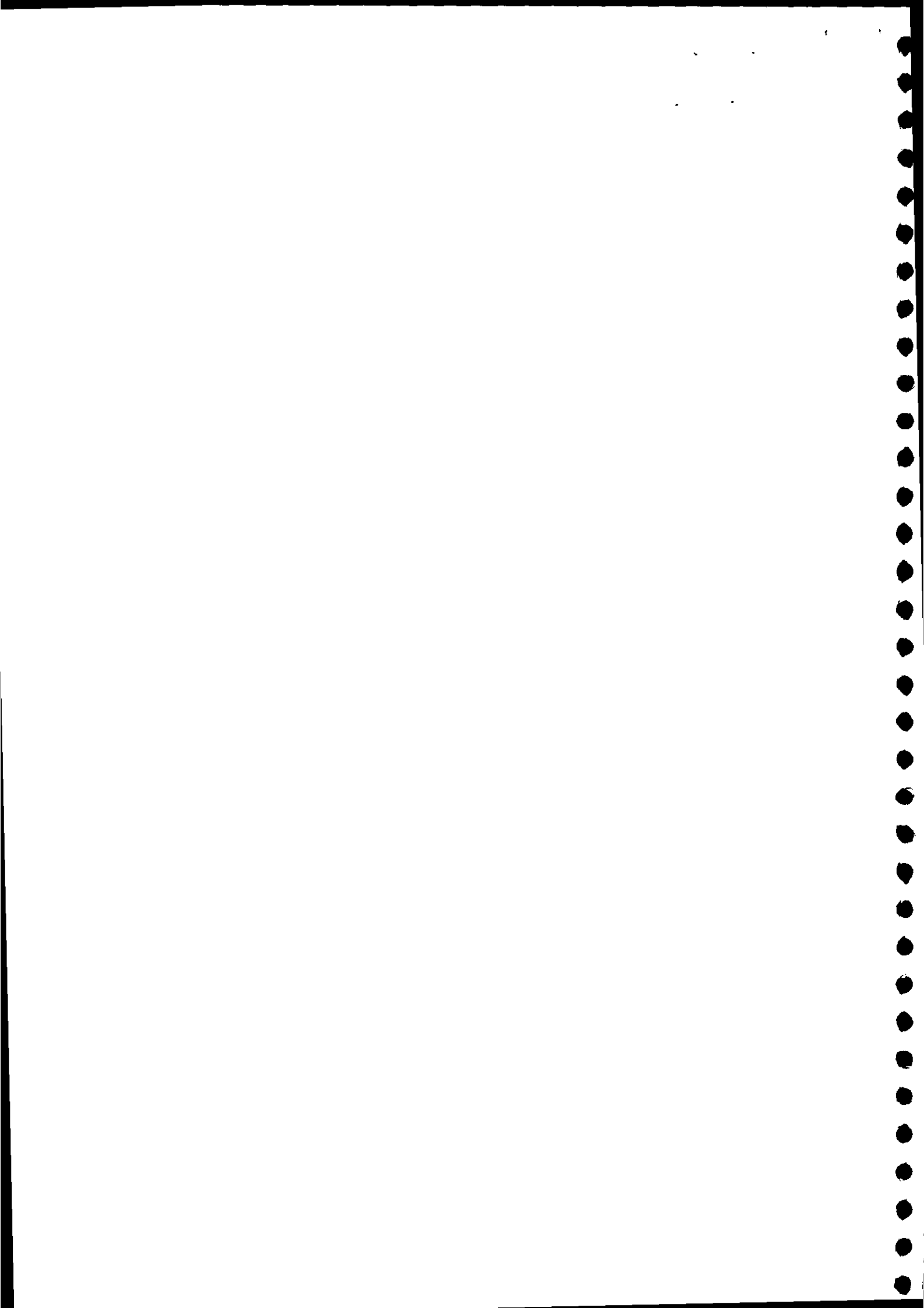


Nickelodeon UK

(Registered Number 2797365)

Annual report and financial statements
For the year ended 30 June 2004



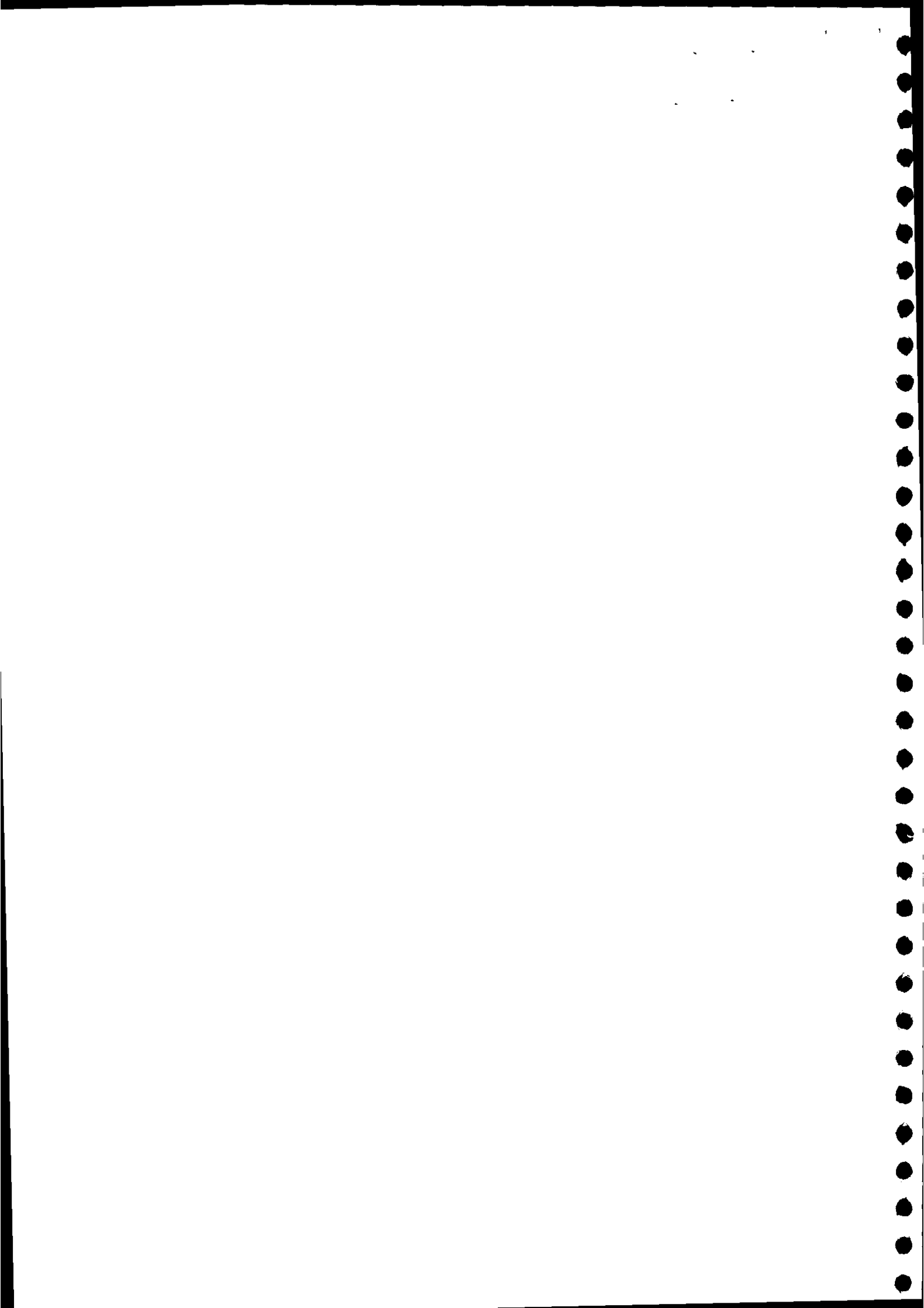


Nickelodeon UK

Annual report and financial statements for the year ended 30 June 2004

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Nickelodeon UK

Directors' Report

The directors present their annual report and the audited financial statements of the company for the year ended 30 June 2004.

Principal activities and business review

The principal activities of the company continue to be the broadcasting of children's television, together with related activities. The directors expect the general level of activity to increase in the future as the company continues to expand.

Results and dividends

The profit after taxation for the year was £8,151,000 (2003: £10,812,000).

An interim dividend totalling £6,000,000 was paid during the year (2003: £8,000,000). No final dividend is proposed (2003:nil).

Shareholders

Nickelodeon UK is an unlimited company jointly owned by Nickelodeon Huggings UK Limited (a wholly owned subsidiary of Viacom Inc) and Kidsprog Limited (a wholly owned subsidiary of British Sky Broadcasting Group plc).

Directors and their interests

The directors who served during the year, and subsequent to 30 June 2004, are as shown below.

