

**SATELLITE INFORMATION SERVICES (HOLDINGS) LIMITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**for the year ended 31 March 2004**



**Registered No. 1939932**

# **SATELLITE INFORMATION SERVICES (HOLDINGS) LIMITED**

## **Report of the Directors for the year ended 31 March 2004**

The directors present their report and the audited financial statements of Satellite Information Services (Holdings) Limited ("the Company"), for the year ended 31 March 2004.

### **Principal activities, review of business and future developments**

The Group's principal activity is the provision of an integrated television and information service delivered via satellite to licensed betting offices in the United Kingdom, Ireland and overseas.

During the year the Group acquired the business of Granada Business Technology for £1. The Group received £1,648,000 compensation from Granada for termination of the existing maintenance contract

### **Results and dividends**

The detailed results for the year and proposed transfer to reserves of the retained profit of £10,327,000 (2003: retained loss of £20,863,000) are set out in the consolidated profit and loss account on page 6.

No dividends were paid or declared in respect of ordinary shares (2003: £30,000,000).

A preference dividend payable by a subsidiary of £1,524 (2003: £nil) was proposed and paid during the year.

### **Charitable donations**

Donations totalling £8,650 (2003: £7,632) 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.

### **Policy on payment of creditors**

The Group agrees terms and conditions for their business transactions with their suppliers. Payment is made on these terms, subject to these terms and conditions being met by the supplier. The Group has approximately 37 days purchases outstanding at 31 March 2004 (2003: 35 days) based on the average daily amount invoiced by suppliers during the year.

## **SATELLITE INFORMATION SERVICES (HOLDINGS) LIMITED**

### **Report of the Directors for the year ended 31 March 2004 (continued)**

#### **Directors**

The following held office during the year:

H S Perlin	Chairman
D K Holdgate	Chief Executive
C Bell	
J M Brown	(resigned 4 September 2003)
M A M Carver	
P I Jones	(resigned 6 November 2003)
A J Hales	
T O'Neill	(resigned 30 January 2004)
W W Bartlett	(appointed 15 May 2003)
D R G Horne	(appointed 30 January 2004)
D Harding	(appointed 4 September 2003)
M J J Scanlon	(appointed 6 November 2003)

#### **Alternates**

W J Heaton	Alternate for P I Jones & M J J Scanlon	(retired 26 March 2004)
T J Phillips	Alternate for M J J Scanlon	(appointed 26 March 2004)
I J Spearing	Alternate for D Harding	
A Ross	Alternate for C Bell	
C Gregson	Alternate for MAM Carver	

#### **Directors' interests**

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

#### **Statement of directors' responsibilities**

Company law requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. The directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 March 2004 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that 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.

**SATELLITE INFORMATION SERVICES (HOLDINGS) LIMITED**

**Report of the Directors for the year ended 31 March 2004 (continued)**

**Auditors**

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office.

..... *H. Organ* .....  
BY ORDER OF THE BOARD

H Organ  
Secretary

Satellite Information Services (Holdings) Limited  
17 Corsham Street  
London N1 6DR

8 July 2004

# **SATELLITE INFORMATION SERVICES (HOLDINGS) LIMITED**

## **Independent auditors' report to the members of Satellite Information Services (Holdings) Limited**

We have audited the financial statements, which comprise the consolidated profit and loss account, the consolidated balance sheet, the company balance sheet, the consolidated cash flow statement and the related notes.

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

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion has been prepared for and only for the Company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 Companies Act 1985. 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. The other information comprises only the directors' report.

### **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 judgements 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 the affairs of the Company and the Group as at 31 March 2004 and of the profit and cash flows of the Group for the year then ended.

