

# **TOOTH 'N' CLAW LIMITED**

Report and Accounts

31 August 1997



Registration number 1579073

**TOOTH 'N' CLAW LIMITED**  
**DIRECTORS AND OFFICERS**

---

**DIRECTORS**

R Law (resigned 23 September 1997)  
R Bennett

**SECRETARY**

R Shaw

**REGISTERED OFFICE**

1 Old Burlington Street  
London W1X 1LA

**AUDITORS**

Aston Hughes & Co  
Colwyn Bay

**BANKERS**

Lloyds Bank plc  
Cambridge

**TOOTH 'N' CLAW LIMITED**  
**DIRECTOR'S REPORT**

---

The director presents his report and accounts for the year ended 31 August 1997.

**Principal activities and review of the business**

The principal activities of the group during the year continued to be the production of programmes for television and related activities. The company has not traded during the year.

The group's objective remains the continued development of new television and film projects.

**Results and dividends**

The results of the group for the year are set out on page 5. The director does not recommend the payment of a dividend. An amount of £1,967 representing the retained loss for the year has been transferred to reserves.

**Directors and directors' interests**

The director at the balance sheet date and his interests in the share capital of the company were as follows:

	<b>£1 Ordinary shares</b>	
	<b>1997</b>	<b>1996</b>
R Law (resigned 23 September 1997)	67	67
R Bennett	-	-

Part of the services of R Law were provided through Ball and Chain Limited, a company owned by him. Amounts relating to the provision of these services are included in the directors remuneration disclosed in the accounts.

**Political and charitable donations**

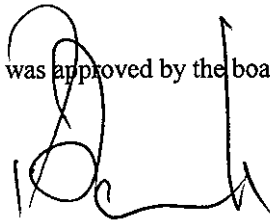
During the year, the group made charitable contributions totalling £96 (1996 - £421).

**Auditors**

A resolution to reappoint Aston Hughes & Co as auditors will be put to the members at the Annual General Meeting.

This report was approved by the board on 26 June 1998.

R Bennett  
Director



## **TOOTH 'N' CLAW LIMITED**

### **STATEMENT OF 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 for that period. In preparing those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- 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 maintaining 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.

**TOOTH 'N' CLAW LIMITED**  
**AUDITORS' REPORT**

---

**Report of the auditors  
to the shareholders of TOOTH 'N' CLAW LIMITED**

We have audited the accounts on pages 5 to 16 which have been prepared under the historical cost convention and the accounting policies set out on pages 9 and 10.

**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.

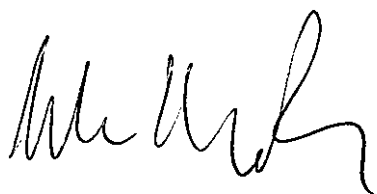
**Basis of opinion**

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 state of affairs of the company and the group as at 31 August 1997 and of the group's loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Aston Hughes & Co  
Chartered Accountants  
Registered Auditors

Colwyn Bay

23 June 1998

**TOOTH 'N' CLAW LIMITED**  
**CONSOLIDATED PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31 AUGUST 1997**

---

	Notes	1997 £	1996 £
Turnover	2	1,956,023	3,103,188
Cost of sales		(1,469,940)	(2,301,506)
<b>Gross profit</b>		<u>486,083</u>	<u>801,682</u>
Administrative expenses		(492,482)	(824,718)
<b>Operating loss</b>	3	<u>(6,399)</u>	<u>(23,036)</u>
Interest receivable		4,420	15,115
<b>Loss on ordinary activities before taxation</b>		<u>(1,979)</u>	<u>(7,921)</u>
Taxation on ordinary activities	6	12	7,408
<b>Loss on ordinary activities after taxation</b>		<u>(1,967)</u>	<u>(513)</u>
<b>Retained loss for the year</b>	14	<u>(1,967)</u>	<u>(513)</u>

**Continuing operations**

None of the company's activities were acquired or discontinued during the above two financial years.

**Statement of total recognised gains and losses**

The company has no recognised gains or losses other than the profit for the above two financial years.