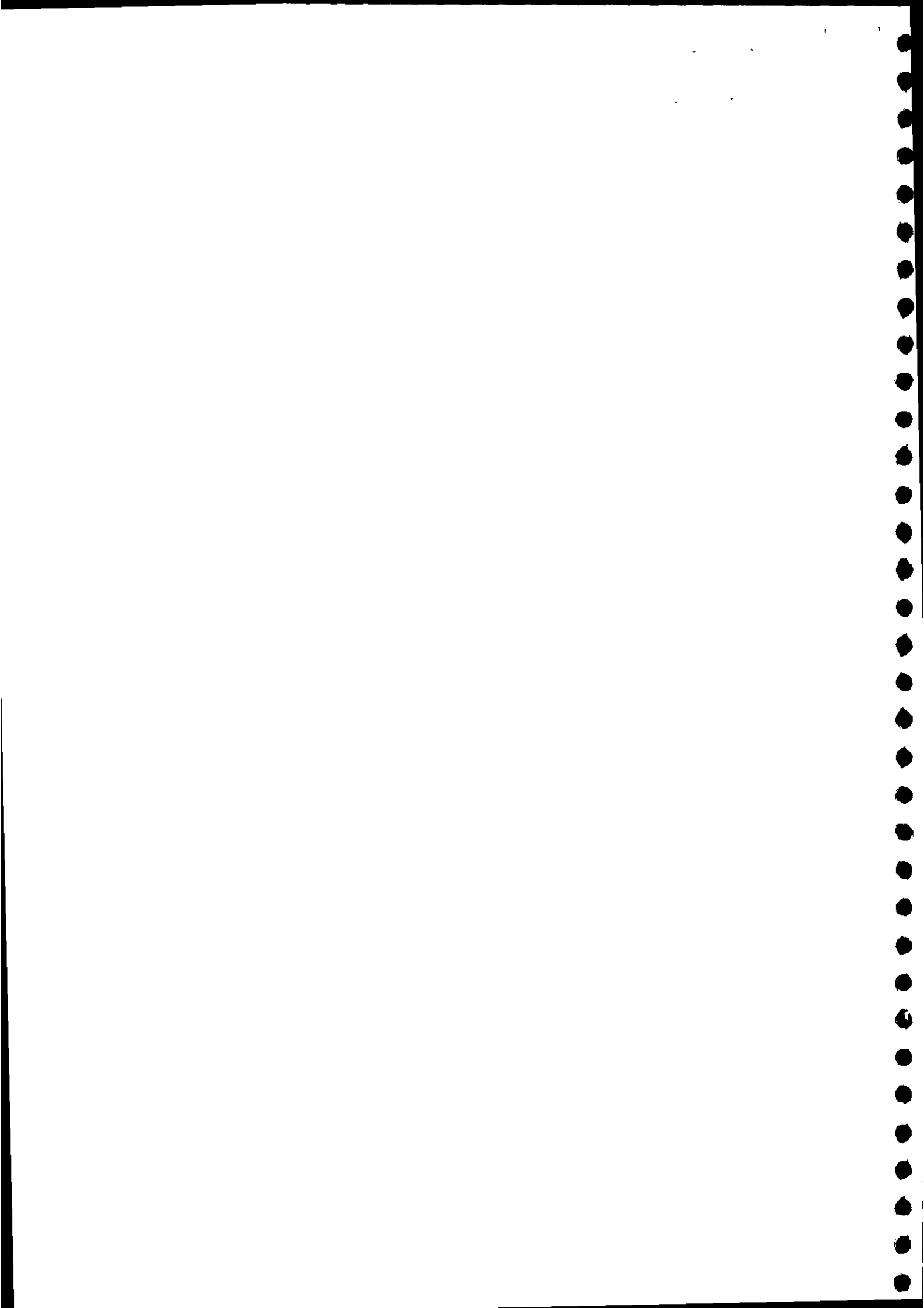
Directors appointed by Kidsprog Limited:

| | |
|----------------|-----------------------------------|
| R Freudenstein | |
| M Imi | (resigned 17 September 2004) |
| M Goswami | (resigned 28 September 2004) |
| C Stylianou | (alternate director to M Goswami) |
| D Rey | (appointed 2 December 2004) |

Directors appointed by Nickelodeon Huggings UK Limited:

| | |
|-----------|-------------------------------|
| JD Dunn | |
| B Hansen | (resigned 6 May 2004) |
| S Guild | |
| S Grieder | (appointed 16 September 2004) |

None of the directors who served during the year had any interest in the shares of the company.



Nickelodeon UK

Directors' Report (continued)

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 company and of the profit or loss of the company for the period. In preparing those 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 financial statements; and
- to prepare the financial statements 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 the 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.

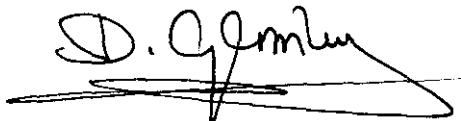
Payment policy

The policy of the company is to agree terms of payment with suppliers prior to entering into a contractual relationship. In the absence of a specific agreement it is the policy of the company to pay suppliers on a monthly basis. Creditor days at 30 June 2004 were 34 days (2003: 53 days).

Auditors

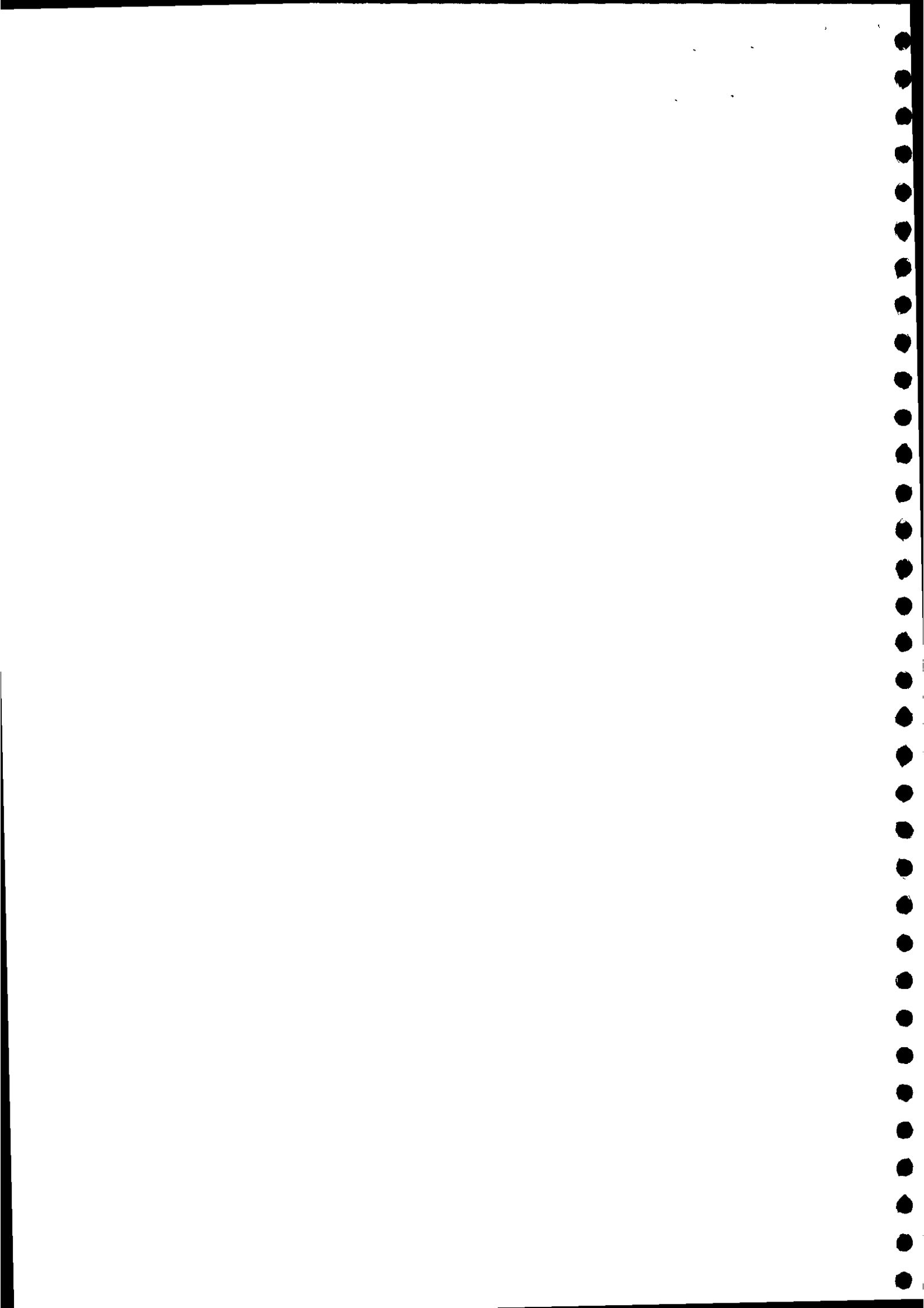
A resolution concerning the reappointment of PricewaterhouseCoopers LLP will be proposed at the Annual General Meeting.

By Order Of The Board



DJ Gormley
Secretary

2 December 2004



Independent auditors' report to the members of Nickelodeon UK

We have audited the financial statements which comprise the profit and loss account, the balance sheet, the cash flow statement and the related notes.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members in accordance with section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or in to whose hands it may come save where expressly agreed by our prior consent in writing.

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 United Kingdom 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 is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

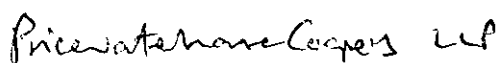
Basis of audit opinion

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.

