

THE GUMBY CORPORATION LIMITED

DIRECTORS' REPORT

AND

FINANCIAL STATEMENTS

30TH JUNE, 2002



AGN s h i p l e y s

chartered accountants

THE GUMBY CORPORATION LIMITED

Directors

M.E. Palin (Chairman)
H.M. Palin
A.M. Gibbins
V. Herbert
R.M. Palin (appointed on 1st May, 2002)
T.E. Palin (appointed on 1st May, 2002)
W.M. Palin (appointed on 1st May, 2002)

Secretary and Registered Office

Mayday Management Limited
34 Tavistock Street,
London WC2E 7PB.

DIRECTORS' REPORT

The directors present their report and the audited financial statements of the company for the year ended 30th June, 2002.

ACTIVITIES, BUSINESS REVIEW AND FUTURE DEVELOPMENTS

The principal activity of the company is the exploitation of artistes' services to the entertainment industry. It is anticipated that the company will remain profitable in the forthcoming period.

RESULTS AND DIVIDENDS

| | £ |
|--|-----------------|
| The profit for the year after taxation and dividends amounted to | 15,787 |
| Which, when added to the restated balance brought forward of | <u>105,428</u> |
| Results in a balance to carry forward of | <u>£121,215</u> |

The directors do not recommend the payment of a dividend (2001 : £nil).

DIRECTORS

The directors who served during the year and their beneficial interests in the shares of the company were as follows:

| | Ordinary £1 shares At 1st July, 2001 and 30th June, 2002 |
|--------------|---|
| M.E. Palin | 99 |
| H.M. Palin | 1 |
| A.M. Gibbins | - |
| V. Herbert | - |

On 1st May, 2002, R.M. Palin, T.E. Palin and W.M. Palin were appointed directors.

THE GUMBY CORPORATION LIMITED

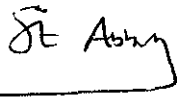
DIRECTORS' REPORT

AUDITORS

A resolution to re-appoint AGN Shipleys as auditors will be proposed at the Annual General Meeting.

These accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies, and with the Financial Reporting Standard for Smaller Entities (effective June 2002).

By Order of the Board

A handwritten signature in dark ink, appearing to read "S. Abbott", with a horizontal line drawn underneath it.

**S. Abbott for
Mayday Management Ltd
Corporate Company Secretary**

9 January 2003

AGN s h i p l e y s*chartered accountants*

10 Orange Street, Haymarket, London WC2H 7DQ
Tel: +44 (0)20 7312 0000 Fax: +44 (0)20 7312 0022

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
THE GUMBY CORPORATION LIMITED

We have audited the financial statements of The Gumby Corporation Limited for the year ended 30th June, 2002, which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002) and under the historical cost convention and the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if 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 transactions with the company is not disclosed.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the Financial Statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

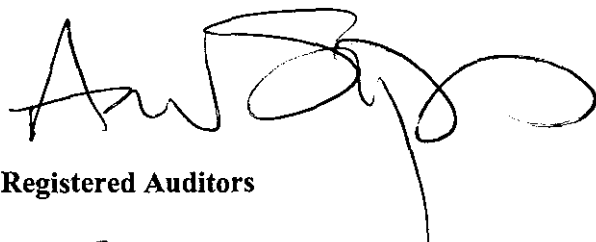
We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates 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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
THE GUMBY CORPORATION LIMITED – CONTINUED**

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30th June, 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A large, stylized handwritten signature in black ink, likely belonging to the auditor, positioned above the text 'Registered Auditors'.

Registered Auditors

10 JANUARY 2003

THE GUMBY CORPORATION LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30TH JUNE, 2002

| | | 2002 | 2001 |
|---|-------|------------------|--------------------|
| | Notes | £ | as restated £ |
| TURNOVER | 1.3 | 845,485 | 1,038,179 |
| ADMINISTRATIVE EXPENSES | | <u>(845,587)</u> | <u>(1,074,239)</u> |
| OPERATING LOSS | | (102) | (36,060) |
| OTHER INCOME | 2 | 2,590 | 5,245 |
| INTEREST RECEIVABLE | | 20,004 | 52,677 |
| INTEREST PAYABLE | | <u>(1,080)</u> | <u>(943)</u> |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | 3&4 | 21,412 | 20,919 |
| TAXATION | 5 | <u>(5,625)</u> | <u>(11,069)</u> |
| PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION | | 15,787 | 9,850 |
| RETAINED PROFIT BROUGHT FORWARD AS PREVIOUSLY STATED | | 124,582 | 95,578 |
| PRIOR YEAR ADJUSTMENT | 1.8 | (19,154) | - |
| RETAINED PROFIT BROUGHT FORWARD AS RESTATED | | <u>105,428</u> | <u>95,578</u> |
| RETAINED PROFIT CARRIED FORWARD | | <u>£140,369</u> | <u>£105,428</u> |

The notes on pages 7 to 10 form part of these financial statements.

