sky Broadcasting Group plc, Grant Way, Isleworth, Middlesex, TW7 5QD.