  
**PricewaterhouseCoopers LLP**

Chartered Accountants and Registered Auditors

London

8 July 2004

**SATELLITE INFORMATION SERVICES (HOLDINGS) LIMITED**

**CONSOLIDATED PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31 MARCH 2004**

	Notes	2004 £'000	2003 £'000
Turnover	2	110,373	102,441
Operating expenses		(96,134)	(91,099)
Compensation for termination of contract		1,648	-
Net operating expenses		<u>(94,486)</u>	<u>(91,099)</u>
Operating profit	3	<u>15,887</u>	<u>11,342</u>
Net interest (payable) / receivable	5	<u>(969)</u>	<u>810</u>
Profit on ordinary activities before taxation		14,918	2,152
Tax on profit on ordinary activities	6	<u>(4,589)</u>	<u>(3,148)</u>
Profit for the financial year		10,329	9,004
Dividends	7	<u>(2)</u>	<u>(29,867)</u>
Retained profit transferred to / (from) reserves	17	<u>10,327</u>	<u>(20,863)</u>

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 financial statements. The profit for the year of the Company is shown in note 17 to the financial statements.

There is no difference between the profit on ordinary activities before taxation and the retained profit / (loss) for either of the years stated above and their historical cost equivalents.

The Group has no recognised gains or losses other than those shown above therefore no separate statement of total gains and losses has been presented.

All operations are continuing.

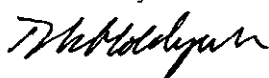
The accounting policies and notes on pages 11 to 25 form part of these financial statements.

**SATELLITE INFORMATION SERVICES (HOLDINGS) LIMITED**

**CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2004**

	Notes	2004 £'000	2003 £'000
<b>Fixed assets</b>			
Tangible assets	8	21,373	22,882
Investment in own shares	10	-	-
		<hr/>	<hr/>
		21,373	22,882
		<hr/>	<hr/>
<b>Current assets</b>			
Debtors	11	10,643	11,003
Cash at bank and in hand		23,172	15,202
		<hr/>	<hr/>
		33,815	26,205
<b>Creditors: amounts falling due within one year</b>	12	(26,667)	(24,143)
		<hr/>	<hr/>
<b>Net current assets</b>		7,148	2,062
<b>Total assets less current liabilities</b>		28,521	24,944
<b>Creditors: amounts falling due after more than one year</b>	13	(20,811)	(27,561)
		<hr/>	<hr/>
<b>Net assets/(liabilities)</b>		7,710	(2,617)
		<hr/>	<hr/>
<b>Capital and reserves</b>			
Called up equity share capital	16	22	22
Share premium account	17	9,836	9,836
Profit and loss account	17	(2,148)	(12,475)
		<hr/>	<hr/>
<b>Equity shareholders' funds/(deficit)</b>	18	7,710	(2,617)
		<hr/>	<hr/>

The financial statements on pages 6 to 25 were approved by the board of directors on 8/7/04 and signed on its behalf by

  
D Holdgate

The notes on pages 11 to 25 form part of these accounts.

**SATELLITE INFORMATION SERVICES (HOLDINGS) LIMITED**

**COMPANY BALANCE SHEET AS AT 31 MARCH 2004**

	Notes	2004 £'000	2003 £'000
<b>Fixed assets</b>			
Investment in own shares	10	-	-
Investment in subsidiaries	10	55	55
		<hr/>	<hr/>
		55	55
		<hr/>	<hr/>
<b>Current assets</b>			
Debtors	11	11,003	11,003
Cash at bank and in hand		155	155
		<hr/>	<hr/>
		11,158	11,158
		<hr/>	<hr/>
<b>Creditors</b> (amounts falling due within one year)	12	(585)	(585)
		<hr/>	<hr/>
<b>Net current assets</b>		10,573	10,573
		<hr/>	<hr/>
<b>Total assets less current liabilities</b>		10,628	10,628
		<hr/>	<hr/>
<b>Capital and reserves</b>			
Called up equity share capital	16	22	22
Share premium account	17	9,836	9,836
Profit and loss account	17	770	770
		<hr/>	<hr/>
<b>Equity shareholders' funds</b>	18	10,628	10,628
		<hr/>	<hr/>

Approved by the board of directors on 8/7/04 and signed on its behalf by



D Holdgate

The notes on pages 11 to 25 form part of these accounts.



