Kidsprog Limited

Annual Report and Financial Statements
for the year to 30 June 2009

Registered number: 2767224

Directors and Officers for the year to 30 June 2009

Directors

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

D J Darroch
A J Griffith

Secretary

D J Gormley

Registered office

Grant Way
Isleworth
Middlesex
TW7 5QD

Auditors

Deloitte LLP
Chartered Accountants and Statutory Auditors
London

Directors' Report

The Directors present their Report on the affairs of the Company, together with the Financial Statements and Independent Auditors' Report, for the year to 30 June 2009.

Principal activity, business review and future developments

The Company is a wholly owned subsidiary of British Sky Broadcasting Group plc ("BSkyB", together with its subsidiaries, the "Group") and operates together with BSkyB's other subsidiaries, as a part of the Group.
The Company's principal activity is to act as a holding company. During the year, the Company continued to hold an investment in Nickelodeon UK Limited, a company which broadcasts a number of children's satellite television channels. The Company intends to sell its assets, liabilities and trade to another Group company within the next twelve months.

The Directors believe that the Company is likely to cease trading and as such the accounts have been prepared on a basis other than going concern. Any remaining assets or liabilities in the Company will be transferred to another Group company. No material adjustments arose as a result of ceasing to apply the going concern basis.

The Company's directors believe that further key performance indicators of the Company are not necessary or appropriate for an understanding of the development, performance or position of the business.

Results for the year

The audited accounts for the year ended 30 June 2009 are set out on pages 6 to 12. The profit for the year was £7,800,000 (2008: £3,200,000). The increase in profit during the year was due to the Company receiving dividends from Nickelodeon (UK) Ltd of £7,800,000 (2008: 3,200,000). Shareholder's equity increased by £7,800,000 to £27,600,000 from £19,800,000 at the previous year ended 30 June 2008, which is in line with profit for the year. The Directors do not recommend the payment of a dividend for the year ended 30 June 2009 (2008: £nil).

Directors

The Directors who served during the year are shown on page 1.

Principal risks and uncertainties

The Company's activities expose it to liquidity risk.

Liquidity risk

The Company relies on the Group Treasury function to manage its liquidity and ensure that sufficient funds are available for ongoing operations and future developments. The Group currently has access to an undrawn £1,000 million revolving credit facility and will, on expiration of that facility, have access to a forward start revolving credit facility of £750 million which is available for drawing from 30 July 2010. The Company benefits from this liquidity through intra-group facilities and loans.

The Directors do not believe the business is exposed to cashflow risk, intercompany credit risk or price risk.

Basis other than going concern

The Directors have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the Company will cease trading. For this reason the Directors have adopted a basis other than going concern in preparing the financial statements.

Auditors

In accordance with the provisions of Section 418 of the Companies Act 2006, each of the persons who are Directors of the Company at the date of approval of this report confirms that:

- so far as the Director is aware, there is no relevant audit information (as defined in the Companies Act 2006) of which the Company's auditors are unaware; and
- the Director has taken all the steps that he/she ought to have taken as a Director to make himself/herself aware of any relevant audit information (as defined) and to establish that the Company's auditors are aware of that information.

Deloitte LLP have expressed their willingness to continue as auditors and a resolution to reappoint them will be proposed at the forthcoming annual General Meeting.

By order of the Board,

D J Gormley
Company Secretary

Grant Way
Isleworth
Middlesex
TW7 5QD

13 November 2009

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they 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. In preparing these financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006. 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 TO THE MEMBERS OF KIDSPROG LIMITED

We have audited the financial statements of Kidsprog Limited for the year (period) ended 30 June 2009 which comprise the Income Statement, the Statement of Changes in Equity, the Balance Sheet and the related notes 1 to 11. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the company's members, as a body, in accordance with sections 495 and 496 of the Companies Act 2006. 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 explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Opinion on financial statements
In our opinion the financial statements:

- give a true and fair view and of the company's affairs as at 30 June 2009 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006

Emphasis of matter – Financial Statements prepared on a basis other than going concern
In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosure made in note 1 of the financial statements, which explains that the financial statements have been prepared on a basis other than going concern.