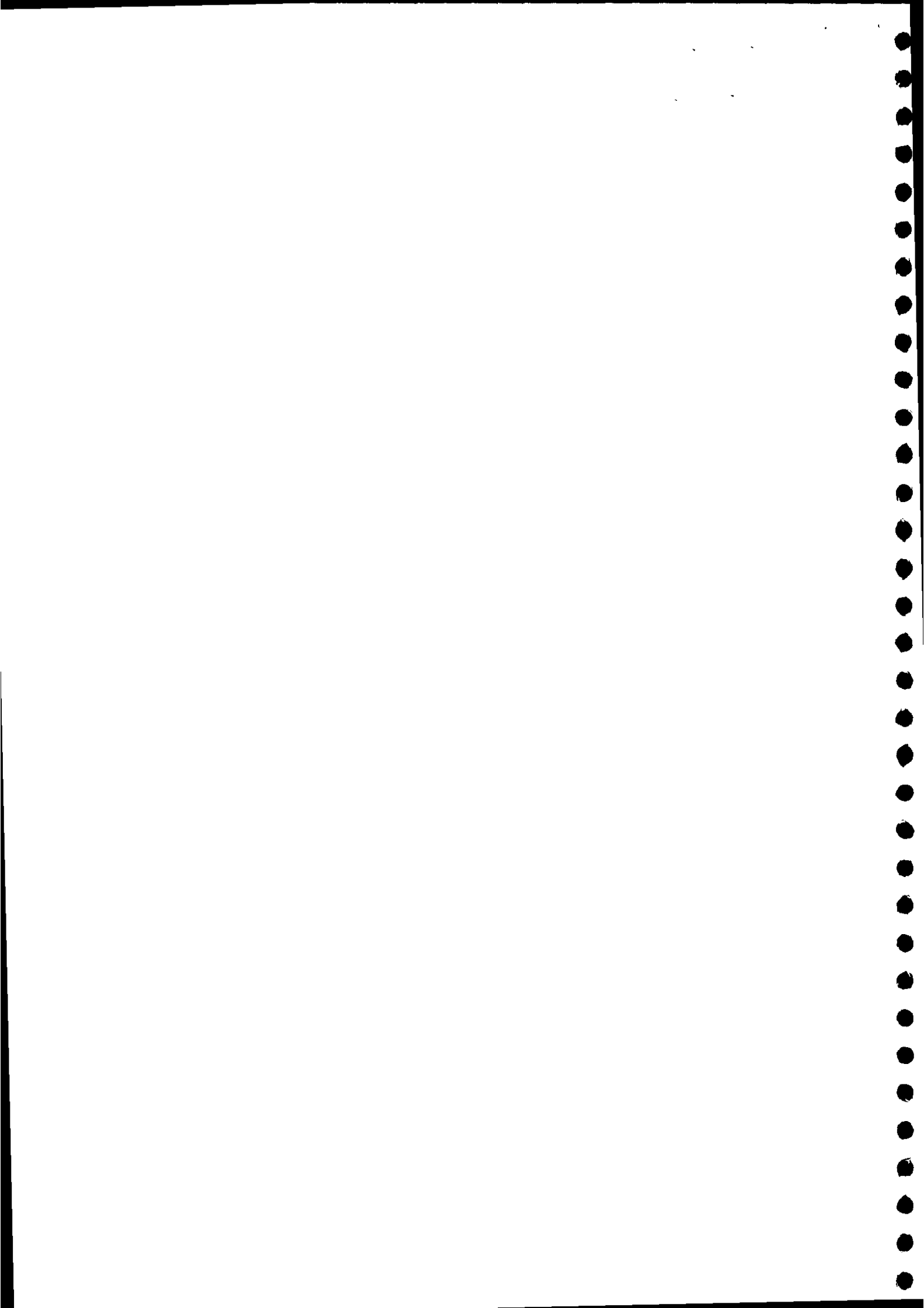
Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 30 June 2004 and of its profit and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
1 Embankment Place
London
WC2N 6RH

2 December 2004



Nickelodeon UK

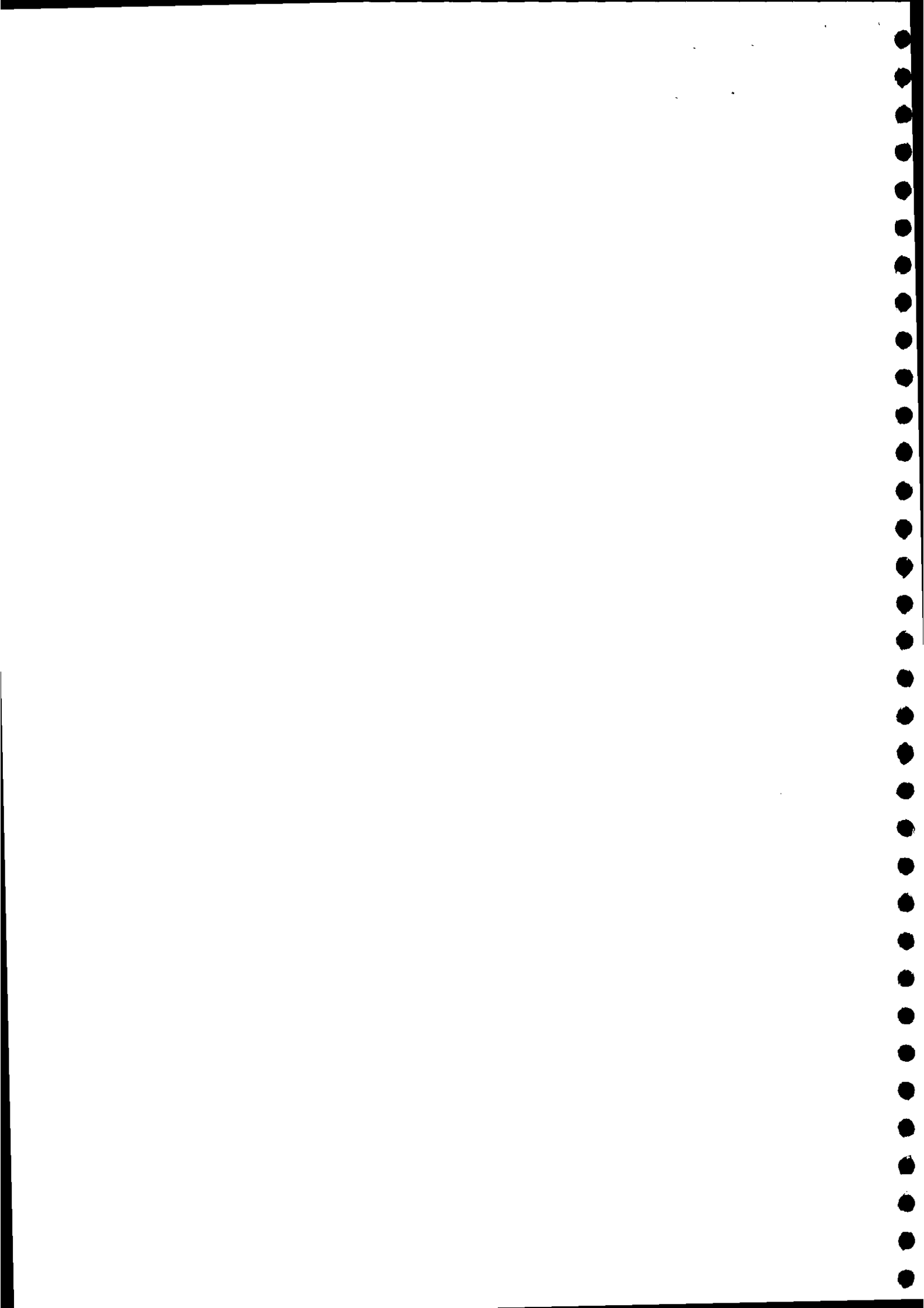
Profit and loss account For the year ended 30 June 2004

| | Note | 2004 £'000 | 2003 £'000 |
|--|-----------|---------------|---------------|
| Turnover | 1(h),2 | 39,142 | 39,803 |
| Operating expenses | 3 | (27,528) | (24,559) |
| Operating profit | | 11,614 | 15,244 |
| Interest receivable and similar income | 4(a) | 151 | 190 |
| Interest payable and similar charges | 4(b) | (11) | (2) |
| Profit on ordinary activities before taxation | 5 | 11,754 | 15,432 |
| Taxation on profit on ordinary activities | 7 | (3,603) | (4,620) |
| Profit for the financial year | 17 | 8,151 | 10,812 |
| Dividends | 8 | (6,000) | (8,000) |
| Retained profit | 18 | 2,151 | 2,812 |

There is no difference between the profit on ordinary activities before taxation and the profit for the financial years stated above, and their historical cost equivalents.

The results relate wholly to continuing activities.

The company has no recognised gains and losses other than the profits reported above and therefore no separate statement of total recognised gains and losses has been presented.



