

SATELLITE INFORMATION SERVICES (HOLDINGS) LIMITED

ACCOUNTS FOR THE YEAR ENDED 31 MARCH 1997



Company Registration No. 1939932

SATELLITE INFORMATION SERVICES (HOLDINGS) LIMITED

REPORT OF THE DIRECTORS

The directors submit their report for the year ended 31 March 1997.

Principal activity

The group's principal activity is the provision of an integrated television and information service delivered via satellite.

Business review and future developments

The detailed results for the year and the proposed transfer to reserves are set out in the profit and loss account on page 4.

During the year the group provided live racing information and televised coverage for the United Kingdom and Eire betting markets and continued to expand its services overseas in response to opportunities and demand.

The group continues to monitor opportunities, both for its existing services and in related areas, as they develop and intends to exploit these fully wherever they may benefit its customers and shareholders.

Dividends

Details of dividends paid and proposed during the year are set out in note 6 on page 11.

Directors

The following held office during the year:

J H Morgan	Chairman (with effect from 1 April 1997)
G J Lomer	Chairman (resigned 31 December 1996)
H S Perlin	Chairman (with effect from 1 January 1997 to 31 March 1997)
J J Bridge	Chief Executive
C Bell	(appointed 27 January 1997)
J M Brown	
M Carver	(appointed 27 January 1997)
B Daver	(resigned 27 January 1997)
S Jackson	
J M Kaye	
D S McCall	(resigned 31 December 1996)
Lord Wyatt of Weeford	

SATELLITE INFORMATION SERVICES (HOLDINGS) LIMITED
REPORT OF DIRECTORS - continued

Directors' interests

The interests of the directors holding office at 31 March 1997, as required to be notified under the Companies Act 1985, are set out in note 14 on page 14.

Statement of directors' responsibilities

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 group and of the profit or loss of the group for that period. 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy at any time the financial position of the group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Fixed assets

The changes in the fixed assets during the year are set out in note 7 on page 12.

Auditors

In accordance with the provisions of the Companies Act 1985, a resolution to reappoint Price Waterhouse as auditors will be placed before the Annual General Meeting of the company.

By order of the board



J J Bridge
Director and Secretary

17 Corsham Street
London N1 6DR

**AUDITORS' REPORT TO THE MEMBERS OF
SATELLITE INFORMATION SERVICES (HOLDINGS) LIMITED**

We have audited the financial statements on pages 4 to 16 which have been prepared under the historical cost convention and the accounting policies set out on pages 8 and 9.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on these statements and to report our opinion to you.

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 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 affairs of the company and of the group as at 31 March 1997 and of the profit and cash flows of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Price Waterhouse

Price Waterhouse
Chartered Accountants
and Registered Auditors
LONDON

8 September 1997

SATELLITE INFORMATION SERVICES (HOLDINGS) LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 1997

	Notes	1997 £'000	1996 £'000
Turnover from continuing operations	1	79,135	77,599
Operating expenses	2	(55,459)	(56,136)
		<hr/>	<hr/>
Operating profit		23,676	21,463
Interest receivable and similar income		180	412
Interest payable and similar charges	4	(360)	(1,126)
		<hr/>	<hr/>
Profit on ordinary activities before taxation		23,496	20,749
Tax on profit on ordinary activities	5	(7,742)	(7,021)
		<hr/>	<hr/>
Profit on ordinary activities after taxation		15,754	13,728
Dividends paid and proposed	6	(7,803)	(6,872)
Minority Interests		(148)	-
		<hr/>	<hr/>
Retained profit for the year	15	7,803	6,856
		<hr/>	<hr/>

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 accounts. The retained loss for the year of the company is shown in note 16 to the accounts.

The group has no recognised gains or losses other than its profit for the year.

The notes on pages 8 to 16 form part of these accounts.
Auditors' report page 3.

SATELLITE INFORMATION SERVICES (HOLDINGS) LIMITED
CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 1997

	Notes	1997 £'000	1996 £'000
Fixed assets			
Tangible assets	7	15,467	15,504
Investment in own shares	8	205	78
		<u>15,672</u>	<u>15,582</u>
Current assets			
Stock		3,192	2,403
Debtors	9	4,359	4,479
		<u>7,551</u>	<u>6,882</u>
Creditors (amounts falling due within one year)			
Bank loan	10	-	(7,500)
Creditors	11	(29,746)	(29,290)
		<u>(29,746)</u>	<u>(36,790)</u>
Net current liabilities		<u>(22,195)</u>	<u>(29,908)</u>
Total assets less current liabilities		<u>(6,523)</u>	<u>(14,326)</u>
Capital and reserves			
Called up share capital	13	22	22
Share premium account	15	9,836	9,836
Profit and loss account	15	(16,381)	(24,184)
Shareholders' funds	15	<u>(6,523)</u>	<u>(14,326)</u>

Approved by the board of directors on *11 September* 1997 and signed on its behalf by

J.J. Bridge

J J Bridge

The notes on pages 8 to 16 form part of these accounts.
Auditors' report page 3.

