

SATELLITE INFORMATION SERVICES (HOLDINGS) LIMITED

ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2000



Company Registration No. 1939932

SATELLITE INFORMATION SERVICES (HOLDINGS) LIMITED

REPORT OF THE DIRECTORS

The directors submit their report for the year ended 31 March 2000.

Principal activity

The group's principal activity is the provision of an integrated television and information service delivered via satellite.

Business review and future developments

The detailed result for the year and the proposed transfer to reserves are set out in the profit and loss account on page 5.

During the year the group continued to provide live racing information and televised coverage to the United Kingdom and Ireland betting markets and expanded its services overseas in response to opportunities and demand.

The group continues to monitor opportunities, both for its existing services and in related areas, as they develop and intends to exploit these fully wherever they may benefit its customers and shareholders.

Charitable donations

Charitable donations totalling £4,150 (1999 - £2,614) were paid during the year.

Disabled persons

The group's policy is that applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. Furthermore, in the event of members of staff becoming disabled every effort would be made to ensure that their employment with the group continued and appropriate training arranged. It is the policy of the group that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

Employee involvement

Consultation with employees or their representatives has continued at all levels, with the aim of ensuring that their views are taken into account in decisions which are likely to affect their interests, and that all employees are aware of the financial and economic performance of their business units, and of the company as a whole.

SATELLITE INFORMATION SERVICES (HOLDINGS) LIMITED
REPORT OF THE DIRECTORS continued

Directors

The following held office during the year:

D P Cassidy	Chairman	(resigned 31 December 1999)
D K Holdgate	Chief Executive	
M J Armstrong		(resigned 8 February 2000)
C Bell		
J M Brown		
M A M Carver		
P I Jones		
H S Perlin	Acting Chairman	(from 31 December 1999)
N Topazio		

Alternates

R Carter	Alternate for C Bell	(appointed 7 September 1999)
J Heaton	Alternate for P I Jones	
D Hillyard	Alternate for M J Armstrong	(resigned 8 February 2000)
J P O'Reilly	Alternate for C Bell	(resigned 7 September 1999)
I J Spearing	Alternate for J M Brown	
M Wall	Alternate for M A M Carver	(appointed 17 May 1999)

Directors' interests

None of the directors had an interest in the share capital of the company.

Auditors

The company has passed a resolution under Sections 379a and 386 of the Companies Act 1985 (as amended), electing to dispense with the appointment of auditors annually.

SATELLITE INFORMATION SERVICES (HOLDINGS) LIMITED
REPORT OF THE DIRECTORS continued

Statement of directors' responsibilities

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 and the group and of the profit or loss of the company and the group for that period. In preparing those financial statements, the directors are required to

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

The directors are responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy at any time the financial position of the group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

17 Corsham Street
London N1 6DR

By order of the board



K L Smith
Secretary

Date 12 July 2000

AUDITORS' REPORT TO THE MEMBERS OF SATELLITE INFORMATION SERVICES (HOLDINGS) LIMITED

We have audited the financial statements on pages 5 to 19 which have been prepared under the historical cost convention and the accounting policies set out on pages 9 and 10.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on page 3, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the United Kingdom Companies Act. We also report to you 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 is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

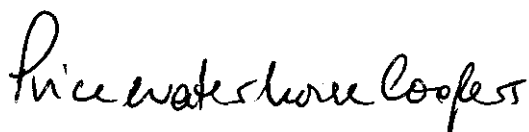
Basis of audit opinion

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 financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, 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 and the group at 31 March 2000 and of the profit and cash flows of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
London

12/7/00

SATELLITE INFORMATION SERVICES (HOLDINGS) LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2000

	Notes	2000 £'000	1999 £'000
Turnover	1,2	87,190	82,478
Operating Expenses	3	(57,921)	(56,653)
Operating profit		29,269	25,825
Interest receivable and similar income		396	859
Interest payable and similar charges	5	(2,499)	(1,180)
Profit on ordinary activities before taxation		27,166	25,504
Tax on profit on ordinary activities	6	(8,261)	(8,085)
Profit on ordinary activities after taxation		18,905	17,419
Dividends paid and proposed	7	-	(60,365)
Retained profit/(loss) for the year transferred to reserves	15	18,905	(42,946)

As permitted under Section 230 of the Companies Act 1985, the profit and loss account of the company is not published as part of these accounts. The profit for the year of the company is shown in note 15 to the accounts.