**TOOTH 'N' CLAW LIMITED**  
**CONSOLIDATED BALANCE SHEET**  
**AS AT 31 AUGUST 1997**

	Notes	1997	1996
		£	£
<b>Fixed assets</b>			
Tangible assets	7	130,662	128,458
<b>Current assets</b>			
Stocks	9	66,771	260,923
Debtors	10	55,510	97,084
Cash at bank and in hand		45,670	225,499
		<u>167,951</u>	<u>583,506</u>
<b>Creditors: amounts falling due within one year</b>	11	(209,600)	(620,984)
<b>Net current liabilities</b>		<u>(41,649)</u>	<u>(37,478)</u>
<b>Total assets less current liabilities</b>		<u>89,013</u>	<u>90,980</u>
<b>Creditors: amounts falling due after more than one year</b>	12	(75,000)	(75,000)
		<u>14,013</u>	<u>15,980</u>
<b>Capital and reserves</b>			
Called up share capital	13	102	102
Profit and loss account	14	13,911	15,878
<b>Shareholders' funds:</b>			
Equity		<u>14,013</u>	<u>15,980</u>
	15	<u>14,013</u>	<u>15,980</u>

R Bennett  
Director

Approved by the board on 20 June 1998



**TOOTH 'N' CLAW LIMITED****BALANCE SHEET****AS AT 31 AUGUST 1997**

	Notes	1997		1996	
		£	£	£	£
<b>Fixed assets</b>					
Investments	8		96,169		96,169
			96,169		96,169
<b>Current assets</b>					
Debtors	10	253		193	
Cash at bank and in hand		157		217	
		410		410	
<b>Creditors: amounts falling due within one year</b>	11	(1,126)		(1,126)	
<b>Net current liabilities</b>			(716)		(716)
<b>Total assets less current liabilities</b>			95,453		95,453
<b>Creditors: amounts falling due after more than one year</b>	12		(75,000)		(75,000)
			20,453		20,453
<b>Capital and reserves</b>					
Called up share capital	13		102		102
Profit and loss account	14		20,351		20,351
<b>Shareholders' funds:</b>					
Equity			20,453		20,453
			20,453		20,453

R Bennett  
Director

Approved by the board on 20 June 1998



**TOOTH 'N' CLAW LIMITED**  
**CONSOLIDATED CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31 AUGUST 1997**

	Notes	1997 £	1996 £
<b>Reconciliation of operating profit to net cash inflow from operating activities</b>			
Operating loss		(6,399)	(23,036)
Depreciation charges		41,803	58,478
Decrease/(increase) in stocks		194,152	(141,842)
Decrease in debtors		42,766	143,919
(Decrease)/increase in creditors		(409,858)	28,861
<b>Net cash (outflow)/inflow from operating activities</b>		<b>(137,536)</b>	<b>66,380</b>
<b>CASH FLOW STATEMENT</b>			
<b>Net cash (outflow)/inflow from operating activities</b>		<b>(137,536)</b>	<b>66,380</b>
<b>Returns on investments and servicing of finance</b>	16	4,420	13,741
<b>Taxation</b>		(2,706)	42,642
<b>Capital expenditure</b>	16	(44,007)	(17,390)
		(179,829)	105,373
<b>(Decrease)/increase in cash</b>		<b>(179,829)</b>	<b>105,373</b>
<b>Reconciliation of net cash flow to movement in net debt</b>			
<b>(Decrease)/increase in cash in the period</b>		<b>(179,829)</b>	<b>105,373</b>
<b>Change in net debt</b>	17	(179,829)	105,373
<b>Net funds at 1 September 1996</b>		225,499	120,126
<b>Net funds at 31 August 1997</b>		<b>45,670</b>	<b>225,499</b>

# **TOOTH 'N' CLAW LIMITED**

## **NOTES TO THE ACCOUNTS**

**FOR THE YEAR ENDED 31 AUGUST 1997**

---

### **1 Accounting policies**

#### **Accounting convention**

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

The company has taken advantage of the exemption under Section 230(4) of the Companies act 1985 and so has not presented its own profit and loss account. The profit of the company for the year was £nil (1996 - £nil) and the company recognised no other gains or losses in the year.

#### **Basis of consolidation**

The group accounts consolidate the accounts of Tooth 'n' Claw Limited and all its subsidiary undertakings. These accounts are made up to 31 August 1997. For associated undertakings the group includes its share of profits and losses in the consolidated profit and loss account and its share of post acquisition retained profits or accumulated deficits in the consolidated balance sheet.

The consolidated accounts are based on accounts of subsidiary undertakings which are coterminous with those of the parent company and on accounts of associated undertakings which are coterminous of the parent company.

Unless otherwise stated, the acquisition method of accounting has been adopted. Under this method, the results of subsidiary and associated undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal.

#### **Investments**

Investments in subsidiary and associated undertakings are stated in the balance sheet at cost less amounts provided for permanent diminution in value. Dividends received and receivable are credited to the company's profit and loss account to the extent that they represent a realised profit for the company.

#### **Depreciation**

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Leasehold property improvements	over the period of the lease term
Plant and machinery	25% per annum
Motor vehicles	25% per annum

#### **Stocks**

Stock is valued at the lower of cost and net realisable value.