**SATELLITE INFORMATION SERVICES (HOLDINGS) LIMITED**

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED**  
**31 MARCH 2004**

	Note	2004		2003	
		£'000	£'000	£'000	£'000
Net cash inflow from operating activities	22		20,677		11,599
<b>Returns on investments and servicing of finance</b>					
Interest received		694		1,294	
Interest paid		(2,105)		(42)	
Non-equity dividends paid to shareholders		<u>(2)</u>		<u>-</u>	
Net cash (outflow) / inflow from returns on investments and servicing of finance			(1,413)		1,252
<b>Taxation</b>			(4,118)		(1,752)
<b>Capital expenditure and financial investment</b>					
Purchase of tangible fixed assets		(4,936)		(11,904)	
Sale of tangible fixed assets		<u>260</u>		<u>438</u>	
			(4,676)		(11,466)
<b>Net cash (outflow) / inflow before financing</b>			10,470		(367)
<b>Equity dividends paid to shareholders</b>	7		-		(29,867)
<b>Financing</b>					
(Decrease) / increase in borrowings			(2,500)		30,000
<b>Increase / (decrease) in net cash</b>			<u>7,970</u>		<u>(234)</u>

The notes on pages 11 to 25 form part of these accounts.

**SATELLITE INFORMATION SERVICES (HOLDINGS) LIMITED**  
**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED**  
**31 MARCH 2004 (continued)**

Reconciliation to net (debt)/cash

	2004 £000	2003 £'000
Net (debt)/cash at 1 April	(14,798)	15,436
Increase/(decrease) in net cash	7,970	(234)
Decrease/(increase) in borrowings	2,500	(30,000)
	<hr/>	
Net debt at 31 March	(4,328)	(14,798)
	<hr/>	

The notes on pages 11 to 25 form part of these accounts.

# **SATELLITE INFORMATION SERVICES (HOLDINGS) LIMITED**

## **Notes to the financial statements for the year ended 31 March 2004**

### **1 Accounting policies**

#### **(a) Basis of preparation**

The financial statements have been prepared under the historical cost convention, the accounting policies set out below and in accordance with applicable United Kingdom Accounting Standards all of which have been consistently applied.

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.

#### **(b) Basis of consolidation**

The Group financial statements are the result of the consolidation of the accounts of the Company and its subsidiaries.

#### **(c) Turnover**

Turnover, which excludes value added tax, represents the invoiced value of services supplied. Amounts received in advance from customers are deferred and recognised in the profit and loss account over the term of the related contract.

#### **(d) 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	:	3-8 years
Studio equipment	:	5 years
Motor vehicles	:	4 years
Fixtures, fittings and other equipment	:	4-7 years

#### **(e) Goodwill**

Goodwill is capitalised and amortised over its economic life.

#### **(f) Operating leases**

Rentals payable under operating leases are charged to the profit and loss account on a straight-line basis over the lease term.

# **SATELLITE INFORMATION SERVICES (HOLDINGS) LIMITED**

## **Notes to the financial statements for the year ended 31 March 2004 (continued)**

### **1 Accounting policies (continued)**

#### **(g) 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 as incurred.

#### **(h) Foreign currencies**

Assets and liabilities denominated in foreign currencies are translated into sterling at exchange rates ruling at the end of the financial year. Transactions denominated in foreign currencies are translated into sterling at the exchange rate ruling on the date payment takes place unless related or matching forward foreign exchange contracts have been entered into when the rate specified in that contract is used. Any resultant foreign exchange differences are taken to the profit and loss account in the period in which they arise.

Profits and losses and assets and liabilities of subsidiaries which have currencies of operation other than sterling are translated into sterling at year-end exchange rates. Exchange differences arising from retranslation of the opening net assets of subsidiaries, which have currencies of operation other than sterling are taken to reserves

#### **(i) Deferred taxation**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date and 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. Timing differences are differences between the Group's taxable profit or loss and its results as stated in the consolidated financial statements. No deferred tax is recognised on permanent differences.

