

ARTHUR ANDERSEN

Precis (1376) Limited

Accounts for the period from incorporation to 30 June 1996
together with the Directors' and Auditors' reports

Registered number: 3079609



Directors and Officers

Directors

The Company's present Directors are as follows:

R J Brooke	(appointed 22 September 1995)
N J Carrington	(appointed 22 September 1995)
D C Chance	(appointed 22 September 1995)
S H Chisholm	(appointed 22 September 1995)
C K Mackenzie	(appointed 22 September 1995)

Other Directors who served during the period were:

J E M Dillon	(appointed 13 July 1995, resigned 22 September 1995)
L Neal	(appointed 13 June 1995, resigned 22 September 1995)

Secretary

D J Gormley

Registered office

Grant Way
Isleworth
Middlesex
TW7 5QD

Auditors

Arthur Andersen
1 Surrey Street
London
WC2R 2PS

Directors' report

For the period from incorporation to 30 June 1996

The Directors present their report on the affairs of the Company, together with the accounts and auditors' report, for the period from incorporation to 30 June 1996.

Incorporation

The Company was incorporated as Precis (1376) Limited on 13 July 1995.

Principal activity

The Company's principal activity is to act as a holding company for British Sky Broadcasting Group plc ("BSkyB") and its subsidiary undertakings' (together "the Group") 25% interest in an associated undertaking, Paramount UK¹ a joint venture partnership which operates a general entertainment television channel ("The Paramount Channel").

Results for the period

The loss for the period was £ 1,529,000.

No dividends have been paid or proposed for the period.

Directors and their interests

The Directors of the Company are as shown on page 1.

R J Brooke, D C Chance and S H Chisholm are also Directors of the ultimate parent company, BSkyB and their interests in the share capital of BSkyB are shown in the accounts of that company for the year ended 30 June 1996. N J Carrington was appointed as an alternate Director of BSkyB to D C Chance on 14 August 1996.

At 30 June 1996, N J Carrington had an option over 218,111 ordinary shares under the BSkyB Approved Executive Share Option Scheme at a price of £3.45 per share. The options are exercisable at any time on or after 18 August 1998 up to and including 18 August 2005.

None of the other Directors had any interest in the shares of the Company, BSkyB or the Group at 30 June 1996.

Liability insurance for Company Officers

As permitted by the Companies Act 1985 (as amended), the Group has maintained insurance cover for the Directors and Officers against liabilities in relation to the Group's activities.

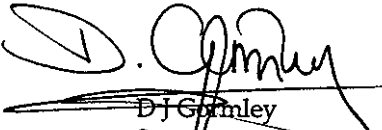
Auditors

Arthur Andersen were appointed as auditors on 22 September 1995.

Grant Way
Isleworth
Middlesex
TW7 5QD

3 April 1997

By order of the Board,


D J Gurnley
Secretary

¹ The registered address of the joint venture partnership, Paramount UK, is 15-18 Rathbone Place, London, W1P 1DF.

Directors' and Auditors' responsibilities

Directors' responsibilities

Company law requires the Directors to prepare accounts 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 year. In preparing these accounts the Directors are required:

- to select suitable accounting policies and then apply them consistently;
- to make judgements and estimates that are reasonable and prudent;
- to state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- to prepare the accounts 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.

The Directors confirm that these accounts comply with these requirements.

Auditors' responsibilities

Company law requires the auditors to form an independent opinion on the accounts presented by the Directors based on their audit and to report their opinion to the shareholders. The Companies Act 1985 also requires auditors to report to the shareholders if the following requirements are not met:

- that the Company has maintained proper accounting records and that the proper returns adequate for the audit have been received from branches not visited by them;
- that the accounts are in agreement with the accounting records and returns;
- that Directors' emoluments and other transactions with the Directors are properly disclosed in the accounts; and
- that the auditors have obtained all the information and explanations which, to the best of their knowledge and belief, are necessary for the purposes of their audit.

The Companies Act 1985 requires the auditors to report to the shareholders if the matters contained in the report of the Directors are inconsistent with the accounts.

Auditors' report

To the Shareholders of Precis (1376)Limited:

We have audited the accounts on pages 5 to 9 which have been prepared under the historical cost convention, and in accordance with the accounting policies set out on page 7.

Respective responsibilities of Directors and Auditors

As described on page 3 the Company's Directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

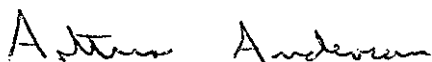
Basis of opinion

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 accounts. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the accounts 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 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 Company's state of affairs at 30 June 1996 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
1 Surrey Street
London
WC2R 2PS

3 April 1997

Profit and loss account

Period from incorporation to 30 June 1996

	Notes	50 weeks to 30 June 1996 £'000
Losses of associated undertakings	2	(1,529)
Loss on ordinary activities before taxation	3	<u>(1,529)</u>
Taxation	4	-
Retained loss for the period	8	<u><u>(1,529)</u></u>

Details of movements in reserves are shown in note 8.

