

Kidsprog Limited

Accounts for the year ended 30 June 2000
together with the Directors' and Auditors' reports

Registered number: 2767224



Directors and Officers

For the year ended 30 June 2000

Directors

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

R F C Blundell	(resigned 14 November 2000)
D J Gormley	
M D Stewart	
M A Imi	
N Chugani	(appointed 14 November 2000.

Company Secretary

D J Gormley	(resigned 23 November 2000)
L J Dobson	(appointed 23 November 2000)

Registered office

Grant Way
Isleworth
Middlesex
TW7 5QD

Auditors

Arthur Andersen
1 Surrey Street
London
WC2R 2PS

Directors' report

The directors present their annual report on the affairs of the Company, together with the accounts and auditors' report, for the year to 30 June 2000.

Principal activity and business review

The company's principal activity is to act as a holding company. During the year the Company held a 50% investment in Nickelodeon UK, an unlimited company set up to operate a children's satellite television channel.

Results for the year

The audited accounts for the ended 30 June 2000 are set out on pages 6 to 11. The profit after taxation for the financial year was £1,522,000 (1999 – £1,147,000). The directors do not recommend the payment of a dividend for the year ended 30 June 2000 (1999 – £nil).

Directors and their interests

The directors of the Company are as shown on page 1.

The directors who held office at 30 June 2000 had the following interests in the shares of group undertakings:

Options over shares in British Sky Broadcasting Group plc ("BSkyB")								
	At 30 June 1999	Granted during the year	Exercised during the year	At 30 June 2000	Exercise Price	Market price at date of exercise	Date from which exercisable	Expiry date
R F C Blundell	8,414 (a)	-	(8,414)	-	£2.05	£18.355	01.03.2000	N/A
	152,734 (b)	-	-	152,734	£5.01	N/A	01.12.2001	01.12.2005
	-	68,911 (b)	-	68,911	£6.39	N/A	29.10.2002	29.10.2009
D J Gormley	5,711 (a)	-	-	5,711	£3.02	N/A	01.01.2001	01.07.2001
	24,341 (b)	-	-	24,341	£5.01	N/A	01.12.2001	01.12.2005
	-	22,905 (b)	-	22,905	£6.39	N/A	29.10.2002	29.10.2009
M A Imi	515 (a)	-	-	515	£3.78	N/A	01.12.2001	01.06.2002
	2,096 (a)	-	-	2,096	£3.72	N/A	01.01.2001	01.07.2001
	23,817 (b)	-	-	23,817	£5.01	N/A	01.12.2001	01.12.2005
	-	36,021 (b)	-	36,021	£6.39	N/A	29.10.2002	29.10.2009

(a) Options granted under the BSkyB Sharesave Scheme

(b) Options granted under the Unapproved Scheme

M D Stewart is also a director of the ultimate parent company, BSkyB. The interests of M D Stewart in the share capital of BSkyB are shown in the accounts of that company for the year ended 30 June 2000.

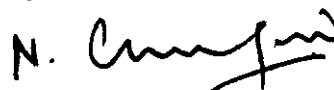
Directors' report (continued)

Auditors

The Company passed an Elective Resolution on 25 March 1994 to dispense with the annual reappointment of auditors.

Grant Way
Isleworth
Middlesex
TW7 5QD

By order of the Board,

A handwritten signature in black ink, appearing to read 'N. Chugani', with a stylized flourish at the end.

N Chugani
Director

26 April 2001

Directors' responsibilities

Accounts including adoption of going concern basis

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss for that year. In preparing the accounts the directors are required:

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

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts.

Other matters

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 accounts 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.

The directors confirm that these accounts comply with the above requirements.

Auditors' report

To the Shareholders of Kidsprog Limited:

We have audited the accounts on pages 6 to 11 which have been prepared under the historical cost convention and in accordance with the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the accounts, as described on page 4, in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board, and by our profession's ethical guidance.

Basis of 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the circumstances of the company, 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 accounts 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 accounts.

Opinion

In our opinion, the accounts give a true and fair view of the state of affairs of the company at 30 June 2000 and of the company's profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Arthur Andersen
Chartered Accountants and Registered Auditors
1 Surrey Street
London
WC2R 2PS

26 April 2001

Profit and loss account

For the year ended 30 June 2000

	Notes	2000 £'000	1999 £'000
Interest receivable and similar income	2	196	332
Interest payable and similar charges	2	(196)	(332)
Write back of provision against investment	3	1,522	1,147
Profit on ordinary activities before taxation	4	<u>1,522</u>	<u>1,147</u>
Taxation	5	-	-
Retained profit	9	<u>1,522</u>	<u>1,147</u>

Details of movements on reserves are shown in note 9.

All results relate to continuing activities.