Deferred tax is measured at the average tax rates that are expected to apply in the period in which the timing differences are expected to reverse, based on the tax rates and law that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis. Deferred tax assets are recognised only to the extent that it is considered more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

### **2 Segmental analysis**

Revenue earned by destination is split as follows:

	<b>2004</b>	<b>2003</b>
	<b>£'000</b>	<b>£'000</b>
UK	<b>100,430</b>	93,350
Other	<b>9,943</b>	9,091
	<hr/>	<hr/>
	<b>110,373</b>	102,441
	<hr/>	<hr/>

Revenue is generated from the UK (£109.6 million) and France (£0.7 million).

Operating profit relates to the UK (£16.015 million) and an operating loss to France (£0.128 million). Net assets relating to the UK amount to £7.9 million and net liabilities relating to France £0.206 million.

# SATELLITE INFORMATION SERVICES (HOLDINGS) LIMITED

## Notes to the financial statements for the year ended 31 March 2004 (continued)

### 3 Operating profit

Operating profit is stated after charging:

	2004 £'000	2003 £'000
Employment costs (Note 4)	13,470	11,787
Depreciation of tangible fixed assets (Note 8)	6,148	6,480
Loss on disposal of fixed assets	37	87
Operating lease rentals:		
Plant & Machinery	3,151	5,196
Other	1,158	899
Refinancing costs	-	600
Auditors' remuneration		
Audit services	42	35
Non-audit services	31	177

Auditors' remuneration includes £5,000 (2003: £5,000) in respect of the parent Company audit.

### 4 Employees and directors

The average number of persons employed by the Group, including executive directors, during the year was 339 (2003: 296).

Employment costs were:

	2004 £'000	2003 £'000
Wages and salaries	11,521	10,088
Social security costs	1,292	1,080
Pension contributions	657	619
	<hr/> 13,470 <hr/>	<hr/> 11,787 <hr/>
Directors' emoluments (excluding pension contributions)	<hr/> 474 <hr/>	<hr/> 436 <hr/>
Emoluments (excluding pension fund contributions) of the highest paid director were:	<hr/> 288 <hr/>	<hr/> 284 <hr/>

The Group made contributions to a money-purchase pension scheme totalling £16,562 for the highest paid director (2003: £16,080).

# SATELLITE INFORMATION SERVICES (HOLDINGS) LIMITED

## Notes to the financial statements for the year ended 31 March 2004 (continued)

### 5 Interest

	2004 £'000	2003 £'000
Bank interest receivable	694	1,294

	2004 £'000	2003 £'000
Interest payable on bank loans and overdrafts	1,663	484

### 6 Taxation

	2004 £'000	2003 £'000
Corporation tax at 30% (2003: 30%)	4,262	3,445
Adjustment to current taxation in respect of prior years	(144)	(386)
Overseas tax	349	122
Double tax relief	(349)	(122)
	-----	-----
Total current tax	4,118	3,059
Provision for deferred taxation	471	89
	-----	-----
	4,589	3,148
	=====	=====

# SATELLITE INFORMATION SERVICES (HOLDINGS) LIMITED

## Notes to the financial statements for the year ended 31 March 2004 (continued)

### 6 Taxation (continued)

The Group's effective tax rate reconciliation is as follows:

	2004 £'000	2003 £'000
Profit before taxation	14,918	12,152
Corporation tax at UK statutory rate (30%)	4,476	3,646
Effects of:		
Capital allowances in excess of depreciation	(311)	(185)
Short term timing differences	-	(54)
Other adjustments not deductible for taxation purposes	97	38
Prior year adjustment	(144)	(386)
Overseas tax	349	-
Double tax relief	(349)	-
Actual current tax charge	4,118	3,059

