

# 365 Digital Media Limited

Annual report and financial statements  
for the eighteen months ended 30 June 2007

Registered number 3619904



## **Directors and Officers**

For the eighteen months ended 30 June 2007

### **Directors**

365 Digital Media Limited's ("the Company's") present Directors and those who served during the eighteen months ended 30 June 2007 are as follows

D Annat (resigned 15 December 2007)

P Croton (appointed 23 January 2007)

P Dubens (resigned 23 January 2007)

R Flint (appointed 2 May 2007)

AM Galvin (resigned 3 August 2007)

A Griffith (appointed 23 January 2007)

N Rust (appointed 23 January 2007, resigned 2 May 2007)

M Woodhead (resigned 23 January 2007)

### **Secretary**

AM Galvin (resigned 23 January 2007)

DJ Gormley (appointed 23 January 2007)

### **Registered office**

Grant Way

Isleworth

Middlesex

TW7 5QD

### **Auditors**

KPMG Audit Plc

1 The Embankment

Neville Street

Leeds

LS1 4DW

## Directors' report

The Directors present their Annual Report on the affairs of the Company, together with the financial statements and Auditors' Report for the eighteen months ended 30 June 2007

### Business review and principal activities

The Company is a wholly owned subsidiary of British Sky Broadcasting Group plc ("BSkyB") and operates together with BSkyB's other subsidiaries as a part of the Group

The principal activity of the company is the production and sale of news content. There have not been any significant changes in the Company's activities in the year under review. The Directors are not aware, at the date of this report, of any likely major changes in the Company's activities in the next year.

The audited accounts for the period ended 30 June 2007 are set out on pages 6 to 20. The loss for the period was £451,000 (2005: £24,000). The Directors do not recommend the payment of a dividend for the year ended 30 June 2007 (2005: nil). There have not been any significant changes in the Company's activities in the 18 months under review.

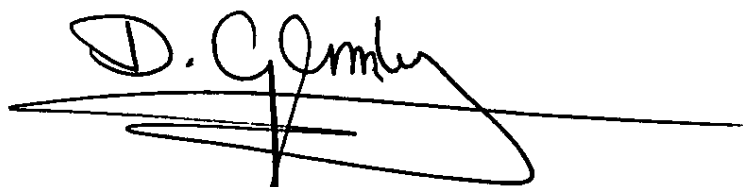
### Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware, and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that all the company's auditors are aware of that information.

### Auditors

The Directors re-appointed KPMG Audit Plc as the auditors of the Company during the period.

By order of the Board,

A handwritten signature in black ink, appearing to read 'D. J. Gormley', with a long horizontal line extending to the right.

D J Gormley  
Company Secretary  
Grant Way  
Isleworth  
Middlesex  
TW7 5QD

23 April 2008

## Directors' report and responsibilities in respect of the Director's report and the Financial Statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with IFRSs as adopted by the EU and applicable laws.

The financial statements are required by law to present fairly the financial position and the performance of the company, the Companies Act 1985 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether they have been prepared in accordance with IFRSs as adopted by the EU, 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 that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

## **Independent Auditors' Report to the Members of 365 Digital Media Limited**

We have audited the financial statements of 365 Digital Media Limited for the eighteen month period ended 30 June 2007 which comprise the Income Statement, the Balance Sheet, the Cash Flow Statement and the Statement of Recognised Income and Expense and the related notes. 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 auditor's 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 financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU are set out in the Statement of Directors' Responsibilities on page 3.

Our responsibility is to audit the financial statements in accordance with relevant 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 and whether the financial statements have been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we 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 within it.

### **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 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.

## Independent Auditors' Report to the Members of 365 Digital Media Limited

### Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with IFRSs as adopted by the EU, of the state of the company's affairs as at 30 June 2007 and of its loss for the eighteen month period then ended,
- 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



KPMG Audit Plc

1 The Embankment

Neville Street

Leeds

LS1 4DW

Chartered Accountants, Registered Auditor

23 April 2008

## Income Statement

For the eighteen months ended 30 June 2007

	Notes	18 months to 30 June 2007 £'000	12 months to 31 December 2005 £'000
<b>Revenue</b>	2	<b>1,053</b>	504
Operating expense	3	(1,752)	(480)
<b>Operating (loss)/profit</b>		<b>(699)</b>	24
Investment income	4	248	-
<b>(Loss)/profit before tax</b>		<b>(451)</b>	24
Taxation	7	-	(48)
<b>Loss for the period attributable to equity holders of the parent</b>	11	<b>(451)</b>	(24)