SATELLITE INFORMATION SERVICES (HOLDINGS) LIMITED
COMPANY BALANCE SHEET AS AT 31 MARCH 1997

	Notes	1997 £'000	1996 £'000
Fixed assets	8		
Investments in subsidiaries		-	-
Investments in own shares		205	78
		<u>205</u>	<u>78</u>
Current assets			
Cash at bank and in hand		7	1
Debtors	9	13,035	16,752
		<u>13,042</u>	<u>16,753</u>
Creditors (amounts falling due within one year)			
Creditors	11	(3,064)	(1,993)
Net current assets		<u>9,978</u>	<u>14,760</u>
Total assets less current liabilities		<u>10,183</u>	<u>14,838</u>
Capital and reserves			
Called up share capital	13	22	22
Share premium account	16	9,836	9,836
Profit and loss account	16	325	4,980
Shareholders' funds	16	<u>10,183</u>	<u>14,838</u>

Approved by the board of directors on *f September* 1997 and signed on its behalf by

J.J. Bridge

J J Bridge

The notes on pages 8 to 16 form part of these accounts.

Auditors' report page 3.

SATELLITE INFORMATION SERVICES (HOLDINGS) LIMITED
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 1997

	Notes	1997 £'000	1996 £'000
Net cash inflow from operating activities	19	27,416	23,976
Returns on investment and servicing of finance			
Interest received		180	412
Interest paid		(360)	(1,126)
		(180)	(714)
Taxation		(5,027)	(5,670)
Capital Expenditure			
Purchase of tangible fixed assets	7	(6,738)	(8,235)
Receipts from sale of tangible fixed assets		814	1,181
		(5,924)	(7,054)
Acquisitions and disposals			
Purchase of own shares		(127)	(40)
		(127)	(40)
Equity dividends paid		(6,872)	(4,999)
Financing			
Repayment of bank loan	20	(7,500)	(17,500)
		(7,500)	(17,500)
Increase/(decrease) in cash	21	1,786	(12,001)

Prior year comparative figures have been restated in accordance with FRS 1 (revised 1996).

SATELLITE INFORMATION SERVICES (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting policies

Accounting convention

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

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.

Basis of consolidation

The group financial statements are the result of the consolidation of the accounts of the company and its subsidiaries.

Turnover

Turnover, which excludes value added tax, represents the invoiced value of services supplied less any amounts deferred into the following year plus any deferred from previous year.

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 by equal instalments over the following estimated useful asset lives:

Installed equipment - reception	:	7 years
- display	:	5 years
Studio equipment	:	5 years
Motor vehicles	:	4 years
Fixtures, fittings and other equipment	:	4-7 years

Stock

Stock comprises equipment for installation and is stated at cost less provisions for obsolete, slow moving and defective items.

Finance and operating leases

Costs in respect of operating leases are charged in arriving at the operating profit. There are no assets held under finance leases.

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.

SATELLITE INFORMATION SERVICES (HOLDINGS) LIMITED
NOTES TO THE FINANCIAL STATEMENTS continued

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates ruling at the balance sheet date. Exchange differences are dealt with through the profit and loss account.

Deferred taxation

Provision is made for deferred taxation, to the extent that the liability is expected to crystallise within the foreseeable future.

2 Operating expenses

Operating expenses included:	1997	1996
	£'000	£'000
Employment costs (Note 3)	7,626	6,728
Operating lease rentals:		
Satellite	8,169	7,718
Other	896	840
Exchange losses/(gains)	15	(105)
Auditors' remuneration	26	24
Depreciation (Note 7)	5,966	6,878

Payments to Price Waterhouse for non-audit services amounted to £28,813 (1996 - £69,307)

Auditors' remuneration includes £5,000 (1996 £5,000) in respect of the parent company audit.

SATELLITE INFORMATION SERVICES (HOLDINGS) LIMITED
NOTES TO THE FINANCIAL STATEMENTS continued

3 Employees and directors

The average number of persons employed by the group, including executive directors, during the year was 236 (1996 - 212).

