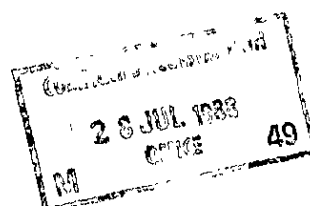


TELE-AERIALS SATELLITE LIMITED

ACCOUNTS

FOR THE PERIOD ENDED 30 SEPTEMBER 1987



TELE-AERIALS SATELLITE LIMITED

CORPORATE INFORMATION

Directors: A Gillatt (Chairman and Managing Director)
G J A Hardy
P R McKee

Secretary and
Registered Office: K Hahm
10-14 Royal Chambers
Station Parade
Harrogate
North Yorkshire

Auditors: Peat Marwick McLintock
Chartered Accountants
City Square House
7 Wellington Street
Leeds

Solicitors: R C Moorhouse and Company
Protection House
16 and 17 East Parade
Leeds

Bankers: National Westminster Bank plc
39 Market Place
Ripon
North Yorkshire

TELE-AERIALS SATELLITE LIMITED**REPORT OF THE DIRECTORS**

The Directors have pleasure in submitting their Annual Report, together with the audited accounts for the period ended 30 September 1987.

PRINCIPAL ACTIVITIES

The company was incorporated as Bonusrich Limited on 24 October 1986 and commenced trading on 11 December 1986. On that date, Yorkshire Television Holdings plc acquired 50 per cent of the ordinary share capital and the company changed its name to Tele-Aerials Satellite Limited. The company is principally engaged in the supply, installation and maintenance of television receiving equipment.

RESULTS

There was a loss for the period amounting to £190591. This has been transferred to reserves leaving an adverse balance on profit and loss account to carry forward of £190591.

DIVIDEND

In view of the adverse balance carried forward the Directors are unable to recommend payment of a dividend.

BUSINESS REVIEW

The company was originally formed to provide support services to Starvision Limited (a fellow associate company of Yorkshire Television Holdings plc). Unfortunately, Starvision experienced major marketing problems and, as a result, its sales activity was drastically reduced. Consequently, the company's own income was severely affected and was insufficient to contribute significantly towards the costs of the required administrative structure.

However, in view of the failure of the original intended major customer, the resources of the company were concentrated on acquiring a broader customer base and introducing new products and services. As a result the company now boasts a diverse customer base offering them a range of very high quality products and services. The full benefits of this diversification, together with other exciting developments in the market, should be reflected in next year's trading performance, and the Directors are confident that the results for the ensuing year shall be much improved.

DIRECTORS

The Directors of the company and their interests in the ordinary share capital of the company are as follows:

		<u>At date of appointment</u>	<u>At 30.09.87</u>
D S Hodgson	(appointed 24.10.86, (resigned 02.12.86)	-	-
A Gillatt	(appointed 02.12.86)	1000	500
G J A Hardy	(appointed 11.12.86)	-	-
P R McKee	(appointed 11.12.86)	-	-

SHARE CAPITAL.

1000 ordinary shares of £1 each were issued during the period fully paid at £60 per share to provide the company with its initial share capital.

AUDITORS

During the period the Directors appointed Peat Marwick McLintock as first auditors of the company. A resolution concerning their re-appointment as auditors shall be proposed at the forthcoming annual general meeting.

BY ORDER OF THE BOARD

K Hahm

K HAHM
Company Secretary

10-14 Royal Chambers
Station Parade
Harrogate

12 January 1988

REPORT OF THE AUDITORS TO THE MEMBERS OF
TELE-AERIALS SATELLITE LIMITED

We have audited the accounts on pages 5 to 12 in accordance with approved Auditing Standards.

In our opinion the accounts give a true and fair view of the state of the company's affairs at 30 September 1987 and of its loss and source and application of funds for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Peat Marwick McLintock

City Square House
7 Wellington Street
Leeds

PEAT MARWICK McLINTOCK
Chartered Accountants

12 January 1988

Peat Marwick McLintock

TELE-AERIALS SATELLITE LIMITED**ACCOUNTING POLICIES**

The accounts have been prepared under the historical cost convention. As these are the first accounts of the company, no comparatives are shown. The principal accounting policies of the company are set out below:

1 DEPRECIATION

Depreciation of fixed assets is provided on the straight line basis and is calculated to write down the cost of the assets over their estimated useful lives.

