

# ARTHUR ANDERSEN

ARTHUR ANDERSEN & CO, SC

## Sky Television Limited

Accounts for the year ended 30 June 1995  
together with the directors' and auditors' reports

Registered number: 1518707

*PLA*



## Directors

The Company's present directors are as follows:

R.J. Brooke	(appointed 2 February 1995)
N.J. Carrington	(appointed 31 July 1995)
D.C. Chance	(appointed 2 February 1995)
S.H. Chisholm	
C.K. Mackenzie	(appointed 2 February 1995)

Other directors who served during the year are as follows:

F. Barlow	(resigned 2 February 1995)
S. Barraclough	(resigned 2 February 1995)
M. Crepon	(resigned 2 February 1995)
T. Dettloff	(resigned 2 February 1995)
J. Dux	(resigned 2 February 1995)
A.A. Fischer	(resigned 2 February 1995)
K.C. Mackenzie	(resigned 12 August 1994)
K.R. Murdoch	(resigned 2 February 1995)
G.J. Parrott	(resigned 2 February 1995)
M. Ruda	(resigned 2 February 1995)
J.M. Sellors	(resigned 2 February 1995)
A. Siskind	(resigned 2 February 1995)
H. Staunton	(resigned 10 November 1994)
P Stehrenberger	(resigned 2 February 1995)
J.B. Tibbitts	(resigned 10 November 1994)

## Secretary

R.J. Brooke	(resigned 2 February 1995)
C.K. Mackenzie	(appointed 2 February 1995, resigned 24 January 1996)
D.J. Gormley	(appointed 24 January 1996)

## Registered office

6 Centaurs Business Park  
Grant Way  
Isleworth  
Middlesex  
TW7 5QD

## Auditors

Arthur Andersen  
1 Surrey Street  
London  
WC2R 2PS

## Directors' report

For the year ended 30 June 1995

The directors present their annual report on the affairs of the company, together with the accounts and auditors' report, for the year ended 30 June 1995.

### Principal activity and business review

Until 30 June 1994 the principal activity of the company ("Sky") was the transmission of English language satellite television broadcasting services. The company broadcast three channels to viewers in the United Kingdom and the Republic of Ireland, which consisted of:

Sky One	A general entertainment service
Sky News	A 24-hour news and current affairs channel
Sky Movies Plus	A 24-hour pay movie channel which principally offered action, comedy, horror and adventure motion pictures plus live special events programming.

On 30 June 1994 the company sold its trade and substantially all its assets to another group company (see note 2).

The company has retained the leasehold to the properties at 5, 6 and 7 Centaurs Business Park. These properties are utilised by other group companies.

### Results for the year

The operating loss for the year was £52,000 (1994 - £24,298,000 profit). The movement on the accumulated deficit is as follows:

	£000
Accumulated deficit at beginning of year	(540,631)
Operating loss	(52)
Interest (net)	(32,839)
Accumulated deficit at end of year	<u>(573,522)</u>

No dividends have been paid or proposed for the year (1994 - £nil).

### Fixed assets

The movements in tangible fixed assets during the year are set out in note 9 to the accounts.

## Directors' report (continued)

### Directors and their interests

The directors of the company during the year are shown on page 1.

R.J. Brooke, D.C. Chance and S.H. Chisholm are also directors of British Sky Broadcasting Group plc ("BSkyB"). Other than as disclosed in the 1995 Annual Report of BSkyB none of the directors had any interests in the shares of the company or of any other company within the BSkyB group ("Group") during the year.

### Charitable and political contributions

No charitable or political contributions were made during the year (1994 - £nil).

### Auditors

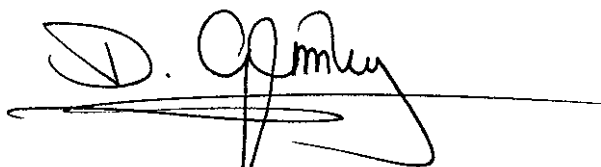
The company passed an Elective Resolution on 6 April 1995 to dispense with the reappointment of auditors.

