

# The Surrey Golf Company Limited

Annual report and financial statements  
for the year ended 30 June 2006

Registered number 2973803



## Directors and Officers

For the year ended 30 June 2006

### Directors

The Surrey Golf Company Limited's ("the Company") present Directors and those who served during the year are as follows

D J Darroch

J R Murdoch

### Secretary

D J Gormley

### Registered office

Grant Way

Isleworth

Middlesex

TW7 5QD

### Auditors

Deloitte & Touche LLP

London

## Directors' report

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 2006

### Principal activity and future developments

The Company's principal activity during the year was the operation of a golf course and ancillary activities. The Directors expect these activities to continue for the foreseeable future.

### Results and dividends

The audited accounts for the year ended 30 June 2006 are set out on pages 6 to 22. The profit on ordinary activities after taxation for the year was £78,074 (2005: £93,591). The Directors do not recommend the payment of a dividend for the year ended 30 June 2006 (2005: £nil).

### Directors and their interests

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

J R Murdoch and D J Darroch are also Directors of the Company's ultimate parent undertaking, British Sky Broadcasting plc ("BSkyB"). The interests of these Directors in the share capital of BSkyB are disclosed in the Report on Directors Remuneration in BSkyB's 2006 Annual Report, which are publicly available.

Details of the Unapproved Executive Share Option Scheme, the Sharesave Scheme, the LTIP and the EBP are also given in BSkyB's 2006 Annual Report.

Awards under the EBP take the form of a contingent right to acquire existing BSkyB shares at the vesting date for nil consideration.

Except as disclosed in this report and in BSkyB's 2006 Annual Report, no other Director held any interest in the share capital, including options, of the Company or any subsidiary of the Company, during the year.

At 30 June 2006, the BSkyB Employee Share Ownership Plan ("ESOP") held an interest of 4,448,876 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 2006 the BSkyB share price traded within the range of £4.785 to £5.79 per share. The middle-market closing price on the last working day of the financial year was £5.735.

### Principal risks and uncertainty

The Company's activities expose it to liquidity risk.

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the company relies on the Group treasury function, which has access to a £1,000m rolling credit facility to ensure ongoing liquidity.

The Directors do not believe the business is exposed to cashflow risk, credit risk or price risk.

## Directors' report (continued)

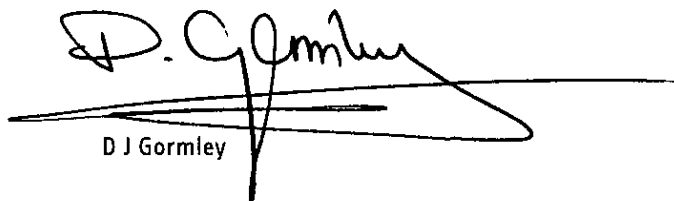
### Auditors

The directors have passed an elective resolution dispensing with the requirement to annually reappoint an auditor for the Company

In the case of each of the persons who are Directors of the company at the date when the report was approved

- so far as each of the directors is aware, there is no relevant audit information (as defined in the Companies Act 1985) of which the Company's auditors are unaware, and
- each of the directors has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information (as defined) and to establish that the Company's auditors are aware of that information

By order of the Board,

A handwritten signature in black ink, appearing to read 'D. J. Gormley', is written over a horizontal line. The signature is stylized with a large loop at the end.

D J Gormley

Company Secretary

Grant Way

Isleworth

Middlesex

TW7 5QD

30 April 2007

## Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the Financial Statements. The Directors have elected to prepare financial statements for the company in accordance with International Financial Reporting Standards ("IFRS"). Company law requires the Directors to prepare such financial statements in accordance with IFRS, the Companies Act 1985.

IAS 1 – Presentation of Financial Statements ("IAS 1") requires that financial statements present fairly, for each financial year, the Company's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognitions criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and presentation of financial statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRSs. Directors are also required to

- properly select and apply accounting policies,
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information, and
- provide additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company, for safeguarding the assets, for taking reasonable steps for the prevention and detection of fraud and other irregularities and for the preparation of a directors' report which complies with the requirements of the Companies Act 1985.

The Directors believe the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they have adopted the going concern basis in preparing the accounts.

