

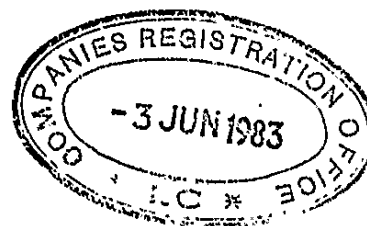
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SATELLITE TELEVISION PUBLIC LIMITED COMPANY

REPORT AND ACCOUNTS 1983

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SATELLITE TELEVISION PUBLIC LIMITED COMPANY

Directors

D Berriman (Chairman)
J D N Ciclitira
A Cuthbert
B M Haynes
J B H Jackson
B Lodge
M N Peterson
J R Pickin
H R C J Richaers
Lord Romsey
D B Thomson

Secretary

D R Knights

Registered Office

32, St Mary at Hill, London EC3P 3AJ

Report of the Directors

1 The Directors present their annual report and the audited accounts for the year ended 31 March 1983.

Principal Activity

2 The principal activity of the Company during the year was the establishment and transmission of an English language satellite television broadcasting service in four countries in Western Europe.

Results

3 The Company made a loss of £2,487,325 (1982 £399,211) and the Directors do not recommend payment of a dividend.

Fixed Assets

4 The movements in fixed assets during the year are set out in note 7 to the accounts.

Share Capital

5 On 7 May 1982 the issued capital was increased from £105,000 to £113,000 by the issue of 8,000 ordinary shares of £1 each for cash at par to executives of the company and the proceeds of the issue were used as working capital.

Since the year end the company has agreed arrangements with News International plc whereby that company will, subject to certain conditions, inject additional capital of £5 million. The £5 million will be subscribed as follows:-

£400,000 in Ordinary shares of £1 each at par

£4,600,000 in Convertible Unsecured loan stock 1997 at par

News International plc will then control 68.6% of the voting rights in general meetings.

The agreement is conditional, inter alia, upon the approval of the shareholders at an extraordinary general meeting on 28 June 1983 and upon the approval of the loan stockholders at a meeting on the same day. Full details are given in a circular to be sent to shareholders and loan stockholders.

Acquisition of Company

6 On 5 April 1982 the company purchased Collinswood Investments Limited which subsequently changed its name to SATV Publishing Limited. This company has not yet commenced trading.

Directors

7 The present directors of the company are listed on page 1. HRCJ Richaers was appointed a director of the company on 13 August 1982 and on 21 September 1982 J D N Ciclitira, A Cuthbert and B Lodge were appointed directors of the company. R D Kennedy and J N B Whitney resigned as directors on 14 May 1982 and 17 May 1982 respectively and P F Jelgersma did not seek re-election at the Annual General Meeting on 13 August 1982. Dr J Morgan resigned as a director of the company on 1 June 1983.

Directors' shareholdings

8 The interests of Directors in company shares are as shown below:

Directors	Interests	Ordinary shares of £1 each	
		as at 31 March 1983	as at 1 April 1982 or date of appointment (if later)
D Berriman	Beneficial	5,000	5,000
J D N Ciclitira	"	3,000	3,000
A Cuthbert	"	3,000	3,000
B M Haynes	"	25,000	25,000
B Lodge	"	3,000	3,000
Dr J Morgan	"	5,000	5,000
M N Peterson	Non-beneficial	5,000	5,000
Lord Romsey)	Beneficial	8,500	10,000
)	Non-beneficial	6,500	5,000

None of the other directors held any shares in the company during the year.

Major Voting Rights in the Company

9 Included among the ordinary shareholders and holders of convertible unsecured loan stock at 31 March 1983 are the following beneficial interests:-

<u>Company</u>	As at 31 March 1983		
	<u>Ordinary shares of £1 each</u>	<u>Convertible unsecured loan stock</u>	<u>Voting rights in general meeting as a percentage of total voting rights</u>
	£	£	
Barclays Merchant Bank Ltd	24,999	164,220	11.5%
Guinness Mahon & Co Ltd	20,000	111,720	8.9%
D C Thomson Ltd	-	393,750	6.8%
Ladbroke Entertainments Ltd	-	350,000	6.1%

Auditors

10 A resolution to reappoint the Auditors, Messrs Coopers & Lybrand, Chartered Accountants, will be proposed at the Annual General Meeting.

