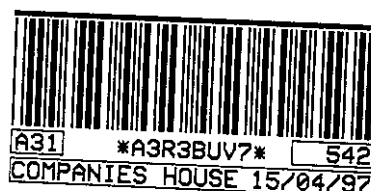




## Sky Television Limited

Accounts for the year ended 30 June 1996  
together with the Directors' and Auditors' reports

Registered number: 1518707



## **Directors' report**

For the year ended 30 June 1996

### **Directors**

The Company's present Directors and those who served during the year are as follows:

R.J. Brooke

N.J. Carrington (appointed 31 July 1995)

D.C. Chance

S.H. Chisholm

C.K. Mackenzie

### **Secretary**

D.J. Gormley

### **Registered office**

Grant Way

Isleworth

Middlesex

TW7 5QD

### **Auditors**

Arthur Andersen

1 Surrey Street

London

WC2R 2PS

## Directors' report

For the year ended 30 June 1996

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 1996.

### Principal activity

The Company's principal activity is to act as a holding company for British Sky Broadcasting Group plc ("BSkyB") interests in certain subsidiary undertakings. In addition the Company holds the leasehold to the properties at 5, 6 and 7 Centaurs Business Park, which are utilised by other BSkyB subsidiary undertakings.

### Results for the year

The loss for the year was £28,551,000 (1995 - £32,891,000). No dividends have been paid or proposed for the year (1995 - £nil).

### Fixed assets

The movements in tangible fixed assets during the year are set out in note 5 to the accounts.

### 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 the Company's ultimate parent company, BSkyB and their interests in the share capital of BSkyB are shown in the accounts of that company for the year ended 30 June 1996. N.J. Carrington was appointed as an alternate Director of BSkyB to D.C. Chance on 14 August 1996. As at 30 June 1996, N.J. Carrington had an option over 218,111 ordinary shares under the BSkyB Approved Executive Share Option Scheme at a price of £3.45 per share. The options are exercisable from any time after 18 August 1998 up to and including 18 August 2005.

None of the other Directors had any interest in the shares of the Company, BSkyB or its subsidiary undertakings (together "the Group") at 30 June 1996.

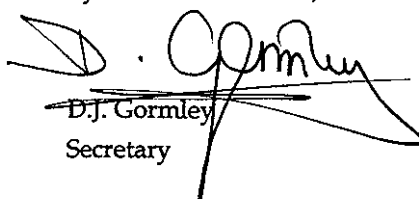
### Liability insurance for company Officers

As permitted by the Companies Act 1985 (as amended), the Group has maintained insurance cover for the Directors and Officers against liabilities in relation to the Group's activities.

### Auditors

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

Grant Way  
Isleworth  
Middlesex  
TW7 5QD

By order of the Board,  
  
D.J. Gormley  
Secretary

3 April 1997

## 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 5 to 13 which have been prepared under the historical cost convention, and in accordance with the accounting policies set out on page 7.

**Respective responsibilities of Directors and auditors**

As described in the statement of Directors' responsibilities for the accounts on page 3, 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 1996 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

3 April 1997

## Profit and loss account

For the year ended 30 June 1996

	Notes	1996 £000	1995 £000
Amounts provided against investments		-	(50)
Administrative expenses	2	(612)	(489)
Other operating income	5	612	487
<b>Operating loss</b>		<u>-</u>	<u>(52)</u>
Interest receivable and similar income		2	1
Interest payable and similar charges	3	(28,553)	(32,840)
<b>Loss on ordinary activities before taxation</b>		<u>(28,551)</u>	<u>(32,891)</u>
Taxation	4	-	-
<b>Loss for the year</b>	11	<u>(28,551)</u>	<u>(32,891)</u>

Details of movements in reserves are shown in note 11.

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 1996

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

# Balance sheet

30 June 1996

	Notes	1996 £000	1995 £000
<b>Fixed assets</b>			
Tangible assets	5	11,764	12,294
Investments	6	20	20
		<u>11,784</u>	<u>12,314</u>
<b>Current assets</b>			
Debtors: Amounts falling due after more than one year	7	1,697,000	1,697,000
Debtors: Amounts falling due within one year	7	75,429	75,456
		<u>1,772,429</u>	<u>1,772,456</u>
<b>Creditors: Amounts falling due within one year</b>	8	<u>(457,891)</u>	<u>(325,183)</u>
<b>Net current assets</b>		<u>1,314,538</u>	<u>1,447,273</u>
<b>Total assets less current liabilities</b>		<u>1,326,322</u>	<u>1,459,587</u>
<b>Creditors: Amounts falling due after more than one year</b>	9	<u>(390,410)</u>	<u>(495,124)</u>
		<u>935,912</u>	<u>964,463</u>
<b>Capital and reserves</b>			
Called-up share capital	10	807	807
Share premium account	11	882	882
Profit and loss account	11	(602,073)	(573,522)
Other reserve	11	1,536,296	1,536,296
		<u>935,912</u>	<u>964,463</u>

Signed on behalf of the Board

N.J. Carrington

Director



3 April 1997

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

## Notes to accounts

30 June 1996

### 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 1996.

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. Losses are surrendered between companies in the Group for no consideration.