### Liability insurance for company officers

As permitted by the Companies Act 1985 (as amended), the company has maintained insurance cover for the directors against liabilities in relation to the company.

6 Centaurs Business Park  
Grant Way  
Isleworth  
Middlesex  
TW7 5QD

By order of the Board,

A handwritten signature in black ink, appearing to read 'D.J. Gormley', is written over a horizontal line.

D.J. Gormley  
Secretary

24 April 1996

## Directors' and auditors' responsibilities

### Directors' responsibilities

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss for that year. In preparing the accounts the directors are required:

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

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts 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.

The directors confirm that these accounts comply with these requirements.

### Auditors' responsibilities

Company law requires the auditors to form an independent opinion on the accounts presented by the directors based on their audit and to report their opinion to the shareholders. The Companies Act 1985 also requires auditors to report to the shareholders if the following requirements are not met:

- that the company has maintained proper accounting records and that proper returns adequate for the audit have been received from branches not visited by them;
- that the accounts are in agreement with the accounting records and returns;
- that directors' emoluments and other transactions with directors are properly disclosed in the accounts; and
- that the auditors have obtained all the information and explanations which, to the best of their knowledge and belief, are necessary for the purposes of their audit.

Additionally, the Companies Act 1985 requires the auditors to report to the shareholders if the matters contained in the report of the directors are inconsistent with the accounts.

## Auditors' report

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London

To the Members of Sky Television Limited:

We have audited the accounts on pages 6 to 16 which have been prepared under the historical cost convention, and in accordance with the accounting policies set out on page 8.

### **Respective responsibilities of directors and auditors**

As described in the statement of directors' responsibilities for the accounts on page 4, the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

### **Basis of opinion**

We conducted our audit in accordance with 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

### **Opinion**

In our opinion, the accounts give a true and fair view of the state of affairs of the company at 30 June 1995 and of the company's loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Arthur Andersen  
Chartered Accountants and Registered Auditors

1 Surrey Street  
London  
WC2R 2PS

24 April 1996

## Profit and loss account

For the year ended 30 June 1995

	Notes	1995 £000	1994 £000
Turnover	3	-	187,002
Amounts provided against investments		(50)	-
Operating expenses	4	(489)	(162,704)
Other operating income		487	-
<b>Operating (loss)/profit</b>		<u>(52)</u>	<u>24,298</u>
Interest receivable and similar income		1	1,792
Interest payable and similar charges	5	(32,840)	(28,784)
<b>Loss on ordinary activities before taxation</b>	6	<u>(32,891)</u>	<u>(2,694)</u>
Taxation	8	-	-
<b>Loss for the year</b>	16	<u>(32,891)</u>	<u>(2,694)</u>

Details of movements in reserves are shown in note 16.

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

## Statement of total recognised gains and losses

For the year ended 30 June 1995

There were no recognised gains or losses other than those included within the profit and loss account.