The accompanying notes are an integral part of this income statement

# Statement of Recognised Income and Expense

For the eighteen months ended 30 June 2007

	18 months to 30 June 2007 £'000	12 months to 31 December 2005 £'000
<b>Loss for the period attributable to equity holders of the parent</b>	<b>(451)</b>	<b>(24)</b>
<b>Total recognised income and expense attributable to equity holders of the parent</b>	<b>(451)</b>	<b>(24)</b>



## Balance Sheet

For the eighteen months ended 30 June 2007

	Notes	30 June 2007 £'000	31 December 2005 £'000
<b>Non-current assets</b>			
Intangible assets	8	46	90
<b>Current assets</b>			
Trade and other receivables	9	3,267	1,397
Cash and cash equivalents		6,049	449
		<b>9,316</b>	<b>1,846</b>
<b>Total assets</b>		<b>9,362</b>	<b>1,936</b>
<b>Current liabilities</b>			
Trade and other payables	10	10,875	2,998
<b>Total liabilities</b>		<b>10,875</b>	<b>2,998</b>
<b>Net liabilities</b>		<b>(1,513)</b>	<b>(1,062)</b>
Share capital	11	-	-
Retained earnings	11	(1,513)	(1,062)
<b>Shareholders' equity attributable to equity holders of the parent</b>		<b>(1,513)</b>	<b>(1,062)</b>

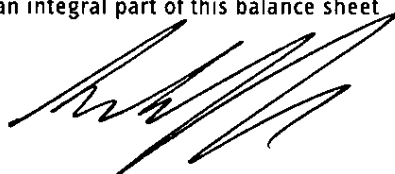
The accompanying notes are an integral part of this balance sheet

Signed on behalf of the Board

A Griffith

Director

23 April 2008



## Cash Flow Statement

For the eighteen months ended 30 June 2007

	18 months to 30 June 2007 £'000	12 months to 31 December 2005 £'000
<b>(Loss)/profit before taxation</b>	<b>(451)</b>	24
Amortisation of intangible assets	47	-
Investment income	(248)	-
Increase in trade and other receivables	(1,211)	(615)
Increase in trade and other payables	199	193
<b>Cash generated from operations</b>	<b>(1,664)</b>	(398)
Investment income	248	-
<b>Net cash from operating activities</b>	<b>(1,416)</b>	(398)
<b>Cash flows from investing activities</b>		
Capitalisation of intangible assets	(3)	(90)
<b>Net cash used in investing activities</b>	<b>(1,419)</b>	(488)
<b>Cash flows from financing activities</b>		
Receipts from loans to subsidiaries	7,019	895
<b>Net cash from financing activities</b>	<b>7,019</b>	895
<b>Net increase in cash and cash equivalents</b>	<b>5,600</b>	407
<b>Cash and cash equivalents at the beginning of the period</b>	<b>449</b>	42
<b>Cash and cash equivalents at the end of the period</b>	<b>6,049</b>	449

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

## Notes to financial statements

### 1. Accounting policies

365 Media Digital Limited (the "Company") is a limited liability company incorporated in England and Wales, and domiciled in the United Kingdom ("UK")

#### a) Statement of compliance

The financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs")

These are the Company's first annual financial statements since adopting IFRS, and the Company has elected 1 January 2005 as the date of transition to IFRS (the "Transition Date")

#### b) Basis of preparation

The financial statements have been prepared on an historical cost basis, except for the remeasurement to fair value of financial instruments as described in the accounting policies below. The accounts have been prepared on a going concern basis.

The ability of the company to discharge its debts in the foreseeable future is largely dependent on the continued support of the ultimate parent company. The parent company has indicated that it intends to provide such funds as are necessary for the company to discharge its debts for the foreseeable future. Accordingly, the directors consider that the financial statements should be prepared on an ongoing basis.

#### 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) Intangible assets

Research expenditure is recognised in the income statement as the expenditure is incurred. Development expenditure (relating to the application of research knowledge to plan or design new or substantially improved products for sale or use within the business) is recognised as an intangible asset from the point at which it is probable that the Company has the intention and ability to generate future economic benefits from the development expenditure, that the development is technically feasible and that the subsequent expenditure can be measured reliably. Any other development expenditure is recognised in the income statement as incurred.