### 2 Administrative expenses

The administrative expenses in the year and the preceding year included depreciation. The administrative expenses for the preceding year also included amounts paid to the auditors for audit services. Fees paid to the auditors for audit services in the year were borne by another Group company. There were no other fees paid to the auditors in the year or preceding year.

There are no staff costs as the Company has no employees. Services are provided by employees of other companies within the Group with no charge being made for their services. The Directors did not receive any remuneration during the year or the preceding year for their services as Directors of the Company.



## Notes to accounts (continued)

### 3 Interest payable and similar charges

	1996 £000	1995 £000
On intercompany loan note (see note 9)	<u>28,553</u>	<u>32,840</u>

### 4 Taxation

The tax charge is £nil (1995 - £nil) based on the Company's taxable losses for the year.

### 5 Tangible fixed assets

The movement in the year was as follows:

	Leasehold improvements £000
<b>Cost</b>	
Beginning of year	15,315
Additions	<u>82</u>
End of year	<u>15,397</u>
<b>Depreciation</b>	
Beginning of year	3,021
Charge	<u>612</u>
End of year	<u>3,633</u>
<b>Net Book Value</b>	
Beginning of year	<u>12,294</u>
End of year	<u>11,764</u>

The properties are used by other Group companies and the Company receives rental income of an amount equal to the depreciation charge.

## Notes to accounts (continued)

### 6 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.

	1996 £000	1995 £000
a) 8% treasury stock 2003 and 10% treasury stock 2003	<u>20</u>	<u>20</u>

b) Details of the principal operating 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 through 100% interest in BSkyB installations Limited

Investment in subsidiary undertakings:

	1996 £000	1995 £000
<b>Cost</b>		
Beginning and end of the year	<u>2,126</u>	<u>2,126</u>
<b>Provisions</b>		
Beginning of year	2,126	2,076
Written off in year	<u>-</u>	<u>50</u>
End of year	<u>2,126</u>	<u>2,126</u>
Net book value at the beginning and end of the year	<u>-</u>	<u>-</u>

## Notes to accounts (continued)

### 7 Debtors

#### Amounts falling due within one year:

	1996 £000	1995 £000
Amounts due from parent company	75,421	75,448
Other debtors	8	8
	<u>75,429</u>	<u>75,456</u>

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

Amounts due from parent company	<u>1,697,000</u>	<u>1,697,000</u>
---------------------------------	------------------	------------------

The amounts 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 in June 1994.

The amounts due from the parent company are non-interest bearing and repayable on demand.

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

	1996 £000	1995 £000
'A' convertible unsecured loan stock 1997	125,700	-
Amounts due to related parties	15	15
Transponder loan due to News International plc (see note 9)	7,569	7,569
Amounts due to subsidiary undertakings	229	229
Amounts due to Group companies	<u>324,378</u>	<u>317,370</u>
	<u>457,891</u>	<u>325,183</u>

The 'A' convertible unsecured loan stock 1997 can be converted (at the option of the holder, currently BSkyB plc) 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.

The amounts due to subsidiary undertakings and Group companies are non-interest bearing and repayable on demand.

## Notes to accounts (continued)

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

	1996 £000	1995 £000
'A' convertible unsecured loan stock 1997	-	125,700
Transponder loan due to News International plc	7,569	15,136
Amounts due to Group companies	382,841	354,288
	<u>390,410</u>	<u>495,124</u>

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.

### 10 Called-up share capital

	1996 £000	1995 £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>

### 11 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 1994	807	882	(540,631)	1,536,296	997,354
Loss for the year	-	-	(32,891)	-	(32,891)
As at 30 June 1995	<u>807</u>	<u>882</u>	<u>(573,522)</u>	<u>1,536,296</u>	<u>964,463</u>
Loss for the year	-	-	(28,551)	-	(28,551)
As at 30 June 1996	<u>807</u>	<u>882</u>	<u>(602,073)</u>	<u>1,536,296</u>	<u>935,912</u>

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.

## Notes to accounts (continued)

### 12 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 pays rental income to the Company for the use of these premises equal to the depreciation charged by the Company.

The minimum annual rentals under these leases are as follows:

	Property £000
30 June 1996	
Operating leases which expire	
- within 1 year	-
- within 2-5 years	-
- after 5 years	864
	<hr/>
	864

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

#### *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.

## Notes to accounts (continued)

8

### 13 Subsequent event

On 27 March 1997 BSKyB, the holder of the Company's 'A' convertible unsecured loan stock 1997 ("loan stock") (see note 8) exercised its option to convert the loan stock into fully-paid ordinary shares in the Company at the rate of one ordinary share for every £10 nominal of loan stock held. BSKyB converted 100% of its holding, giving rise to an increase in share capital of £12,570,000 and an increase in the share premium account of £113,130,000 in return for a reduction in creditors falling due within one year of £125,700,000.

### 14 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 whose principal place of business is Grant Way, Isleworth, Middlesex, TW7 5QD. The consolidated accounts of the Group are available to the public and may be obtained from the above address.