BY ORDER OF THE BOARD



Secretary

REPORT OF THE AUDITORS TO THE MEMBERS OF
SATELLITE TELEVISION PUBLIC LIMITED COMPANY

1 We have audited the accounts set out on pages 5 to 17 in accordance with approved Auditing Standards. The accounts have been prepared under the historical cost convention.

2 The accounts have been prepared on the going concern basis on the assumption that the proposed injection of capital referred to in note 13 will be satisfactorily completed immediately all the conditions have been satisfied and that, as set out in note 1, injections of other resources and further capital will be made until such time as the company is able to generate sufficient revenue to become profitable.

3 Included in the balance sheet are stocks of decoders and dishes amounting to £163,800. In addition the company has a commitment to purchase further decoders at a cost of £29,426. We have been unable to satisfy ourselves as to the net realisable value of the decoders and dishes in stock or to be purchased and therefore whether any provision is required.

4 Subject to the satisfactory completion of the matters referred to in paragraph 2 and subject to any adjustments that might be necessary when the uncertainties referred to in paragraph 3 are resolved, in our opinion, the accounts give a true and fair view of the state of affairs of the company at 31 March 1983, and of its loss and source and application of funds for the year then ended and comply with the Companies Acts 1948 to 1981.



London 2 June 1983

Chartered Accountants

SATELLITE TELEVISION PUBLIC LIMITED COMPANY

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 1983

	<u>Notes</u>	<u>1983</u>	<u>1982</u>
		£	£
TURNOVER	2	399,656	8,644
		<u> </u>	<u> </u>
-LOSS FOR THE YEAR BEFORE TAX AND EXTRAORDINARY ITEM	3	2,487,325	240,141
TAX	5	-	-
		<u> </u>	<u> </u>
LOSS FOR THE YEAR AFTER TAX AND BEFORE EXTRAORDINARY ITEM		2,487,325	240,141
EXTRAORDINARY ITEM	6	-	159,070
		<u> </u>	<u> </u>
LOSS FOR THE YEAR		<u>£2,487,325</u>	<u>£399,211</u>

STATEMENT OF ACCUMULATED LOSSES

ACCUMULATED LOSSES AT 1 APRIL 1982	428,719	29,508
LOSS FOR THE YEAR	2,487,325	399,211
	<u> </u>	<u> </u>
ACCUMULATED LOSSES AT 31 MARCH 1983	<u>£2,916,044</u>	<u>£428,719</u>

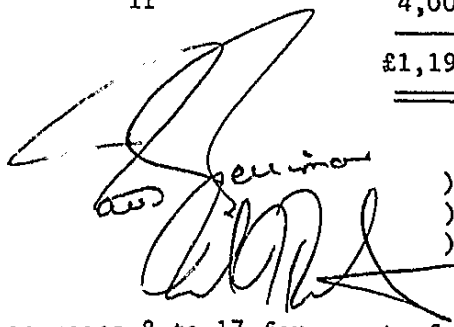
The notes on pages 8 to 17 form part of these accounts.

Auditors' report page 4.