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

Statement of total recognised gains and losses

For the period ended 30 June 1996

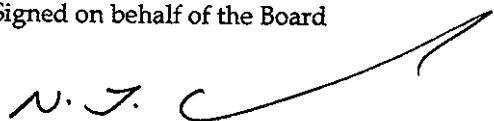
There were no recognised gains or losses other than those included within the profit and loss account for the period.

Balance sheet

30 June 1996

	Notes	30 June 1996 £'000
Fixed assets		
Investments	5	-
Creditors: amounts falling due within one year	6	(1,529)
		<u>(1,529)</u>
Capital and reserves		
Called-up share capital	7	-
Profit and loss account	8	(1,529)
		<u>(1,529)</u>

Signed on behalf of the Board



N J Carrington - Director
3 April 1997

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

Notes to accounts

30 June 1996

1. Accounting Policies

The principal accounting policies, all of which have been applied consistently throughout the period are:

a) *Basis of accounting*

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

Under the provisions of Financial Reporting Standard Number 1, the Company has not presented a cash flow statement because its ultimate parent company, BSKyB, has prepared consolidated accounts which include the results of the Company for the period and which contain a cash flow statement.

The Company has taken advantage of S228 of the Companies Act 1985 and has not prepared group accounts for the period.

b) *Fixed asset investments*

Fixed asset investments are shown at cost less amounts written off. Provisions are made for permanent diminution in value. The Directors have taken the prudent approach of providing against the Company's investments such that the carrying value of the investment reflects the Company's share of the underlying net tangible assets.

c) *Taxation*

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

2. Losses of associated undertakings

This represents a provision for the Company's obligation to fund the losses of the associated undertaking Paramount UK. This includes a £500,000 provision against the loans advanced to Paramount UK and a further £1,029,000 provision recorded within creditors.

3. Loss on ordinary activities before taxation

There were no staff costs as the Company has no employees. Services are provided by employees of other companies within the Group with no charge being made. The Directors did not receive any remuneration during the period in respect of their duties as Directors of the Company.

Fees paid to the auditors for audit services in the period for their services were borne by another Group company. No other fees have been paid to the auditors in the period.

4. Taxation

There were no profits chargeable to corporation tax for the period from incorporation to 30 June 1996.

Notes to accounts (continued)

5. Fixed asset investment

These represent the cost of the Company's investments in Paramount UK.

Cost	Loans	Shares	Total
	£'000	£'000	£'000
As at incorporation	-	-	-
Loans advanced to associated undertakings	500	-	500
As at 30 June 1996	<u>500</u>	<u>-</u>	<u>500</u>
Provision			
As at incorporation	-	-	-
Provision against recoverability of loans advanced to associated undertakings (see note 2)	(500)	-	(500)
As at 30 June 1996	<u>(500)</u>	<u>-</u>	<u>(500)</u>
Net book value			
At incorporation and 30 June 1996	<u>-</u>	<u>-</u>	<u>-</u>

6. Creditors: amounts falling due within one year

	30 June 1996
	£'000
Amounts owed to parent company	500
Accruals and deferred income	1,029
	<u>1,529</u>

Amounts due to the parent company are non interest bearing and repayable on demand.

7. Called-up share capital

	30 June 1996
	£
<i>Authorised</i>	
100 ordinary shares of £1 each	<u>100</u>
<i>Allotted, called-up and fully-paid</i>	
2 ordinary shares of £1 each	<u>2</u>

Notes to accounts (continued)

8. Reconciliation of movements in shareholders' deficit

	Share capital £'000	Profit and loss account £'000	Total £'000
As at incorporation	-	-	-
Issue of share capital	-	-	-
Loss for the period	-	(1,529)	(1,529)
As at 30 June 1996	-	(1,529)	(1,529)

9. Financing

The Company's balance sheet as at 30 June 1996 shows net liabilities of £1,529,000. The Directors of British Sky Broadcasting Limited have confirmed that they will continue to provide support to Preci (1376) Limited to enable the Company to meet its liabilities as they fall due at least until 4 April 1998.

Accordingly, the accounts have been prepared assuming the Company will continue as a going concern.

10. Ultimate parent company

The Company is a subsidiary undertaking of British Sky Broadcasting Limited, a Company registered in England and Wales.

The only group in which the results of the Company are consolidated is that headed by BSKyB, the Company's ultimate parent company, whose principal place of business is Grant Way, Isleworth, Middlesex, TW7 5QD. The consolidated accounts of the Group are available to the public and may be obtained from the above address.