

# Kidsprog Limited

Annual Report and Accounts  
for the year ended 30 June 2005

Registered number: 2767224



## Directors and Officers

### **Directors**

Kidsprog Limited's ("the Company") present Directors and those who served during the year are as follows:

J R Murdoch  
D J Darroch (appointed 31 August 2004)  
M D Stewart (resigned 4 August 2004)

### **Company Secretary**

D J Gormley

### **Registered Office**

Grant Way  
Isleworth  
Middlesex  
TW7 5QD

### **Auditors**

Deloitte & Touche LLP  
London

## Directors' Report

The Directors present their Annual Report on the affairs of the Company, together with the Accounts and Auditors' Report, for the year ended 30 June 2005.

### Principal activity, business review and future developments

The Company's principal activity is to act as a holding company. During the year the Company continued to hold a 50% investment in Nickelodeon UK, an unlimited company which broadcasts a number of children's satellite television channels.

- The Directors expect this activity to continue for the foreseeable future.

### Results for the year

The audited accounts for the year ended 30 June 2005 are set out on pages 6 to 11. The profit after taxation for the financial year was £4,500,000 (2004: £3,000,000). The Directors do not recommend the payment of a dividend for the year ended 30 June 2005 (2004: nil).

### Directors and their interests

The Directors who served during the year are shown on page 2.

J R Murdoch and D J Darroch were directors of the Company's ultimate parent undertaking, British Sky Broadcasting Group Plc ("BSkyB"), as at 30 June 2005. Their interests in the share capital of BSkyB are disclosed in the Report on Directors' Remuneration in BSkyB's 2005 Annual Report and Accounts, which are publicly available (see note 11).

*Except as disclosed in this report and in BSkyB's 2005 Annual Report and Accounts, no other Director who held office at 30 June 2005 held any interest in the share capital, including options, of the Company or any other member of BSkyB and its subsidiary undertakings (the "Group") at 30 June 2005.*

As at 30 June 2005, the BSkyB Employee Share Ownership Plan ("ESOP") was interested in 5,609,212 BSkyB Ordinary Shares in which the Directors who are employees are deemed to be interested by virtue of section 324 of the Companies Act 1985.

During the year ended 30 June 2005 the BSkyB share price traded within the range of £4.60 to £6.32 per share. The middle-market closing price on the last working day of the financial year was £5.275 per share.

### Auditors

The Company has passed elective resolutions to dispense with the need to hold an Annual General Meeting and to reappoint auditors annually.

Grant Way  
Isleworth  
Middlesex  
TW7 5QD

By order of the Board,

  
D.J. Gormley  
Company Secretary

26 April 2006

## Directors' responsibilities

United Kingdom 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 as at the end of the financial year and of the profit or loss of the Company for that period.

After making enquiries, the Directors have formed a judgement, at the time of approving the financial statements, that there is reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, the Directors continue to adopt the going concern basis in preparing the financial statements.

In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- state whether applicable accounting standards have been followed.

The Directors are responsible for keeping proper accounting records which 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.

# Independent Auditors' report

## **Independent Auditors' Report to the Members of Kidsprog Limited:**

We have audited the financial statements of Kidsprog Limited for the year ended 30 June 2005 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 11. These financial statements have been prepared under the accounting policies set out therein.

This Report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of Directors and Auditors**

As described in the Statement of Directors' Responsibilities, the Company's Directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and Auditing Standards.

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 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 with the Company is not disclosed.

We read the Directors' Report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

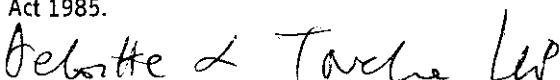
### **Basis of audit opinion**

We conducted our audit in accordance with United Kingdom 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 as at 30 June 2005 and of the profit of the Company for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**Deloitte & Touche LLP**

**Chartered Accountants and Registered Auditors  
London**

26 April 2006

**Profit and loss account**  
For the year ended 30 June 2005

	Notes	2005 £'000	2004 £'000
Income from participating interests	2	4,500	3,000
<b>Profit on ordinary activities before taxation</b>	3	<b>4,500</b>	<b>3,000</b>
Tax on profit on ordinary activities	4	-	-
<b>Retained profit for the financial year</b>	9	<b>4,500</b>	<b>3,000</b>

*Details of movements on reserves are shown in note 8.*

The accompanying notes are an integral part of this profit and loss account.

All results relate to continuing activities.

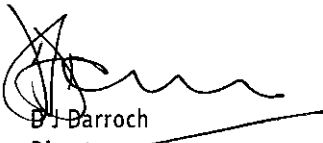
There were no recognised gains or losses in either year other than those included within the profit and loss account.

# Balance Sheet

As at 30 June 2005

	Notes	2005 £'000	2004 £'000
<b>Fixed assets</b>			
Investments in joint ventures	5	5,527	5,527
<b>Current assets</b>			
Debtors: amounts falling due within one year	6	5,973	1,473
<b>Net current assets</b>		5,973	1,473
<b>Total assets less current liabilities</b>		11,500	7,000
<b>Net assets</b>		11,500	7,000
<b>Capital and reserves - equity</b>			
Called-up share capital	8	-	-
Profit and loss account	9	11,500	7,000
<b>Total shareholder's funds</b>	9	11,500	7,000

Signed on behalf of the Board

  
 D J Darroch  
 Director

26 April 2006

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

## Notes to accounts

### 1. Accounting Policies

The principal accounting policies are summarised below. All of these have been applied consistently throughout the year and the preceding year.