## **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 2006 which comprise income statement, the balance sheet, the cash flow statement and the related notes 1 to 18. 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**

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union are set out in the statement of directors' responsibilities. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, in accordance with the relevant financial reporting framework and are properly prepared in accordance with the Companies Act 1985. We report to you whether in our opinion the information given in the directors' report is consistent with the financial statements. We also report to you if, in our opinion, 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 other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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, in accordance with those IFRSs as adopted for use in the European Union, of the state of the company's affairs as at 30 June 2006 and of its profit for the year then ended, and
- the financial statements have been properly prepared in accordance with the Companies Act 1985 and
- the information given in the directors' report is consistent with the financial statements.

### **Separate opinion in relation to IFRS**

As explained in Note 1, the company, in addition to complying with its legal obligation to comply with IFRSs as adopted by the European Union, has also complied with the IFRSs as issued by the International Accounting Standards Board. Accordingly, in our opinion the financial statements give a true and fair view, in accordance with IFRSs, of the state of the company's affairs as at 30 June 2006 and of its profit for the year then ended.



**Deloitte & Touche LLP**  
Chartered Accountants and Registered Auditors  
London  
United Kingdom

30 April 2007

# Income Statement

For the year ended 30 June 2006

	Notes	2006 £	2005 £
<b>Revenue</b>	2	<b>586,564</b>	631,583
Operating expenses	3	(515,860)	(543,337)
<b>Operating profit</b>		<b>70,704</b>	88,246
Investment income	4	7,370	5,345
<b>Profit before tax</b>	5	<b>78,074</b>	93,591
Taxation	7	-	-
<b>Profit for the year</b>	13	<b>78,074</b>	93,591

The accompanying notes are an integral part of this income statement

All results relate to continuing operations

There were no recognised income and expense in either year other than those included within the income statement

Accordingly, no separate statement of recognised income and expense is provided

Details of movement in reserves are shown in note 13

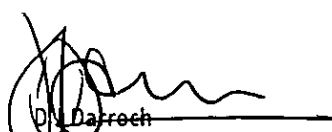
# Balance Sheet

For the year ended 30 June 2006

	Notes	2006 £	2005 £
<b>Non-current assets</b>			
Property, plant and equipment	8	1,998,002	2,014,902
<b>Current assets</b>			
Inventories	9	20,286	21,281
Trade and other receivables	10	69,237	22,486
Cash and cash equivalents		656,983	538,975
		<b>746,506</b>	<b>582,742</b>
<b>Total assets</b>		<b>2,744,508</b>	<b>2,597,644</b>
<b>Current liabilities</b>			
Trade and other payables	11	3,874,619	3,805,829
<b>Total liabilities</b>		<b>3,874,619</b>	<b>3,805,829</b>
<b>Shareholders' deficit</b>	13	<b>(1,130,111)</b>	<b>(1,208,185)</b>
<b>Total liabilities and shareholders' deficit</b>		<b>2,744,508</b>	<b>2,597,644</b>

The accompanying notes are an integral part of this balance sheet

Authorised by the board and signed on its behalf

  
D. Darroch  
Director

30 April 2007

## Cash Flow Statement

For the year ended 30 June 2006

	Notes	2006 £	2005 £
<b>Cash flows from operating activities</b>			
Cash generated from operations	14	122,586	266,572
Interest received		7,370	5,345
Taxation paid		(11,948)	40,109
<b>Net cash from operating activities</b>		<b>118,008</b>	<b>312,026</b>
<b>Cash flows used in investing activities</b>			
Purchase of property, plant and equipment		-	(16,195)
<b>Net cash used in investing activities</b>		<b>-</b>	<b>(16,195)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>118,008</b>	<b>295,831</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>538,975</b>	<b>243,144</b>
<b>Cash and cash equivalents at the end of the year</b>		<b>656,983</b>	<b>538,975</b>

The accompanying notes are an integral part of this cash flow statement

## Notes to financial statements

### 1 Accounting policies

The Surrey Golf Company Limited (the "Company") is a limited liability company incorporated in England and Wales, and domiciled in the United Kingdom ("UK")

#### a) Statement of compliance

These financial statements are prepared in accordance with IFRS (including International Accounting Standards ("IAS") and interpretations issued by the International Accounting Standards Board ("IASB") and its committees) as adopted by the European Union ("EU"), the Companies Act 1985 and the IASB

