

The Surrey Golf Company Limited

Annual Report and Accounts
for the year ended 30 June 2004

Registered number: 2973803



Directors and Officers

For the year ended 30 June 2004

Directors

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

A F E Ball	(resigned 4 November 2003)
M D Stewart	(resigned 4 August 2004)
J R Murdoch	(appointed 4 November 2003)
D J Darroch	(appointed 31 August 2004)

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 Accounts and Auditors' Report for the year ended 30 June 2004.

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 2004 are set out on pages 5 to 12. The profit on ordinary activities after taxation for the year was £77,222 (2003: £11,312 loss). The Directors do not recommend the payment of a dividend for the year ended 30 June 2004 (2003: nil).

Directors and their interests

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

A F E Ball was a Director of the Company's ultimate parent undertaking, British Sky Broadcasting plc ("BSkyB"), until 4 November 2003. J R Murdoch and M D Stewart were also a Directors of the Company's ultimate parent undertaking, BSkyB, as at 30 June 2004. Their interests in the share capital of BSkyB are disclosed in the Report on Directors Remuneration in BSkyB's 2004 Annual Report and Accounts, which are publicly available (see note 15).

Except as disclosed in this report and in BSkyB's 2004 Annual Report and Accounts, no other Director held any interest in the share capital, including options, of the Company or any other member of BSkyB and its subsidiaries (the "Group") during the year.

At 30 June 2004, the BSkyB Executive Share Option Plan ("ESOP") was interested in 4.7 million 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.

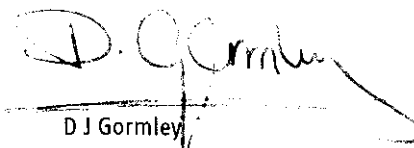
During the year ended 30 June 2004 the BSkyB share price traded within the range of £5.85 to £7.76 per share. The middle-market closing price on the last working day of the financial year was £6.22.

Auditors

The Company has passed elective resolutions to dispense with the need to hold an Annual General Meeting and to reappoint auditors annually.

Grant Way
Isleworth
Middlesex
TW7 5QD

By order of the Board,


D J Gormley
Company Secretary
15 April 2005

Directors' responsibilities

United Kingdom 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 as at the end of the financial year and of the profit or loss of the Company for that period.

After making enquiries, the Directors have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, the Directors continue to adopt the going concern basis in preparing the financial statements.

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; and
- state whether applicable accounting standards have been followed.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements 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

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 2004 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 15. 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 have been 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 affairs of the Company at 30 June 2004 and of the profit of the Company for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche LLP

Deloitte & Touche LLP

Chartered Accountants and Registered Auditors

London

15 April 2005

15 April 2005

Profit and loss account

For the year ended 30 June 2004

		2004	2003
	Notes	£	£
Turnover	2	572,704	486,209
Cost of sales		(83,101)	(87,607)
Gross profit		489,603	398,602
Operating expenses	3	(412,215)	(408,492)
Profit (loss) on ordinary activities before interest and taxation		77,388	(9,890)
Interest payable and similar charges	6	(166)	(1,422)
Profit (loss) on ordinary activities before taxation	4	77,222	(11,312)
Tax on profit (loss) on ordinary activities	7	-	-
Profit (loss) on ordinary activities after taxation and for the financial year	13	77,222	(11,312)

Details of movements on reserves are shown in note 13.

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

All results relate to continuing activities.

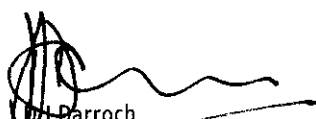
There were no recognised gains or losses in either year other than those included within the profit and loss account.

