



**ANDERSEN**

**The Surrey Golf Company Limited**

Annual report and accounts  
for the 15 month period ended 30 June 2001

Registered number: 2973803



## Directors' report

For the 15 month period ended 30 June 2001

The directors present their annual report on the affairs of the company, together with the accounts and auditors' report, for the 15 month period ended 30 June 2001.

### Principal activities

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

### Results and dividends

The audited accounts for the period ended 30 June 2001 are set out on pages 6 to 15. The loss for the period after taxation was £162,117 (year to 31 March 2000: £1,033,280).

The directors do not recommend the payment of a dividend (2000: £nil).

### Directors

The directors who served during the period were as follows:

H J M Wilson	(resigned 2 August 2000)
S J Price	(resigned 25 April 2000)
J M Fenn	(appointed 1 June 2000)
M A K Wood	(appointed 1 June 2000)

### Directors' interests

None of the directors hold any interests in the share capital of the company.

The directors in office at 30 June 2001 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.

Share options	1 April 2000 or appointment Number	Granted during period Number	30 June 2001 Number	Exercise price	Exercise period
M A K Wood	-	3,030	3,030	990.0p	Nov 03 – Nov 10
		2,866	2,866	990.0p	Nov 03 – Nov 07

The interests of J M Fenn are disclosed in the Sports Internet Group Limited accounts for the 15 month period ended 30 June 2001.

The middle-market closing price of the British Sky Broadcasting Group plc ordinary shares on the last working day of the financial period was £6.84.

## Directors' report (continued)

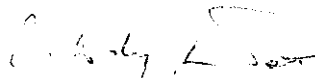
The British Sky Broadcasting ESOP is interested in 3.4 million British sky Broadcasting Group plc ordinary shares in which the directors who are employees are deemed to be interested by virtue of section 324 of the Companies Act 1985.

### Auditors

PricewaterhouseCoopers resigned as auditors on 30 July 2001 and Arthur Andersen were appointed. The directors will place a resolution before the annual general meeting to re-appoint Arthur Andersen as auditors for the ensuing year.

Grant Way  
Isleworth  
Middlesex  
TW7 5QD

By order of the Board,



M A K Wood  
Director

2 April 2002

## Directors' responsibilities

Company law requires the directors to prepare accounts for each financial period which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those 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.

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.

**Independent Auditors' Report to the Shareholders of The Surrey Golf Company Limited**

We have audited the accounts on pages 6 to 15 of The Surrey Golf Company Limited for the 15 month period ended 30 June 2001. These accounts have been prepared under the accounting policies set out therein.

**Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the Annual Report and the accounts in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities. Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the accounts, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

**Basis of opinion**

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the accounts 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 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 state of affairs of the company at 30 June 2001 and of the company's loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



**Arthur Andersen**

**Chartered Accountants and Registered Auditors**

180 Strand  
London  
WC2R 1BL

2 April 2002

## Profit and loss account

For the 15 month period ended 30 June 2001

	Note	15 months ended 30 June 2001 £	Year ended 31 March 2000 £
<b>Turnover</b>	1	426,995	443,716
Cost of sales		(84,175)	(94,265)
<b>Gross profit</b>		342,820	349,451
Administrative expenses		(487,402)	(1,354,461)
<b>Operating loss</b>	2	(144,582)	(1,005,010)
Interest payable and similar charges	5	(17,535)	(28,270)
<b>Loss on ordinary activities before and after taxation</b>	6	(162,117)	(1,033,280)
<b>Retained loss for the period</b>	14	(162,117)	(1,033,280)

Movements in reserves are shown in note 14.

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

All turnover derives from continuing operations.

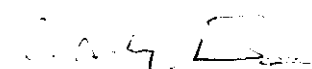
The accompanying notes are an integral part of this profit and loss account.