### 7 Dividends

	2004 £'000	2003 £'000
Equity – Ordinary dividend paid: £135.38 per share	-	30,000
Less dividend arising on own shares	-	(133)
Non-Equity - 6% preference dividend paid	2	-
	2	29,867

# SATELLITE INFORMATION SERVICES (HOLDINGS) LIMITED

## Notes to the financial statements for the year ended 31 March 2004 (continued)

### 8 Fixed assets - Group

Cost	Installed equipment £'000	Studio equipment £'000	Motor vehicles £'000	Other equipment £'000	Total £'000
At 1 April 2003	33,492	6,664	11,637	21,820	73,613
Additions	1,864	544	1,057	1,471	4,936
Disposals	(1,594)	(133)	(52)	(2,652)	(4,431)
At 31 March 2004	33,762	7,075	12,642	20,639	74,118
<b>Depreciation</b>					
At 1 April 2003	18,112	5,189	9,818	17,612	50,731
Charge for the year	2,773	605	875	1,895	6,148
Disposals	(1,528)	(32)	(47)	(2,527)	(4,134)
At 31 March 2004	19,357	5,762	10,646	16,980	52,745
<b>Net book value</b>					
At 31 March 2004	14,405	1,313	1,996	3,659	21,373
At 31 March 2003	15,380	1,475	1,819	4,208	22,882

### 9 Acquisition of business

During the year the Group acquired the maintenance business of Granada Business Technology for consideration of £1. The adjustments required to present the net assets acquired at fair values in accordance with the group's accounting principles are shown below, together with the resultant amount of goodwill arising:

	Book value of assets acquired £'000	Fair value adjustments £'000	Fair value of assets acquired £'000
Fixed assets	348	(348)	-
Total net assets acquired	348	(348)	-
Consideration			-
Goodwill arising			-

The fair value adjustment to fixed assets arose as the assets acquired were deemed to have no value to the on-going business of the Group.

In compensation for terminating the existing maintenance contract between Granada and the Group, Granada paid the Group £1,648,000. This amount was credited as received to the profit and loss account.



# SATELLITE INFORMATION SERVICES (HOLDINGS) LIMITED

## Notes to the financial statements for the year ended 31 March 2004 (continued)

### 10 Investments in subsidiaries and own shares

Name	Country of Incorporation	Ownership	Cost of investment 31 March 2004 £'000	Cost of investment 31 March 2003 £'000
Satellite Information Services Ltd	UK	100%	-	-
Satellite Sports Services Ltd *	UK	100%	-	-
Satellite Racing Services Ltd *	UK	100%	-	-
Frontrelay Ltd *	UK	100%	-	-
Spacebit Ltd	UK	100%**	39	39
Intercontinental Racing Ltd*	UK	50%	-	-
Sister Networks plc*	UK	100%	12	12
SISLink SARL	France	100%	4	4
			<b>55</b>	<b>55</b>

\* Dormant

\*\* The Company owns 100% of the ordinary shares in Spacebit Limited. The 6% preference shares in Spacebit Limited (which represent 61% of the shareholder voting rights) are owned by related parties.

The trading activities of subsidiaries 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.

#### Investment in own shares

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 Share Scheme.

The Profit Sharing Share 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 978 10p ordinary shares in Satellite Information Services (Holdings) Limited and receives any dividends paid on the shares.

# **SATELLITE INFORMATION SERVICES (HOLDINGS) LIMITED**

## **Notes to the financial statements for the year ended 31 March 2004 (continued)**

### **10 Investments in subsidiaries and own shares (continued)**

Shares held by Frontrelay Limited are recorded in the balance sheet of Satellite Information Services (Holdings) Limited within fixed asset investments at cost less amounts written off. The shares in Satellite Information Services (Holdings) Limited have been written down to a nominal value:

#### **Investment in own shares**

	£'000
<b>Cost</b>	
At 1 April 2003 and 31 March 2004	516
<b>Provision</b>	
At 1 April 2003 and 31 March 2004	(516)
<b>Net</b>	
At 1 April 2003 and 31 March 2004	-

### **11 Debtors**

	2004 Group £'000	2004 Company £'000	2003 Group £'000	2003 Company £'000
Trade debtors	2,475	-	2,059	-
Amounts owed by Group undertakings	-	11,003	-	11,003
Other debtors	6,634	-	6,545	-
Prepayments and accrued income	1,367	-	1,761	-
Deferred taxation asset (Note 15)	167	-	638	-
	<u>10,643</u>	<u>11,003</u>	<u>11,003</u>	<u>11,003</u>

Amounts owed by group undertakings are interest free, unsecured and have no fixed date of repayment.