THE GUMBY CORPORATION LIMITED

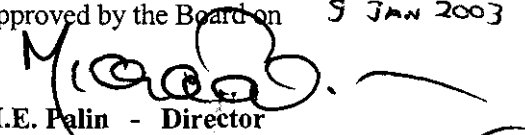
BALANCE SHEET

AT 30TH JUNE, 2002

| | | 2002 | 2001 as restated |
|---|-------|-----------------|---------------------|
| | Notes | £ | £ |
| FIXED ASSETS | | | |
| Tangible assets | 6(a) | 13,546 | 14,730 |
| Investments | 6(b) | <u>141</u> | <u>141</u> |
| | | 13,687 | 14,871 |
| CURRENT ASSETS | | | |
| Trade debtors | | 77,973 | 1,233 |
| Amounts owed by related undertakings | | 2,375 | 46,099 |
| Prepayments and accrued income | | 73,101 | 95,281 |
| Cash at bank | | <u>639,654</u> | <u>1,178,516</u> |
| | | <u>793,103</u> | <u>1,321,129</u> |
| CREDITORS: Amounts falling due within one year | | | |
| Trade creditors | | 4,483 | 5,181 |
| Corporation Tax | | 3,300 | - |
| Other taxes and social security costs | | 97,306 | 52,432 |
| Other creditors | | 95,086 | 422,625 |
| Accruals | | <u>485,300</u> | <u>750,234</u> |
| | | <u>685,475</u> | <u>1,230,472</u> |
| NET CURRENT ASSETS | | <u>107,628</u> | <u>90,657</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | <u>£121,315</u> | <u>£105,528</u> |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 7 | 100 | 100 |
| Profit and loss account | | <u>121,215</u> | <u>105,428</u> |
| EQUITY SHAREHOLDERS' FUNDS | | <u>£121,315</u> | <u>£105,528</u> |

These accounts have been prepared in accordance with the special provisions relating to small companies within Part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities (effective June 2002).

Approved by the Board on 9 Jan 2003


M.E. Palin - Director

The notes on pages 7 to 10 form part of these financial statements.

THE GUMBY CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS

30TH JUNE, 2002

1. ACCOUNTING POLICIES

1.1 Accounting Convention

These financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

1.2 Depreciation

Fixed assets are depreciated over their estimated useful lives on the straight line method as follows:

Fixtures, fittings and equipment - 15% per annum

1.3 Turnover

Turnover represents receipts for services provided in the United Kingdom, net of value added tax. Due to the nature of the company's principal activities, any profit shares or royalty income are accounted for on a notified basis.

1.4 Foreign Exchange

All year-end balances expressed in a foreign currency are translated at rates ruling at the balance sheet date. Any differences on exchange are charged or credited to the profit and loss account. Transactions denominated in foreign currencies are translated into sterling and recorded at the rate of exchange ruling at the date of the transaction.

1.5 Cash Flow Statement

The company is a small company as defined by sections 246 and 247 of the Companies Act 1985. It has therefore taken advantage of the exemption conferred by Financial Reporting Standard Number 1 (Revised 1996) not to prepare a cash flow statement.

1.6 Finance Lease Income

Assets leased under finance leases are shown as debtors in the accounts. Income from the lease of such assets is calculated to give a constant rate of return over the period of the lease.

1.7 Pension

The company has a defined contributions pension scheme, the assets of which are held separately. Contributions to the scheme are charged to the profit and loss account in the year in which they are incurred.

1.8 Prior Year Adjustment

The financial statements for 2001 have been restated to correct an error made in 2001. This error arose due to a tax repayment relating to a director being incorrectly included within the company's tax charge for the year. The effect of the restatement was to decrease profit for the financial year 2001 by £19,154.