# Balance sheet

30 June 2001

	Notes	30 June 2001 £	31 March 2000 £
<b>Fixed assets</b>			
Tangible fixed assets	8	1,032,714	653,001
<b>Current assets</b>			
Stock	9	20,100	20,700
Debtors	10	228,802	21,878
Cash at bank and in hand		50,608	241
		<u>299,510</u>	<u>42,819</u>
<b>Creditors: Amounts falling due within one year</b>	11	<u>(2,524,774)</u>	<u>(1,714,313)</u>
<b>Net current liabilities</b>		<u>(2,225,264)</u>	<u>(1,671,494)</u>
<b>Total assets less current liabilities</b>		<u>(1,192,550)</u>	<u>(1,018,493)</u>
Creditors: Amounts falling due after more than one year	12	<u>(19,534)</u>	<u>(31,474)</u>
<b>Net liabilities</b>		<u>(1,212,084)</u>	<u>(1,049,967)</u>
<b>Capital and reserves</b>			
Called-up share capital	13	2	2
Profit and loss account	14	<u>(1,212,086)</u>	<u>(1,049,969)</u>
<b>Equity shareholders' funds</b>	15	<u>(1,212,084)</u>	<u>(1,049,967)</u>

The accounts on pages 6 to 15 were approved by the board of directors on 2 April 2002 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 2001



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

### **Basis of accounting**

The accounts have been prepared under the historical cost convention, and in accordance with applicable accounting standards.

The company has both net current liabilities and net liabilities at 30 June 2001. 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 accounts, such that the company can continue to settle all liabilities as they fall due. Accordingly, the accounts 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 accounts 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 and fittings	- 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.

### **Turnover**

Turnover represents amounts invoiced during the period, net of trade discount and value added tax.

**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.

**Taxation**

UK corporation tax is provided on taxable profits at the current date. Losses are surrendered between group companies for no consideration. Deferred tax is provided using the liability method on all timing differences only to the extent to which they are expected to reverse in the foreseeable future without being replaced, calculated at the rate at which it is estimated that the tax will be payable.

## Notes to accounts

30 June 2001

### 1 Turnover

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

### 2 Operating loss

Administrative expenses for the year ended 31 March 2000 includes £1,000,000 in respect of an exceptional impairment loss on freehold land.

### 3 Staff costs

The average monthly number of employees, including directors was:

	2001 Number	2000 Number
Staff numbers	<u>14</u>	<u>14</u>

Their aggregate remuneration comprised:

	15 months ended 30 June 2001 £	Year ended 31 March 2000 £
Wages and salaries	163,586	140,491
Social security costs	<u>14,012</u>	<u>10,505</u>
	<u>177,598</u>	<u>150,996</u>

### 4 Directors' emoluments

No directors received remuneration for their services to the company.

### 5 Interest payable and similar charges

	15 months ended 30 June 2001 £	Year ended 31 March 2000 £
Bank interest	11,635	-
Finance lease interest	<u>5,900</u>	<u>28,270</u>
	<u>17,535</u>	<u>28,270</u>

## Notes to accounts (continued)

### 6 Loss on ordinary activities before and after taxation

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

		15 months ended 30 June 2001 £	Year ended 31 March 2000 £
Depreciation	- owned assets	56,650	38,096
Depreciation	- leased assets	27,959	14,504
Auditors remuneration	- audit services	12,000	-

Auditors' remuneration in respect of non-audit services is borne by Sports Internet Group Limited.

### 7 Taxation

There is no taxation charge due to the losses incurred by the business.

### 8 Tangible fixed assets

	Freehold land and buildings £	Motor vehicles £	Fixtures, fittings and equipment £	Total £
<b>Cost</b>				
At 1 April 2000	1,622,316	7,999	122,555	1,752,870
Additions	256,541	-	13,850	270,391
Intercompany transfers	193,931	-	-	193,931
At 30 June 2001	2,072,788	7,999	136,405	2,217,192
<b>Depreciation</b>				
At 1 April 2000	1,065,678	1,521	32,670	1,099,869
Charge for the period	34,724	3,109	46,776	84,609
At 30 June 2001	1,100,402	4,630	79,446	1,184,478
<b>Net book value</b>				
At 30 June 2001	972,386	3,369	56,959	1,032,714
At 31 March 2000	556,638	6,478	89,885	653,001
Leased assets included above:				
<b>Net book value</b>				
At 30 June 2001	-	2,062	36,185	38,247
At 31 March 2000	-	4,124	48,232	52,356

