

THE GUMBY CORPORATION LIMITED

DIRECTORS' REPORT

AND

FINANCIAL STATEMENTS

30TH JUNE, 1999



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

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, 1999.

ACTIVITIES, BUSINESS REVIEW AND FUTURE DEVELOPMENTS

The principal activity of the company is the exploitation of artistes' services to the entertainment industry. The company has maintained its level of turnover during the year and control of overheads has resulted in a profit for the year. 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	14,468
Which, when added to the balance brought forward of	<u>24,705</u>
Results in a balance to carry forward of	<u><u>£39,173</u></u>

The directors do not recommend the payment of a dividend (1998 : £nil).

FIXED ASSETS

Movements in fixed assets are shown in note 5 to the accounts.

DONATIONS

During the year the company made no charitable donations (1998 – nil).

YEAR 2000

There are risks and uncertainties associated with the forthcoming new century and its effect on computer systems. Failure to address these could lead to difficulties in processing an organisation's financial and operational transactions, or even to total system failure.

The directors have initiated a review of the effect on the company's operations of this problem, with a view to ensuring that appropriate steps are taken to ensure that the company's critical systems are able to operate effectively into the year 2000.

THE GUMBY CORPORATION LIMITED

DIRECTORS' REPORT - CONTINUED

YEAR 2000 - continued

The total anticipated costs of the company's plans to upgrade its computer systems accordingly are not considered by the directors to be material to the financial position of the company.

The directors intend to treat these costs in the financial statements in accordance with generally accepted accounting practice in the UK.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are required by the Companies Act 1985 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period. The directors consider that in preparing the financial statements the company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates and confirm that all applicable accounting standards have been followed. The financial statements have been prepared on a going concern basis.

The directors are responsible for ensuring that the company keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and for ensuring that the financial statements comply with the Companies Act 1985. The directors also have responsibility for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

DIRECTORS

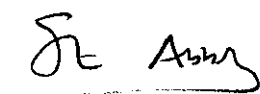
The directors who served during the year and their beneficial interests in the shares of the company were as follows:

	Ordinary £1 shares At 1st July, 1998 and 30th June, 1999
M.E. Palin	99
H.M. Palin	1
A.M. Gibbins	-
V. Herbert	-

AUDITORS

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

By Order of the Board



S. Abbott for
Mayday Management Ltd
Corporate Company Secretary

s h i p l e y s

c h a r t e r e d a c c o u n t a n t s

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

We have audited the financial statements on pages 4 to 10 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements 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 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.

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, 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

SHIPLEYS

Registered Auditors

24th March, 2000

THE GUMBY CORPORATION LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30TH JUNE, 1999

	Notes	1999 £	1998 £
TURNOVER - continuing operations	1.3	992,089	880,729
ADMINISTRATIVE EXPENSES		<u>(1,010,680)</u>	<u>(857,852)</u>
OPERATING (LOSS)/PROFIT – continuing operations		(18,591)	22,877
OTHER INCOME	2	1,127	-
INTEREST RECEIVABLE		37,791	12,419
INTEREST PAYABLE		<u>(931)</u>	<u>(815)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3&4	19,396	34,481
TAXATION	5	<u>(4,928)</u>	<u>(14,069)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		14,468	20,412
RETAINED PROFIT BROUGHT FORWARD		<u>24,705</u>	<u>4,293</u>
RETAINED PROFIT CARRIED FORWARD		<u>£39,173</u>	<u>£24,705</u>

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

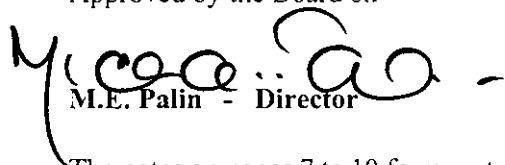
THE GUMBY CORPORATION LIMITED

BALANCE SHEET

AT 30TH JUNE, 1999

	Notes	1999 £	1998 £
FIXED ASSETS			
Tangible assets	6(a)	11,744	11,358
Investments	6(b)	<u>142</u>	<u>142</u>
		11,886	11,500
CURRENT ASSETS			
Trade debtors	-	-	7,747
Amounts owed by undertakings in which the company has a participating interest		42,656	119,714
Corporation tax		19,242	19,243
Other debtors		268	19,015
Prepayments and accrued income		449,420	314,239
Cash at bank		<u>636,554</u>	<u>531,277</u>
		<u>1,148,140</u>	<u>1,011,235</u>
CREDITORS: Amounts falling due within one year			
Trade creditors		2,608	595
Corporation tax payable		6,428	13,500
Other taxes and social security costs		50,352	1,933
Other creditors		260,973	90,006
Accruals		<u>800,392</u>	<u>891,896</u>
		<u>1,120,753</u>	<u>997,930</u>
NET CURRENT ASSETS		<u>27,387</u>	<u>13,305</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>£39,273</u>	<u>£24,805</u>
CAPITAL AND RESERVES			
Called up share capital	7	100	100
Profit and loss account		<u>39,173</u>	<u>24,705</u>
EQUITY SHAREHOLDERS' FUNDS		<u>£39,273</u>	<u>£24,805</u>

Approved by the Board on 21 Mar 2000



M.E. Palin - Director

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

THE GUMBY CORPORATION LIMITED
OTHER PRIMARY FINANCIAL STATEMENTS

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 30TH JUNE, 1999

The retained profit for the year was the only recognised gain or loss in the year.

