

THAMES TELEVISION HOLDINGS LIMITED
(formerly Spiralmajor Limited)

Director's Report and Accounts For The Period Ended
31 December 1996



Registered Office:

**1, Stephen Street,
London
W1P 1PJ**

Company Number: 3140632

Board of Directors

Anthony del Tufo
Sarah Tingay

Secretary

Sarah Tingay

Auditors

Price Waterhouse
Southwark Towers
London
SE1 9SY

Principal Bankers

Midland Bank PLC

THAMES TELEVISION HOLDINGS LIMITED
(formerly Spiralmajor Limited)

Directors' report
for the period ended 31 December 1996

The directors present their annual report and the audited financial statements for the period ended 31 December 1996.

Change of name

On 29 January 1996 the company changed its name from Spiralmajor Limited to Thames Television Holdings Limited.

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for 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; 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 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.

Share capital

The company was incorporated on 22 December 1995 with an authorised share capital of 100 Ordinary shares of £1 each. On 29 January 1996 the sum of £340 was received in payment in full on the 2 shares issued. On the same day 98 shares were issued at £170 each in connection with the company's investment activities.

Principal activities

The company holds an investment in SelectTV Limited and its subsidiaries. It will continue in this capacity for the foreseeable future.

Review and development of the business

Profit for the period after taxation was £591,000. The company was incorporated on 22 December 1995 and in January 1996 made an offer for the shares of SelectTV plc. In February 1996 the offer became unconditional. SelectTV was acquired for £45,314,000, including costs, which was financed by a loan from Pearson Television Limited. In December 1996 SelectTV paid a dividend of £24,108,000 of which £23,505,000 related to profits made prior to the acquisition of SelectTV and £603,000 to profits made after the acquisition. The company reduced the value of its investment in SelectTV by the amount of pre-acquisition profits and recognised the post acquisition element of the dividend in the Profit and Loss Account for the period.

Dividend and transfer to reserves

The directors do not recommend the payment of a dividend. Retained profit of £591,000 for the financial period will be transferred to reserves.

THAMES TELEVISION HOLDINGS LIMITED
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Directors' report (continued)

Directors

The directors of the company during the period ended 31 December 1996 were as follows:

Anthony del Tufo	(appointed 16 January 1996)
Sarah Tingay	(appointed 16 January 1996)
Instant Companies Limited	(resigned 16 January 1996)

Directors' interests

No director had any interest in the shares of the company.

Anthony del Tufo is a director of the company's immediate parent company, Pearson Television Limited. His interest in the shares of group companies and the ultimate parent company are shown in the accounts of Pearson Television Limited.

The interests of the other director in the shares and loan stocks of Pearson plc, the ultimate parent company, are as follows:

	At date of appointment	SAYE/ granted	Lapsed/ exercised	At 31 December 1996
Sarah Tingay				
Senior Executive Options on 25p ordinary shares	10,300	6,300	-	16,600

Directors' and officers' insurance

During the period to 31 December 1996 the company provided liability insurance for its directors and officers.

Auditors

In accordance with Section 386 of the Companies act 1985, the Company has elected to dispense with the obligation to appoint auditors annually.

By order of the Board



Sarah Tingay
Secretary
3 October 1997

THAMES TELEVISION HOLDINGS LIMITED
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Profit and loss account
for the period 22 December 1995 to 31 December 1996

		22 December 1995 to 31 December 1996
	Note	£'000
Investment income	2	603
Other expenses		(12)

Profit on ordinary activities before taxation	3	591
Tax on profit on ordinary activities	5	(-)

Profit on ordinary activities after taxation		591
Dividends		(-)

Retained profit for the year		591
		=====

There are no recognised gains and losses in the year other than the profit for the year and therefore no separate statement of total recognised gains and losses has been presented.

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

The notes on pages 6 to 9 form an integral part of these financial statements.

THAMES TELEVISION HOLDINGS LIMITED
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Balance sheet
at 31 December 1996

	Note	1996	
		£'000	£'000
Fixed assets			
Investment in subsidiary undertaking	6		21,809
Current assets			
Cash at bank and in hand		305	

		305	
Creditors: amounts falling due within one year	7	(21,506)	

Net current assets			(21,201)


Net assets			608

Capital and reserves			
Called-up share capital	8		-
Share premium account	9		17
Profit and loss account	9		591

Equity shareholders' funds	10		608

The notes on pages 6 to 9 form an integral part of these financial statements.

The financial statements were approved by the Board of Directors on 3 October 1997 and signed on its behalf by:



Anthony del Tufo
Director

THAMES TELEVISION HOLDINGS LIMITED
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Notes to the accounts
for the period ended 31 December 1996

1) Principal accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Basis of Accounting

The financial statements are prepared in accordance with the historical cost convention.