# Balance sheet

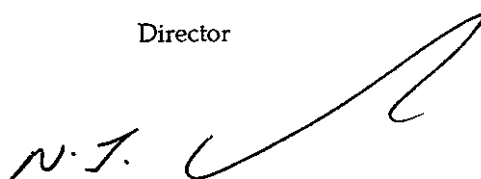
30 June 1995

	Notes	1995 £000	1994 £000
<b>Fixed assets</b>			
Tangible assets	9	12,294	9,594
Investments	10	20	50
		<u>12,314</u>	<u>9,644</u>
<b>Current assets</b>			
Debtors: Amounts falling due after more than one year	11	1,697,000	1,697,000
Debtors: Amounts falling due within one year	11	75,456	131,160
		<u>1,772,456</u>	<u>1,828,160</u>
Creditors: Amounts falling due within one year	12	(325,183)	(278,669)
<b>Net current assets</b>		<u>1,447,273</u>	<u>1,549,491</u>
<b>Total assets less current liabilities</b>		<u>1,459,587</u>	<u>1,559,135</u>
Creditors: Amounts falling due after more than one year	13	(495,124)	(561,714)
Provisions for liabilities and charges	14	-	(67)
<b>Net assets</b>		<u>964,463</u>	<u>997,354</u>
<b>Capital and reserves</b>			
Called-up share capital	15	807	807
Share premium account	16	882	882
Profit and loss account	16	(573,522)	(540,631)
Other reserve	16	1,536,296	1,536,296
<b>Shareholders' funds</b>		<u>964,463</u>	<u>997,354</u>

Signed on behalf of the Board

N.J. Carrington

Director



24 April 1996

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



## Notes to accounts

30 June 1995

### 1 Accounting policies

The principal accounting policies, all of which have been applied consistently throughout the year and the preceding year, are:

#### *a) Basis of accounting*

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

The company has taken advantage of s228 of the Companies Act 1985 and has not prepared group accounts for the year ended 30 June 1995.

Under the provisions of Financial Reporting Standard Number 1, the company has not presented a cash flow statement because its parent company, BSkyB, has prepared consolidated accounts which include the results of the company for the year and the preceding year and which contain a cash flow statement.

#### *b) Tangible fixed assets*

Tangible fixed assets are stated at cost less accumulated depreciation.

Depreciation is provided to write off the cost, less estimated residual value, of leasehold improvements on a straight-line basis over their estimated useful life, which is considered to be equal to the period of the lease.

#### *c) Fixed asset investments*

Fixed asset investments are shown at cost less amounts written off. Provisions are made for permanent reductions in value. Provisions for temporary fluctuations in value are not made.

#### *d) Taxation*

Corporation tax payable is provided at current rates on all taxable profits.

### 2 Restructuring

In order to eliminate the historic accumulated losses in the parent company (BSkyB) and to enable future earnings within the group to be distributed by way of dividends, a reorganisation of the group took place on 30 June 1994. On that date the trade and substantially all of the assets of BSkyB and Sky were sold to Precis (1265) Limited, renamed British Sky Broadcasting Limited ("new BSkyB"), for considerations of £1,913 million and £1,697 million respectively, satisfied by the issue of ordinary shares. In both BSkyB and the company the surplus of the consideration received over the book value of the assets transferred was credited directly to reserves (other reserve - see note 16). Sky subsequently sold its shares in British Sky Broadcasting Limited to BSkyB for £1,697 million (see note 11).

## Notes to accounts (continued)

### 3 Turnover

All turnover for the year ended 30 June 1994 was derived from the company's sole class of business, being satellite television broadcasting, and arose principally within the United Kingdom from activities conducted from the United Kingdom.

No turnover was generated in the year ended 30 June 1995.

### 4 Operating expenses

	1995 £000	1994 £000
Programming	-	103,691
Transmission and related functions	-	14,139
Marketing	-	14,461
Subscriber management	-	13,430
Administration	489	16,983
	<u>489</u>	<u>162,704</u>

### 5 Interest payable and similar charges

	1995 £000	1994 £000
On bank loans, overdrafts and other loans repayable within 5 years, not by instalments	-	172
On unsecured loan stock 1992/1995	-	18
On intercompany loan note (see note 13)	32,840	28,594
	<u>32,840</u>	<u>28,784</u>

### 6 Loss on ordinary activities before taxation

The loss on ordinary activities before taxation is stated after charging /(crediting):

	1995 £000	1994 £000
Rental income	(487)	-
Depreciation	487	3,013
Auditors' remuneration	2	-
Operating lease rentals (see note 17)	-	1,704
Staff costs (see note 7)	-	23,643

Auditors' remuneration for the year to 30 June 1994 was borne by the ultimate parent company. In the year to 30 June 1995, fees paid to the auditors for non-audit services amounted to £nil (1994 - £nil).