Separate opinion in relation to IFRSs as issued by the IASB
As explained in note 1 to the financial statements, the company in addition to complying with its legal obligation to apply IFRSs as adopted by the European Union, has also applied IFRSs as issued by the International Accounting Standards Board (IASB).

In our opinion the company financial statements comply with IFRSs as issued by the IASB.

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

T. M. Powell

Timothy Powell (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
London, United Kingdom
13 November 2009

Income Statement for the year to 30 June 2009

	Notes	2009 £'000	2008 £'000
Investment Income	2	7,800	3,200
Profit before tax	3	**7,800**	3,200
Taxation	4	-	-
Profit for the year attributable to equity shareholders		**7,800**	3,200

The accompanying notes are an integral part of this income statement.

All results relate to discontinued operations. All gains and losses incurred have been recognised in the income statement in the year.

Statement of Changes in Equity for the year ended 30 June 2009

	Share capital £'000	Retained earnings £'000	Total shareholders' equity £'000
As at 1 July 2007	-	**16,600**	**16,600**
Profit for the year	-	3,200	3,200
As at 1 July 2008	-	**19,800**	**19,800**
Profit for the year	-	7,800	7,800
At 30 June 2009	-	**27,600**	**27,600**

Balance Sheet as at 30 June 2009

	Notes	2009 £'000	2008 £'000
Non current assets			
Investment in joint ventures		-	5,527
Current assets			
Investment in joint ventures	5	5,527	-
Trade and other receivables	6	27,600	19,800
		33,127	19,800
Total assets		**33,127**	**25,327**
Current liabilities			
Trade and other payables	6	5.527	5,527
Total liabilities		**5,527**	**5,527**
Share Capital	8	-	-
Reserves		27,600	19,800
Equity attributable to equity shareholders		**27,600**	**19,800**
Total liabilities and shareholders' equity		**27,600**	**19,800**

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

As at 30 June 2009 and 30 June 2008 the Company did not hold any cash or cash equivalents. Accordingly a cash flow statement has not been presented.

The financial statements of Kidsprog Limited, registered number 2767224, were approved by the board of directors and authorised for issue on 13 November 2009.

A J Griffith
Director
13 November 2009

1. Accounting policies

Kidsprog Limited (the "Company") is a limited liability company incorporated in Great Britain, and domiciled in the United Kingdom ("UK").

a) Statement of compliance
These financial statements are prepared in accordance with IFRS (including International Accounting Standards ("IAS") and interpretations issued by the International Accounting Standards Board ("IASB") and its committees) as adopted for use in the European Union ("EU"), the Companies Act 2006 and as issued by the IASB.

b) Basis of preparation
As explained in the Directors' Report, the Company is expected to cease its operations in the future financial period and intends to sell its assets, liabilities and trade to another Group company within twelve months. In preparing the financial statements, the Directors have adopted a basis other than that of a going concern basis as explained in the Directors' Report. This includes, where appropriate, writing down the Company's assets to net realisable value.

The Company maintains a 52 or 53 week fiscal year ending on the Sunday nearest to 30 June in each year. In fiscal year 2009, this date was 28 June 2009, this being a 52 week year (fiscal year 2008: 29 June 2008, 52 week year). For convenience purposes, the company continues to date its consolidated financial statements as at 30 June.

c) Investments in joint ventures
Investments in joint undertakings are stated at cost. Provision is made for any impairment in value.

d) Financial assets and liabilities
Financial assets and liabilities are initially recognised at fair value plus any directly attributable transaction costs. At each balance sheet date, the Company assesses whether there is any objective evidence that any financial asset is impaired. Financial assets and liabilities are recognised on the Company's balance sheet when the Company becomes a party to the contractual provisions of the financial asset or liability. Financial assets are derecognised from the balance sheet when the Company's contractual rights to the cash flows expire or the Company transfers substantially all the risks and rewards of the financial asset. Financial liabilities are derecognised from the Company's balance sheet when the obligation specified in the contract is discharged or cancelled or expires.
In the current year, the Company adopted IFRS 7 "Financial Instruments: Disclosures" which is effective for annual reporting periods beginning on or after 1 January 2008, and the consequential amendments to IAS 1 "Presentation of Financial Statements".