The group has no recognised gains or losses other than its profit for the year.

There is no difference between the reported profit and the profit on a historical cost basis.

All operations are continuing.

The notes on pages 9 to 19 form part of these accounts.

SATELLITE INFORMATION SERVICES (HOLDINGS) LIMITED
CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2000

	Notes	2000 £'000	1999 £'000
Fixed assets			
Tangible assets	8	16,008	18,250
Investment in own shares	9	503	434
		<hr/>	<hr/>
		16,511	18,684
		<hr/>	<hr/>
Current assets			
Debtors	10	7,305	5,240
Cash at bank and in hand		6,419	724
		<hr/>	<hr/>
		13,724	5,964
Creditors (amounts falling due within one year)	11	(36,397)	(34,715)
		<hr/>	<hr/>
Net current liabilities		(22,673)	(28,751)
		<hr/>	<hr/>
Total assets less current liabilities		(6,162)	(10,067)
Creditors (amounts falling due after more than year)	12	(15,000)	(30,000)
		<hr/>	<hr/>
Net liabilities		(21,162)	(40,067)
		<hr/>	<hr/>
Capital and reserves			
Called up equity share capital	14	22	22
Share premium account	15	9,836	9,836
Profit and loss account	15	(31,020)	(49,925)
		<hr/>	<hr/>
Equity shareholders' deficit	15	(21,162)	(40,067)
		<hr/>	<hr/>

Approved by the board of directors on 12 July 2000 and signed on its behalf by
D Holdgate

D. K. Holdgate


The notes on pages 9 to 19 form part of these accounts.

SATELLITE INFORMATION SERVICES (HOLDINGS) LIMITED
COMPANY BALANCE SHEET AS AT 31 MARCH 2000

	Notes	2000 £'000	1999 £'000
Fixed assets			
Investments in own shares	9	503	434
		<u>503</u>	<u>434</u>
Current assets			
Debtors	10	11,016	10,784
Cash at bank and in hand		9	7
		<u>11,025</u>	<u>10,791</u>
Creditors (amounts falling due within one year)	11	(512)	(209)
Net current assets		<u>10,513</u>	<u>10,582</u>
Total assets less current liabilities		<u>11,016</u>	<u>11,016</u>
Capital and reserves			
Called up equity share capital	14	22	22
Share premium account	15	9,836	9,836
Profit and loss account	15	1,158	1,158
Equity shareholders' funds	15	<u>11,016</u>	<u>11,016</u>

Approved by the board of directors on *12 July 2000* and signed on its behalf by

D Holdgate



The notes on pages 9 to 19 form part of these accounts.

SATELLITE INFORMATION SERVICES (HOLDINGS) LIMITED
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2000

	Notes	2000 £'000	1999 £'000
Net cash inflow from operating activities	19	32,208	28,963
Returns on investment and servicing of finance			
Interest received		611	808
Interest paid		(2,571)	(41)
		(1,960)	767
Taxation		(8,690)	(8,305)
Capital Expenditure			
Purchase of tangible fixed assets	8	(4,252)	(7,812)
Receipts from sale of tangible fixed assets		229	224
		(4,023)	(7,588)
Acquisitions and disposals			
Purchase of own shares		(69)	(102)
		(69)	(102)
Equity dividends paid		-	(64,768)
Cash inflow/(outflow) before financing		17,466	(51,033)
Financing			
Bank loan		-	40,000
Repayment of bank loan		(10,000)	-
		(10,000)	40,000
Increase/(decrease) in cash at bank and in hand	21	7,466	(11,033)

The notes on pages 9 to 19 form part of these accounts.

SATELLITE INFORMATION SERVICES (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting policies

Accounting convention

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

The financial statements have been prepared on a going concern basis as the directors are confident that the group will be able to meet its liabilities as and when they fall due.

Basis of consolidation

The group financial statements are the result of the consolidation of the accounts of the company and its subsidiaries.