## Notes to accounts (continued)

### 7 Staff costs

Employee costs (including executive directors) during the year amounted to:

	1995 £000	1994 £000
Wages and salaries	-	20,884
Social security costs	-	1,947
Other pension costs	-	812
	<hr/>	<hr/>
	-	23,643
	<hr/>	<hr/>

The average weekly number of persons employed by the company during the year was as follows:

	Number	Number
Programming	-	280
Transmission and related functions	-	303
Marketing	-	47
Administration	-	172
	<hr/>	<hr/>
	-	802
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Following the restructuring detailed in note 2 staff were employed by new BSkyB.

All present directors are remunerated by other group companies in respect of their services to the group. No amounts are borne by the company in respect of the services of these or any of the other directors during the year.

#### *Pensions*

The group operates a defined contribution pension scheme. The pension charge for the year represents contributions payable by the company to the fund and amounted to £nil (1994 - £812,000). There were no contributions payable at the year end (1994 - £nil).

## Notes to accounts (continued)

### 8 Taxation

The tax charge is £nil (1994 - £nil) based on the company's taxable losses for the year.

### 9 Tangible fixed assets

The movement in the year was as follows:

	Leasehold improvements £000
<b>Cost</b>	
Beginning of year	12,128
Additions	3,187
End of year	<u>15,315</u>
<b>Depreciation</b>	
Beginning of year	2,534
Charge	487
End of year	<u>3,021</u>
<b>Net Book Value</b>	
Beginning of year	<u>9,594</u>
End of year	<u>12,294</u>

## Notes to accounts (continued)

### 10 Fixed asset investments

Fixed asset investments in the balance sheet comprise investments in treasury stock and the cost of the share capital of the company's wholly-owned subsidiary undertakings, less provisions made for permanent reductions in value.

	1995 £000	1994 £000
a) 8% treasury stock 2003 and 10% treasury stock 2003	<u>20</u>	<u>-</u>

b) Details of the principal subsidiary undertaking of the company are as follows:

<i>Name</i>	<i>Country of registration</i>	<i>Description and proportion of shares held (%)</i>	<i>Principal activity</i>
Tele-Aerials Satellite Limited*	England and Wales	1,176,000 ordinary shares of £1 each and 400,000 deferred shares of £1 each (100%)	The supply, installation and maintenance of satellite television receiving equipment

\* Indirect holding

Investment in subsidiary undertakings:

	1995 £000	1994 £000
<b>Cost</b>		
Beginning and end of year	<u>2,126</u>	<u>2,126</u>
<b>Provisions</b>		
Beginning of year	2,076	2,076
Written off in year	<u>50</u>	<u>-</u>
End of year	<u>2,126</u>	<u>2,076</u>
<b>Net book value</b>	<u>-</u>	<u>50</u>

## Notes to accounts (continued)

### 11 Debtors

#### Amounts falling due within one year:

	1995 £000	1994 £000
Amounts due from subsidiary undertakings	-	4,661
Amounts due from parent company	75,448	124,513
Due from associated companies of BSkyB	-	1,986
Other debtors	8	-
	<u>75,456</u>	<u>131,160</u>

#### Amounts falling due after more than one year:

Amounts due from parent company	<u>1,697,000</u>	<u>1,697,000</u>
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The amount due from the parent company falling due after more than one year relates to the amount due for the sale of Sky's shares in British Sky Broadcasting Limited as part of the group restructuring (see note 2).

No interest is charged on amounts due from the parent company.

### 12 Creditors: Amounts falling due within one year

	1995 £000	1994 £000
Bank loans and overdrafts	-	8,446
Trade creditors	-	46,371
Amounts due to related parties	15	13,107
Transponder loan due to News International plc (see note 13)	7,569	7,569
Amounts due to subsidiary undertakings	229	-
Amounts due to group companies	317,370	176,789
VAT	-	4,000
Other creditors	-	2,844
Accruals and deferred income	-	19,543
	<u>325,183</u>	<u>278,669</u>

No interest is charged on the amounts due to subsidiary undertakings and group companies.