SATELLITE TELEVISION PUBLIC LIMITED COMPANY

BALANCE SHEET AS AT 31 MARCH 1983

	Notes	<u>31 March 1983</u>		<u>31 March 1982</u>	
		£	£	£	£
FIXED ASSETS	2, 7		114,940		58,164
INVESTMENT IN SUBSIDIARY	8		100		-
CURRENT ASSETS					
Stock	2, 9	172,413		33,257	
Bank deposits and cash		1,210,122		3,691,103	
Debtors and prepayments		86,223		104,213	
Programme purchases		222,578		-	
		<u>1,691,336</u>		<u>3,828,573</u>	
CURRENT LIABILITIES					
Creditors and accruals		(609,420)		(204,456)	
Short-term loan		-		(6,000)	
		<u>(609,420)</u>		<u>(210,456)</u>	
NET CURRENT ASSETS			1,081,916		3,618,117
			<u>£1,196,956</u>		<u>£3,676,281</u>
CAPITAL EMPLOYED					
SHARE CAPITAL	10		113,000		105,000
ACCUMULATED LOSSES			(2,916,044)		(428,719)
			<u>(2,803,044)</u>		<u>(323,719)</u>
LOAN STOCK	11		4,000,000		4,000,000
			<u>£1,196,956</u>		<u>£3,676,281</u>



Directors

The notes on pages 8 to 17 form part of these accounts.

Auditors' report page 4.

SATELLITE TELEVISION PUBLIC LIMITED COMPANY

STATEMENT OF SOURCE AND APPLICATION OF FUNDS FOR THE YEAR
ENDED 31 MARCH 1983

	<u>1983</u>		<u>1982</u>	
	£	£	£	£
SOURCE OF FUNDS				
Loss for the year		(2,487,325)		(399,211)
Add: Items not involving the movement of funds:				
Depreciation	27,180		2,483	
Loss on disposal of fixed assets	1,906	29,086	-	2,483
		<u>29,086</u>		<u>2,483</u>
TOTAL ABSORBED BY OPERATIONS		(2,458,239)		(396,728)
FUNDS FROM OTHER SOURCES				
Issue of loan stock	-		4,000,000	
Issue of share capital	8,000		75,000	
Proceeds from disposal of fixed assets	2,500		-	
		<u>10,500</u>		<u>4,075,000</u>
		(2,447,739)		3,678,272
APPLICATION OF FUNDS				
Purchase of shares in subsidiary	(100)		-	
Purchase of fixed assets	(88,362)		(60,119)	
Repayment of short-term loan	(6,000)	(94,462)	-	(60,119)
		<u>£(2,542,201)</u>		<u>£3,618,153</u>
INCREASE/(DECREASE) IN WORKING CAPITAL				
Increase in stock		139,156		33,257
Increase in debtors and prepayments		204,588		104,213
(Increase) in creditors and accruals		(404,964)		(198,517)
		<u>(61,220)</u>		<u>(61,047)</u>
MOVEMENT IN NET LIQUID FUNDS				
Increase/(Decrease) in bank deposits and cash		(2,480,981)		3,679,200
		<u>£(2,542,201)</u>		<u>£3,618,153</u>

SATELLITE TELEVISION PUBLIC LIMITED COMPANY

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 1983

1 Basis of Preparation

The accounts have been prepared on the going concern basis on the assumption that additional capital, as set out in note 13, will be made available to the company immediately all the conditions have been satisfied, and that injections of other resources and further capital will be made until such time as the company is able to generate sufficient advertising and other revenue to ensure profitability.

2 Principal Accounting Policies

- (a) The accounts have been prepared under the historical cost convention and in compliance with Section 149A of, and Schedule 8A to, the Companies Act 1948.
- (b) Turnover, which excludes Value Added Tax, represents the invoice value of advertising and other revenue.
- (c) Programme purchases are stated at the lower of cost or amortised cost and net realisable value. Cost represents the amounts incurred in the acquisition of rights to transmit programmes. Amortised cost represents cost less a deduction to reflect rights utilised. Net realisable value is ascertained by reference to the total expected utilisation of programme rights. During the year the policy for writing off programme costs was changed. In prior years these costs were written off as incurred. The figures for 1982 have not been restated since the amounts involved are not material.