i. Trade and other receivables
Trade and other receivables are non-derivative financial assets with fixed or determinable payments and are measured at amortised cost using the effective interest method. Trade and other receivables, with no stated interest rate, are measured at the original invoice amount if the effect of discounting is immaterial.

e) Taxation, including deferred taxation
The Company's liability for current tax is based on taxable profits for the year, and is calculated using tax rates that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets and liabilities are recognised using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the balance sheet and the corresponding tax bases used in the computation of taxable profit. Temporary differences arising from Goodwill and the initial recognition of assets or liabilities that affect neither accounting profit nor taxable profit are not provided for.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates that have been enacted or substantially enacted at the balance sheet date.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and adjusted to reflect an amount that is "probable" to be realised based on the weight of all available evidence. Deferred tax is calculated at the rates that are expected to apply in the year when the liability is settled or the asset is realised. Deferred tax assets and liabilities are not discounted.

Deferred tax is charged or credited in the income statement, except where it relates to items charged or credited directly to equity, in which case the deferred tax is also included within equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

f) Impairment
At each balance sheet date, and in accordance with IAS 36 "Impairment of Assets", the Company reviews the carrying amounts of all its assets excluding financial assets (see accounting policy d) to determine whether there is any indication that any of those assets have suffered an impairment loss.

An impairment, is recognised in the income statement whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. The recoverable amount is the greater of net selling price, defined as the fair value less costs to sell, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Impairment losses recognised in respect of cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to those units, and then to reduce the carrying amount of other assets in the unit on a pro-rata basis.

An impairment loss for an individual asset or cash generating unit shall be reversed if there has been a change in estimates used to determine the recoverable amount since the last impairment loss was recognised and is only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

g) Accounting standards, interpretations and amendments to published standards not yet effective
The Company has not yet adopted certain new standards, amendments and interpretations to existing standards, which have been published but are only effective for our accounting periods beginning on or after 1 July 2009 or later periods. These new standards are listed below:

- IFRS 8 "Operating Segments" (effective 1 January 2009)
- IFRIC 17 "Distributions of Non Cash Assets to Owners" (effective 1 July 2009)
- IFRIC 18 "Transfers of Assets to Customers" (effective 1 July 2009)
- Revision to IAS 1 "Presentation of Financial Statements" (effective 1 January 2009)
- Amendments to IAS 23 "Borrowing Costs" (effective 1 January 2009)
- Revision to IFRS 3 "Business Combinations" (effective 1 July 2009)
- Revision to IAS 27 "Consolidated and Separate Financial Statements" (effective 1 July 2009)
- Amendment to IFRS 2 "Share-Based Payment" (effective 1 January 2009)
- Amendment to IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" (effective 1 July 2009)
- Amendments to IAS 28 "Investment in Associates" (effective 1 January 2009)
- Amendment to IAS 32 "Financial Instruments: Presentation" (effective 1 January 2009)
- Amendments to IAS 38 "Intangible Assets" (effective 1 January 2009)
- Amendment to IAS 39 "Financial Instruments: Recognition and Measurement" (effective 1 January 2009)

The Directors are currently evaluating the impact of the adoption of these standards, amendments and interpretations in future periods.

2. Investment income

	2009 £'000	2008 £'000
Investment income		
Dividends from joint ventures	**7,800**	3,200

3. Profit before taxation

Staff costs during the year were £nil (2008: £nil) and the average monthly number of persons employed by the Company during the year was none (2008: none). The Directors did not receive any remuneration during either year in respect of their services to the Company.