Nickelodeon UK

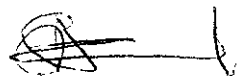
Balance sheet as at 30 June 2004

| | Note | 2004 £'000 | 2003 £'000 |
|--|------|---------------|---------------|
| Fixed assets | | | |
| Tangible assets | 9 | 854 | 1,513 |
| Current assets | | | |
| Stocks | 10 | 15,291 | 12,464 |
| Debtors | 11 | 5,658 | 6,590 |
| Cash at bank and in hand | | 7,986 | 9,116 |
| | | 28,935 | 28,170 |
| Creditors: amounts falling due within one year | 12 | (11,333) | (13,628) |
| Net current assets | | 17,602 | 14,542 |
| Total assets less current liabilities | | 18,456 | 16,055 |
| Creditors: amounts falling due after more than one year | 13 | (215) | - |
| Provisions for liabilities and charges | 15 | (329) | (294) |
| Net assets | | 17,912 | 15,761 |
| Capital and reserves | | | |
| Called up share capital | 16 | - | - |
| Share premium | 18 | 1 | 1 |
| Profit and loss account | 18 | 17,911 | 15,760 |
| Equity shareholders' funds | 17 | 17,912 | 15,761 |

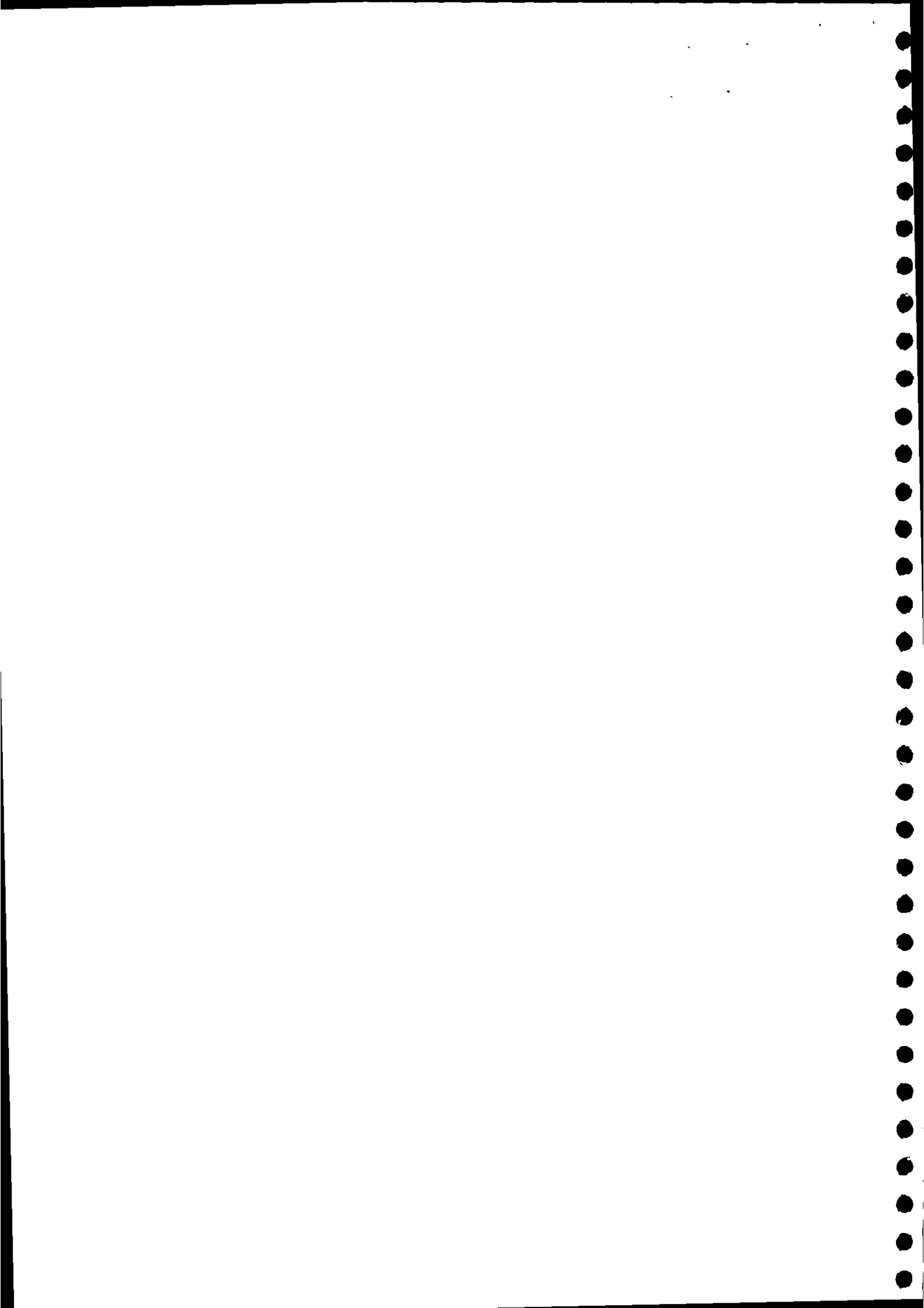
The financial statements on pages 4 to 17 were approved by the board of directors on 2 December 2004 and were signed on its behalf by:



R Freudenstein
Director



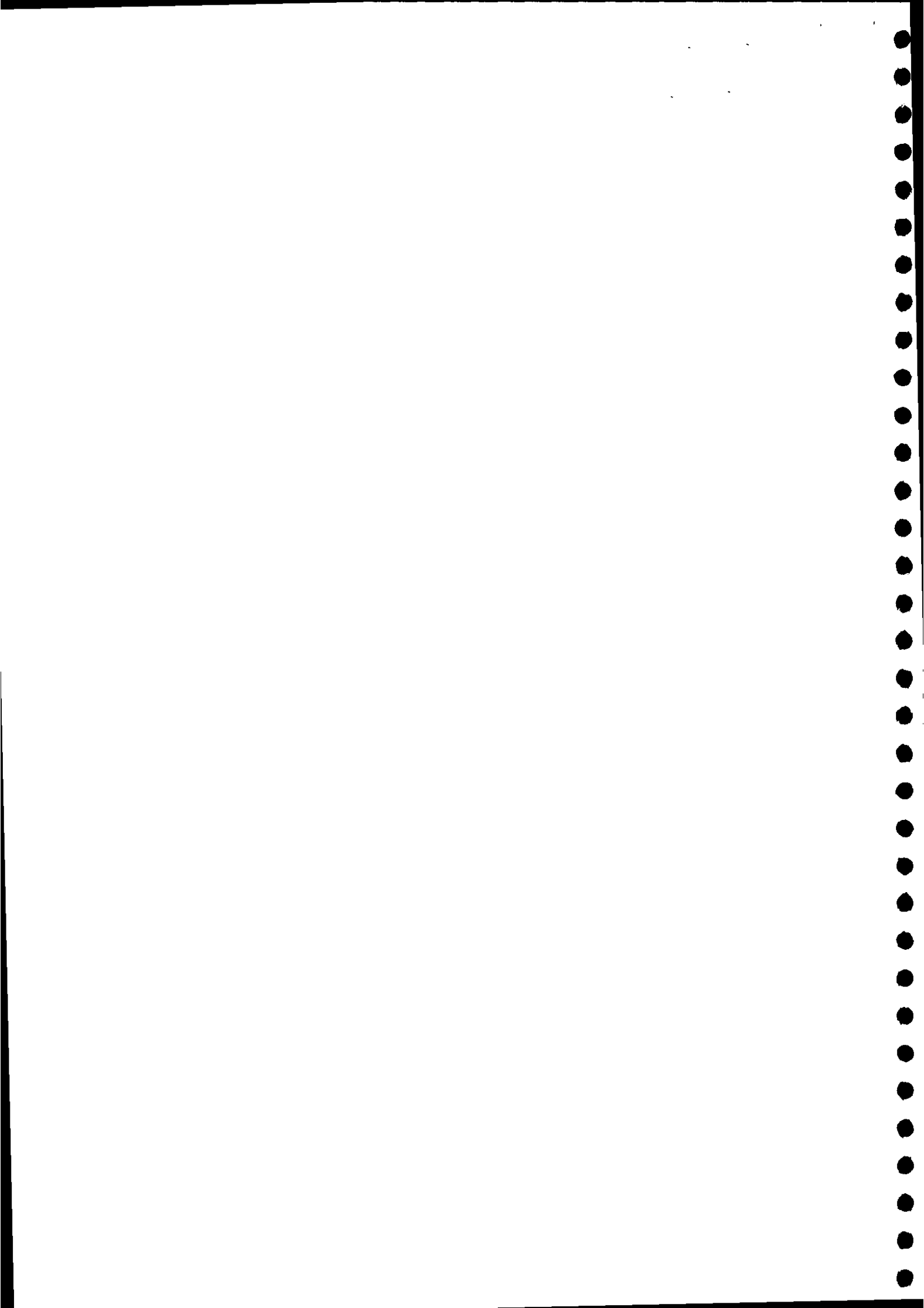
S Guild
Director



Nickelodeon UK

Cash flow statement for the year ended 30 June 2004

| | <i>Note</i> | 2004 £'000 | 2003 £'000 |
|---|-------------|-----------------------------|-----------------------------|
| Net cash inflow from operating activities | <i>20</i> | 9,085 | 9,306 |
| Returns on investments and servicing of finance | | | |
| Interest received | | 151 | 190 |
| Interest paid | | (11) | (2) |
| Net cash inflow from returns on investments and servicing of finance | | 140 | 188 |
| Taxation | | | |
| UK corporation tax paid | | (4,186) | (2,993) |
| Net cash outflow from taxation | | (4,186) | (2,993) |
| Capital expenditure and financial investment | | | |
| Purchase of tangible fixed assets | | (169) | (282) |
| Net cash outflow from capital expenditure and financial investment | | (169) | (282) |
| Equity dividends paid | | (6,000) | (8,000) |
| Decrease in cash | <i>21</i> | (1,130) | (1,781) |



Nickelodeon UK

Notes to the financial statements for the year ended 30 June 2004

1 Principal accounting policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the year and the preceding year, is set out below.