- (d) Fixed assets are depreciated on the straight line basis over the estimated useful life of the asset. Principal annual rates used for this purpose are:

	%
Office furniture and fittings	20
Dish and decoder installations	25
Office machinery	25
Motor vehicles	25
Leased decoders	25
Improvements to premises	33.3
Presentation, studio and video equipment	33.3

- (e) Income arising from the leasing of decoders is recognised on a straight line basis over the life of the lease.
- (f) Stocks are stated at the lower of cost and net realisable value.
- (g) Assets and liabilities expressed in foreign currency are translated to sterling at rates of exchange ruling at the year end. Differences on exchange are dealt with in the profit and loss account.

SATELLITE TELEVISION PUBLIC LIMITED COMPANY

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 1983 - Continued

3 Loss for the Year

The loss for the year is stated after charging:-

	<u>Notes</u>	<u>1983</u>	<u>1982</u>
		£	£
Auditors' remuneration		8,000	2,750
Depreciation	2, 7	27,180	2,483
Directors' remuneration	4	140,961	16,654
Provision against programme purchases		148,996	-
Interest payable:			
Bank overdraft		419	80
Loans repayable within 5 years		-	1,645

and after crediting:-

Interest receivable	308,658	151,465
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4 Directors' Remuneration

	<u>1983</u>	<u>1982</u>
	£	£
Fees and salaries	75,961	16,654
Termination payment made to a former executive	65,000	-
	<u>£140,961</u>	<u>£16,654</u>

Emoluments of Chairman	<u>£</u> <u>10,000</u>	<u>£</u> <u>2,500</u>
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Emoluments of highest paid director (including termination payment (see above))	<u>69,788</u>	<u>6,562</u>
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Number of other directors whose emoluments were within the ranges stated:-

£0 - £5,000	10	9
£5,001 - £10,000	1	-
£10,001 - £15,000	2	-

In addition to the above remuneration, consultancy fees were paid during the year under contractual arrangements to the following:-

SATELLITE TELEVISION PUBLIC LIMITED COMPANY

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 1983 - Continued

£35,000 to Haynes Enterprises Limited, which is controlled by B M Haynes, a director.

£11,250 to SAD Limited, which is controlled by J D N Ciclitira, a director.

The following payments for directors' fees were also made:-

£5,000 to Highecho Limited, which is controlled by Lord Romsey, a director.

£5,000 to Haynes Enterprises Limited

£2,500 to SAD Limited

The company has applied for but has not yet received clearance from the Inland Revenue in respect of payments made by the company under a number of consultancy arrangements, including those set out above.

5 Taxation

There is no tax charge as the company has made losses which are carried forward for tax purposes.

6 Extraordinary Item

	<u>1983</u>	<u>1982</u>
Costs connected with the initial issue of loan stocks	£ -	£159,070
	<u> </u>	<u> </u>

SATELLITE TELEVISION PUBLIC LIMITED COMPANY

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 1983 - Continued

7 Fixed Assets

	Improvements to premises	Dish and decoder installations	Presentation, studio and video equipment	Office machinery	Furniture and fittings	Motor vehicles	Leased decoders	Total
Cost	£	£	£	£	£	£	£	£
At 1 April 1982	7,640	19,109	12,952	7,100	9,169	4,700	-	60,670
Additions	-	1,017	11,076	14,115	29,354	-	32,800	88,362
Disposals	-	-	-	-	-	(4,700)	-	(4,700)
At 31 March 1983	7,640	20,126	24,028	21,215	38,523	-	32,800	144,332
Depreciation								
At 1 April 1982	425	676	514	318	377	196	-	2,506
Charge for year	2,544	4,987	6,777	3,574	6,339	98	2,861	27,180
Disposals	-	-	-	-	-	(294)	-	(294)
At 31 March 1983	2,969	5,663	7,291	3,892	6,716	-	2,861	29,392
Net Book Value								
At 31 March 1983	£4,671	£14,463	£16,737	£17,323	£31,807	£-	£29,939	£114,940
At 31 March 1982	£7,215	£18,433	£12,438	£6,782	£8,792	£4,504	£-	£58,164

SATELLITE TELEVISION PUBLIC LIMITED COMPANY

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 1983 - Continued

8 Investment in subsidiary company

	<u>1983</u>	<u>1982</u>
Shares at cost less provisions	£100	£ -
	<u> </u>	<u> </u>