THE GUMBY CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

30TH JUNE, 2002

| | | |
|---|-----------------|-----------------|
| 2. OTHER INCOME | 2002 | 2001 |
| | £ | £ |
| Share of profits in Monty Python Begging Bowl Partnership | 2,276 | 5,245 |
| Interest received on corporation tax | 314 | - |
| | <u>£2,590</u> | <u>£5,245</u> |
| 3. DIRECTORS AND EMPLOYEES | £ | £ |
| Staff costs (including executive directors) arising during the year amounted to: | | |
| Wages and salaries | 455,392 | 710,619 |
| Social security costs | 53,073 | 80,133 |
| Pension contributions | - | - |
| | <u>£508,465</u> | <u>£790,752</u> |
| | Number | Number |
| The average number of employees was | <u>7</u> | <u>4</u> |
| Staff costs include the following remuneration in respect of directors: | £ | £ |
| Other emoluments including pension contributions | 455,392 | 710,619 |
| Benefits in kind | 5,363 | - |
| | <u>£460,755</u> | <u>£710,619</u> |
| The other emoluments include amounts other than pension costs paid to: | | |
| The chairman | <u>£400,000</u> | <u>£687,579</u> |
| The emoluments of the remaining directors fall within the brackets of: | Number | Number |
| £0 to £5,000 | 5 | 3 |
| £15,001 to £20,000 | - | 1 |
| £25,001 to £30,000 | 1 | - |
| | <u>1</u> | <u>1</u> |
| The number of directors to whom retirement benefits are accruing under money purchase pension schemes was:- | <u>1</u> | <u>1</u> |
| 4. PROFIT ON ORDINARY ACTIVITIES | £ | £ |
| This is stated after charging/(crediting): | | |
| Auditors' remuneration | 5,000 | 4,500 |
| Depreciation | 4,198 | 6,670 |
| Exchange differences | 15,073 | (8,192) |

THE GUMBY CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
30TH JUNE, 2002

| 5. TAXATION | 2002 | 2001 as restated |
|--|-----------------|---------------------|
| | £ | £ |
| The tax (charge)/credit for the year comprises | | |
| United Kingdom corporation tax charge at 30% | (3,300) | (11,069) |
| (Over)/under-provision in respect of earlier years | <u>(2,325)</u> | <u>-</u> |
| | <u>£(5,625)</u> | <u>£(11,069)</u> |

6. FIXED ASSETS

| a. Tangible Assets | Fixtures, Fittings and Equipment |
|--|-------------------------------------|
| Cost | £ |
| At 1st July, 2001 | 35,240 |
| Additions in year | <u>3,014</u> |
| At 30th June, 2002 | <u>38,254</u> |
| Depreciation | |
| At 1st July, 2001 | 20,510 |
| Charge for the year | <u>4,198</u> |
| At 30th June, 2002 | <u>24,708</u> |
| Net Book Value | |
| At 30th June, 2002 | <u>£13,546</u> |
| At 30th June, 2001 | <u>£14,730</u> |
| b. Investments | 2002 |
| Net Value | 2001 |
| At 1st July, 2001 and at 30th June, 2002 | £141 |

This represents:-

16.666% of the capital of the Monty Python Begging Bowl Partnership

Monty Python Begging Bowl Partnership is resident in the U.K. The investment is shown at cost.

THE GUMBY CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

30TH JUNE, 2002

| | | |
|---|---------------|---------------|
| 7. SHARE CAPITAL | 2002 | 2001 |
| Authorised | | |
| 1,000 Ordinary shares of £1 each | <u>£1,000</u> | <u>£1,000</u> |
| Allotted, called up and fully paid | | |
| 100 Ordinary shares of £1 each | <u>£100</u> | <u>£100</u> |

8. DIRECTOR'S INTEREST

The company is controlled by a director, M.E. Palin.

During the year, in the course of its principal activity, the company received the following amounts from companies in which a director Mr. Palin has an interest:-

| | 2002 | 2001 |
|-------------------------------------|----------------|-------------|
| | £ | £ |
| Prominent Television Limited | 43,540 | 104,234 |
| Python (Monty) Pictures Limited | 295,612 | 401,545 |
| Prominent Palin Productions Limited | <u>126,000</u> | <u>-</u> |

Included in debtors is a sum of £1,878 owed by Python (Monty) Pictures Limited at 30th June, 2002 (2001 : £nil).

| | | |
|---|----------------|-------------|
| During the year, the following sums were charged by related companies:- | 2002 | 2001 |
| Prominent Television Limited | <u>£35,330</u> | <u>£ -</u> |

9. PENSION COSTS

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. Contributions are paid based upon the recommendations of a qualified actuary. The pension cost charge represents contributions paid by the company to the fund and amounted to £nil (2001 : £nil).