

The Surrey Golf Company Limited

Annual report and financial statements
for the year ended 30 June 2002

Registered number: 2973803



Directors' report

For the year ended 30 June 2002

The Directors present their annual report on the affairs of the company, together with the financial statements and auditors' report, for the year ended 30 June 2002.

Principal activities

The principal activity of the company during the year was the operation of a golf course and ancillary activities.

Business Review

The Directors are satisfied with the performance of the business. The company has extended the existing 9 hole course to 18 holes and the additional holes are expected to be fully developed by Spring 2003. The Directors anticipate an improved trading performance will result.

Results and dividends

The audited financial statements for the year ended 30 June 2002 are set out on pages 5 to 14. The loss for the year after taxation was £155,602 (15 month period to 30 June 2001: £162,117 loss).

The Directors do not recommend the payment of a dividend (2001: £nil).

Directors

The Directors who served during the year were as follows:

J M Fenn

M A K Wood

Directors' interests

None of the Directors hold any interests in the share capital of the company or any other group company except as detailed below

The Directors in office at 30 June 2002 held the following interests in the share capital of the ultimate parent company, British Sky Broadcasting Group plc. All options held are over 50p ordinary shares.

The interests of MAK Wood and J M Fenn are disclosed in the Surrey Group Limited financial statements for the year ended 30 June 2002 (See note 16).

Directors' report (continued)

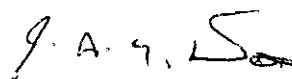
The middle-market closing price of the British Sky Broadcasting Group plc ordinary shares on the last working day of the financial year was £6.29. During the year ended 30 June 2002, the share price traded within the range of £5.44 to £9.36 per share.

The British Sky Broadcasting ESOP is interested in 6.6 million British Sky Broadcasting Group plc ordinary shares in which the Directors who are employees are deemed to be interested by virtue of section 324 of the Companies Act 1985.

On 31 July 2002, Arthur Andersen resigned as auditors. The Directors have appointed Deloitte & Touche to fill the casual vacancy and will propose their reappointment at the Annual General Meeting.

Grant Way
Isleworth
Middlesex
TW7 5QD

By order of the Board,



M A K Wood
Director

24 June 2003

Statement of Directors' responsibilities

Accounts, including adoption of going concern basis

United Kingdom company law requires the Directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company as at the end of the financial period and of the profit or loss of the company 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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 to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control, 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 members of The Surrey Golf Company Limited

We have audited the financial statements of The Surrey Golf Company Limited for the year ended 30 June 2002 which comprise the profit and loss account, the balance sheet, the statement of accounting policies and the related notes 1 to 16. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditors

As described in the statement of Directors' responsibilities, the company's Directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and 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 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 for the above year and consider the implications for our report if we become aware of any apparent misstatements.


Basis of audit 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 the company's affairs as at 30 June 2002 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche
Chartered Accountants and Registered Auditors
London

24 June 2003

Profit and loss account
For the year ended 30 June 2002

	Note	Year ended 30 June 2002 £	15 months ended 30 June 2001 £
Turnover	1	374,452	426,995
Cost of sales		(91,129)	(84,175)
Gross profit		283,323	342,820
Administrative expenses		(430,719)	(487,402)
Operating loss		(147,396)	(144,582)
Interest payable and similar charges	4	(8,206)	(17,535)
Loss on ordinary activities before and after taxation	5	(155,602)	(162,117)
Retained loss for the year / period	13	(155,602)	(162,117)

Movements in reserves are shown in note 13.

There are no recognised gains or losses in either period other than the loss for that year/period.

All turnover and expenses are derived from continuing operations.

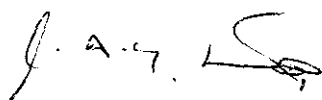
The accompanying notes are an integral part of this profit and loss account.

Balance sheet

30 June 2002

	Notes	2002 £	2001 £
Fixed assets			
Tangible fixed assets	7	1,399,892	1,032,714
Current assets			
Stock	8	20,700	20,100
Debtors	9	36,038	228,802
Cash at bank and in hand		90,600	50,608
		<u>147,338</u>	<u>299,510</u>
Creditors: Amounts falling due within one year	10	<u>(2,902,780)</u>	<u>(2,524,774)</u>
Net current liabilities		<u>(2,755,442)</u>	<u>(2,225,264)</u>
Total assets less current liabilities		<u>(1,355,550)</u>	<u>(1,192,550)</u>
Creditors: Amounts falling due after more than one year	11	<u>(12,136)</u>	<u>(19,534)</u>
Net liabilities		<u>(1,367,686)</u>	<u>(1,212,084)</u>
Capital and reserves			
Called-up share capital	12	2	2
Profit and loss account	13	<u>(1,367,688)</u>	<u>(1,212,086)</u>
Equity shareholders' deficit	14	<u>(1,367,686)</u>	<u>(1,212,084)</u>

The financial statements on pages 5 to 14 were approved by the Board of Directors on 24 June 2003 and signed on its behalf by:



M A K Wood
Director

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

Statement of accounting policies

30 June 2002

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding period.