The investment in the subsidiary company represents an investment in the following company which is incorporated in the UK;

<u>Company</u>	<u>Percentage Holding</u>	<u>Type of Shares</u>
SATV Publishing Limited	100%	Ordinary shares of £1 each

These accounts do not incorporate the accounts of the subsidiary company as the company's directors are of the opinion that it would be of no real value to the members of the company in view of the insignificant amounts involved. In the opinion of the directors the investment in the subsidiary is worth at least the amount at which it is stated in the balance sheet.

9 Stocks

Stocks comprise:-

	<u>1983</u>	<u>1982</u>
	£	£
Decoders	149,354	23,061
Tapes	8,613	10,196
Dishes	14,446	-
	<u>£172,413</u>	<u>£33,257</u>

There is a commitment to purchase further decoders at a cost of £29,426.

SATELLITE TELEVISION PUBLIC LIMITED COMPANY

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 1983 - Continued

10 . Share Capital

	<u>Authorised</u>	
	<u>1983</u>	<u>1982</u>
625,000 Ordinary shares of £1 each	<u>£625,000</u>	<u>£625,000</u>
	<u>Issued and fully paid</u>	
	<u>1983</u>	<u>1982</u>
Ordinary shares of £1 each	<u>£113,000</u>	<u>£105,000</u>

The issued share capital of the company was increased during the year from 105,000 ordinary shares of £1 each to 113,000 ordinary shares of £1 each by the issue of 8,000 shares of £1 each for cash at par. As explained in note 13, since the year end conditional arrangements have been made to increase the issued share capital of the company.

11 Loan Stock

		<u>1983</u>	<u>1982</u>
		<u>Issued</u>	<u>Issued</u>
		£	£
Unsecured loan stock 1992/95	(a)	500,000	500,000
Convertible unsecured loan			
stock 1997	(b)	3,500,000	3,500,000
		<u>£4,000,000</u>	<u>£4,000,000</u>

SATELLITE TELEVISION PUBLIC LIMITED COMPANY

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 1983 - Continued

Under the terms of the Trust Deed made between the Company and the Trustee, The Law Debenture Corporation plc, the following provisions apply:-

(a) Unsecured Loan Stock 1992/1995

Interest: Interest will accrue and be payable on the loan stock in any event not later than 1 April 1988 and before such date if the company has made in any financial year a profit before taxation of not less than £3,000,000.

Interest will be payable half yearly in arrears. The rate of interest will be equivalent to the London Inter-Bank offered rate for the relevant half year.

Redemption: At any time after 31 March 1992 the loan stock may be redeemed at par with accrued interest at the company's option in whole or in part, on three months written notice.

All loan stock not previously redeemed by the company shall be repaid on 31 March 1995, at par, together with accrued interest.

Transfer: The loan stock is freely transferable in amounts and integral multiples of £1.

Subordination: The loan stock ranks in priority to the convertible stock, but the loan stock holders' rights are subordinated to the claims of all other creditors of the company.

(b) Convertible Unsecured Loan Stock 1997 (see also note 13)

Interest: No interest shall accrue or be payable on the convertible stock.

Conversion rights: Each stockholder has the right to convert the whole but not part of his holding of convertible stock into fully paid ordinary share capital at the rate of £1 nominal of ordinary share capital for every £10 nominal of convertible stock held.

The right is exercisable on or after 1 January 1987 or, if earlier, the happening of any of the following events:-

- (i) a change in control of the company;
- (ii) the payment of a dividend or the making of any other distribution to the holders of the ordinary shares;
- (iii) a subscription for any part of the further loan stock.

SATELLITE TELEVISION PUBLIC LIMITED COMPANY

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 1983 - Continued

Redemption and repayment: If upon an offer for further stock (see paragraph (c) below) being made SATV does not receive acceptances from the holders of two thirds or more of the convertible stock it may, at its option and within four months of the expiry date of the offer period, redeem at par the convertible stock of all holders other than those who accepted the offer of further stock but did not become bound to subscribe the same.