Turnover

Turnover, which excludes value added tax, represents the invoiced value of services supplied less any amounts deferred into the following year plus any deferred from the previous year.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at their purchase price, together with any incidental expenses of acquisition and installation. Tangible fixed assets are written off in equal instalments over the following estimated useful asset lives:

Installed equipment	:	3-7 years
Studio equipment	:	5 years
Motor vehicles	:	4 years
Fixtures, fittings and other equipment	:	4-7 years

Operating leases

Costs in respect of operating leases are charged in arriving at the operating profit.

Pension scheme arrangements

The group operates a contributory money-purchase pension scheme. Payments made to the fund are charged in the financial statements as part of employment costs.

SATELLITE INFORMATION SERVICES (HOLDINGS) LIMITED
NOTES TO THE FINANCIAL STATEMENTS continued

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates ruling at the balance sheet date. Exchange differences are dealt with through the profit and loss account.

Deferred taxation

Provision is made for deferred taxation, to the extent that the liability is expected to crystallise within the foreseeable future.

2 Turnover - geographical split

Revenue earned by destination is split as follows:

	2000	1999
	£'000	£'000
UK and Ireland	80,840	76,633
Other	6,350	5,845
	<hr/>	<hr/>
	87,190	82,478
	<hr/>	<hr/>

All revenue is generated from the UK.

The directors consider that all operating profits and net (liabilities)/assets relate to the UK.

3 Operating expenses

Operating expenses includes:	2000	1999
	£'000	£'000
Employment costs (Note 4)	10,348	9,774
Operating lease rentals:		
Satellite	5,437	5,302
Other	960	995
Profit on disposal of fixed assets	(158)	(123)
Auditors' remuneration	30	29
Depreciation (Note 8)	6,423	6,181
Loss/(Profit) on exchange	18	(273)

Payments to PricewaterhouseCoopers for non-audit services amounted to £18,127 (1999 - £63,290). Auditors' remuneration includes £5,000 (1999 - £5,000) in respect of the parent company audit.

SATELLITE INFORMATION SERVICES (HOLDINGS) LIMITED
NOTES TO THE FINANCIAL STATEMENTS continued

4 Employees and directors

The average number of persons employed by the group, including executive directors, during the year was 279 (1999 - 285).

Employment costs were:

	2000	1999
	£'000	£'000
Wages and salaries	8,860	8,478
Social security costs	954	828
Pension contributions	534	468
	<hr/>	<hr/>
	10,348	9,774
	<hr/>	<hr/>
Directors' emoluments (excluding pension contributions)	253	439
	<hr/>	<hr/>
Emoluments (excluding pension fund contributions) of the highest paid director were:	164	368
	<hr/>	<hr/>

The group made contributions to a money-purchase pension scheme totalling £12,750 for the highest paid director. In 1999 the group made contributions to a money purchase pension scheme totalling £13,662 for two directors including £10,800 in respect of the highest paid director.

Included in other debtors at 31 March 2000 is an interest free loan to Mr D Holdgate amounting to £5,900. The loan was taken out during the year and the maximum amount outstanding during the year was £11,900. As a result of this loan, a taxable benefit of £293 has been incurred by Mr Holdgate.

SATELLITE INFORMATION SERVICES (HOLDINGS) LIMITED
NOTES TO THE FINANCIAL STATEMENTS continued

5	Interest payable	2000	1999
		£'000	£'000
	On bank loans and overdrafts	2,494	1,140
	Other interest payable	5	40
		<hr/>	<hr/>
		2,499	1,180
		<hr/>	<hr/>
6	Taxation	2000	1999
		£'000	£'000
	Corporation tax at 30% (1999 - 31%)	8,200	7,900
	Adjustment of current taxation in respect of prior years	61	185
		<hr/>	<hr/>
		8,261	8,085
		<hr/>	<hr/>
7	Dividends	2000	1999
		£'000	£'000
	First interim dividend paid £nil per share (1999 - £47.82)	-	10,597
	Second interim dividend paid £nil per share (1999 - £225.63)	-	50,000
		<hr/>	<hr/>
		-	60,597
	Less dividend arising on own shares	-	(232)
		<hr/>	<hr/>
		-	60,365
		<hr/>	<hr/>
	No final dividend is proposed.		