Amortisation of an intangible asset begins when the asset is available for use, and is charged to the income statement through operating expenses on a straight-line basis over the intangible assets' estimated useful life, being a period of no more than ten years, unless the asset life is judged to be indefinite. If the useful life is indefinite or the asset is not yet available for use, no amortisation is charged and an impairment test is carried out at least annually.

#### e) 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 comprises major components having different useful economic lives, the components are accounted for as separate items of property, plant and equipment.

##### ii 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. Principal useful economic lives used for this purpose are

Fixtures & fittings	3 to 5 years
Plant & equipment	3 to 5 years

#### 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 financial assets (see accounting policy f) and deferred taxation (see accounting policy j) 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.

## Notes to financial statements

### 1 Accounting policies (continued)

#### h) Revenue recognition

Revenue, which excludes value added tax and sales between Group companies, represents the gross inflow of economic benefit from the Company's operating activities. Revenue is measured at the fair value of the consideration received or receivable. The Company's main sources of revenue are recognised as follows:

- Online ecommerce sales which include the sale of products through a dedicated web based shop. The revenue is recognised in the month of the sale.
- The production and sale of sports and other content to mobile phone retailers and networks. Revenue is recognised in the month the content is provided.

#### i) 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.

#### j) 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.

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.

## Notes to financial statements

### 1. Accounting policies (continued)

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.

### k) 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 2007, or later periods. These new standards are listed below:

- IFRS 7 "Financial Instruments: Disclosures" (effective from 1 July 2007)
- Amendment to IAS 1 "Presentation of Financial Statements – Capital Disclosures" (effective from 1 July 2007)
- Revised guide on Implementing IFRS 4 "Insurance Contracts" (effective from 1 July 2007)
- IFRIC 10 "Interim Financial Reporting and Impairment" (effective from 1 July 2007)
- IFRIC 12 "Service Concession Arrangements" (effective from 1 July 2008)
- IFRIC 13 "Customer Loyalty Programmes" (effective from 1 July 2008)
- IFRIC 14 "IAS 19 – The limit on a Defined Benefit Asset, Minimum Funding Requirement and their Interaction" (effective from 1 July 2008)
- Amendment to IAS 23 "Borrowing Costs" (effective from 1 July 2009)
- IFRS 8 "Operating Segments" (effective from 1 July 2009)

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.

### l) Accounting estimates and judgements

Management considers that there are no critical accounting judgements, sources of estimation and materiality in preparation of the financial statements.

## Notes to financial statements

### 2 Revenue

	<b>18 months to 30 June 2007 £'000</b>	<b>12 months to 31 December 2005 £'000</b>
Mobile	<b>1,022</b>	495
E-commerce	<b>31</b>	9
	<b>1,053</b>	504

Revenue arises from goods and services provided in the United Kingdom

### 3 Operating expenses

	<b>18 months to 30 June 2007 £'000</b>	<b>12 months to 31 December 2005 £'000</b>
Cost of sales	<b>146</b>	24
Administrative costs	<b>1,606</b>	456
	<b>1,752</b>	480

### 4. Investment income

	<b>18 months to 30 June 2007 £'000</b>	<b>12 months to 31 December 2005 £'000</b>
Investment income from cash, cash equivalents	<b>248</b>	-



## Notes to financial statements

### 5. (Loss)/profit before taxation

Loss/(profit) before taxation is stated after charging

	18 months to 30 June 2007 £'000	12 months to 31 December 2005 £'000
Amortisation of intangible assets	47	-
Rentals on operating leases and similar arrangements	3	-

Amounts paid to the auditors for audit services were borne by another Group undertaking for the eighteen months to 30 June 2007 (2005 £3,000) No amounts for other services have been paid to the auditors

### 6. Employee benefits and key management compensation

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

	18 months to 30 June 2007 £'000	12 months to 31 December 2005 £'000
Wages and salaries	816	131
Social security costs	89	14
Contributions to the Ukbetting com Pension Plan ("the Pension Plan") (i)	17	4
	922	149

(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 average monthly number of full-time equivalent persons (including temporary employees) employed by the Company during the year was as follows

