# SCG Enterprises Limited

Annual Report and Financial Statements
for the eighteen months ended 30 June 2007

Registered number 03967881

# Directors and Officers

For the eighteen months ended 30 June 2007

### Directors

SCG Enterprises Limited's ("the Company's") present directors and those who served during the eighteen month period ended 30 June 2007 are as follows

D C Annat (resigned 23 January 2007)
P Dubens (resigned 23 January 2007)
AM Galvin (resigned 23 January 2007)
E Semel (resigned 23 January 2007)
P M A Croton (appointed 23 January 2007)
A J Griffith (appointed 23 January 2007)
NJ Rust (appointed 23 January 2007)
R C Flint (appointed 2 May 2007)

### Secretary

A M Galvin (resigned 23 January 2007)
D J 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

For the eighteen months ended 30 June 2007

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 activity**

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

The Company ceased trading during the year ended $31^{st}$ December 2002

**Principal risks and uncertainty**

The directors believe there to be no risks and uncertainties

**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,

D. Gormley

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 prevent and detect fraud and other irregularities

# Independent Auditors' Report to the Members of SCG Enterprises Limited

We have audited the financial statements of SCG Enterprises Limited for the 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 SCG Enterprises 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 result for the 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

KPMG Audit Plc
1, The Embankment, Neville Street, Leeds, LS1 4DW
Chartered Accountants, Registered Auditor
23 April 2008

# SCG Enterprises Limited 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 |
|---|---|---|---|
| Administrative expenses | | - | (1) |
| **Loss before tax** | | - | (1) |
| Taxation | 2 | - | 2 |
| **Profit for the period attributable to equity holders of the parent** | | - | 1 |

The accompanying notes are an integral part of this income statement

# SCG Enterprises Limited 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 |
|---|---|---|
| **Profit for the year attributable to equity holders of the parent** | - | 1 |
| **Total recognised income and expense attributable to equity holders of the parent** | - | 1 |

# SCG Enterprises Limited Balance sheet

| | Notes | **30 June 2007 £'000** | 31 December 2005 £'000 |
|---|---|---|---|
| **Current assets** | | | |
| Trade and other receivables | 3 | **218** | 218 |
| Cash & cash equivalents | | **-** | 6 |
| | | **218** | 224 |
| **Total assets** | | **218** | 224 |
| **Current liabilities** | | | |
| Trade & other payables | 4 | **616** | 622 |
| **Total Liabilities** | | **616** | 622 |
| **Net Liabilities** | | **(398)** | (398) |
| Share capital | 5 | **-** | - |
| Retained earnings | 6 | **(398)** | (398) |
| **Shareholders deficit attributable to equity holders of the parent** | 6 | **(398)** | (398) |

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

Signed on behalf of the Board

A J Griffith

Director

23 April 2008

# SCG Enterprises Limited 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 |
|---|---|---|
| **Profit before taxation** | - | 1 |
| Decrease in trade and other receivables | - | (178) |
| (Decrease)/increase in trade and other payables | (6) | 22 |
| **Cash consumed from operations** | (6) | (155) |
| Interest received | - | - |
| **Net cash from operating activities** | - | - |
| **Net cash used in investing activities** | - | - |
| **Cash flows from financing activities** | - | - |
| **Net cash from financing activities** | - | - |
| **Net decrease in cash and cash equivalents** | (6) | (155) |
| **Cash and cash equivalents at the beginning of the period** | 6 | 161 |
| **Cash and cash equivalents at the end of the period** | - | 6 |

# SCG Enterprises Limited - Notes to the financial statements

**1. Accounting policies**
SCG Enterprises 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) 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

**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

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

**1. Accounting policies (continued)**

**e) 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

**2. Taxation**
**Reconciliation of effective tax rate**

The tax expense for the eighteen months is equal to (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 before tax | - | (1) |
| Loss before tax multiplied by standard rate of corporation tax in the UK of 30% (2005 30%) | - | - |
| Effects of | | |
| Adjustments to tax charge in respect of previous periods | - | (2) |
| **Taxation** | - | (2) |

All taxation relates to UK corporation tax

There is no provided or unprovided deferred tax at the end of the current or prior period

### 3. Trade and other receivables

| | 18 months to 30 June 2007 £'000 | 12 months to 31 December 2005 £'000 |
|---|---|---|
| Amounts owed by other group companies | **218** | 218 |

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

### 4. Trade & other payables

| | 18 months to 30 June 2007 £'000 | 12 months to 31 December £'000 |
|---|---|---|
| Amounts owed to other group companies | **616** | 622 |

All amounts payable to other Group companies are non-interest bearing and repayable on demand The Directors consider that the carrying amount of trade and other payables approximates to fair values

### 5. Share Capital

| | 18 Months To 30 June 2007 £'000 | 12 Months to 31 December 2005 £'000 |
|---|---|---|
| Authorised | | |
| 1,000 Ordinary shares of £1 each | **1** | 1 |
| Allotted and called-up | | |
| 1 Ordinary shares of £1 each | **-** | - |

### 6. Reconciliation of shareholders' deficit

| | Retained earnings £'000 | Total shareholders' deficit £'000 |
|---|---|---|
| **At 1 January 2005** | (399) | (399) |
| Profit for the period | 1 | 1 |
| **At 1 January 2006** | (398) | (398) |
| Profit for the period | - | - |
| **At 30 June 2007** | (398) | (398) |

### 7 Ultimate parent undertaking

The Company is a wholly-owned subsidiary undertaking of BSkyB, a company incorporated in Great Britain and registered in England and Wales The only group in which the Balance Sheet of the Company is 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

### 8. 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