# SATELLITE INFORMATION SERVICES (HOLDINGS) LIMITED

## Notes to the financial statements for the year ended 31 March 2004 (continued)

### 12 Creditors: amounts falling due in less than one year

	2004 Group £'000	2004 Company £'000	2003 Group £'000	2003 Company £'000
Bank loans (Note 14)	6,750	-	2,500	-
Trade creditors	707	-	712	-
Amounts owed to group undertakings	-	585	-	585
Other creditors	471	-	2,639	-
UK corporation and overseas tax	2,030	-	1,082	-
Other taxation and social security	1,293	-	70	-
Deferred income and payments in advance	6,449	-	4,950	-
Accruals	8,967	-	12,190	-
	<hr/>	<hr/>	<hr/>	<hr/>
	26,667	585	24,143	585
	<hr/>	<hr/>	<hr/>	<hr/>

Amounts owed to group undertakings are interest free, unsecured and have no fixed date of repayment.

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

	2004 Group £'000	2004 Company £'000	2003 Group £'000	2003 Company £'000
Bank loans (Note 14)	20,750	-	27,500	-
Other creditors	61	-	61	-
	<hr/>	<hr/>	<hr/>	<hr/>
	20,811	-	27,561	-
	<hr/>	<hr/>	<hr/>	<hr/>

# SATELLITE INFORMATION SERVICES (HOLDINGS) LIMITED

## Notes to the financial statements for the year ended 31 March 2004 (continued)

### 14 Bank Loans

	2004 £'000	2003 £'000
Bank loans	<u>27,500</u>	<u>30,000</u>
In one year or less, or on demand	6,750	2,500
In more than one year, but not more than two years	9,250	6,750
In more than two years, but not more than five years	11,500	20,750
In more than five years	<u>-</u>	<u>-</u>
	<u>27,500</u>	<u>30,000</u>

The bank loan is secured by a fixed and floating charge over the assets of the Company. Interest is payable on the bank loan at a fixed rate of 4.55%.

### 15 Deferred tax

	Year ended 31 March 2004 £'000	Year ended 31 March 2003 £'000
Accelerated capital allowances	167	563
Short term timing differences	-	75
<b>Deferred tax asset</b>	<u>167</u>	<u>638</u>

The opening and closing deferred tax positions can be reconciled as follows:

	£'000
Deferred tax provision as 31 March 2003	638
Charged to profit and loss account	(471)
<b>Deferred tax provision as 31 March 2004</b>	<u>167</u>

There are no amounts unprovided in respect of deferred tax.

### 16 Share capital

	Authorised		Allotted and fully paid	
Ordinary shares of 10p	Number of shares	£	Number of shares	£
At 1 April 2003 and 31 March 2004	<u>295,000</u>	<u>29,500</u>	<u>221,606</u>	<u>22,161</u>

# SATELLITE INFORMATION SERVICES (HOLDINGS) LIMITED

## Notes to the financial statements for the year ended 31 March 2004 (continued)

### 17 Reserves - Group

	Share premium account £'000	Profit and loss account £'000	Total £'000
At 1 April 2003	9,836	(12,475)	(2,639)
Retained profit for the year	-	10,327	10,327
	<hr/>	<hr/>	<hr/>
At 31 March 2004	9,836	(2,148)	7,688
	<hr/>	<hr/>	<hr/>

### Reserves - Company

	Share premium account £'000	Profit and loss account £'000	Total £'000
At 1 April 2003	9,836	770	10,606
Retained profit for the year	-	-	-
	<hr/>	<hr/>	<hr/>
At 31 March 2004	9,836	770	10,606
	<hr/>	<hr/>	<hr/>

The Company did not make any profits or losses in its own right for the year ended 31 March 2004 (2003: £128,000).