Basis of accounting

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

The company has both net current liabilities and net liabilities at 30 June 2002. The Directors of British Sky Broadcasting Group plc have confirmed that British Sky Broadcasting Group plc will continue to provide financial support to the company for a period of at least one year from the date of signing these financial statements, such that the company can continue to settle all liabilities as they fall due. Accordingly, the financial statements have been prepared on a going concern basis.

Under the provisions of FRS 1 (Revised) "Cash flow statements", the company has not prepared a cash flow statement because its ultimate UK parent company, British Sky Broadcasting Group plc, which is registered in England and Wales, prepares publicly available consolidated financial statements (see note 16) in which the results of the company are included.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset over its expected useful life as follows:

Motor vehicles	- 25% straight line
Fixtures, fittings and equipment	- 25% straight line
Golf driving range	- 25% straight line
Buildings	- 2% straight line

With the exception of the golf driving range, depreciation is not provided on freehold land or subsequent costs associated with golf course development.

Stock

Stock is valued at the lower of cost and net realisable value and is accounted for on a first in, first out basis.

Turnover

Turnover represents amounts receivable for goods and services provided in the normal course of business, net of trade discounts and VAT

Statement of accounting policies (continued)

Leases

Assets held under finance leases and other similar contracts, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant rate of charge on the balance of capital repayments outstanding. Hire purchase transactions are dealt with similarly, except that assets are depreciated over their useful lives.

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

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.

Notes to financial statements

30 June 2002

1 Turnover

Turnover, all of which arose from within the United Kingdom, is derived from the operation of the golf course.

2 Staff costs

The average monthly number of employees, including Directors was:

	Year ended 30 June 2002 Number	15 months ended 30 June 2001 Number
Staff numbers	<u>13</u>	<u>14</u>

Their aggregate remuneration comprised:

	Year ended 30 June 2002 £	15 months ended 30 June 2001 £
Wages and salaries	140,507	163,586
Social security costs	10,544	14,012
Other pension costs	<u>796</u>	<u>-</u>
	<u>151,847</u>	<u>177,598</u>

Employees of the company can participate in the British Sky Broadcasting Group's defined contribution pension plan.

The amount of employer's contribution charged to the profit and loss account in the period was £796 (2001: £nil).

There are no prepaid or accrued provision charges at 30 June 2002 (30 June 2001: £nil)

3 Directors' emoluments

No Directors received remuneration for their services to the company (2001: nil)

4 Interest payable and similar charges

	Year ended 30 June 2002 £	15 months ended 30 June 2001 £
Bank interest	2,352	11,635
Finance lease interest	<u>5,854</u>	<u>5,900</u>
	<u>8,206</u>	<u>17,535</u>

Notes to financial statements (continued)

5 Loss on ordinary activities before and after taxation

Loss on ordinary activities before and after taxation is stated after charging:

		Year ended 30 June 2002 £	15 months ended 30 June 2001 £
Depreciation	- owned assets	19,992	56,650
Depreciation	- leased assets	24,687	27,959
Auditors remuneration	- audit services	-	12,000
		<u>-</u>	<u>12,000</u>

Auditors' remuneration in respect of audit services is borne by British Sky Broadcasting Group Limited.

6 Taxation

6(a) Factors affecting the current tax charge for the year

The current tax charge for the year is higher than the standard rate of corporation tax in the UK (30%). The differences are explained below:

	2002 £	2001 £
Loss on ordinary activities before tax	(155,602)	(162,117)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2001: 30%)	(46,681)	(48,635)
Effects of:		
Depreciation for the year in excess of capital allowances	4,379	-
Other non-deductible expenses	1,619	-
Group relief surrendered for no consideration	40,683	-
Losses carried forward	-	48,635
Current tax charge for the year	<u>-</u>	<u>-</u>

6(b) Factors that may affect future tax changes

A deferred tax asset of £83,000 (2001: £79,000), principally arising from trading losses, has not been recognised. These losses can only be offset against taxable profits of the company. Although the Directors ultimately expect sufficient profits to arise, there is currently insufficient evidence to support recognition of a deferred tax asset relating to these losses.

