

# Kidsprog Limited

Accounts for the year ended 30 June 2001  
together with Directors' and Auditors' reports

Registered number: 2767224



## Directors and Officers

For the year ended 30 June 2001

### 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)
N Chugani	(appointed 14 November 2000)
D J Gormley	
M A Imi	
M D Stewart	

### Company Secretary

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

### Registered office

Grant Way  
Isleworth  
Middlesex  
TW7 5QD

### Auditors

Arthur Andersen  
180 Strand  
London  
WC2R 1BL

## 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 2001.

### Principal activity and business review

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 set up to operate a children's satellite television channel.

### Results for the year

The audited accounts for the year ended 30 June 2001 are set out on pages 6 to 12. The profit before taxation for the financial year was £1,159,000 (2000 – £1,522,000). The Directors do not recommend the payment of a dividend for the year ended 30 June 2001 (2000 – £nil).

### Directors and their interests

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

The Directors who held office at 30 June 2001 had the following interests in the shares of British Sky Broadcasting Group plc ("Group", "BSkyB"):

	At 30 June 2000 or on appointment	Granted during the year	Exercised during the year	Lapsed during the year	At 30 June 2001	Exercise Price	Market price at date of exercise	Date from which exercisable	Expiry date
N Chugani	2,579 (a)	-	-	-	2,579	£3.78	-	01.12.2001	01.06.2002
	42,286 (b)	-	-	-	42,286	£6.385	-	29.10.2002	29.10.2009
	22,095 (b)	-	-	-	22,095	£5.01	-	01.12.2001	01.12.2008
	- 65,348 (b)	-	-	-	65,348	£9.90	-	23.11.2001	22.11.2010
	- 3,030 (c)	-	-	-	3,030	£9.90	-	23.11.2001	23.11.2010
	20,000 (d)	-	3,800	200	16,000	N/A	£10.10	01.12.2001	29.08.2010
D J Gormley	5,711 (a)	-	5,711	-	-	£3.02	£10.75	01.01.2001	01.07.2001
	24,341 (b)	-	-	-	24,341	£5.01	-	01.12.2001	01.12.2005
	22,905 (b)	-	-	-	22,905	£6.385	-	29.10.2002	29.10.2009
	- 997 (a)	-	-	-	997	£9.71	-	01.01.2004	30.06.2004
	- 8,311 (b)	-	-	-	8,311	£9.90	-	23.11.2001	23.11.2010
	- 3,030 (c)	-	-	-	3,030	£9.90	-	23.11.2001	23.11.2010
M A Imi	515 (a)	-	-	-	515	£3.78	-	01.12.2001	01.06.2002
	2,096 (a)	-	2,096	-	-	£3.72	£10.75	01.01.2001	01.07.2001
	23,817 (b)	-	-	-	23,817	£5.01	-	01.12.2001	01.12.2005
	36,021 (b)	-	-	-	36,021	£6.39	-	29.10.2002	29.10.2009
	- 3,030 (c)	-	-	-	3,030	£9.90	-	23.11.2001	22.11.2010
	- 26,827 (c)	-	-	-	26,827	£9.90	-	23.11.2001	22.11.2010

## Directors' report (continued)

### Directors and their interests (continued)

- (a) Options granted under the BSkyB Sharesave Scheme.
- (b) Options granted under the BSkyB Unapproved Executive Share Option Scheme
- (c) Options granted under the BSkyB Approved Executive Share Option Scheme
- (d) Awards granted under the BSkyB Key Contributor Plan ("KCP")

Awards under the KCP take the form of a contingent right to acquire existing BSkyB Ordinary Shares at the vesting date. The number of shares received varies to the extent that performance conditions have been achieved. KCP awards shown have been granted in the form of a contingent right to acquire shares at no cost, or in the form of a market value option with a cash bonus equal to the exercise price. In the case of the latter, to the extent that the market price of the share at the date of vesting of such awards is below the exercise price at the date of exercise, awards in this form are treated as having lapsed and participants become eligible to receive shares, for no consideration, equal to the value of their vested awards.

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 2001.

The BSkyB ESOP is interested in 3.4 million 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.

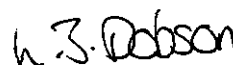
During the year ended 30 June 2001 the BSkyB share price traded within the range of £6.42 to £13.20 per share. The middle-market closing price on the last working day of the financial year was £6.84.

### 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,



L Dobson  
Company Secretary

29 April 2002

## 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 of the Company for that period. In preparing those accounts, 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 accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to assume that the Company will continue in business.

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.

# Independent auditors' report

## To the Shareholder of Kidsprog Limited:

We have audited the financial statements of Kidsprog Limited for the year ended 30 June 2001 which comprise the Profit and Loss account, the Balance Sheet and the related Notes numbered 1 to 13. These financial statements have been prepared under the accounting policies set out therein.

## Respective responsibilities of Directors and auditors

The Directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom accounting standards are set out in the Statement of Directors' Responsibilities on page 4. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom 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 to you 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 and we consider the implications for our report if we become aware of any apparent misstatements within it.

## Basis of 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 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 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 as at 30 June 2001 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**

180 Strand

London

WC2R 1BL

29 April 2002

## Profit and loss account

For the year ended 30 June 2001

	Notes	2001 £'000	2000 £'000
Write back of provision against investment	3	1,159	1,522
<b>Profit on ordinary activities before interest and taxation</b>		<b>1,159</b>	<b>1,522</b>
Interest receivable and similar income	2	94	196
Interest payable and similar charges	2	(94)	(196)
<b>Profit on ordinary activities before taxation</b>	4	<b>1,159</b>	<b>1,522</b>
Taxation	5	-	-
<b>Retained profit for the financial year</b>	9	<b>1,159</b>	<b>1,522</b>

Details of movements on reserves are shown in note 9.