These are the Company's first annual financial statements since adopting IFRS, and the Company has elected 1 July 2004 as the date of transition to IFRS (the "Transition Date") The following IFRSs have been adopted from the Transition Date, which is earlier than required under the IFRS transitional provisions IAS 32 "Financial Instruments Disclosure and Presentation", IAS 39 "Financial Instruments Recognition and Measurement", IFRS 2 "Share-based Payment" and IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations"

#### b) Basis of preparation

The financial statements have been prepared on an historical cost basis The accounts have been prepared on a going concern basis

The Company maintains a 52 or 53 week fiscal year ending on the Sunday nearest to 30 June in each year In fiscal year 2006 this date was 2 July 2006, this being a 52 week year (fiscal year 2005 3 July 2005, 53 week year) For convenience purposes, the Group continues to date its financial statements as of 30 June 2006

#### c) Foreign currency translation

The Company's functional currency and presentational currency is pounds sterling Trading activities denominated in foreign currencies are recorded in pounds sterling at the actual exchange rates as of the date of the transaction Monetary assets, liabilities and commitments denominated in foreign currencies at the year end are reported at the rates of exchange at the balance sheet date Non-monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate prevailing at the date of the initial transaction Gains and losses on retranslation of assets and liabilities are included net in the profit or loss for the year, except for exchange differences arising on non-monetary assets and liabilities where the changes in fair value are recognised directly in equity

## Notes to financial statements

### 1 Accounting policies (continued)

#### d) Property, plant and equipment ("PPE")

##### i. Owned assets

Property, plant and equipment are stated at cost, net of accumulated depreciation and any impairment losses, (see accounting policy g), other than those that are classified as held for sale, which are stated at the lower of carrying amount and fair value less costs to sell

When an item of property, plant and equipment is comprised of major components having different useful economic lives, the components are accounted for as separate items of property, plant and equipment

##### ii. Leased assets

Assets held under finance leases, which confer rights and obligations similar to those attached to owned assets, are treated as property, plant and equipment

##### iii. Depreciation

Depreciation is provided to write off the cost, less estimated residual value, of property, plant and equipment on a straight-line basis over its estimated useful life Land, and assets that are not yet available for use, are not depreciated Principal useful economic lives used for this purpose are

Freehold buildings	50 years
Golf driving range	4 years
Equipment, fixtures & fittings	
- Fixtures and fittings	4 years
- Plant and machinery	4 years

#### e) Inventories

Raw materials, consumables and goods held for resale are valued at the lower of cost or net realisable value The cost of raw materials, consumables and goods held for resale is recognised through the operating expenses line of the income statement on a FIFO basis

#### f) Financial assets and liabilities

Financial assets and liabilities are initially recognised at fair value plus any directly attributable transaction costs At each balance sheet date, the Company assesses whether there is any objective evidence that any financial asset is impaired Financial assets and liabilities are recognised on the Company's balance sheet when the Company becomes a party to the contractual provisions of the financial asset or liability Financial assets are derecognised from the balance sheet when the Company's contractual rights to the cash flows expire or the Company transfers substantially all the risks and rewards of the financial asset Financial liabilities are derecognised from the Company's balance sheet when the obligation specified in the contract is discharged or cancelled or expires

## Notes to financial statements

### 1 Accounting policies (continued)

#### i Trade and other receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments and are measured at amortised cost using the effective interest method. Trade and other receivables, with no stated interest rate, are measured at the original invoice amount if the effect of discounting is immaterial. An allowance account is maintained to reduce the carrying value of trade and other receivables for impairment losses identified from objective evidence, with movements in the allowance account, either from increased impairment losses or reversals of impairment losses, being recognised in the income statement.

#### ii. Cash and cash equivalents

Cash and cash equivalents include cash in hand, bank accounts, deposits receivable on demand and deposits with maturity dates of 3 months or less from the date of inception. Bank overdrafts that are repayable on demand and which form an integral part of the Company's cash management are included as a component of cash and cash equivalents where offset conditions are met.

#### iii. Trade and other payables

Trade and other payables are non-derivative financial liabilities and are measured at amortised cost using the effective interest method. Trade and other payables, with no stated interest rate, are measured at the original invoice amount if the effect of discounting is immaterial.