Amounts paid to the auditors for audit services of £6,250 (2008: £7,500) were borne by another Group subsidiary in 2009 and 2008. No amounts for other services have been paid to the auditors.

4. Taxation

No taxation charge was recognised in the year ended 30 June 2009 (2008: No taxation charge).

Reconciliation of total tax charge

The taxation charge is lower (2008: lower) than the expense that would have been charged using the standard rate of corporation tax in the UK of 28% (2008: 29.5%) applied to profit before tax. The differences are explained below:

	2009 £'000	2008 £'000
Profit before tax	**7,800**	3,200
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2008: 29.5%)	**2,184**	944
Effects of:		
UK dividend income upon which no tax is payable	**(2,184)**	(944)
Taxation	-	-

All taxation relates to UK corporation tax.

5. Investments in joint ventures

Investments in joint ventures represents the net book value of the Company's investment in Nickelodeon UK Limited, a company registered in England and Wales, comprising of loans and investment in share capital. In the year ended 30 June 2007, following alternation of Nickelodeon UK's articles of association, the company became a Limited company under UK law. Nickelodeon UK is a company which broadcasts a number of children's satellite television channels.

	2009 £'000	2008 £'000
Cost and net book value		
Beginning and end of year	**5,527**	5,527

At 30 June 2009, the company held 104 "B" shares of 1 pence each, representing 40% (2008: 40%) of the issued share capital of Nickelodeon UK Limited.

Due to the Directors decision to sell the assets, liabilities and trade of the company in the next twelve months, investments in joint ventures has been reclassified to current assets.

6. Trade and other receivables

	2009 £'000	2008 £'000
Amounts receivable from parent	**27,600**	19,800

Amounts owed by the parent undertaking are non-interest bearing and are repayable on demand.

The directors consider that the carrying amount of trade and other receivables at 30 June 2009 and 30 June 2008 approximates to their fair value.

7. Trade and other payables

	2009 £'000	2008 £'000
Amounts due to parent undertaking	**5,527**	5,527

Amounts owed by the parent undertaking are non-interest bearing and are repayable on demand. The Directors consider that the carrying amount of trade and other payables approximates to their fair values at 30 June 2009 and 30 June 2008. Trade payables principally comprise amounts outstanding for ongoing costs. Trade payables are entirely due to the parent undertaking, Sky Ventures Limited, are repayable on demand and bear no interest.

8. Share capital

	2009 £	2008 £
Authorised		
100 ordinary shares of £1	**100**	100
Allotted, called-up and fully paid		
2 ordinary shares of £1	**2**	2

The Company has one class of ordinary shares which carry equal voting rights and no contractual right to receive payment.

9. Financial risk management objectives and policies

The Company's principal financial instruments comprise trade receivables and trade payables

	Loans and receivables £'000	Other liabilities £'000	Total carrying value £'000	Total fair values £'000
At 30 June 2009				
Trade and other receivables	27,600	-	27,600	27,600
Trade and other payables	-	(5,527)	(5,527)	(5,527)
At 30 June 2008				
Trade and other receivables	19,800	-	19,800	19,800
Trade and other payables	-	(5,527)	(5,527)	(5,527)

The Directors' deem the carrying value of financial assets and liabilities approximates fair values.

9. Financial risk management objectives and policies (continued)

Capital Risk Management

The capital structure of the Company consists of equity attributable to equity holders of the parent company, comprising issued capital, reserves and retained earnings. Risk and treasury management is governed by British Sky Broadcasting Group plc's policies approved by its board of directors.

10. Related party transactions

For details of amounts owed by the parent, see note 6. Investment income of £7,800,000 (2008: £3,200,000) was receivable from Nickelodeon UK Limited during the year.

The Group's treasury function is responsible for liquidity management across the Group's operations. It is standard practice for the company to lend and borrow cash to and from subsidiaries as required. Under this policy, British Sky Broadcasting Limited received cash of £7,800,000 (2008: £3,200,000) on behalf of the company, during the year.

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 British Sky Broadcasting Group plc, 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.