Balance sheet

At 30 June 2004

	Notes	2004 £	2003 £
Fixed assets			
Tangible fixed assets	8	2,013,260	1,976,719
Current assets			
Stocks	9	21,281	22,281
Debtors: Amounts falling due within one year	10	92,416	16,556
Cash at bank and in hand		243,144	153,141
		356,841	191,978
Creditors: Amounts falling due within one year	11	(3,671,877)	(3,547,695)
Net current liabilities		(3,315,036)	(3,355,717)
Total assets less current liabilities		(1,301,776)	(1,378,998)
Capital and reserves – equity			
Called-up share capital	12	2	2
Profit and loss account	13	(1,301,778)	(1,379,000)
Total shareholders' deficit		(1,301,776)	(1,378,998)

Signed on behalf of the Board


J. Darroch
Director

15 April 2005

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

Notes to financial statements

1. Accounting Policies

The principal accounting policies are summarised below. All of these have been applied consistently throughout the year and the preceding year.

a) Basis of accounting

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

The Company maintains a 52 or 53 week fiscal year ending on the Sunday nearest to 30 June in each year. In fiscal year 2004, this date was 27 June 2004, this being a 52 week year (2003: 29 June 2003, 52 week year).

The Company has taken advantage of the exemption from the requirement of FRS 1 (Revised) to present a cash flow statement, because it is ultimately a wholly-owned subsidiary of BSKyB which prepares consolidated accounts which are publicly available (see note 15).

b) Turnover

Turnover, which excludes value added tax and trade discounts, represents amounts receivable for goods and services provided in the normal course of business.

c) Tangible fixed assets

Tangible fixed assets are stated at cost, net of accumulated depreciation and any provision for impairment. Depreciation is provided to write off the cost, less estimated residual value, of each asset on a straight-line basis over its estimated useful life. Principal annual rates used for this purpose are:

Freehold buildings	2%
Golf Driving Range	25%
Equipment, fixtures and fittings:	
- Fixtures and fittings	25%
- Plant and machinery	25%

d) Stock

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

e) Leases

Assets held under finance leases are treated as tangible fixed assets. Depreciation is provided over the shorter of the lease term and the asset's useful economic life, and the deemed capital element of future rentals is included within creditors. Deemed interest is charged as interest payable over the period of the lease.

The rental costs arising from operating leases are charged to the profit and loss account in the year in which they are incurred.

f) Taxation

Corporation tax payable is provided at current rates on all taxable profits. Losses are generally surrendered between companies in the Group for no consideration.

g) Deferred taxation

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.

Notes to financial statements (continued)

1. Accounting Policies (continued)

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 carried forward tax losses can be offset 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.

h) Pension costs

The Company provides pensions to eligible employees through the BSKyB pension plan, a defined contribution pension scheme. The amount charged to the profit and loss account in the year represents the cost of contributions payable by the Company to the scheme in that year. The assets of the BSKyB pension plan are held independently of the Company and the Group.

2. Turnover

All turnover is derived 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 turnover are recognised as follows:

- Membership income is recognised evenly over the period of membership
- 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. Interest payable and similar charges

	2004	2003
	£	£
Finance lease interest	166	1,422

5. Staff costs

a) Employee costs for permanent and temporary employees during the year amounted to:

	2004	2003
	£	£
Wages and salaries	170,760	142,412
Social security costs	11,724	9,990
Other pension costs	1,662	1,920
	184,146	154,322

All employees work at the golf course. The average monthly number of persons employed by the Company during the year was 13 (2003: 12).

Notes to financial statements (continued)

5. Staff costs (continued)

b) Directors emoluments

The Directors received no remuneration in the year in respect of their services to the Company (2003: nil).

c) Pensions

The Company operates a defined contribution pension scheme through the BSKyB Pension Scheme, contributions to which are charged to the profit and loss account as they become payable. The pension charge for the year represents contributions payable by the Company to the scheme and amounted to £1,662 (2003: £1,920).

6. Profit (loss) on ordinary activities before taxation

The profit (loss) on ordinary activities before taxation is stated after charging:

	2004 £	2003 £
Depreciation		
- owned assets	18,340	7,335
- assets held under finance leases	1,489	12,071
Staff costs (see note 5)	184,146	154,322

Amounts paid to the auditors for audit services in the year were borne by another Group undertaking in both 2004 and 2003. No other fees have been paid to the auditors in the year (2003: nil).