#### g) Impairment

At each balance sheet date, and in accordance with IAS 36 "Impairment of Assets", the Company reviews the carrying amounts of all its assets excluding inventories, non-current assets classified as held for sale, financial assets (see accounting policy h) and deferred taxation to determine whether there is any indication that any of those assets have suffered an impairment loss.

An impairment is recognised in the income statement whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of net selling price, defined as the fair value less costs to sell, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

An impairment loss for an individual asset shall be reversed if there has been a change in estimates used to determine the recoverable amount since the last impairment loss was recognised and is only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Any impairment loss in respect of goodwill is irreversible.

#### h) Provisions

Provisions are recognised when the Company has a present legal or constructive obligation to make a probable transfer of economic benefits as a result of past events. The amounts recognised represent the Company's best estimate of the transfer of benefits that will be required to settle the obligation as of the balance sheet date. Provisions are discounted if the effect of the time value of money is material using a market rate adjusted for risks specific to the liability.

## Notes to financial statements

### 1 Accounting policies (continued)

#### i) Revenue recognition

Revenue, which excludes value added tax and sales between Group companies, represents the gross inflow of economic benefit for goods and services provided in the normal course of business

#### j) Employee benefits

##### **Wages, salaries and social security contributions**

Wages, salaries, social security contributions, bonuses payable and non-monetary benefits for current employees, are recognised in the income statement as the employees' services are rendered

##### **Pension obligations**

The Company provides pensions to eligible employees through defined contribution schemes. The amount charged to the income statement in the year represents the cost of contributions payable by the Company to the scheme in exchange for employee services rendered in that year. The assets of the Schemes are held independently of the Company.

##### **Termination benefits**

Termination benefits are recognised as a liability when, and only when, the Company has a demonstrable commitment to terminate the employment of an employee or group of employees before the normal retirement date or as the result of an offer to encourage voluntary redundancy.

#### k) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the asset to the lessee. All other leases are classified as operating leases.

##### **The Company as lessee**

Assets held under finance leases are recognised as assets of the Company at their fair value on the date of acquisition, or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reductions of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

The lease expense arising from operating leases is charged to the income statement on a straight line basis over the term of the lease, unless another systematic basis is more appropriate. Benefits received and receivable as incentives to enter into operating leases are recorded on a straight line basis over the lease term.

#### l) Taxation, including deferred taxation

The Company's liability for current tax is based on taxable profits for the year, and is calculated using tax rates that have been enacted or substantively enacted at the balance sheet date.

## Notes to financial statements

### 1 Accounting policies (continued)

Deferred tax assets and liabilities are recognised using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the balance sheet and the corresponding tax bases used in the computation of taxable profit

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates that have been enacted or substantially enacted at the balance sheet date

The carrying amount of deferred tax assets is reviewed at each balance sheet date and adjusted to reflect an amount that is "probable" to be realised based on the weight of all available evidence. Deferred tax is calculated at the rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax assets and liabilities are not discounted

Deferred tax is charged or credited in the income statement, except where it relates to items charged or credited directly to equity, in which case the deferred tax is also included within equity

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis

#### **m) Accounting standards, interpretations and amendments to published standards not yet effective**

The Company has not yet adopted certain new standards, amendments and interpretations to existing standards, which have been published and are mandatory for the Company's accounting periods beginning on or after 1 July 2006, or later periods. These new standards are listed below

- Amendment to IAS 21 'Net Investment in a Foreign Operation' (effective from 1 July 2006)
- Amendment to IAS 39 and IFRS 4 'Financial Guarantee Contracts' (effective from 1 July 2006)
- Amendment to IAS 39 'Cash Flow Hedge Accounting of Forecast Intragroup Transactions' (effective from 1 July 2006)
- Amendment to IAS 39 'The Fair Value Option' (effective from 1 July 2006)
- IFRIC 4 'Determining whether an Arrangement contains a Lease' (effective from 1 July 2006)
- IFRIC 5 'Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds' (effective from 1 July 2006)
- IFRIC 6 'Liabilities Arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment' (effective from 1 July 2006)

## Notes to financial statements

### **1 Accounting policies (continued)**

- IFRIC 7 'Applying the restatement approach under IAS 29' (effective from 1 July 2006)
  
