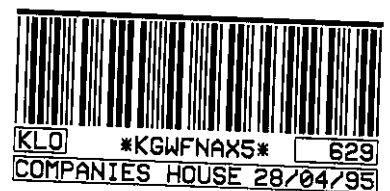


KIDSPROG LIMITED

Accounts for the year to 30 JUNE 1994

together with the Directors' and Auditors' reports

Registered number: 2767224



KIDSPROG LIMITED

DIRECTORS' REPORT

30 JUNE 1994

The directors present their report on the affairs of the company, together with the accounts and auditors' report, for the year to 30 June 1994.

Principal Activity and Business Review

The company's principal activity is to act as a holding company for the British Sky Broadcasting group's 50% investment in Nickelodeon UK, a joint venture company set up to operate a children's satellite television channel. Nickelodeon UK commenced broadcasting on 1 September 1993.

Directors and their Interests

The present directors of the company and others who served during the period are as follows:

Directors

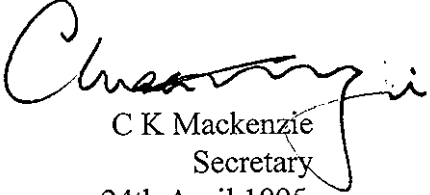
R J Brooke	appointed 2nd February 1995
D Chance	appointed 2nd February 1995
S H Chisholm	
C K Mackenzie	

None of the directors had any beneficial interest in the shares of the company or any other company within the group.

Auditors

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

BY ORDER OF THE BOARD


C K Mackenzie
Secretary
24th April 1995

Registered office:
6 Centaurs Business Park
Grant Way
Middlesex
TW7 5QD

KIDSPROG LIMITED

DIRECTORS' AND AUDITORS' RESPONSIBILITIES

Directors' responsibilities

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 presume 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 to 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 these requirements.

Auditors' responsibilities

Company law requires the auditors to form an independent opinion on the accounts presented by the directors based on their audit and to report their opinion to the shareholders. The Companies Act 1985 also requires auditors to report to the shareholders if the following requirements are not met:

- that the company has maintained proper accounting records and that the proper returns adequate for the audit have been received from branches not visited by them;
- that the accounts are in agreement with the accounting records and returns;
- that directors' emoluments and other transactions with the directors are properly disclosed in the accounts; and
- that the auditors have obtained all the information and explanations which, to the best of their knowledge and belief, are necessary for the purposes of their audit.

The Companies Act 1985 requires the auditors to report to the shareholders if the matters contained in the report of the directors are inconsistent with the accounts.

KIDSPROG LIMITED

AUDITORS' REPORT

To the Shareholders of Kidsprog Limited:

We have audited the accounts on pages 5 to 8 which have been prepared under the historical cost convention, and the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

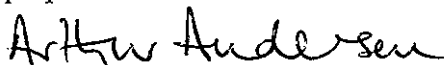
Basis of opinion

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 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 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 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 company's state of affairs at 30 June 1994 and of its loss 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

24th April 1995

KIDSPROG LIMITED
PROFIT AND LOSS ACCOUNT
Year Ended 30 JUNE 1994

	<u>Note</u>	<u>1994</u>	<u>1993</u>
		<u>£</u>	<u>£</u>
Interest Receivable	2	187,911	-
Interest Payable	2	(187,911)	-
Amounts written off investments	3	(4,252,529)	-
		-----	-----
Loss on ordinary activities before taxation	4	(4,252,529)	-
Taxation		-	-
		-----	-----
Loss after taxation		(4,252,529)	-
		-----	-----

Statement of total recognised gains and losses

For the year ended 30 June 1994

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


KIDSPROG LIMITED

BALANCE SHEET

30 JUNE 1994

	<u>Note</u>	<u>1994</u>	<u>1993</u>
		<u>£</u>	<u>£</u>
Fixed assets			
Investments	5	80,768	1
Current assets			
Due from parent company		-	2
Due from associated company		187,910	-
Creditors: amounts falling due within one year			
Due to associated company		-	(1)
Due to parent company	6	(4,521,205)	-
Net Current Assets/(Liabilities)		(4,333,295)	1
Net Liabilities		(4,252,527)	2
Capital			
Called-up share capital	7	2	2
Profit and loss account		(4,252,529)	-
		(4,252,527)	2

SIGNED ON BEHALF OF THE BOARD



R J Brooke - Director
24th April 1995

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

KIDSPROG LIMITED

NOTES TO THE ACCOUNTS

1. Accounting Policies

a) Basis of accounting

The balance sheet has been prepared under the historical cost convention and in accordance with applicable accounting standards.

Under the provisions of Financial Reporting Standard Number 1, the company has not presented a cash flow statement because its ultimate parent company, British Sky Broadcasting Group plc, has prepared consolidated accounts which include the results of the company for the year and which contain a cash flow statement.

b) Fixed asset investing

Fixed asset investments are shown at cost less amounts written off. Provisions are made for permanent reductions in value.

2. Interest receivable and interest payable

This represents the interest charges made to Nickelodeon UK and the interest costs incurred on funding from the parent company.

3. Amounts written off investments

The directors considered it prudent to provide against that element of the loan advanced which was represented by losses in Nickelodeon UK.

4. Loss on ordinary activities before taxation

The company had no employees during the year to 30 June 1994.

The audit fee has been borne by the ultimate parent company.

The directors received no emoluments in respect of their duties as directors of the company.

5. Investments

This represents the cost of the company's investment in Nickelodeon UK, an unlimited company registered in England and Wales.

The company holds 100 "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.

KIDSPROG LIMITED

NOTES TO THE ACCOUNTS (continued)

	<u>Total</u>	<u>Share</u>	<u>Loans</u>
	<u>£</u>	<u>£</u>	<u>£</u>
Balance brought forward	1	1	-
Loans advanced to associated undertaking	4,333,296	-	4,333,296
Provision against recoverability of loans advanced (see note 3)	(4,252,529)	-	(4,252,529)
	-----	-----	-----
Balance carried forward	80,768	1	80,767
	-----	-----	-----

6 Amounts due to parent company

The company has received certain undertakings from BSKyB with respect to these amounts (see note 10).

7. Called-up Share Capital	<u>1994</u>	<u>1993</u>
	<u>£</u>	<u>£</u>
<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. Ultimate Parent Company

The company is a subsidiary undertaking of British Sky Broadcasting Limited, a company 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, whose principal place of business is 6, Centaurs Business Park, Grant Way, Isleworth, Middlesex, TW7 5QD. The consolidated accounts of the group are available to the public and may be obtained from the above address.

9. Contingent Liabilities

The company has contingent liabilities by virtue of its investment in Nickelodeon UK, an unlimited company. BSKyB Ltd have confirmed that they will provide continuing support to meet any such contingency (see note 10).

KIDSPROG LIMITED

NOTES TO THE ACCOUNTS (continued)

10. Financing

The company's balance sheet as at 30 June 1994 shows net liabilities of £4,252,527. The directors of BSKyB Ltd have confirmed that they will continue to provide support to Kidsprog Ltd to enable the company to meet its liabilities as they fall due until at least 31 October 1995. Accordingly the accounts have been prepared assuming the company will continue as a going concern.

In addition, the directors of BSKyB have given an undertaking that repayment of amounts due to the parent company will not be demanded prior to 30 April 1996, except to the extent that repayments may be made whilst the company continues to meet all third party liabilities as they fall due.