The directors believe that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the Going Concern Basis in preparing the accounts.

2) Segmental information

The company's principal activities fall within one class of business. Profit before taxation is in respect of UK based business.

3) Profit on ordinary activities before taxation

The profit on ordinary activities before taxation is stated after taking into account the following items:

	<u>1996</u> <u>£'000</u>
Auditors remuneration:	
Audit fees	nil

Audit fees are paid by a fellow subsidiary undertaking of the company.

4) Directors emoluments

Directors received no remuneration in respect of their directorships of Thames Television Holdings Limited. The emoluments of Anthony del Tufo and Sarah Tingay are disclosed in the accounts of Pearson Television Limited and Thames Television Limited respectively.

THAMES TELEVISION HOLDINGS LIMITED
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*Notes to the accounts
for the period ended 31 December 1996 (continued)*

5) Taxation

1996
£'000

Based on profit on ordinary activities for the year

UK corporation tax at 33% :
Current year

-

-

6) Investment in subsidiary undertaking

1996
£'000

At 1st January 1996

-

Additions

45,314

Pre-acquisition element of dividend received

23,505

At 31st December 1996

21,809

In January 1996 made an offer for the shares of SelecTV plc. In February 1996 the offer became unconditional. SelecTV was acquired for £45,314,000, including costs, which was financed by a loan from Pearson Television Limited. In December 1996 SelecTV paid a dividend of £24,108,000 of which £23,505,000 related to profits made prior to the acquisition of SelecTV and £603,000 to profits made after the acquisition. The company reduced the value of its investment in SelecTV by the amount of pre-acquisition profits and recognised the post acquisition element of the dividend in the Profit and Loss Account for the period.

SelecTV Limited is wholly owned and incorporated in England and Wales.

7) Creditors: amounts falling due within one year

1996
£'000

Amounts owed to parent undertaking

21,221

Other creditors - dissenting shareholders

285

21,506

8) Share capital

Number

1996
£'000

Ordinary shares of £1 each

Authorised

100

-

Issued and fully paid

100

-

The company was incorporated on 22 December 1995 with an authorised share capital of 100 Ordinary shares of £1 each. On 29 January 1996 the sum of £340 was received in payment in full on the 2 shares issued. On the same day 98 shares were issued at £170 each in connection with the company's investment activities.

THAMES TELEVISION HOLDINGS LIMITED
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*Notes to the accounts
for the period ended 31 December 1996 (continued)*

9) Reserves

	Share premium £000	Profit and Loss Account £'000
At date of incorporation 22 December 1995	-	-
Premium on 100 shares issued	17	-
Retained profit for the financial year	-	591
	-----	-----
At 31 December 1996	17	591
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10) Reconciliation of movements in shareholders' funds

	1996 £'000
Premium on issue of 100 shares	17
Retained profit for the financial period	591

Addition to shareholders' funds	608
Opening shareholders' funds	-

Closing shareholders' funds	608

11) Contingent liabilities

Bank guarantees

The company participates in an arrangement with Midland Bank PLC whereby the accounts of Pearson plc and 36 of its subsidiaries, "the guarantors", are combined, with cleared debit and credit balances being offset for interest calculation purposes. In order to comply with banking regulations, each guarantor to this arrangement has provided a multilateral guarantee in respect of the overdraft obligations (but no other debts due to the bank) of each of the other participants. The net balance under this arrangement at 31 December 1996 was £8,786,157.

The maximum amount of this guarantee is limited to a net overdraft of £35,000,000.

At 31 December 1996 this was the company's potential liability.

As at 31 December 1996 the potential liability arising from these guarantee arrangements amounted to £35,000,000 for the parent undertakings and fellow subsidiary undertakings.

12) Cash Flow Statement

A cashflow statement has not been prepared as the company is a wholly owned subsidiary of a company which publishes consolidated financial statements including a consolidated cashflow statement.

13) Related Party Transactions

The company is a wholly owned subsidiary within Pearson plc and utilises the exemption contained in FRS 8 Related Party Disclosures not to disclose any transactions with entities that are part of the Pearson group. The address at which the Pearson plc consolidated financial statements are publicly available is shown in note 14.

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14) *Ultimate parent company*

The ultimate parent company is Pearson plc (a company registered in England and Wales). Copies of the accounts prepared by Pearson plc are available to the public at the following address:

Pearson plc
3 Burlington Gardens
London
W1X 1LE

THAMES TELEVISION HOLDINGS LIMITED
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***Report of the auditors to the members of
Thames Television Holdings Limited***

We have audited the financial statements on pages 4 to 9 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 December 1996 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Pricewaterhouse

Price Waterhouse
Chartered Accountants
and Registered Auditors

32 London Bridge Street
London SE1 9SY
3 October 1997