The rates applicable are:

Office furniture and equipment	15%-20% per annum
Tools and equipment	15%-20% per annum
Motor vehicles	25%-33% per annum

2 STOCKS

Stocks and work in progress are valued at the lower of cost and net realisable value.

3 DEFERRED TAXATION

Provision for deferred taxation is made using the liability method except to the extent that such taxation, in the opinion of the directors, is not expected to become payable or recoverable in the foreseeable future.

4 HIRE PURCHASE AND LEASES

Assets acquired under hire purchase agreements are capitalised and are subsequently dealt with under the same accounting policies as other tangible fixed assets. Future obligations under hire purchase agreements are set against payments on a basis calculated to produce a constant periodic rate of return on the outstanding capital element. Expenditure on operating leases is charged to the profit and loss account on an accruals basis.

TELE-AERIALS SATELLITE LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED 30 SEPTEMBER 1987

	<u>Note</u>	£	£
TURNOVER			541200
Cost of sales			467896
GROSS PROFIT			73304
Distribution costs		70067	
Administrative expenses		166602	
Interest payable and similar charges	1	27226	
			263895
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	2		(190591)
Taxation	3		-
LOSS FOR THE FINANCIAL PERIOD			(190591)
Balance on profit and loss account brought forward			-
BALANCE CARRIED FORWARD			(190591)

The accounting policies and notes on pages 5 and 9 to 12 form part of these accounts.

TELE-AERIALS SATELLITE LIMITED
BALANCE SHEET AT 30 SEPTEMBER 1987

	<u>Note</u>	£	£
FIXED ASSETS			
Tangible assets	4		121471
CURRENT ASSETS			
Stocks	5	90909	
Debtors	6	144627	
Cash at bank and in hand		774	
		<u>236310</u>	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	7	<u>272861</u>	
NET CURRENT LIABILITIES			(36551)
			84920
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	8		(216111)
NET LIABILITIES			<u>(131191)</u>
CAPITAL AND RESERVES			
Called up share capital	9		1000
Share premium account	10		58400
Profit and loss account			(190591)
			<u>(131191)</u>

These accounts were approved by the board of directors on 12 January 1988.

A GILLATT)
) DIRECTORS
 P R McKEE)

The accounting policies and notes on pages 5 and 9 to 12 form part of these accounts.

TELE-AERIALS SATELLITE LIMITED
STATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR THE PERIOD ENDED 30 SEPTEMBER 1987

	£	£
ABSORPTION OF FUNDS		
Loss on ordinary activities before taxation		(190591)
Adjustment for items not involving the movement of funds:		
Depreciation	28649	
Loss on sale of fixed assets	1624	
		<u>30273</u>
FUNDS ABSORBED BY OPERATIONS		(160318)
FUNDS FROM OTHER SOURCES		
Sale of fixed assets	32264	
Increase in creditors falling due after more than one year	216111	
Issue of share capital	59400	
		<u>307775</u>
APPLICATION OF FUNDS		
Purchase of fixed assets		(184008)
NET OUTFLOW OF FUNDS		<u>(36551)</u>
DECREASE IN WORKING CAPITAL		
Stocks		90909
Debtors		144627
Creditors		(176705)
Movement in net liquid funds:		
Cash at bank and in hand		774
Bank overdraft		(96156)
NET DECREASE IN WORKING CAPITAL		<u>(36551)</u>

TELE-AERIALS SATELLITE LIMITEDNOTES TO THE ACCOUNTSFOR THE PERIOD ENDED 30 SEPTEMBER 1987

£

1 INTEREST PAYABLE AND SIMILAR CHARGES

Bank charges and overdraft interest	4745
Hire purchase interest	5041
Loan interest - Yorkshire Television Holdings plc	15937
Discounts and commissions	1503
	<u>27226</u>