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

All results relate to continuing activities.

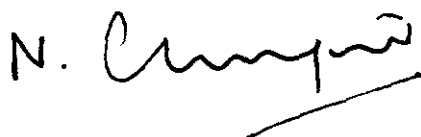
There were no recognised gains or losses in either year other than those included within the profit and loss account.

# Balance Sheet

As at 30 June 2001

	Notes	2001 £'000	2000 £'000
<b>Fixed assets</b>			
Investments in joint ventures	6	4,596	3,937
<b>Creditors: amounts falling due within one year</b>	7	(6,553)	(7,053)
<b>Net current liabilities</b>		(6,553)	(7,053)
<b>Total assets less current liabilities</b>		(1,957)	(3,116)
<b>Net liabilities</b>		(1,957)	(3,116)
<b>Capital and reserves - equity</b>			
Called-up share capital	8	-	-
Profit and loss account	9	(1,957)	(3,116)
<b>Total shareholder' deficit</b>	9	(1,957)	(3,116)

Signed on behalf of the Board



N Chugani  
Director

29 April 2002

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, with the exception of the change in accounting policy resulting from the adoption of FRS 19.

#### a) *Basis of accounting*

The accounts have been prepared under the historical cost convention and in accordance with applicable financial reporting and accounting standards, including the following Financial Reporting Standards issued by the Accounting Standards Board which have come into force since the previous year end:

##### *FRS 18 – Accounting policies*

This standard addresses the adoption of appropriate accounting policies, judged against the objectives of relevance, reliability, comparability and understandability. Compliance with this standard has not given rise to any change in accounting policies or any restatement of figures reported for prior periods.

##### *FRS 19 – Deferred tax*

This standard addresses the recognition, on a full provision basis, of deferred tax assets and liabilities arising from timing differences between the recognition of gains and losses in the financial statements and their recognition in a tax computation. Compliance with this standard has not given rise to any restatement of figures reported for prior periods.

The Company maintains a 52-53 week fiscal year ending on the Sunday nearest to 30 June in each year. In fiscal 2001, this date was 1 July 2001, this being a 52 week year (2000: 2 July 2000, 53 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 provisions. 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 will be surrendered between companies in the Group for no consideration.

## Notes to accounts (continued)

### 1. Accounting policies (continued)

#### 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.

On adoption of FRS 19 the Company has changed its accounting policy in respect of deferred taxation. This change in accounting policy has not given rise to any restatement of figures reported for prior periods.

### 2. Interest receivable and similar income / interest payable and similar charges

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 has 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 2000 and 30 June 2001, the provision against the investment was reduced by the Company's share of profits of Nickelodeon UK (see note 6).

### 4. 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 2000 and 2001. No amounts for other services have been paid to the auditors in 2000 or 2001.

## Notes to accounts (continued)

### 5. Taxation

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

The tax charge for the year is nil (2000: nil). The Company has adopted FRS 19, Deferred tax, during the year. The change in accounting policy has not given rise to any restatement of figures reported for prior periods.

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

	2001	2000
	£000	£000
Profit on ordinary activities before taxation	1,159	1,522
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2000: 30%)	348	457
Effects of:		
Non taxable amounts written back against fixed asset investments	(348)	(457)
Current tax charge for the year	-	-

### 6. Investments in joint ventures

Investments in joint ventures represents the cost of the Company's investment in Nickelodeon UK, an unlimited company registered in England and Wales. At 30 June 2001, 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.

	Loans	Shares	Total
	£'000	£'000	£'000
<b>Cost</b>			
At beginning of year	1,526	5,527	7,053
Repayment of loan	(500)	-	(500)
<b>At end of year</b>	<b>1,026</b>	<b>5,527</b>	<b>6,553</b>
<b>Provision</b>			
At beginning of year	-	(3,116)	(3,116)
Write-back of provision against investment (see note 3)	-	1,159	1,159
<b>At end of year</b>	<b>-</b>	<b>(1,957)</b>	<b>(1,957)</b>
<b>Net book value</b>			
At beginning of year	1,526	2,411	3,937
<b>At end of year</b>	<b>1,026</b>	<b>3,570</b>	<b>4,596</b>

## Notes to accounts (continued)

### 7. Creditors: Amounts falling due within one year

	2001	2000
	£'000	£'000
Amounts due to parent undertaking	6,553	7,053

The amounts due to the parent undertaking are repayable on demand. £1,027,000 (2000: £1,527,000) carries interest at 1.5% above LIBOR. The remaining balance of £5,526,000 (2000: £5,526,000) bears no interest.

### 8. Called-up equity share capital

	2001	2000
	£	£
<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

### 9. Reconciliation of movements in shareholder's deficit

	Share capital	Profit and loss account	Total shareholder's deficit
	£'000	£'000	£'000
As at 1 July 1999	-	(4,638)	(4,638)
Profit for the year	-	1,522	1,522
<b>As at 30 June 2000</b>	-	<b>(3,116)</b>	<b>(3,116)</b>
Profit for the year	-	1,159	1,159
<b>As at 30 June 2001</b>	-	<b>(1,957)</b>	<b>(1,957)</b>

## Notes to accounts (continued)

### 10. Financing

The Company's balance sheet at 30 June 2001 shows net liabilities of £1,957,000 and net current liabilities of £6,553,000.

The Directors of British Sky Broadcasting Limited have confirmed that British Sky Broadcasting Limited and its subsidiaries will not demand repayment of any inter-company balances due from the Company for twelve months from the date of this letter except to the extent that such payments can be made while the Company continues to settle its third party liabilities as they fall due.

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 and other related parties 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 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.