(a) Basis of accounting

The accounts are prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards and the Companies Act 1985.

(b) Fixed assets

Fixed assets are shown at cost less accumulated depreciation.

Depreciation is provided on all fixed assets at 25% per annum except for computers, on which the rate is 50%. These rates are calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its estimated useful life.

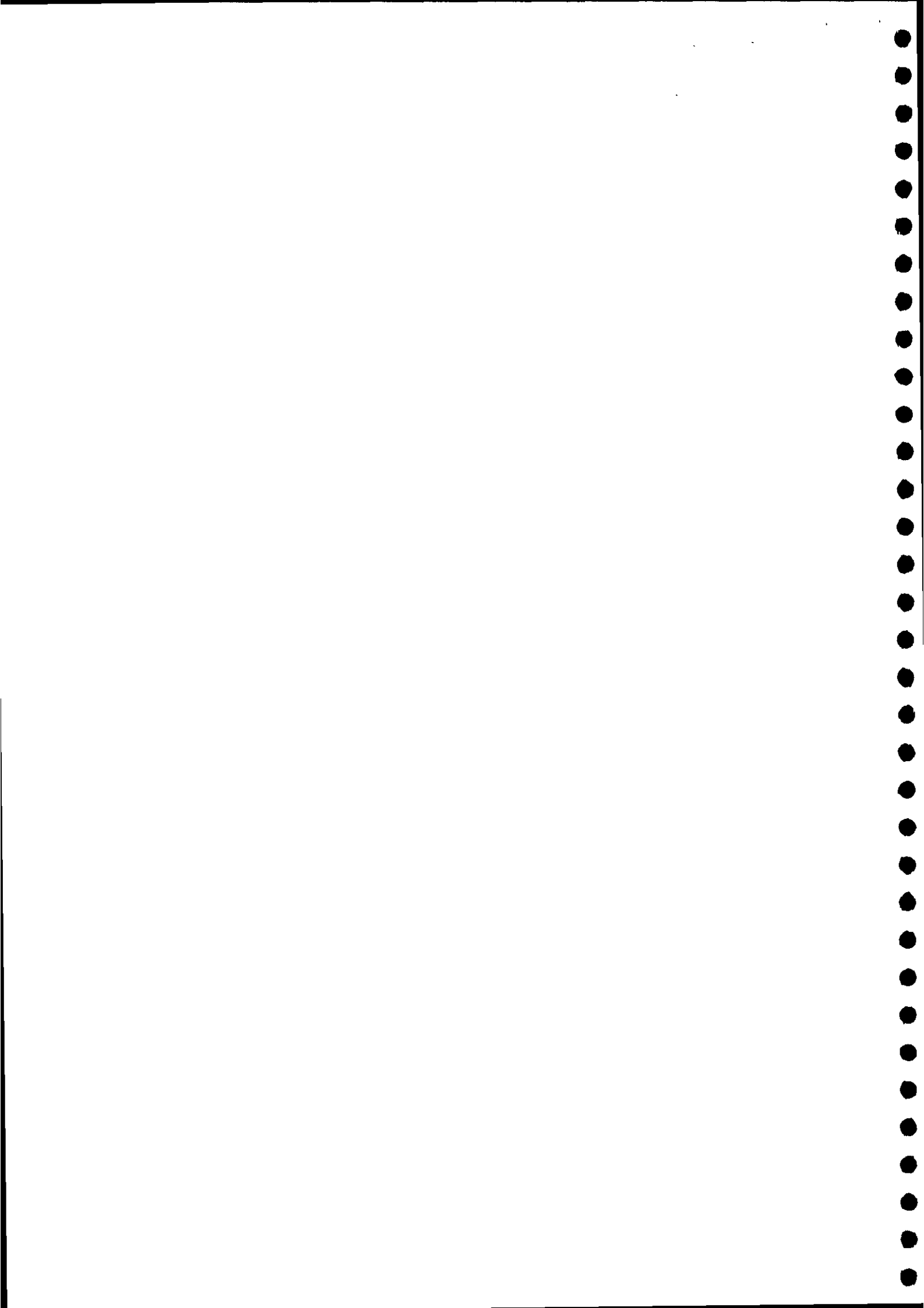
(c) Stocks

Television programme rights are stated at cost less accumulated amortisation. Provisions are made for any programme rights which are excess to the company's requirements or which will not be shown for any other reason. Direct costs of own productions are included within the cost of programme rights. Acquired television programme rights and the related liability are recorded at cost when the programmes are available for transmission.

Programme rights are amortised over one of two bases: the usage basis, which amortises the *programme cost over the allowed number of plays*, and the time basis, which amortises the programme cost over the period of the licence, not exceeding a period of five years. Where unlimited plays are available, the time basis is used. Where there are a limited number of plays available, the greater of the amortisation charge resulting from the time basis and the usage basis is used. Programme costs for own productions are amortised on a straight-line basis over a period between six months and five years.

Contractual obligations for programme rights not yet available for transmission are not included in the cost of television programme rights but are disclosed under financial commitments contracted for, in note 19.

Programme payments made in advance of the company having availability to transmit the related programmes are treated as prepayments.



Nickelodeon UK

Notes to the financial statements for the year ended 30 June 2004 (continued)

1 Principal accounting policies (continued)

(d) Taxation

Corporation tax payable is provided on taxable profits at the current rate. Deferred taxation is provided using the liability method at the rates ruling at the year-end.

Deferred tax is provided in full on all timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered.

(e) Foreign currency

Transactions denominated in foreign currencies are recorded in sterling at actual exchange rates as of the date of the transaction, or at the contracted rate if the transaction is covered by a forward exchange contract or other hedging instruments. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date, or if hedged, at the appropriate hedged rate.

(f) Pension costs

The company provides pensions to eligible employees through the British Sky Broadcasting Group plc pension plan, which is a defined contribution plan. The assets of the plan are held independently of the British Sky Broadcasting Group.

The amount charged to the profit and loss account is based on the contributions payable for the year.

(g) Leases

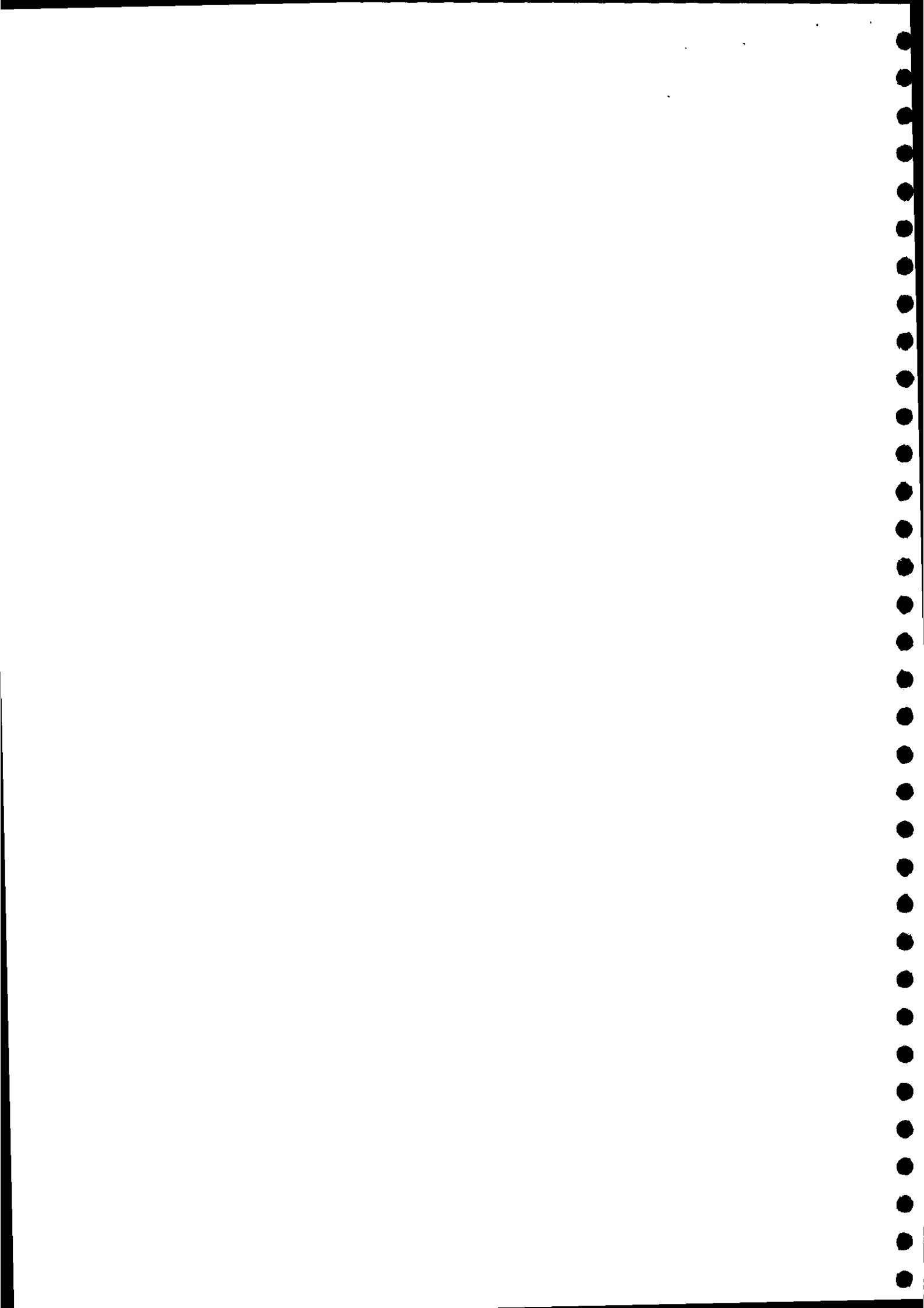
The rental costs arising from operating leases are charged to the profit and loss account in the year in which they are incurred, on a straight line basis.