	18 months to 30 June 2007 Number	12 months to 31 December 2005 Number
Administration	1	1
Ops	1	-
Commercial	7	5
	9	6

## Notes to financial statements

### 7. Taxation

#### a) Taxation recognised in the income statement

	18 months to 30 June 2007 £'000	12 months to 31 December 2005 £'000
Corporation tax		
Charge in respect of current period	-	-
Adjustment in respect of prior period	-	(48)
	-	(48)

#### b) Reconciliation of effective tax rate

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

	18 months to 30 June 2007 £'000	12 months to 31 December 2005 £'000
(Loss) Profit before tax	(451)	24
(Loss) Profit before tax multiplied by standard rate of corporation tax in the UK of 30% (2005 30%)	(135)	7
Effects of		
Capital allowances in excess of depreciation	11	-
Non-deductible expense	4	-
Losses carried forward/(brought forward and utilised)	-	(7)
Group relief surrendered for nil consideration	120	-
Adjustments in respect of prior period	-	(48)
<b>Taxation</b>	<b>-</b>	<b>(48)</b>

All taxation relates to UK corporation tax

At 30 June 2007 there was a deferred tax asset of £115,000 (2005 £117,000) relating primarily to trading losses arising within the company. The group relief arrangements within the group are for nil consideration, hence the company will not benefit from the existence of the asset. The deferred tax asset has therefore not been recognised.

## Notes to financial statements

### 8. Intangible assets

	<b>Total £'000</b>
<b>Cost</b>	
At 1 January and 31 December 2005	90
Additions	3
<b>At 30 June 2007</b>	<b>93</b>
<b>Amortisation</b>	
At 1 January and 31 December 2005	-
Amortisation for the period	47
<b>At 30 June 2007</b>	<b>47</b>
<b>Carrying amounts</b>	
At 1 January 2005	90
At 31 December 2005	90
<b>At 30 June 2007</b>	<b>46</b>

## Notes to financial statements

### 9. Trade and other receivables

	<b>30 June 2007</b>	<b>31 December 2005</b>
	<b>£'000</b>	<b>£'000</b>
Gross trade receivables	<b>1,460</b>	673
Less provision for impairment of receivables	<b>(63)</b>	(27)
<b>Net trade receivables</b>	<b>1,397</b>	646
Amounts receivable from other Group companies	<b>1,353</b>	694
Prepayments	<b>19</b>	18
Accrued income	<b>498</b>	36
Other receivables	<b>-</b>	3
	<b>3,267</b>	1,397

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

Trade receivables principally comprise amounts outstanding from advertising income

### 10. Trade and other payables

	<b>30 June 2007</b>	<b>31 December 2005</b>
	<b>£'000</b>	<b>£'000</b>
Trade payables	<b>18</b>	25
Amounts owed to other Group companies	<b>10,336</b>	2,658
VAT	<b>270</b>	96
Accruals	<b>220</b>	82
Deferred income	<b>31</b>	137
	<b>10,875</b>	2,998

The Directors consider that the carrying amount of trade and other payables approximates to fair values Trade payables principally comprise amounts outstanding for administrative costs

## Notes to financial statements

### 11 Reconciliation of shareholders' equity

	Share capital £'000	Retained earnings £'000	Total shareholders' equity £'000
<b>At 1 January 2005</b>	-	(1,038)	(1,038)
Loss for the year	-	(24)	(24)
<b>At 31 December 2005</b>	-	<b>(1,062)</b>	<b>(1,062)</b>
Loss for the period	-	(451)	(451)
<b>At 30 June 2007</b>	-	<b>(1,513)</b>	<b>(1,513)</b>

The company has authorised share capital at the end of the current and prior period of 1,000 ordinary shares of £1 each

The company has allocated, called up and fully paid share capital at the end of the current and prior period of 100 ordinary shares of £1 each

### 12. Related Party Transactions

The Company has related party transactions with other Group companies. In particular, it is normal practise for the Company to borrow cash from other Group companies as required. For details of amounts owed to and from other Group companies, see notes 9 and 10. All amounts payable to other Group companies are non-interest bearing and repayable on demand.

### 13. 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 Plc. BSkyB Plc is the ultimate controlling party.

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.

### 14. Explanation of transition to IFRS

There have been no significant adjustments to profit after tax and shareholders equity at 1 January 2005 and 31 December 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 31 December 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 31 December 2005.