**SATELLITE INFORMATION SERVICES (HOLDINGS) LIMITED**

**Notes to the financial statements for the year ended 31 March 2004 (continued)**

18 **Reconciliation in movements in shareholders' funds/(deficit) - Group**

	2004 £'000	2003 £'000
Opening shareholders' (deficit) / funds	(2,617)	18,246
Retained profit / (loss) for the year	10,327	(20,863)
	<hr/>	<hr/>
Closing shareholders' funds / (deficit)	<u>7,710</u>	<u>(2,617)</u>

**Reconciliation in movements in shareholders' funds - Company**

	2004 £'000	2003 £'000
Opening shareholders' funds	10,628	10,500
Retained profit for the year	-	128
	<hr/>	<hr/>
Closing shareholders' funds	<u>10,628</u>	<u>10,628</u>

**SATELLITE INFORMATION SERVICES (HOLDINGS) LIMITED**

**Notes to the financial statements for the year ended 31 March 2004 (continued)**

**19 Capital commitments - Group**

The Group has the following capital commitments:

	2004 £'000	2003 £'000
Capital expenditure	4,101	5,968

The committed capital expenditure principally relates to the purchase of new text systems and fixed odds betting terminals.

**20 Financial commitments - Group**

The Group has annual commitments under non-cancellable operating leases expiring as follows:

	2004		2003	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Within one year	-	35	-	347
Within 2 & 5 years	356	2,607	451	2,468
After 5 years	347	-	135	-

## SATELLITE INFORMATION SERVICES (HOLDINGS) LIMITED

### Notes to the financial statements for the year ended 31 March 2004 (continued)

#### 21 Related party transactions

The Company and its shareholders are members of a consortium for corporation taxation purposes. During the year tax repayments totalling £1,037,785 (2003- £3,200,000) were paid to Hilton Group plc £149,185 to Thales Electronics plc and £984,169 (2003- £3,200,000) to Alternateport Limited, a subsidiary of United Business Media plc.

At 31 March 2004 the following amounts were owed to shareholders:

	2004 £'000	2003 £'000
Hilton Group plc	521	596
Alternateport Limited	457	596
Thales Electronics plc	-	149
	<u>978</u>	<u>1,341</u>

During the year a subsidiary proposed and paid a preference dividend of £1,524. The preference share holders are Thales Electronics plc and Hilton Group PLC.

#### Trading and Material Contracts

During the year the Group earned revenue from Hilton Group plc £13.8 million (2003 - £12.8 million), William Hill Organization Limited £10.7 million (2003 - £10.3 million) and Horserace Totalisator Board £3.1 million (2003 - £2.4 million).

#### 22 Reconciliation of operating profit to net cash inflow from operating activities

	2004 £'000	2003 £'000
Operating Profit	15,887	11,342
Depreciation charges	6,148	6,480
Loss on sale of fixed assets	37	87
Increase in debtors	(112)	(153)
Decrease in creditors	(1,283)	(6,157)
Net cash inflow from operating activities	<u>20,677</u>	<u>11,599</u>



**SATELLITE INFORMATION SERVICES (HOLDINGS) LIMITED**

**Notes to the financial statements for the year ended 31 March 2004 (continued)**

23 Reconciliation of movement in net (debt) / cash

	1 April 2003 £000	Cash flow £000	31 March 2004 £000
Cash in hand and at bank	15,202	7,970	23,172
Debt due within 1 year	(2,500)	(4,250)	(6,750)
Debt due after 1 year	(27,500)	6,750	(20,750)
	<hr/>		
Total	(14,798)	10,470	(4,328)
	<hr/>		