#### a) *Basis of accounting*

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

The Company maintains a 52-53 week fiscal year ending on the Sunday nearest to 30 June in each year. In fiscal 2005, this date was 3 July 2005, this being a 53 week year (2004: 27 June 2003, 52 week year).

The Company has taken advantage of the exemption from preparing consolidated accounts afforded by section 228 of the Companies Act 1985, because it is a wholly owned subsidiary of BskyB which prepares consolidated accounts which are publicly available. The Company is also, on this basis, exempt from the requirement of FRS 1 (Revised) to present a cash flow statement.

#### b) *Fixed asset investments*

Fixed asset investments are shown at cost less any provision for impairment. The Directors have taken the prudent approach of providing against the Company's investment such that the carrying value of the investment is not greater than the Company's share of the underlying net assets.

#### c) *Taxation*

Corporation tax payable is provided at current rates on all taxable profits. Losses are generally surrendered between companies in the Group for no consideration.

#### d) *Deferred taxation*

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, 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.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.



## Notes to accounts (continued)

### 2. Income from participating interests

Dividends of £4,500,000 (2004: £3,000,000) were received, or were receivable, during the year from Nickelodeon UK.

### 3. Profit on ordinary activities before taxation

There were no staff costs during the year or the preceding year as the Company had no employees. Services are provided by employees of other Companies within the Group (defined as BSkyB and its subsidiary undertakings) with no charge being made for their services. The Directors did not receive any remuneration during the year and the preceding year in respect of their services to the Company.

Amounts paid to the auditors for audit services were borne by another Group undertaking in 2005 and 2004. No amounts for other services have been paid to the auditors in 2005 (2004: nil).

### 4. Tax on profit on ordinary activities

#### a) Analysis of tax charge in year

The tax charge for the year is nil (2004: nil).

#### b) Factors affecting the tax charge for the year

	2005	2004
	£000	£000
Profit on ordinary activities before taxation	4,500	3,000
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2004 – 30%)	1,350	900
Effects of:		
UK dividend income upon which no tax is payable	(1,350)	(900)
Imputed interest	34	-
Group relief received for nil consideration	(34)	-
Current tax charge for the year	-	-

### 5. Investments in joint ventures

Investments in joint ventures represents the net book value of the Company's investment in Nickelodeon UK, an unlimited company registered in England and Wales, composed of loans and investment in share capital. At 30 June 2005, the company held 104 "B" shares of 1 pence each, representing 50% of the issued share capital.

	2005	2004
	£000	£000
Cost and net book value		
At beginning and end of year	5,527	5,527

## Notes to accounts (continued)

### 6. Debtors: Amounts falling due within one year

	2005 £000	2004 £000
Amounts owed by parent undertaking	3,973	1,473
Amounts owed by Nickelodeon UK	2,000	-
	5,973	1,473

Amounts owed by the parent undertaking bear no interest and have no fixed repayment date.

### 7. Called-up share capital

	2005 £	2004 £
<i>Authorised</i>		
100 Ordinary Shares of £1 each	100	100
<i>Allotted, called-up and fully-paid</i>		
2 Ordinary Shares of £1 each	2	2

### 8. Reconciliation of movements in shareholders' funds and reserves

	Share capital £'000	Profit and loss account £'000	Total shareholders' funds £'000
<b>As at 1 July 2004</b>	-	7,000	7,000
Profit for the year	-	4,500	4,500
<b>As at 30 June 2005</b>	-	11,500	11,500

### 9. Contingent liabilities

The Company has contingent liabilities by virtue of its investment in Nickelodeon UK. The Directors do not expect any material loss to arise from this.

## Notes to accounts (continued)

### **10. Transactions with related parties**

The Group, including the Company, conducts business transactions on a normal commercial basis with, and receives a number of services from, shareholder companies or members of their groups and associated undertakings. These transactions are described in the consolidated financial statements of BSkyB.

The Company has taken advantage of the exemption given by Financial Reporting Standard 8 "Related Party Disclosures" not to provide further details of transactions with fellow group undertakings as it is a wholly owned subsidiary of BSkyB.

During the year, the Company received £2,500,000 (2004: £3,000,000) of dividends from Nickelodeon UK, with an additional £2,000,000 (2004: nil) of dividends being receivable at 30 June 2005.

### **11. Ultimate parent undertaking**

The Company is a wholly-owned subsidiary undertaking of Sky Ventures Limited, a company incorporated in Great Britain and registered in England and Wales. The only group in which the results of the Company are consolidated is that headed by BSkyB, the Company's ultimate parent undertaking and controlling party.

The consolidated accounts of this Group are available to the public and may be obtained from the Company Secretary, British Sky Broadcasting Group plc, Grant Way, Isleworth, Middlesex, TW7 5QD.