Employment costs were:

	1997 £'000	1996 £'000
Wages and salaries	6,596	5,811
Social security costs	675	593
Pension contributions	355	324
	<u>7,626</u>	<u>6,728</u>
Directors' emoluments (excluding pension contributions)	<u>319</u>	<u>381</u>

Directors' emoluments include £nil compensation for loss of office (1996 £81,549)

Emoluments (excluding pension
fund contributions) of the
highest paid director were:

216	214
<u>216</u>	<u>214</u>

The group made contributions to a money-purchase pension scheme totalling £12,299, for the highest paid director.

In the previous year, pension contributions totalling £23,200 were made by the group on behalf of two directors. This includes pension contributions of £13,048 in respect of the highest paid director.

SATELLITE INFORMATION SERVICES (HOLDINGS) LIMITED
NOTES TO THE FINANCIAL STATEMENTS continued

4	Interest payable	1997 £'000	1996 £'000
	On bank loans and overdrafts	347	1,116
	Other interest payable	13	10
		<u>360</u>	<u>1,126</u>
5	Taxation	1997 £'000	1996 £'000
	Corporation tax at 33% (1996: 33%)	8,000	7,200
	Less relief for overseas taxation	(2)	(3)
		<u>7,998</u>	<u>7,197</u>
	Overseas taxation	2	4
		<u>8,000</u>	<u>7,201</u>
	Adjustment of current taxation in respect of prior years	(258)	(180)
		<u>7,742</u>	<u>7,021</u>
6	Dividends	1997 £'000	1996 £'000
	First interim dividend paid £22.56 per share (1996 £22.56)	4,999	4,999
	Second interim dividend payable £12.65 per share (1996 £8.45)	2,804	1,873
		<u>7,803</u>	<u>6,872</u>

£1,097,882 of the first interim dividend and £615,612 of the second interim dividend were payable to Racal Electronics PLC, a 22% shareholder of Satellite Information Services (Holdings) Limited.

No final dividend is proposed.

SATELLITE INFORMATION SERVICES (HOLDINGS) LIMITED
NOTES TO THE FINANCIAL STATEMENTS continued

7 Fixed Assets - group

Cost	Installed equipment £'000	Studio equipment £'000	Motor vehicles £'000	Other equipment £'000	Total £'000
At 1 April 1996	53,145	4,169	5,216	9,364	71,894
Additions	2,838	313	1,105	2,482	6,738
Disposals	(4,661)	(271)	(64)	(45)	(5,041)
At 31 March 1997	51,322	4,211	6,257	11,801	73,591
Depreciation					
At 1 April 1996	44,767	2,670	2,333	6,620	56,390
Charge for the year	3,037	447	953	1,529	5,966
Disposals	(3,888)	(271)	(27)	(46)	(4,232)
At 31 March 1997	43,916	2,846	3,259	8,103	58,124
Net book value					
At 31 March 1997	7,406	1,365	2,998	3,698	15,467
At 31 March 1996	8,378	1,499	2,883	2,744	15,504

8 Investments in subsidiaries

Name	Ownership and voting rights %	Cost of investment £'000
Satellite Information Services Limited	100%	-
Intercontinental Racing Limited	50%	-

These companies are incorporated in the United Kingdom and trading activities 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.

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 (Holdings) 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 425 10p ordinary shares in Satellite Information Services (Holdings) Limited and receives any dividends paid on the shares. Shares held by Frontrelay Limited are recorded in the balance sheet of Satellite Information Services (Holdings) Limited within fixed asset investments at cost.

SATELLITE INFORMATION SERVICES (HOLDINGS) LIMITED
NOTES TO THE FINANCIAL STATEMENTS continued

9	Debtors	1997 Group £'000	1997 Company £'000	1996 Group £'000	1996 Company £'000
	Trade debtors	1,248	-	1,253	-
	Amounts owed by group undertakings	-	12,786	-	16,575
	Other debtors	1,162	-	1,164	-
	Prepayments	1,700	-	1,885	-
	ACT recoverable	249	249	177	177
		<hr/>	<hr/>	<hr/>	<hr/>
		4,359	13,035	4,479	16,752
		<hr/>	<hr/>	<hr/>	<hr/>

10	Bank loans	1997 Group £'000	1997 Company £'000	1996 Group £'000	1996 Company £'000
	Bank loans	-	-	7,500	-
		<hr/>	<hr/>	<hr/>	<hr/>
		-	-	7,500	-
		<hr/>	<hr/>	<hr/>	<hr/>

The bank loan which was repaid during the year, was secured by a fixed and floating charge over the assets of the group. Interest was payable on the bank loan at a rate varying with market rates.