7. Taxation

a) Analysis of charge in year

The tax charge for the year was nil (2003: nil).

b) Factors affecting the tax charge for the year

The differences between the current tax charge for the year and the profit / (loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK are explained below:

	2004 £	2003 £
Profit/(loss) on ordinary activities before tax	77,222	(11,312)
Profit / (loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2003: 30%)	23,167	(3,394)
Effects of:		
Depreciation for the year in (less than) / in excess of capital allowances	(6,719)	2,201
Other non-deductible expenses	4,500	6,000
Imputed interest on intercompany loans	(4,837)	-
Losses brought forward	(3,858)	-
Group relief surrendered by other BSKyB undertakings for no charge	(12,253)	(4,807)
Current tax charge for the year	-	-

Notes to financial statements (continued)

7. Taxation (continued)

c) Factors that may affect future tax charges

A deferred tax asset of £21,644 (2003: 35,603), principally arising from short-term timing differences, has not been recognised. These amounts will be recoverable provided that suitable taxable profits will arise in the future. Although the Directors do expect profits to arise, there is currently insufficient evidence to support recognition of a deferred tax asset relating to these balances.

8. Tangible fixed assets

	Freehold land and buildings (i) £	Short leasehold improvements £	Equipment, fixtures and fittings (ii) £	Total £
Cost				
Beginning of year	3,078,854	7,999	138,429	3,225,282
Additions	4,920	-	51,450	56,370
End of year	3,083,774	7,999	189,879	3,281,652
Depreciation				
Beginning of year	1,107,626	7,999	132,938	1,248,563
Charge	-	-	19,829	19,829
End of year	1,107,626	7,999	152,767	1,268,392
Net book value				
Beginning of year	1,971,228	-	5,491	1,976,719
End of year	1,976,148	-	37,112	2,013,260

(i) Depreciation was not charged on £1,971,228 of land (2003: £1,971,228).

(ii) Included within fixtures, fittings and equipment are assets held under finance leases with a cost of £75,211 (2003:£75,211) and accumulated depreciation of £75,211 (2003:£73,722). Depreciation charged during the year on such assets was £1,489 (2003: £12,071).

9 Stocks

	2004 £	2003 £
Finished goods	21,281	22,281

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

Notes to financial statements (continued)

10. Debtors

	2004 £	2003 £
Amounts falling due within one year		
<i>Other debtors</i>	73,305	-
Prepayments and accrued income	19,111	16,556
	92,416	16,556

11. Creditors: amounts falling due within one year

	2004 £	2003 £
Obligations under finance leases and hire purchase contracts	-	9,056
Trade creditors	17,706	19,484
Amounts due to fellow subsidiary undertaking	3,521,968	3,370,357
Other taxation and social security	3,826	29,824
Accruals and deferred income	105,682	104,101
Other creditors	22,695	14,873
	3,671,877	3,547,695

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

12. Called-up share capital

	2004 £	2003 £
<i>Authorised</i>		
100 ordinary shares of £1 each	100	100
<i>Allotted, called-up and fully paid</i>		
2 ordinary shares of £1 each	2	2

13. Reconciliation of movements in shareholder's deficit and statement of movement in reserves

	Share capital £	Profit and loss account £	Total equity shareholder's deficit £
At 1 July 2003	2	(1,379,000)	(1,378,998)
Profit for the financial year	-	77,222	77,222
At 30 June 2004	2	(1,301,778)	(1,301,776)

Notes to financial statements (continued)

14. Transactions with related parties and major shareholders

The Group, including 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 and associated undertakings. These transactions are described in the consolidated accounts of the Group.

The Company has taken advantage of the exemption given by Financial Reporting Standard 8 "Related Party Disclosures" not to provide further details of the transactions with fellow Group undertakings or BSkyB's joint ventures, as it is a wholly owned subsidiary of BSkyB and disclosures of such transactions are made in the consolidated accounts of the Group, which are publicly available (see note 15).

15. Ultimate parent undertaking

The Company is a wholly-owned subsidiary undertaking of Surrey Group Limited, 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 this 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.