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

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

Balance Sheet

As at 30 June 2000

	Notes	2000 £'000	1999 £'000
Fixed assets			
Investments in joint ventures	6	<u>3,937</u>	<u>3,915</u>
Creditors: amounts falling due within one year	7	<u>(7,053)</u>	<u>(8,553)</u>
Net current liabilities		<u>(7,053)</u>	<u>(8,553)</u>
Total assets less current liabilities		<u>(3,116)</u>	<u>(4,638)</u>
Net liabilities		<u>(3,116)</u>	<u>(4,638)</u>
Capital and reserves			
Called-up equity share capital	8	-	-
Profit and loss account	9	<u>(3,116)</u>	<u>(4,638)</u>
Total shareholders' deficit		<u>(3,116)</u>	<u>(4,638)</u>

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

Signed on behalf of the Board



N Chugani
Director

26 April 2001

Notes to accounts

1. Accounting Policies

The principal accounting policies, all of which have been applied consistently throughout the year and the preceding year, are summarised below:

a) *Basis of accounting*

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

Under the provisions of Financial Reporting Standard Number 1 (revised), the Company has not presented a cash flow statement because its ultimate parent company, BSKyB, has prepared consolidated accounts which include the results of the Company for the year and the preceding year and which contain a cash flow statement.

b) *Fixed asset investments*

Fixed asset investments are shown at cost less any provisions made for impairments in value. The directors have taken the prudent approach of providing against the company's investments such that the carrying value of the investment reflects the company's share of the underlying net assets.

c) *Taxation*

Corporation tax payable is provided at current rates on all taxable profits. Losses will be surrendered between companies in the group for no consideration.

d) *Deferred taxation*

Deferred taxation is provided using the liability method at the rates ruling at the year end. Net deferred tax assets resulting from tax losses and other timing differences are not recognised except to the extent that it is assured beyond reasonable doubt that future taxable profits will be sufficient to recover them. Any deferred tax assets not recognised in the year that they arise are subsequently only recognised as they are realised.

2. Interest receivable and interest payable

This relates to the interest charges on the loan made to Nickelodeon UK and the interest costs incurred on funding from the parent undertaking.

3. Write back of provision against investment

In previous years the Company provided against its investment in Nickelodeon UK. The amount provided represented the excess of the cost of the loans advanced to and shares purchased in Nickelodeon UK, over the Company's share of the net assets of Nickelodeon UK. During the years ended 30 June 1999 and 30 June 2000, the provision against the investment was reduced by the Company's share of profits of Nickelodeon UK (see note 6).

Notes to accounts (continued)

4. Profit on ordinary activities before taxation

There were no staff costs during the year and the preceding year as the Company had no employees. Services are provided by employees of other companies within the group, 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 1999 and 2000. No amounts for other services have been paid to the auditors.

5. Taxation

No taxation has been provided in the year because losses will be surrendered by other group companies for no consideration.

6. Investments in joint ventures

This represents the cost of the Company's investment in Nickelodeon UK, an unlimited company registered in England and Wales. At 30 June 2000, the company held 104 "B" shares of 1 pence each, representing 50% of the issued share capital. The principal activity of Nickelodeon UK is to operate a children's satellite television channel.

Cost	Loans £'000	Shares £'000	Total £'000
Beginning of year	3,026	5,527	8,553
Repayment of loan	(1,500)	-	(1,500)
End of year	<u>1,526</u>	<u>5,527</u>	<u>7,053</u>
Provision			
Beginning of year	-	(4,638)	(4,638)
Write-back of provision against investment (see note 3)	-	1,522	1,522
End of year	<u>-</u>	<u>(3,116)</u>	<u>(3,116)</u>
Net book value			
Beginning of year	<u>3,026</u>	<u>889</u>	<u>3,915</u>
End of year	<u>1,526</u>	<u>2,411</u>	<u>3,937</u>

Notes to accounts (continued)

7. Creditors: Amounts falling due within one year

	2000 £'000	1999 £'000
Amounts due to parent undertaking	<u>7,053</u>	<u>8,553</u>

The amounts due to the parent undertaking are repayable on demand and £1,526,000 (1999: £3,026,000) carries interest at 1.5% above base rate, the remaining balance bears no interest.

8. Called-up equity share capital

	2000 £	1999 £
<i>Authorised</i>		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>
<i>Allotted, called-up and fully-paid</i>		
2 ordinary shares of £1 each	<u>2</u>	<u>2</u>

9. Reconciliation of movements in shareholders' deficit

	Share capital £'000	Profit and loss account £'000	Total £'000
30 June 1998	-	(5,785)	(5,785)
Profit for the year	-	1,147	1,147
30 June 1999	-	(4,638)	(4,638)
Profit for the year	-	1,522	1,522
30 June 2000	-	(3,116)	(3,116)

Notes to accounts (continued)

10. Financing

The company's balance sheet shows net current liabilities of £7,053,000 and net liabilities of £3,116,000 at 30 June 2000.

The directors of British Sky Broadcasting Limited have confirmed that they will continue to provide support to the company to enable it to meet its liabilities as they fall due for at least twelve months from the date of signing the accounts.

Accordingly, the accounts have been prepared assuming that the company will continue as a going concern.

11. Contingent liabilities

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

12. Transactions with related parties

The Company has taken advantage of the exemption given by Financial Reporting Standard 8 "Related Party Disclosures" not to provide details of the transactions with fellow Group undertakings or BSKyB's joint ventures as it is a wholly owned subsidiary of BSKyB, and disclosures of such transactions are made in the consolidated accounts of the Group, which are publicly available.

13. Ultimate parent undertaking

The Company is a wholly owned subsidiary undertaking of Sky Ventures Limited, a company 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. 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.