## Notes to accounts (continued)

### 8 Tangible fixed assets (continued)

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

Included within freehold land and buildings is freehold land (and subsequent golf course development costs) amounting to £1,965,162 (2000: £1,913,754) which is not depreciated. However, an impairment loss of £1,000,000 was recognised in respect of this asset in the prior year.

Included within fixtures, fittings and equipment are assets held under finance leases with a cost of £75,211 (2000: £61,361) and accumulated depreciation of £39,026 (2000: £13,129).

Included within motor vehicles are assets held under finance leases with a cost of £5,499 (2000: £5,499) and accumulated depreciation of £3,437 (2000: £1,375).

### 9 Stocks

	30 June 2001 £	31 March 2000 £
Finished goods	<u>20,100</u>	<u>20,700</u>

There is no material difference between the replacement cost of stock and the above figure.

### 10 Debtors

Amount falling due within one year:

	30 June 2001 £	31 March 2000 £
Trade debtors	31,706	10,878
Amounts owed by group undertakings	178,369	11,000
Other debtors and prepayments	<u>18,727</u>	<u>-</u>
	<u>228,802</u>	<u>21,878</u>

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

## Notes to accounts (continued)

### 11 Creditors: Amounts falling due within one year

	30 June 2001 £	31 March 2000 £
Obligations under finance leases and hire purchase contracts	18,828	13,792
Bank loans and overdrafts	-	261,405
Trade creditors	22,406	58,069
Amounts due to group undertakings	2,398,465	1,343,241
Other taxation and social security	3,519	1,216
Other creditors	69,556	36,590
Accruals and deferred income	12,000	-
	<u>2,524,774</u>	<u>1,714,313</u>

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

### 12 Creditors: Amounts falling due after more than one year

	30 June 2001 £	31 March 2000 £
Obligations under finance leases and hire purchase contracts	<u>19,534</u>	<u>31,474</u>

#### *Finance leases*

The finance leases are repayable by instalments as follows:

	30 June 2001 £	31 March 2000 £
Between one and two years	17,048	11,487
Between two and five years	2,486	19,987
After five years	-	-
	<u>19,534</u>	<u>31,474</u>

# Notes to accounts (continued)

## 13 Called-up share capital

	30 June 2001 £	31 March 2000 £
<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>

## 14 Reserves

	Profit and loss account £
At 1 April 1999	(16,689)
Retained loss for the year	<u>(1,033,280)</u>
At 1 April 2000	(1,049,969)
Retained loss for the period	<u>(162,117)</u>
At 30 June 2001	<u>(1,212,086)</u>

## 15 Reconciliation of movements in equity shareholders' funds

	30 June 2001 £	31 March 2000 £
Loss for the financial period	(162,117)	(1,033,280)
Opening shareholders' funds	<u>(1,049,967)</u>	<u>(16,687)</u>
Closing shareholders' funds	<u>(1,212,084)</u>	<u>(1,049,967)</u>

## 16 Financial commitments

Capital commitments are as follows:

	30 June 2001 £	31 March 2000 £
Contracts placed for future capital expenditure not provided in the financial statements	<u>-</u>	<u>330,000</u>

## Notes to accounts (continued)

### **17 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.

### **18 Ultimate controlling party**

The directors regard British Sky Broadcasting Group plc, a company incorporated in England and Wales, as the ultimate parent undertaking and ultimate controlling party.

Surrey Group Limited (formerly Surrey Group plc) is 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 accounts are drawn up.

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

The accounts for Sports Internet Group Limited for the 15 month period ended 30 June 2001 can be obtained from the Company Secretary at Central House, Beckwith Knowle, Otley Road, Harrogate, HG3 1UF.