

**EXHIBIT B**

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**FORM 20-F**

- ☐ REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934  
OR  
☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the fiscal year ended: 30 June 2001  
OR  
☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission file number 0-30364

**NDS Group plc**

(Exact name of Registrant as specified in its charter)

**England and Wales**

(Jurisdiction of incorporation or organization)

**One London Road, Staines, Middlesex, TW18 4EX, United Kingdom**

(Address of principal executive offices)

Securities registered or to be registered pursuant to Section 12(b) of the Act.

Title of each class

Name of each exchange on which registered

None

Securities registered or to be registered pursuant to Section 12(g) of the Act.

Series A ordinary shares of \$0.01 each

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act.

None

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

11,243,400 Series A ordinary shares of \$0.01 each

42,001,000 Series B ordinary shares of \$0.01 each

42,000,002 deferred shares of £1 each

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

☒ Yes

☐ No

Indicate by check mark which financial statement item the registrant has elected to follow.

☐ Item 17

☒ Item 18

## **NDS Group plc**

### **Notes to the Consolidated Financial Statements**

#### **1. Accounting policies and principal activity**

NDS Group plc (the "Company") is incorporated in England and Wales. The Company, together with its subsidiaries ("the NDS Group"), is engaged in the business of providing conditional access and broadcast control software and systems used by broadcasters and content providers.

The principal accounting policies, all of which have been applied consistently throughout the year and the preceding periods, are summarised below.

##### **a) Basis of accounting**

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

The financial statements have not been prepared for the purposes of section 227 of the Companies Act 1985 (the "Act") and therefore do not constitute statutory accounts within the context of the Act. However, the financial statements include all disclosures required under the Act with the exception of a directors' report, which is not required in order for the financial statements to give a true and fair view of the state of affairs at any point in time. Accordingly, the financial statements comply with UK GAAP. Statutory accounts for the years ended 30 June 2001 and 30 June 2000 have been delivered to the Registrar of Companies. The auditors' reports on those accounts were unqualified and did not contain a statement under section 237(2) or 237(3) of the Act.

##### **b) Basis of consolidation**

The financial statements consolidate the accounts of the Company and all its subsidiary undertakings, including NDS Americas Inc. (see below), drawn up to 30 June each year. All intercompany transactions and balances have been eliminated on consolidation. The results and cash flows of subsidiaries or businesses acquired or sold are consolidated for the periods from or to the date on which control passed to or from the NDS Group. Entities, other than subsidiary undertakings, in which the NDS Group has a participating interest and over whose operating and financial policies the NDS Group exercises a significant influence are treated as associates and accounted for using the equity method.

The Company's ultimate parent company is The News Corporation Limited, which taken together with its subsidiary and associated undertakings is referred to herein as "The News Corporation Group".

The NDS Group has an operational presence in the US, whose activities are carried out through NDS Americas Inc. Until 4 November 1999, ownership of NDS Americas Inc. was held by another entity within The News Corporation Group and not by the NDS Group. On 4 November 1999, the Company acquired ownership of NDS Americas Inc. NDS Americas Inc. has been consolidated in these financial statements for periods prior to 4 November 1999 since, under UK GAAP and in accordance with section 258 of the Companies Act 1985, there was a control contract between the Company and the shareholders of NDS Americas Inc. A minority interest equal to the whole of the net income and net assets of NDS Americas Inc. was recorded under UK GAAP.

##### **c) Goodwill**

Goodwill arising on the acquisition of subsidiary undertakings or businesses represents the excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired. Goodwill is capitalised and amortised on a straight-line basis over its useful economic life. Provision is made for any impairment. The useful life of goodwill is considered by the Directors on a case by case basis at the time the goodwill first arises. The Directors' estimates of the periods over which benefits will accrue to the NDS Group in respect of goodwill have ranged from 10 to 20 years.

On 1 December 2000 the Company acquired the entire share capital of Orbis Technology Limited ("Orbis"). Details of this transaction and the goodwill arising are given in Note 10b.