(h) Turnover

Turnover, which excludes value added tax, represents the invoiced value of advertising, pay channel subscriptions and other revenues.

2 Segmental information

All of the company's turnover arose in the United Kingdom from its principal and related activities.



Nickelodeon UK

Notes to the financial statements for the year ended 30 June 2004 (continued)

3 Operating expenses

| | 2004 £'000 | 2003 £'000 |
|-------------------------|---------------|---------------|
| Cost of sales | 21,328 | 18,865 |
| Administrative expenses | 6,200 | 5,694 |
| | 27,528 | 24,559 |

4 (a) Interest receivable and similar income

| | 2004 £'000 | 2003 £'000 |
|--------------------------|---------------|---------------|
| Bank Interest receivable | 151 | 190 |

(b) Interest payable and similar charges

| | 2004 £'000 | 2003 £'000 |
|-----------------------|---------------|---------------|
| Bank Interest payable | 11 | 2 |

5 Profit on ordinary activities before taxation

| | 2004 £'000 | 2003 £'000 |
|---|---------------|---------------|
| Profit on ordinary activities before taxation is stated after charging: | | |
| Depreciation of tangible fixed assets | 829 | 1,003 |
| Amortisation of programme rights | 7,520 | 7,692 |
| Net foreign currency gains | (805) | (1,140) |
| Operating lease rentals: | | |
| - plant and machinery | 846 | 627 |
| - other | 483 | 482 |
| Auditors' remuneration – audit fees | 27 | 25 |
| Restructuring costs | 497 | - |

During the year the company restructured the permanent headcount in line with the company's objective to refocus resources and management into Content and Commercial divisions rather than Technology.

6 Staff costs

Particulars of employees, including executive directors, are as shown below:

| | 2004 £'000 | 2003 £'000 |
|-----------------------|---------------|---------------|
| Wages and salaries | 4,180 | 4,268 |
| Social security costs | 419 | 432 |
| Other pension costs | 194 | 190 |
| | 4,793 | 4,890 |

Nickelodeon UK

Notes to the financial statements for the year ended 30 June 2004 (continued)

6 Staff costs (continued)

None of the directors received any remuneration in respect of their qualifying services to the company in the year (2003 - £nil). The average monthly number of persons employed by the company during the year was as follows:

| | 2004 Number | 2003 Number |
|----------------|----------------|----------------|
| Programming | 46 | 45 |
| Technical | 28 | 29 |
| Marketing | 8 | 10 |
| Administration | 28 | 29 |
| | 110 | 113 |

7 Taxation

| | 2004 £'000 | 2003 £'000 |
|--|---------------|---------------|
| Current Tax: | | |
| UK corporation tax on profit for the year at 30% (2003: 30%) | 3,495 | 4,681 |
| Adjustment in respect of prior periods | 21 | 89 |
| Total current tax | 3,516 | 4,770 |
| Deferred Tax: | | |
| Origination and reversal of timing differences | 64 | (65) |
| Adjustments in respect of prior periods | 23 | (85) |
| Total deferred tax | 87 | (150) |
| Tax on profit on ordinary activities | 3,603 | 4,620 |

Nickelodeon UK

Notes to the financial statements for the year ended 30 June 2004 (continued)

7 Taxation (continued)

The tax assessed for the year varied from the amount computed by applying the standard rate of corporation tax in the UK (30%) to the profit on ordinary activities before tax. The differences were attributed to the following factors:

| | 2004 £'000 | 2003 £'000 |
|---|---------------|---------------|
| Profit on ordinary activities before tax | 11,754 | 15,432 |
| Profit on ordinary activities multiplied by standard rate of Corporation Tax - 30% (2003:30%) | 3,526 | 4,630 |
| Effects of: | | |
| Expenses not deductible for tax purposes | 34 | 30 |
| Accelerated capital allowances less than depreciation | 48 | 60 |
| Other short term timing differences | (113) | (39) |
| Adjustment in respect of prior periods | 21 | 89 |
| Current tax charge for the year | 3,516 | 4,770 |

Factors that may affect future tax charges:

Based on current depreciation policy, the company expects to be able to claim capital allowances that are less than depreciation in future years.

The deferred tax charge/(credit) was mainly as a result of the tax effect of timing differences as follows:

| | 2004 £'000 | 2003 £'000 |
|---|---------------|---------------|
| Excess depreciation | (26) | (141) |
| Other timing differences | 113 | (9) |
| Total deferred tax charge/(credit) | 87 | (150) |

8 Dividends

| | 2004 £'000 | 2003 £'000 |
|--|---------------|---------------|
| Interim dividend paid of £28,846 (2003: £38,462) per 1p ordinary share | 6,000 | 8,000 |

Nickelodeon UK

Notes to the financial statements for the year ended 30 June 2004 (continued)

9 Tangible fixed assets

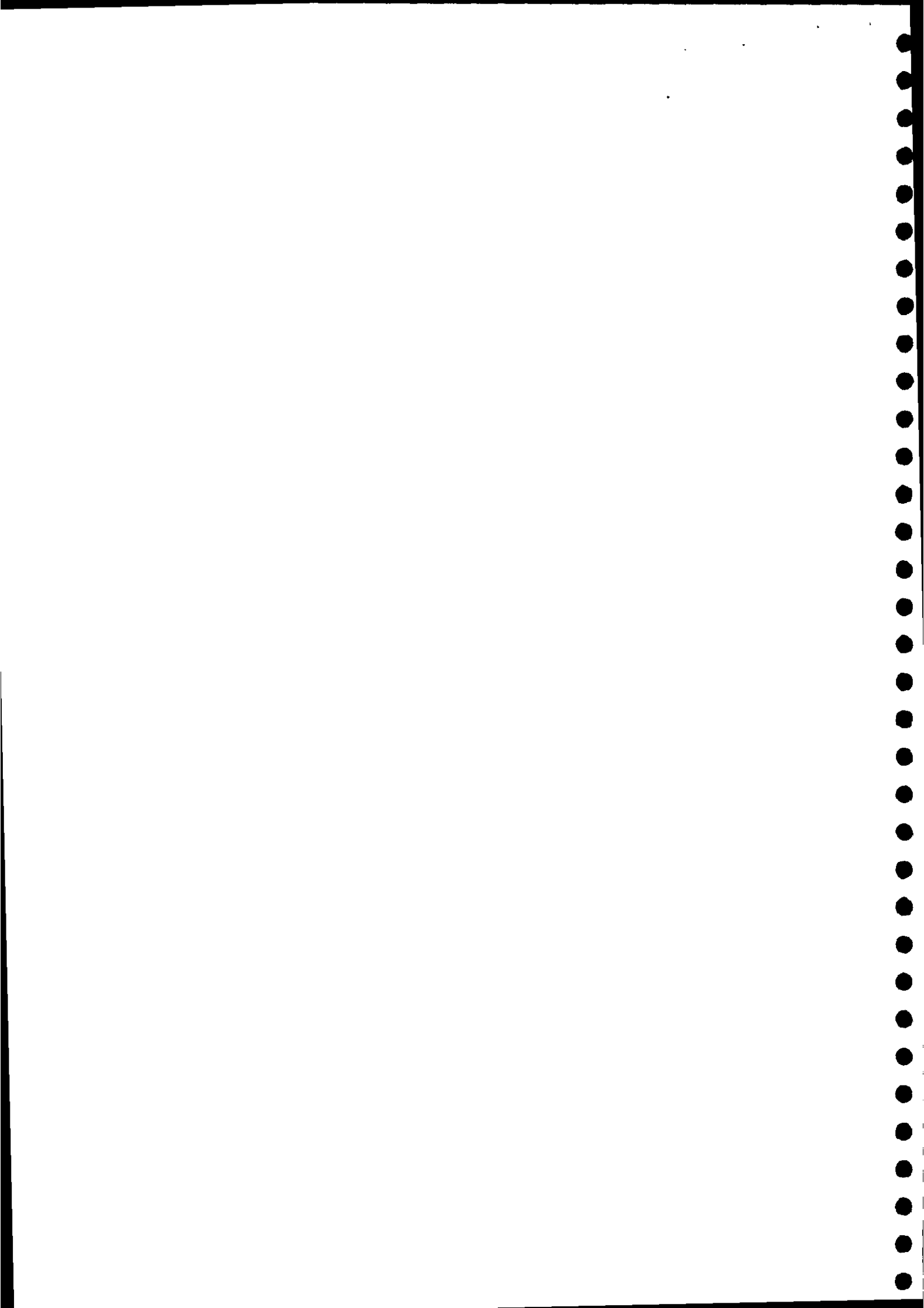
| | Leasehold improvements £'000 | Equipment, fixtures and fittings £'000 | Total £'000 |
|------------------------|------------------------------------|---|----------------|
| Cost | | | |
| At 1 July 2003 | 1,807 | 8,117 | 9,924 |
| Additions | 20 | 150 | 170 |
| At 30 June 2004 | 1,827 | 8,267 | 10,094 |
| Depreciation | | | |
| At 1 July 2003 | 1,337 | 7,074 | 8,411 |
| Charge for the year | 250 | 579 | 829 |
| At 30 June 2004 | 1,587 | 7,653 | 9,240 |
| Net book value | | | |
| At 30 June 2004 | 240 | 614 | 854 |
| At 30 June 2003 | 470 | 1,043 | 1,513 |