SATELLITE INFORMATION SERVICES (HOLDINGS) LIMITED
NOTES TO THE FINANCIAL STATEMENTS continued

8 Fixed assets - group

Cost	Installed equipment £'000	Studio equipment £'000	Motor vehicles £'000	Other equipment £'000	Total £'000
At 1 April 1999	49,867	4,686	8,692	16,390	79,635
Additions	1,626	358	1,100	1,168	4,252
Disposals	(1,989)	-	(23)	(278)	(2,290)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 March 2000	49,504	5,044	9,769	17,280	81,597
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Depreciation					
At 1 April 1999	41,465	3,695	5,990	10,235	61,385
Charge for the year	2,712	410	1,398	1,903	6,423
Disposals	(1,926)	-	(19)	(274)	(2,219)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 March 2000	42,251	4,105	7,369	11,864	65,589
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net book value					
At 31 March 2000	7,253	939	2,400	5,416	16,008
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 March 1999	8,402	991	2,702	6,155	18,250
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

SATELLITE INFORMATION SERVICES (HOLDINGS) LIMITED
NOTES TO THE FINANCIAL STATEMENTS continued

9 Investments in subsidiaries

Name	Ownership and voting rights	Cost of investment £'000
	%	
Satellite Sports Services Ltd	100%	-
Satellite Information Services Limited	100%	-
Intercontinental Racing Limited	50%	-

These companies are incorporated in the United Kingdom and trading activities are the same as the principal activity of the group. Intercontinental Racing Limited has been treated as a subsidiary of Satellite Information Services (Holdings) Limited on the basis that Satellite Information Services (Holdings) Limited has a participating interest in Intercontinental Racing Limited and the two companies are managed on a unified basis. The above companies have been consolidated in the group accounts.

The group also owns the entire issued share capital of Frontrelay Limited, a company incorporated in the United Kingdom, which acts as trustee to the Satellite Information Services Limited Profit Sharing Scheme. The Profit Sharing Scheme allows for the allocation to employees on an annual basis of shares in Satellite Information Services (Holdings) Limited, the number of shares allocated to an employee being determined by that employee's salary. The most recent allocation was in the year ended 31 March 1994. Frontrelay Limited holds 924 10p ordinary shares in Satellite Information Services (Holdings) Limited and receives any dividends paid on the shares. Shares held by Frontrelay Limited are recorded in the balance sheet of Satellite Information Services (Holdings) Limited within fixed asset investments at cost.

10 Debtors

	2000 Group £'000	2000 Company £'000	1999 Group £'000	1999 Company £'000
Trade debtors	1,174	-	1,366	-
Amounts owed by group undertakings	-	11,016	-	10,784
Other debtors	4,673	-	716	-
Prepayments	1,458	-	1,468	-
ACT recoverable	-	-	1,690	-
	<u>7,305</u>	<u>11,016</u>	<u>5,240</u>	<u>10,784</u>

SATELLITE INFORMATION SERVICES (HOLDINGS) LIMITED
NOTES TO THE FINANCIAL STATEMENTS continued

11	Creditors (falling due in less than one year)	2000 Group £'000	2000 Company £'000	1999 Group £'000	1999 Company £'000
	Bank overdraft	-	-	1,771	-
	Trade creditors	551	-	859	-
	Amounts owed to group undertakings	-	512	-	188
	Other creditors	5,558	-	4,055	-
	UK corporation and overseas tax	6,253	-	8,372	21
	Other taxation and social security	959	-	839	-
	Deferred income	626	-	431	-
	Accruals	7,450	-	8,388	-
	Bank Loan (note 12)	15,000	-	10,000	-
		<u>36,397</u>	<u>512</u>	<u>34,715</u>	<u>209</u>

12	Creditors (falling due in more than one year)	2000 Group £000	2000 Company £000	1999 Group £000	1999 Company £000
	Bank Loan	15,000	-	30,000	-

The bank loan is secured by a fixed and floating charge over the assets of the group.
Interest is payable on the bank loan at a fixed rate of 7.1%.
The bank loan is repayable in less than five years.

13 Deferred taxation

	Full potential asset	
	2000 £'000	1999 £'000
Excess of book depreciation of fixed assets over tax allowances	724	612

Deferred tax has not been recognised in the Accounts, as the potential asset is not expected to crystallise within the foreseeable future.