## Notes to accounts (continued)

### 13 Creditors: Amounts falling due after more than one year

	1995 £000	1994 £000
'A' convertible unsecured loan stock 1997	125,700	125,700
Transponder loan due to News International plc	15,136	22,705
Amounts due to group companies	354,288	413,309
	<u>495,124</u>	<u>561,714</u>

The convertible unsecured loan stock 1997 can be converted (at the option of the holder) into fully-paid ordinary shares in the company at the rate of one share for every £10 nominal of convertible unsecured loan stock held. No interest is payable on this stock, which is held by another group undertaking.

The transponder loan due to News International plc is repayable in eight equal annual instalments of £7,568,750, which commenced in May 1991. No interest accrues on this loan.

Amounts due to group companies relate to an intercompany loan from BSkyB Finance Limited of £353,511,000 and the related accrued interest which is charged at a rate of 1.5% above base rate and compounds semi annually.

### 14 Provisions for liabilities and charges

Provisions for liabilities and charges comprise provisions set up at the acquisition of the company by BSkyB. The movement during the year was as follows:

	1995 £000	1994 £000
Beginning of year	67	442
Transferred to other group companies	(67)	-
Utilised	-	(375)
End of year	<u>-</u>	<u>67</u>

### 15 Called-up share capital

	1995 £000	1994 £000
<i>Authorised</i>		
25,000,000 ordinary shares of £1 each	<u>25,000</u>	<u>25,000</u>
<i>Allotted, called-up and fully-paid</i>		
807,000 ordinary shares of £1 each	<u>807</u>	<u>807</u>

## Notes to accounts (continued)

### 16 Reconciliation of movement on shareholders' funds

	Share capital £000	Share premium account £000	Profit and loss account £000	Other reserve £000	Total shareholders' funds £000
As at 30 June 1993	807	882	(537,937)	-	(536,248)
Loss for the year	-	-	(2,694)	-	(2,694)
Surplus arising on transfer of trade and assets to new BSKyB (note 2)	-	-	-	1,536,296	1,536,296
As at 30 June 1994	807	882	(540,631)	1,536,296	997,354
Loss for the year	-	-	(32,891)	-	(32,891)
As at 30 June 1995	807	882	(573,522)	1,536,296	964,463

### 17 Guarantees and other financial commitments

#### *Lease commitments*

The company leases certain land and buildings on short and long-term leases. The rents payable under these leases are subject to renegotiation at various intervals specified in the leases, and are paid by BSKyB Limited which utilises the premises. BSKyB Limited also pay rental income to the company for the use of these premises.

The minimum annual rentals under these leases are as follows:

	Property £000
30 June 1995	
Operating leases which expire	
- within 1 year	-
- within 2-5 years	-
- after 5 years	864
	<u>864</u>
	Property £000
30 June 1994	
Operating leases which expire	
- within 1 year	-
- within 2-5 years	-
- after 5 years	864
	<u>864</u>



## Notes to accounts (continued)

### 17 Guarantees and other financial commitments (continued)

#### *Contingent liabilities*

The company and certain other group undertakings have given joint and several guarantees in relation to the group's £500 million and £400 million Revolving Credit Facilities drawn down by a fellow subsidiary, BSKyB Finance Limited.

The company, together with BSKyB and BSKyB Limited have given guarantees to certain third parties in relation to liabilities arising from the trades which were transferred from the Company on 30 June 1994.

### 18 Ultimate parent company

The company is a wholly owned subsidiary undertaking of BSKyB, a company 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 Secretary, British Sky Broadcasting Group plc, 6 Centaurs Business Park, Grant Way, Isleworth, Middlesex, TW7 5QD.