All convertible stock not previously converted or redeemed will be redeemed at par on 31 March 1997.

Voting rights: Prior to conversion in general meetings of the company, every stockholder shall have one vote for every £20 in nominal amount of convertible stock held by him.

Transfer: So long as holders of convertible stock remain liable to the obligation to subscribe further loan stock, the convertible stock will be transferable in amounts and integral multiples of £70 and otherwise in amounts and integral multiples of £1. In all cases transfers are subject to the Board's approval of the transferee.

Subordination: In the event of a liquidation the claims of holders of convertible stock will rank behind the claims of all other creditors of the company, including holders of the loan stock.

(c) Procedure for Issue of Further Stock (see also note 13)

- (i) At any time prior to 1 January 1987 and so long as the right to convert the convertible stock has not arisen the company may on one occasion only offer to the stockholders for subscription at par a further amount of convertible stock not exceeding £1,500,000 and a further amount of loan stock not exceeding £4,500,000 (together referred to herein as "Further stock") in accordance with the procedure set out in the following sub-paragraphs of this paragraph (c).
- (ii) On an offer being made to subscribe Further stock, such Further stock shall not include any further loan stock unless by the same offer all the further convertible stock is so offered.
- (iii) If the company receives acceptances from the holders of at least two thirds in nominal value of the convertible stock:-
 - (a) those stockholders accepting the offer ("the accepting stockholders") shall be irrevocably bound to subscribe the amount of the Further stock so offered;

SATELLITE TELEVISION PUBLIC LIMITED COMPANY

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 1983 - Continued

- (b) the rights attaching to 67 per cent of the convertible stock held by each of those stockholders rejecting the offer ("the rejecting stockholders") (and for all purposes a stockholder not accepting the offer in accordance with the provisions of the trust deed shall be deemed to be a rejecting stockholder) shall be altered so as to be identical in all respects with those attaching to a like amount of loan stock issued at that time.
- (iv) The company shall offer to the accepting stockholders the Further stock not taken up by the rejecting stockholders on the basis that the nominal amount of the Further stock offered to each accepting stockholder shall bear the same proportion to the total amount of Further stock offered to all accepting stockholders as his existing holding of convertible stock bears to the total amount of convertible stock held by all accepting stockholders and that the amount of the convertible stock and loan stock comprised in such Further stock shall be respectively increased and reduced by an amount equal to the nominal amount of the convertible stock the rights attaching to which are altered pursuant to paragraph (c) (iii) (b) above.

As explained in note 13, since the year end conditional arrangements have been made to increase the amount of Convertible Unsecured Loan Stock 1997 in issue, in which event the provisions for issue of Further stock cease to have effect.

12 Contingent Liabilities

Under the arrangements entered into for the acquisition of rights to transmit programmes additional payments will become due:-

- (a) in respect of programme purchases if at the time of transmission the Audience Research figure for households or other receivers able to receive the transmission exceeds one million. The additional payment will vary according to the size of the Audience Research figure;
- (b) in respect of the major programme purchase contract if there is an increase in the market rate payable for programme purchases.

SATELLITE TELEVISION PUBLIC LIMITED COMPANYNOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 1983 - Continued13 Post Balance Sheet Events

Since the year end the company has agreed arrangements with News International plc whereby that company will, subject to certain conditions, inject additional capital of £5 million. The £5 million will be subscribed as follows:-

£400,000 in Ordinary shares of £1 each at par

£4,600,000 in Convertible Unsecured loan stock 1997 at par

News International plc will then control 68.6% of the voting rights in general meetings, in which case the provisions for issue of £6 million of Further stock to existing stockholders will cease to have effect.

The agreement is conditional, inter alia, upon the approval of the shareholders, convertible stockholders and unsecured loan stockholders and the whole amount of £5 million is payable by News International plc immediately all the conditions have been satisfied.