2 LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

The loss on ordinary activities before taxation is stated after charging the following:

Depreciation of tangible fixed assets	28649
Directors' emoluments	25000
Auditors' remuneration	2000
Hire of equipment	1372
	<u>3</u>

The directors' emoluments were as follows:

Chairman and highest paid director	25000
Other directors £nil	<u>3</u>

The average number of persons employed by the company (excluding directors) during the period was as follows:

Administration and sales	12
Engineering	24
	<u>36</u>

The aggregate payroll costs of these persons were as follows:

Wages and salaries	214117
Social security costs	17511
	<u>231628</u>

3 TAXATION

In view of the loss for the period there is no corporation tax payable.

4 TANGIBLE FIXED ASSETS

	<u>Total</u>	<u>Office furniture and equipment</u>	<u>Tools and equipment</u>	<u>Motor vehicles</u>
	£	£	£	£
Cost				
Additions	184008	6344	17489	160175
Disposals	(36624)	-	-	(36624)
At 30 Sept 1987	147384	6344	17489	123551
Depreciation Provided during period	28649	775	2423	25451
Disposals	(2736)	-	-	(2736)
At 30 Sept 1987	25913	775	2423	22715
Net Book Value At 30 Sept 1987	121471	5569	15066	100836

Included in the above are fixed assets with a net book value amounting to £51359 (after charging depreciation of £11420) and which are financed by hire purchase.

5 STOCKS

Raw materials and components	73508
Work in progress	17401
	<u>90909</u>

6 DEBTORS

Trade debtors	129949
Other debtors	2566
Prepayments and accrued income	12112
	<u>144627</u>

7 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	£
Bank overdraft (secured)	96156
Trade creditors	104174
Taxation and social security	16750
Hire purchase	20024
Accruals and deferred income	35757
	<u>272861</u>

The bank overdraft is secured by a fixed and floating charge over all of the company's assets.

8 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

Loan - Yorkshire Television Holdings plc (unsecured)	200000
Hire purchase	16111
	<u>216111</u>

Capital repayments falling due under hire purchase agreements after more than one year are as follows:

Year ended 30 September 1989	13665
Year ended 30 September 1990	2446
	<u>16111</u>

9 CALLED UP SHARE CAPITAL

The share capital consists of £1 ordinary shares as follows:

Authorised, allotted, called up and fully paid	1000
	<u>1000</u>

During the period all of the above shares were issued to provide the company with its initial share capital.

10 SHARE PREMIUM ACCOUNT

Premium arising on the issue of 1000 £1 ordinary shares at £60 each	59000
Less capital duty	600
	<u>58400</u>

11 DEFERRED TAXATION

There is no potential liability to deferred taxation. There are tax losses amounting to approximately £60000 (at 35%) available to be carried forward and offset against the taxation on future trading profits.

12 CAPITAL COMMITMENTS

	£
Authorised and contracted for	5639
Authorised but not contracted for	12500
	<hr/>
	18139
	<hr/>

13 OPERATING LEASE COMMITMENTS

Commitments falling due under operating leases are as follows:

Year ended 30 September 1988	1619
Year ended 30 September 1989	675
	<hr/>
	2294
	<hr/>

14 CONTINGENT LIABILITIES

There were no contingent liabilities at 30 September 1987.

15 DIRECTOR'S INTEREST

On 11 December 1986 the company acquired the business of "Tele-Aerials" for the sum of £60,000 (representing the net tangible assets of the business). Mr A Gillatt was the sole owner of this business.

16 POST BALANCE SHEET EVENT

With effect from 1 October 1987 the loan from Yorkshire Television Holdings plc was converted into 200000 £1 redeemable preference shares. The shares are redeemable at any time at the option of the company and the following rates of dividend are applicable:

1 October 1987 to 30 September 1992	0%
1 October 1992 to 30 September 1997	15%
1 October 1997 and thereafter	25%

17 ASSOCIATED COMPANY

Yorkshire Television Holdings plc owns 50 per cent of the ordinary share capital of the company.