10 Stocks

| | 2004 £'000 | 2003 £'000 |
|--------------------------------------|---------------|---------------|
| Acquired television programme rights | 14,174 | 10,512 |
| Own productions | 1,108 | 1,929 |
| Other stock | 9 | 23 |
| | 15,291 | 12,464 |

11 Debtors: amounts falling due within one year

| | 2004 £'000 | 2003 £'000 |
|--|---------------|---------------|
| Trade debtors | 902 | 938 |
| Deferred tax asset (note 14) | 376 | 463 |
| Amounts due from shareholder group companies | 656 | 92 |
| Other debtors | 14 | 799 |
| Prepayments and accrued income | 3,710 | 4,298 |
| | 5,658 | 6,590 |



Nickelodeon UK

Notes to the financial statements for the year ended 30 June 2004 (continued)

12 Creditors: amounts falling due within one year

| | 2004 £'000 | 2003 £'000 |
|--|---------------|---------------|
| Trade creditors | 757 | 413 |
| Programme creditors | 2,559 | 2,102 |
| Amounts due to shareholder group companies | 1,599 | 2,738 |
| Corporation tax creditor | 1,961 | 2,631 |
| VAT creditor | 446 | 784 |
| Taxation and social security | 133 | 267 |
| Other creditors | 93 | - |
| Accruals and deferred income | 3,785 | 4,693 |
| | 11,333 | 13,628 |

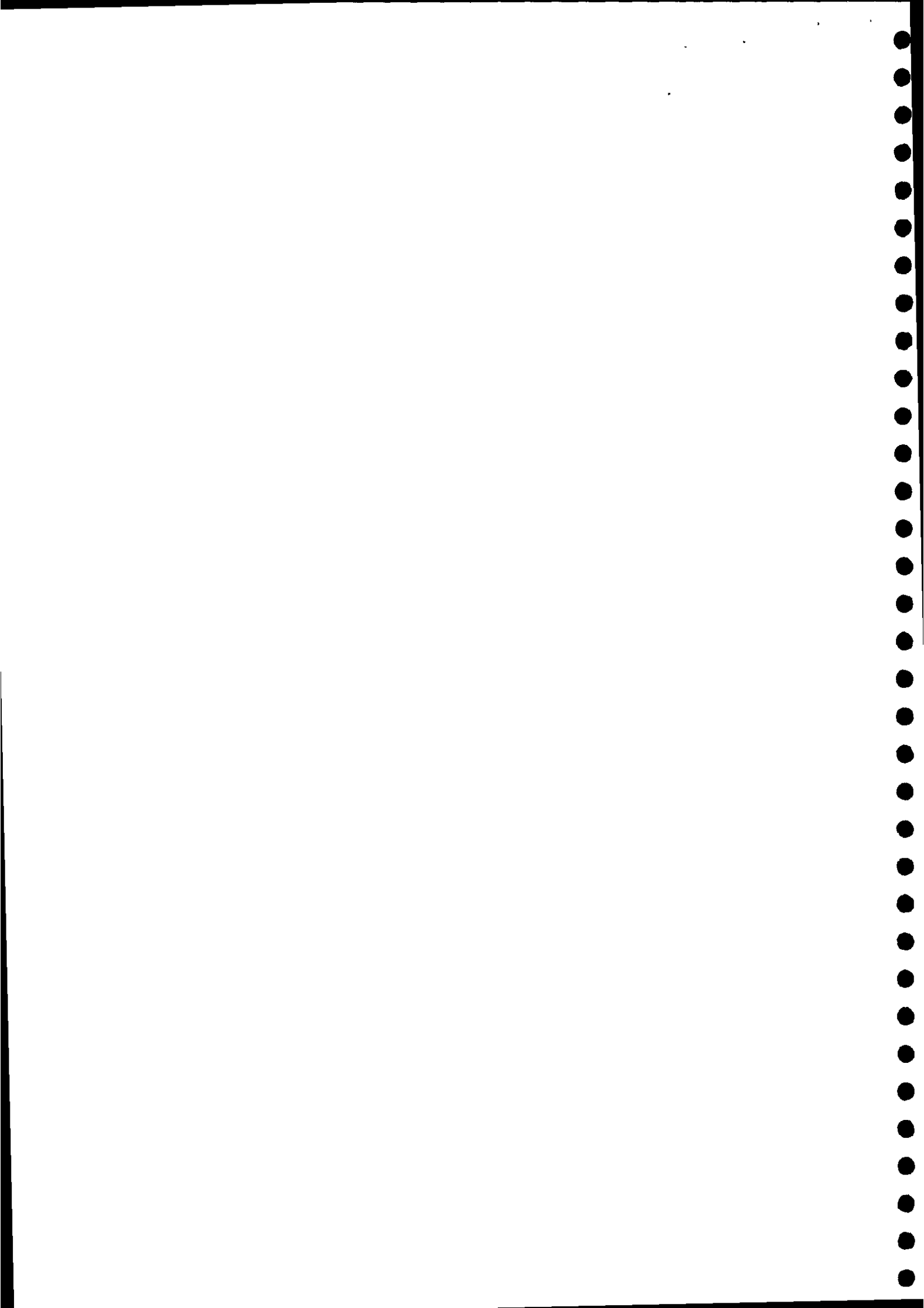
13 Creditors: amounts falling due after more than one year

| | 2004 £'000 | 2003 £'000 |
|--|---------------|---------------|
| Programme creditors | 133 | - |
| Amounts due to shareholder group companies | 82 | - |
| | 215 | - |

14 Deferred taxation

The elements of deferred taxation provided for in the financial statements are as follows:

| | 2004 £'000 | 2003 £'000 |
|---|---------------|---------------|
| Accelerated capital allowances | 338 | 312 |
| Other short term timing differences | 38 | 151 |
| Total deferred tax asset | 376 | 463 |
| Deferred tax asset | | £'000 |
| At 1 July 2003 | | 463 |
| Profit and loss account charge (note 7) | | (87) |
| At 30 June 2004 | | 376 |



Nickelodeon UK

Notes to the financial statements for the year ended 30 June 2004 (continued)

15 Provisions for liabilities and charges

| | Dilapidation Provision £'000 |
|--------------------------------|------------------------------------|
| 1 July 2003 | 294 |
| Profit and Loss account charge | 35 |
| Utilised during the year | - |
| 30 June 2004 | 329 |

A dilapidation provision is being built up annually, based on the directors' best estimates, to reflect the fact that the company is obliged to return its leasehold property back to its original condition at the end of the lease term in 2010. As at 30 June 2004, the directors have assumed the company will continue to occupy the property until the end of the lease term.