- IFRIC 8 'Scope of IFRS 2' (effective from 1 July 2006)
  
- IFRIC 9 'Reassessment of Embedded Derivatives' (effective from 1 July 2006)
  
- IFRS 6 'Exploration for and Evaluation of Mineral Resources' (effective from 1 July 2006)
  
- IFRS 7 'Financial Instruments Disclosures' (effective from 1 July 2007) and amendment to IAS 1 'Presentation of Financial Statements – Capital Disclosures' (effective from 1 July 2007)

The Directors currently anticipate that the adoption of these standards, amendments and interpretations in future periods will not have a material impact on the financial statements of the Company other than additional disclosure requirements

## Notes to financial statements

### 2 Revenue

Revenue arises from the Company's sole class of business, being the operation of a golf course and ancillary activities, and arises wholly within the United Kingdom. The Company's main sources of revenue are recognised as follows

- Membership income is recognised evenly over the period of membership, and
- Revenue generated from sales is recognised when the sale takes place

### 3 Operating expenses

These principally comprise of the administration and maintenance of the golf course

### 4 Investment income

	2006	2005
	£	£
Interest receivable	7,370	5,345

### 5 Profit before taxation

Profit before taxation is stated after charging (crediting)

	2006	2005
	£	£
Depreciation of property, plant and equipment	16,900	14,553
Interest on finance leases	2,580	-

### Audit fees

Amounts paid to auditors for audit services in the year were borne by another Group undertaking in both 2006 and 2005. No other fees have been paid to the auditors in the year (2005 £nil)

## Notes to financial statements

### 6 Employee benefits and key management compensation

#### a) Employee benefits for the Company during the year

	2006	2005
	£	£
Wages and salaries	182,162	175,697
Social security costs	14,512	14,132
Contributions to the BSKyB Pension Plan ("the Pension Plan") (i)	699	1,758
	197,373	191,587

(i) The Company operates a defined contribution pension scheme through the Pension Plan. The pension charge for the year represents the cost of contributions payable by the Company to the schemes during the year. The Company's contributions owing to the schemes at 30 June 2006 were £699 (2005: £1,758).

The average monthly number of full-time equivalent persons (including temporary employees) employed by the Company during the year (excluding directors) was 13 (2005: 12).

#### b) Directors' emoluments

The Directors received no remuneration in the year in respect of their services to the Company (2005: £nil).

## Notes to financial statements

### 7 Taxation

#### a) Analysis of charge in year

The tax charge for the year was £nil (2005 £nil)

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

The tax expense for the year is lower (2005 lower) than the standard rate of corporation tax in the UK (30%) applied to profit before tax. The differences are explained below

	2006 £	2005 £
Profit on ordinary activities before tax	78,074	93,591
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2005 30%)	23,422	28,077
Effects of		
Depreciation for the year in excess of capital allowances	(4,036)	(5,660)
Other non-deductible expenses	-	-
Imputed interest on intercompany loans	-	(19,055)
Losses brought forward	-	-
Group relief surrendered by other BSkyB undertakings for no charge	(19,386)	(3,362)
Current tax charge for the year	-	-

All taxation relates to UK corporation tax

## Notes to financial statements

### 8 Property, plant and equipment

	Land and freehold buildings (i) £	Leasehold improvements £	Equipment, furniture and fittings £	Total £
<b>Cost</b>				
At 1 July 2004	3,083,774	7,999	189,879	3,281,652
Additions	-	-	16,195	16,195
At 30 June 2005	3,083,774	7,999	206,074	3,297,847
Additions	-	-	-	-
<b>At 30 June 2006</b>	<b>3,803,774</b>	<b>7,999</b>	<b>206,074</b>	<b>3,297,847</b>
<b>Depreciation</b>				
At 1 July 2004	1,107,626	7,999	152,767	1,268,392
Depreciation	-	-	14,553	14,553
At 30 June 2005	1,107,626	7,999	167,320	1,282,945
Depreciation	-	-	16,900	16,900
<b>At 30 June 2006</b>	<b>1,107,626</b>	<b>7,999</b>	<b>184,220</b>	<b>1,299,845</b>
<b>Carrying amounts</b>				
At 1 July 2004	1,976,148	-	37,112	2,013,260
At 30 June 2005	1,976,148	-	38,754	2,014,902
<b>At 30 June 2006</b>	<b>1,976,148</b>	<b>-</b>	<b>21,854</b>	<b>1,998,002</b>