Notes to financial statements (continued)

7 Tangible fixed assets

	Freehold land and buildings £	Motor vehicles £	Fixtures, fittings and equipment £	Total £
Cost				
At 1 July 2001	2,072,788	7,999	136,405	2,217,192
Additions	14,833	-	2,024	16,857
Intercompany transfers	395,000	-	-	395,000
At 30 June 2002	<u>2,482,621</u>	<u>7,999</u>	<u>138,429</u>	<u>2,629,049</u>
Depreciation				
At 1 July 2001	1,100,402	4,630	79,446	1,184,478
Charge for the period	5,395	2,332	36,952	44,679
At 30 June 2002	<u>1,105,797</u>	<u>6,962</u>	<u>116,398</u>	<u>1,229,157</u>
Net book value				
At 30 June 2002	<u>1,376,824</u>	<u>1,037</u>	<u>22,031</u>	<u>1,399,892</u>
At 30 June 2001	<u>972,386</u>	<u>3,369</u>	<u>56,959</u>	<u>1,032,714</u>
Leased assets included above:				
Net book value				
At 30 June 2002	<u>-</u>	<u>412</u>	<u>13,148</u>	<u>13,560</u>
At 30 June 2001	<u>-</u>	<u>2,062</u>	<u>36,185</u>	<u>38,247</u>

Intercompany transfers relate to land transferred at net book value from Surrey Group Limited, a fellow group company.

Included within Freehold land and buildings is freehold land which is not depreciated.

Freehold land	2002 £	2001 £
Cost	2,374,995	1,965,162
Impairment provision	<u>(1,000,000)</u>	<u>(1,000,000)</u>
Carrying value	<u>1,374,995</u>	<u>965,162</u>

Notes to financial statements (continued)

7 Tangible fixed assets (continued)

Included within fixtures, fittings and equipment are assets held under finance leases with a cost of £75,211 (2001: £75,211) and accumulated depreciation of £62,063 (2001: £39,026).

Included within motor vehicles are assets held under finance leases with a cost of £5,499 (2001: £5,499) and accumulated depreciation of £5,087 (2001: £3,437).

8 Stocks

	2002 £	2001 £
Finished goods	<u>20,700</u>	<u>20,100</u>

There is no difference between the carrying value of stock and its replacement cost.

9 Debtors: Amount falling due within one year:

	2002 £	2001 £
Trade debtors	20,880	31,706
Amounts owed by group undertakings	-	178,369
Other debtors and prepayments	<u>15,158</u>	<u>18,727</u>
	<u>36,038</u>	<u>228,802</u>

Amounts owed by group undertakings are receivable on demand and bear no interest.

10 Creditors: Amounts falling due within one year

	2002 £	2001 £
Obligations under finance leases and hire purchase contracts	15,607	18,828
Trade creditors	19,937	22,406
Amounts due to group undertakings	2,745,661	2,398,465
Other taxation and social security	19,741	3,519
Other creditors	21,324	25,770
Accruals and deferred income	<u>80,510</u>	<u>55,786</u>
	<u>2,902,780</u>	<u>2,524,774</u>

Amounts owed to group undertakings are payable on demand and bear no interest.

Notes to financial statements (continued)

11 Creditors: Amounts falling due after more than one year

	2002 £	2001 £
Obligations under finance leases and hire purchase contracts	<u>12,136</u>	<u>19,534</u>

Finance leases

The finance leases are repayable by instalments as follows:

	2002 £	2001 £
Less than one year	15,607	18,828
Between one and two years	12,136	17,048
Between two and five years	-	2,486
	<u>27,743</u>	<u>38,362</u>

12 Called-up share capital

	2002 £	2001 £
<i>Authorised:</i>		
Ordinary shares of £1 each	<u>100</u>	<u>100</u>
<i>Allotted, called-up and fully paid:</i>		
Ordinary shares of £1 each	<u>2</u>	<u>2</u>

13 Reserves

	Profit and loss account £
At 1 July 2001	(1,212,086)
Retained loss for the year	(155,602)
At 30 June 2002	<u>(1,367,688)</u>

Notes to financial statements (continued)

14 Reconciliation of movements in equity shareholders' funds

	2002 £	2001 £
Loss for the financial year/period	(155,602)	(162,117)
Opening shareholders' deficit	<u>(1,212,084)</u>	<u>(1,049,967)</u>
Closing shareholders' deficit	<u>(1,367,686)</u>	<u>(1,212,084)</u>

15 Related parties

As a subsidiary undertaking of British Sky Broadcasting Group plc, the company has taken advantage of the exemption in FRS 8 "Related Party Disclosures" from disclosing transactions with other members of the group headed by British Sky Broadcasting Group plc.

16 Ultimate controlling party

The Directors regard British Sky Broadcasting Group plc, a company incorporated in Great Britain, as the ultimate parent undertaking and ultimate controlling party.

Surrey Group Limited is the immediate parent company and the parent company of the smallest group of which the company is a member. British Sky Broadcasting Group plc is the parent company of the largest group of which the company is a member and the only group for which consolidated financial statements are drawn up.

Group financial statements for British Sky Broadcasting Group plc can be obtained from the Company Secretary at Grant Way, Isleworth, Middlesex, TW7 5QD.