16 Called up share capital

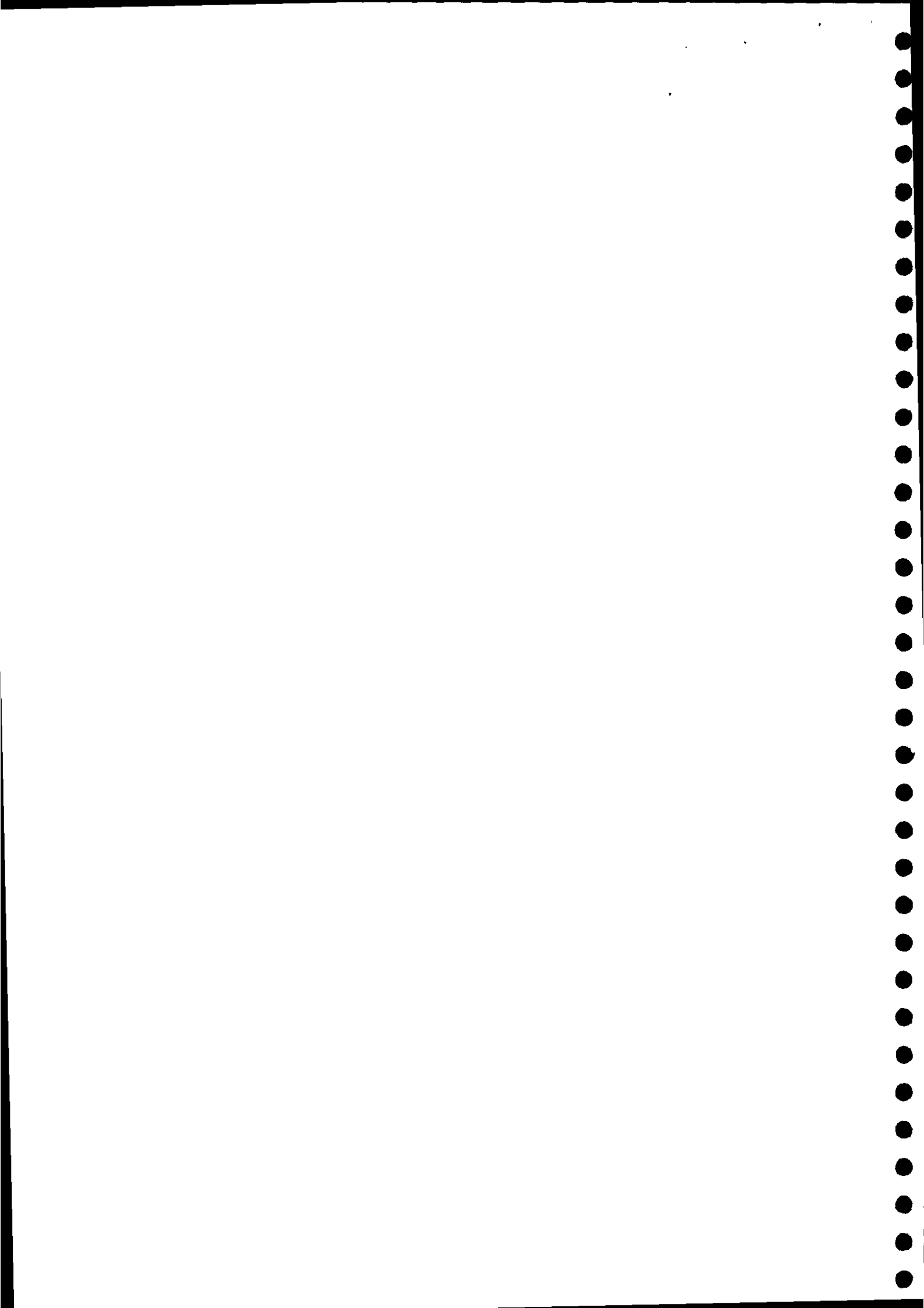
| | 2004 £ | 2003 £ |
|---|---------------|---------------|
| Authorised | | |
| 1,000,000 'A' ordinary shares of 1p each | 10,000 | 10,000 |
| 1,000,000 'B' ordinary shares of 1p each | 10,000 | 10,000 |
| | 20,000 | 20,000 |
| | | |
| | 2004 £ | 2003 £ |
| Allotted, called up and fully paid | | |
| 104 'A' ordinary shares of 1p each | 1 | 1 |
| 104 'B' ordinary shares of 1p each | 1 | 1 |
| | 2 | 2 |

'A' ordinary shares are held (indirectly) by Viacom Inc.

'B' ordinary shares are held (indirectly) by British Sky Broadcasting Group plc.

17 Reconciliation of movements in equity shareholders' funds

| | 2004 £'000 | 2003 £'000 |
|---|---------------|---------------|
| Profit for the year | 8,151 | 10,812 |
| Dividends paid | (6,000) | (8,000) |
| Net addition to equity shareholders' funds | 2,151 | 2,812 |
| Opening equity shareholders' funds | 15,761 | 12,949 |
| Closing equity shareholders' funds | 17,912 | 15,761 |



Nickelodeon UK

Notes to the financial statements for the year ended 30 June 2004 (continued)

18 Reserves

| | Share premium account £'000 | Profit and loss account £'000 |
|------------------------------|-----------------------------------|-------------------------------------|
| 1 July 2003 | 1 | 15,760 |
| Retained profit for the year | - | 2,151 |
| At 30 June 2004 | 1 | 17,911 |

19 Guarantees and other financial commitments

(a) Programme right commitments

| 2004 £'000 | 2003 £'000 |
|---------------|---------------|
|---------------|---------------|

Programme right commitments are as follows:

| | | |
|----------------------------------|-------|-------|
| Contracted, but not provided for | 5,442 | 7,318 |
|----------------------------------|-------|-------|

The commitments are payable in US dollars and are for periods up to August 2011. At 30 June 2004, the US dollar amounts have been translated at the weighted average hedged contractual exchange rate of \$1.791:£1 (2003: \$1.6223: £1).

(b) Operating lease commitments

Annual commitments under non-cancellable operating leases are as follows:

| | 2004 | | 2003 | |
|-------------------------------|--------------------------------|----------------|--------------------------------|----------------|
| | Land and Buildings £'000 | Other £'000 | Land and Buildings £'000 | Other £'000 |
| Operating leases which expire | | | | |
| - within 2-5 years | - | 1,091 | - | 720 |
| - after 5 years | 485 | - | 485 | - |
| | 485 | 1,091 | 485 | 720 |

(c) Forward currency contracts

In July 2004, the company entered into a number of forward exchange contracts to buy U.S. dollars to hedge the effect of exchange rate fluctuations on future U.S. dollar programme right payments in 2004 and 2005.

The forward exchange commitments for the coming year amount to \$7,435,000 (2003: \$6,150,000) equivalent to £4,152,000 (2003: £3,738,000) at the contract rates.

Nickelodeon UK

Notes to the financial statements for the year ended 30 June 2004 (continued)

20 Reconciliation of operating profit to net cash inflow from operating activities

| | 2004 £'000 | 2003 £'000 |
|--|---------------|---------------|
| Operating profit | 11,614 | 15,244 |
| Depreciation of tangible fixed assets | 829 | 1,003 |
| Amortisation of programme rights | 7,520 | 7,692 |
| Increase in stocks | (10,346) | (9,146) |
| (Increase)/decrease in debtors | 845 | (2,896) |
| Decrease in creditors | (1,412) | (2,885) |
| Increase in provisions | 35 | 294 |
| Net cash inflow from operating activities | 9,085 | 9,306 |

21 Analysis of net funds

| | 1 July 2003 £'000 | Cashflow £'000 | 30 June 2004 £'000 |
|--------------------------|----------------------|-------------------|-----------------------|
| Cash at bank and in hand | 9,116 | (1,130) | 7,986 |
| Net funds | 9,116 | (1,130) | 7,986 |

22 Reconciliation of net cash flow to movement in net funds

| | 2004 £'000 | 2003 £'000 |
|-----------------------------------|---------------|---------------|
| Decrease in cash in the year | (1,130) | (1,781) |
| Movement in net funds in the year | (1,130) | (1,781) |
| Net funds at beginning of year | 9,116 | 10,897 |
| Net funds at end of year | 7,986 | 9,116 |

Nickelodeon UK

Notes to the financial statements for the year ended 30 June 2004 (continued)

23 Related party transactions

The company conducts business transactions on a normal commercial basis with, and receives a number of services from, shareholder companies or members of their groups.

Services provided by the British Sky Broadcasting Group of companies include providing promotional services for a cost of £773,000 (2003: £5,000). The company also received revenue of £16,041,000 (2003: £18,710,000) in respect of direct to home subscriptions. The company paid £720,000 for leasing a digital transponder and for uplink costs (2003: £664,000), £131,000 for interactive services (2003: £171,000), £21,000 for the lease of IT lines (2003: £20,000) and £73,000 (2003: £87,000) for administrative recharges. At 30 June 2004, the outstanding payables balance was £62,000 (2003: £189,000), and there was an outstanding receivables balance of £43,000 (2003: £26,000).

Services provided by the Viacom group of companies include acting as the selling agent for airtime with a value of £16,520,000 (2003: £14,630,000). The company also paid the Viacom group £709,000 (2003: £740,000) as a trademark and on-line licence fee, £2,255,000 (2003: £2,024,000) for the provision of marketing services, including sales commissions, and nil (2003: £169,000) for administrative recharges. At 30 June 2004, the outstanding payables balance was £75,000 (2003: £14,000), and the outstanding receivables balance was £559,000 (2003: £66,000).

During the year, the company entered into new contracts for programming from the Viacom group of companies at a cost of \$5,724,000 (2003: \$5,874,000). At 30 June 2004, the outstanding payables balance was £1,544,000 (2003: £2,535,000).

In 2004 the company received £166,000 (2003: £166,000) from the Paramount Channel, a fellow group company ultimately owned by British Sky Broadcasting Group plc and Viacom, for the use of the company's fixed assets and other facilities. This amount is included within turnover. At 30 June 2004, the outstanding receivables balance was £54,000 (2003: nil).