SATELLITE INFORMATION SERVICES (HOLDINGS) LIMITED
NOTES TO THE FINANCIAL STATEMENTS continued

14 Called up equity share capital

Ordinary shares of 10p	Authorised		Allotted and fully paid	
	Number of shares	£	Number of shares	£
At 1 April 1999 and 31 March 2000	295,000	29,500	221,606	22,161

15 Equity shareholders' funds - group

	Share capital £'000	Share premium account £'000	Profit and loss account £'000	Total £'000
At 1 April 1999	22	9,836	(49,925)	(40,067)
Retained profit for the year	-	-	18,905	18,905
At 31 March 2000	22	9,836	(31,020)	(21,162)

Equity shareholders' funds - company

	Share capital £'000	Share premium account £'000	Profit and loss account £'000	Total £'000
At 1 April 1999	22	9,836	1,158	11,016
Retained profit for the year	-	-	-	-
At 31 March 2000	22	9,836	1,158	11,016

The profit for the company for the year was £nil.

SATELLITE INFORMATION SERVICES (HOLDINGS) LIMITED
NOTES TO THE FINANCIAL STATEMENTS continued

16 Commitments - group

Payments which are committed to be made during the next year, in respect of operating leases are analysed as follows:

	2000		1999	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Expiring within one year	-	78	163	65
Expiring between 1 & 5 years	404	5,751	68	5,684
Expiring in five years or more	166	-	376	-

17 Capital commitments - group

At the year end committed expenditure was as follows:

	2000 £'000	1999 £'000
Capital expenditure	1,514	1,062

SATELLITE INFORMATION SERVICES (HOLDINGS) LIMITED
NOTES TO THE FINANCIAL STATEMENTS continued

18 Related party transactions

	Percentage shareholding at 31 March 2000	2000 £'000	1999 £'000
<u>Dividends</u>			

The following dividend payments were made.

Hilton Group plc	23%	-	13,815
Racal Electronics plc	22%	-	13,307
United Media Holdings Limited	20%	-	12,120
William Hill Organization Limited	19%	-	11,513
The Racecourse Association Limited	10%	-	6,036
Horserace Totalisator Board	6%	-	3,539

Taxation

The company and its shareholders are members of a consortium for corporation taxation purposes. During the year tax repayments totalling £1.3m were paid to Hilton Group plc and £1.3m to United Media Holdings Limited consortium members.

At 31 March 2000 the following amounts were owed to shareholders:

	£'000
Hilton Group plc	£1,500
United Media Holdings Limited	£1,466
William Hill Organization Limited	£475

Trading and Material Contracts

During the year the group earned revenue from Hilton Group plc (£12m) William Hill Organization Limited (£9m) and Horserace Totalisator Board (£1.7m).

During the year The Racecourse Association Limited (a 10% shareholder in Satellite Information Services (Holdings) Limited) earned £14.2m from the group. At 31 March 2000 £3.3m was owed to The Racecourse Association Limited.

19 Reconciliation of operating profit to net cash inflow from operating activities

	2000 £'000	1999 £'000
Operating profit	29,269	25,825
Depreciation charges	6,423	6,181
Profit on sale of fixed assets	(158)	(123)
(Increase)/decrease in debtors	(3,970)	936
Increase/(decrease) in creditors	644	(3,856)
	<hr/>	<hr/>
Net cash inflow from operating activities	32,208	28,963
	<hr/>	<hr/>

SATELLITE INFORMATION SERVICES (HOLDINGS) LIMITED
NOTES TO THE FINANCIAL STATEMENTS *continued*

20	Reconciliation of net funds/(debt)	2000	1999
		£'000	£'000
	Increase/(decrease) in cash in the year	7,466	(11,033)
		<hr/>	<hr/>
	Change in net funds/(debt) from cash	7,466	(11,033)
		<hr/>	<hr/>
	Net (debt)/funds at 1 April	(1,047)	9,986
		<hr/>	<hr/>
	Net funds/(debt) at 31 March	6,419	(1,047)
		<hr/>	<hr/>

21	Analysis of net funds/(debt)	1 April	Cash flow	31 March
		1999		2000
		£'000	£'000	£'000
	Bank overdrafts	(1,771)	1,771	-
	Cash at bank and in hand	724	5,695	6,419
		<hr/>	<hr/>	<hr/>
	Total	(1,047)	7,466	6,419
		<hr/>	<hr/>	<hr/>