(i) Depreciation was not charged on £1,971,228 of land (2005 £1,971,228)

(ii) Included within Equipment, furniture and fittings are assets held under finance leases with a cost of £75,211 (2005 £75,211) and accumulated depreciation of £75,211 (2005 £75,211) Depreciation charged during the year on such assets was £nil (2005 £nil)

## Notes to financial statements

### 9 Inventories

	2006	2005
	£	£
Finished goods	20,286	21,281

### 10 Other receivables

	2006	2005
	£	£
Other receivables	2,846	2,978
Prepayments and accrued income	66,391	19,508
	69,237	22,486

The Directors consider that the carrying amount of trade and other receivables approximates to their fair value

### 11 Trade and other payables

	2006	2005
	£	£
Trade payables	68,715	25,302
Amounts payable to ultimate parent company	113,332	55,937
Amounts payable to other Group companies	3,545,997	3,539,285
Other taxation and social security	31,987	43,935
Accruals and deferred income	103,775	129,609
Other payables	10,813	11,761
	3,874,619	3,805,829

The Directors consider that the carrying amount of trade and other payables approximates to fair values

No interest is charged on amounts due to Parent company or other Group companies

## Notes to financial statements

### 12 Share capital

	2006 £	2005 £
Authorised		
100 ordinary shares of £1 each	100	100
Allotted, called-up and fully paid		
2 ordinary shares of £1 each	2	2

### 13 Reconciliation of shareholders' deficit

	Share capital £	Retained earnings £	Total shareholders' deficit £
At 1 July 2004	2	(1,301,778)	(1,301,776)
Profit for the year	-	93,591	93,591
At 30 June 2005	2	(1,208,187)	(1,208,185)
Profit for the year	-	78,074	78,074
At 30 June 2006	2	(1,130,113)	(1,130,111)

### 14 Notes to the cash flow statement

#### Reconciliation of profit before taxation to cash generated from operations

	2006 £	2005 £
Profit before taxation	78,704	93,591
Depreciation of property, plant and equipment	16,900	14,553
Net finance costs	(7,370)	(5,345)
(Increase) decrease in trade and other receivables	(46,751)	69,930
(Increase) decrease in inventories	995	-
Increase (decrease) in trade and other payables	80,738	93,843
Cash generated from operations	122,586	266,572

## Notes to financial statements

### 15. Capital contracted commitments, contingencies and guarantees

#### Future expenditure contracted for but not provided in the accounts

	Year ending 30 June					After 5 years	Total at 30 June 2006	Total at 30 June 2005
	2007	2008	2009	2010	2011			
	£	£	£	£	£	£	£	£
Property, plant and equipment	11,335	11,335	11,335	6,937	635	-	41,577	-

### 16 Transactions with related parties

#### a) Major shareholders of BSkyB

The Company does not conduct business transactions with any major shareholders of BSkyB

#### Purchases of goods and services from News Corporation companies

There were no purchases of goods and services by the company from News Corporation companies

#### b) Key management

None of the directors of the company were key management

#### c) Transactions with other Group companies

The Group's treasury function is responsible for liquidity management across the Group's operations. It is standard practice for the company to lend and borrow cash to and from subsidiaries as required.

Amounts settled by group companies in the year on behalf of The Surrey Golf Company Limited amounted to £64,107 (2005 £73,254)

### 17 Ultimate parent undertaking

The Company is a wholly-owned subsidiary undertaking of British Sky Broadcasting Group plc, a company incorporated in Great Britain and 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 the 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.

## Notes to financial statements

### 18 Explanation of transition to IFRS

There have been no significant adjustments to profit after tax and shareholders equity at 1 July 2004 and 30 June 2005 required when reconciling such amounts recorded in the accounts to the corresponding amounts in accordance with IFRS

The profit reported under UK GAAP and the profit reported under IFRS for the year ended 30 June 2005 is the same as is the Company's equity reported under UK GAAP and the Company's equity reported under IFRS at both the Transition Date and at 30 June 2005