HISTORICAL COST PROFIT AND LOSS
FOR THE YEAR ENDED 30TH JUNE, 1999

All assets are stated in the financial statements at historical cost. Therefore, no adjustments are required to the reported profit which is stated on an unmodified historical cost basis.

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS
FOR THE YEAR ENDED 30TH JUNE, 1999

	1999 £	1998 £
Profit for the financial year	14,468	20,412
Opening shareholders' funds	<u>24,805</u>	<u>4,393</u>
Closing shareholders' funds	<u>£39,273</u>	<u>£24,805</u>

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

THE GUMBY CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
30TH JUNE, 1999

1. ACCOUNTING POLICIES

1.1 Accounting Convention

These financial statements have been prepared under the historical cost convention.

1.2 Depreciation

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

Studio facilities	- 15% per annum
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 cash received or notified basis which is in contravention of Statement of Standard Accounting Practice No. 2.

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 benefits 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 Consolidation

These accounts present information about The Gumby Corporation Limited as an individual undertaking and not about its group. The company and its subsidiary comprise a small group. The company has therefore taken advantage of the exemption conferred by section 248 of the Companies Act 1985 not to prepare group records.

THE GUMBY CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

30TH JUNE, 1999

2. OTHER INCOME	1999	1998
Share of profits in Monty Python Begging Bowl Partnership	<u>£1,127</u>	<u>£ -</u>
3. DIRECTORS AND EMPLOYEES	£	£
Staff costs (including executive directors) arising during the year amounted to:		
Wages and salaries	698,044	389,582
Social security costs	83,054	83,294
Pension contributions	<u>75,000</u>	<u> </u>
	<u>£856,098</u>	<u>£472,876</u>
	Number	Number
The average number of employees was	<u>4</u>	<u>4</u>
Staff costs include the following remuneration in respect of directors:		
Other emoluments including pension contributions	<u>£773,044</u>	<u>£389,582</u>
The other emoluments include amounts other than pension costs paid to:		
The chairman	<u>£675,004</u>	<u>£381,667</u>
The emoluments of the remaining directors fall within the brackets of:		
£0 to £5,000.	2	
£15,000 to £20,000	<u>1</u>	
The number of directors to whom retirement benefits are accruing under money purchase pension schemes was:-	Number	
	<u>2</u>	<u>2</u>
4. PROFIT ON ORDINARY ACTIVITIES	£	£
This is stated after charging/(crediting):		
Auditors' remuneration	4,250	4,250
Depreciation	4,963	4,349
Loss on disposal of fixed assets	-	843
Exchange differences	<u>(1,005)</u>	<u>(1,330)</u>

THE GUMBY CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
30TH JUNE, 1999

5. TAXATION	1999 £	1998 £
The tax charge for the year comprises		
United Kingdom corporation tax charge at 31%/30%	6,428	13,500
(Over)/under-provision in respect of earlier years	<u>(1,500)</u>	<u>569</u>
	<u>£4,928</u>	<u>£14,069</u>
 6. FIXED ASSETS		
a. Tangible Assets	Fixtures, Fittings and Equipment	
Cost	£	
At 1st July, 1998	28,992	
Additions in year	<u>5,349</u>	
At 30th June, 1999	<u>34,341</u>	
 Depreciation		
At 1st July, 1998	17,634	
Charge for the year	<u>4,963</u>	
At 30th June, 1999	<u>22,597</u>	
 Net Book Value		
At 30th June, 1999	<u>£11,744</u>	
At 30th June, 1998	<u>£11,358</u>	
 b. Investments	1999	1998
	£	£
At 1st May, 1998	142	50
Transferred in period (note 9)	<u>-</u>	<u>142</u>
	142	192
Provision against irrecoverable investment in Newsecurity Limited	<u>-</u>	<u>(50)</u>
Net Value	<u>£142</u>	<u>£142</u>
 This represents:-	£	
16.666% of the capital of the Monty Python Begging Bowl Partnership	141	
100% of the issued share capital of Datatask Limited	<u>1</u>	
	<u>£142</u>	

Monty Python Begging Bowl Partnership and Datatask Limited are resident in the U.K. Investments are shown at cost.

THE GUMBY CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

30TH JUNE, 1999

7. SHARE CAPITAL	1999	1998
Authorised		
1,000 Ordinary shares of £1 each	£1,000	£1,000
	<u> </u>	<u> </u>
Allotted, called up and fully paid		
100 Ordinary shares of £1 each	£100	£100
	<u> </u>	<u> </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:-

	1999	1998
	£	£
Prominent Television Limited	531,252	187,583
Python (Monty) Pictures Limited	273,609	41,011
Kay Gee Bee Music Limited	-	10,000
	<u> </u>	<u> </u>

At 30th June, 1999, the following amounts were owed by related parties to the company:-

	£	£
Prominent Television Limited	41,529	40,000
Python (Monty) Pictures Limited	-	23,431
	<u> </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. The pension cost charge represents contributions paid by the company to the fund and amounted to £75,000 (1998 : £nil).