11	Creditors	1997 Group £'000	1997 Company £'000	1996 Group £'000	1996 Company £'000
	Bank overdraft	3,217	-	5,003	-
	Trade creditors	975	-	1,644	-
	Amounts owed to group undertakings	-	188	-	61
	Other creditors	5,174	-	5,662	-
	UK corporation and overseas tax	6,965	-	4,100	11
	Other taxation and social security	907	-	338	-
	Deferred income	1,745	-	2,070	-
	ACT payable	72	72	48	48
	Accruals	7,887	-	8,552	-
	Dividends payable	2,804	2,804	1,873	1,873
		<hr/>	<hr/>	<hr/>	<hr/>
		29,746	3,064	29,290	1,993
		<hr/>	<hr/>	<hr/>	<hr/>

SATELLITE INFORMATION SERVICES (HOLDINGS) LIMITED
NOTES TO THE FINANCIAL STATEMENT continued

12 Deferred taxation

	Full potential (liability)/asset	
	1997 £'000	1996 £'000
Excess of tax allowances over book depreciation of fixed assets	(577)	237
	<u> </u>	<u> </u>

No deferred tax has been recognised as the potential liability or asset is not expected to crystallise within the foreseeable future.

13 Called up share capital

	Authorised		Allotted and fully paid	
	Number of Shares	£	Number of Shares	£
Ordinary shares of 10p				
At 1 April 1996 and 31 March 1997	295,000	29,500	221,606	22,161
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

14 Directors' interests

Interests of the directors in the share capital of the company are set out below:

	1997		1996	
	Beneficial	Shares under option	Beneficial	Shares under option
Ordinary shares of 10p				
J J Bridge	-	-	12	-

No other director had any beneficial interest in the shares of the company during the year.

SATELLITE INFORMATION SERVICES (HOLDINGS) LIMITED
NOTES TO THE FINANCIAL STATEMENT continued

15 Shareholders' funds - group

	Share capital £'000	Share premium account £'000	Profit and loss account £'000	Total £'000
At 1 April 1996	22	9,836	(24,184)	(14,326)
Retained profit for the year	-	-	7,803	7,803
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 1997	22	9,836	(16,381)	(6,523)
	<hr/>	<hr/>	<hr/>	<hr/>

16 Shareholders' funds - company

	Share capital £'000	Share premium account £'000	Profit and loss account £'000	Total £'000
At 1 April 1996	22	9,836	4,980	14,838
Retained loss	-	-	(4,655)	(4,655)
	<hr/>	<hr/>	<hr/>	<hr/>
As at 31 March 1997	22	9,836	325	10,183
	<hr/>	<hr/>	<hr/>	<hr/>

17 Commitments - group

Payments which are committed to be made during the next year, in respect of operating leases are analysed as follows:

	1997		1996	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Expiring within one year	5	3,737	2	80
	<hr/>	<hr/>	<hr/>	<hr/>
Expiring between 1 & 5 years	236	1,621	171	6,042
	<hr/>	<hr/>	<hr/>	<hr/>
Expiring in five years or more	352	1,753	340	1,895
	<hr/>	<hr/>	<hr/>	<hr/>

SATELLITE INFORMATION SERVICES (HOLDINGS) LIMITED
NOTES TO THE FINANCIAL STATEMENT continued

18 Capital commitments - group

At the year end committed expenditure was as follows

	1997 £'000	1996 £'000
Capital expenditure	642	359

19 Reconciliation of operating profit to net cash inflow from operating activities.

	1997 £'000	1996 £'000
Operating profit	23,676	21,463
Depreciation charges	5,966	6,878
Profit on sale of fixed assets	(5)	(72)
Increase in stocks	(789)	(1,230)
Decrease/(Increase) in debtors	192	(1,026)
Decrease in creditors	(1,624)	(2,037)
Net cash inflow from operating activities	27,416	23,976

20 Reconciliation to Net Debt

	1997 £'000	1996 £'000
Increase/(decrease) in cash in the year	1,786	(12,001)
Decrease in debt financing	7,500	17,500
Change in net debt from cash	9,286	5,499
Net debt at 1 April	(12,503)	(18,002)
Net debt at 31 March	(3,217)	(12,503)

21 Analysis of Net Debt

	1 April 1996	Cashflow	Other non-cash	31 March 1997
Bank overdrafts	(5,003)	1,786	-	(3,217)
Bank loan	(7,500)	-	7,500	-
Total	(12,503)	1,786	7,500	(3,217)