## **TOOTH 'N' CLAW LIMITED**

### **NOTES TO THE ACCOUNTS**

**FOR THE YEAR ENDED 31 AUGUST 1997**

---

#### **Long term contracts**

The amount of profit attributable to the stage of completion of a long term contract is recognised when the outcome of the contract can be foreseen with reasonable certainty. Turnover for such contracts is stated at cost appropriate to their stage of completion plus attributable profits, less amounts recognised in previous years. Provision is made for any losses which are foreseen.

Contract work in progress is stated at costs incurred, less those transferred to the profit and loss account, after deducting foreseeable losses.

Amounts recoverable on contracts are included in debtors and represent turnover recognised in excess of payments on account.

#### **Deferred taxation**

Deferred taxation is provided on the liability method on all timing differences which are expected in the foreseeable future, calculated at the rate at which it is estimated that the tax will be payable.

#### **Foreign currencies**

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

#### **Leasing and hire purchase commitments**

Assets held under finance leases and hire purchase contracts, which are those where substantially all the risks and rewards of ownership of the asset have passed to the company, are capitalised in the balance sheet and depreciated over their useful lives.

The interest element of the rental obligations is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

Rentals paid under operating leases are charged to income on a straight line basis over the lease term.

#### **Pensions**

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 charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

## **2 Turnover**

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties. Turnover includes amounts attributable to long term contracts allocated according to the proportion of total costs incurred.

**TOOTH 'N' CLAW LIMITED****NOTES TO THE ACCOUNTS****FOR THE YEAR ENDED 31 AUGUST 1997**

<b>3 Operating loss</b>	<b>1997</b>	<b>1996</b>
	<b>£</b>	<b>£</b>
This is stated after charging:		
Depreciation of owned fixed assets	34,093	50,768
Depreciation of assets held under finance leases and hire purchase contracts	7,710	7,710
Operating lease rentals - plant and machinery	6,937	1,250
Operating lease rentals - land buildings	37,000	91,000
Auditors' remuneration - audit	8,000	20,000
Auditors' remuneration - other	2,500	22,000
	<hr/>	<hr/>
<b>4 Directors' emoluments</b>	<b>1997</b>	<b>1996</b>
	<b>£</b>	<b>£</b>
Emoluments	53,204	90,966
Company contributions to money purchase pension schemes	-	85,000
	<hr/>	<hr/>
	53,204	175,966
	<hr/>	<hr/>
<b>Number of directors in company pension schemes:</b>	<b>1997</b>	<b>1996</b>
	<b>Number</b>	<b>Number</b>
Money purchase schemes	2	2
	<hr/>	<hr/>
<b>5 Staff costs</b>	<b>1997</b>	<b>1996</b>
	<b>£</b>	<b>£</b>
Wages and salaries	190,980	369,881
Social security costs	16,660	35,705
Other pension costs	-	85,000
	<hr/>	<hr/>
	207,640	490,586
	<hr/>	<hr/>
<b>Average number of employees during the year</b>		
Production	2	3
Administration	3	11
	<hr/>	<hr/>
	5	14
	<hr/>	<hr/>
<b>6 Tax on profit on ordinary activities</b>	<b>1997</b>	<b>1996</b>
	<b>£</b>	<b>£</b>
UK corporation tax at 21%	(12)	(7,408)
	<hr/>	<hr/>

**TOOTH 'N' CLAW LIMITED**  
**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED 31 AUGUST 1997**

**7 Tangible fixed assets - group**

	<b>Leasehold property improvements £</b>	<b>Plant and machinery £</b>	<b>Motor vehicles £</b>	<b>Total £</b>
<b>Cost</b>				
At 1 September 1996	134,240	172,895	6,251	313,386
Additions	22,417	21,996	-	44,413
Disposals	-	(5,749)	-	(5,749)
At 31 August 1997	<u>156,657</u>	<u>189,142</u>	<u>6,251</u>	<u>352,050</u>
<b>Depreciation</b>				
At 1 September 1996	57,377	126,900	651	184,928
Charge for the year	11,951	28,289	1,563	41,803
On disposals	-	(5,343)	-	(5,343)
At 31 August 1997	<u>69,328</u>	<u>149,846</u>	<u>2,214</u>	<u>221,388</u>
<b>Net book value</b>				
At 31 August 1997	<u>87,329</u>	<u>39,296</u>	<u>4,037</u>	<u>130,662</u>
At 31 August 1996	<u>76,863</u>	<u>45,995</u>	<u>5,600</u>	<u>128,458</u>
			<b>1997 £</b>	<b>1996 £</b>
Net book value of plant and machinery included above held under finance leases and hire purchase contracts			<u>7,710</u>	<u>15,420</u>

**TOOTH 'N' CLAW LIMITED****NOTES TO THE ACCOUNTS****FOR THE YEAR ENDED 31 AUGUST 1997****8 Investments**

<b>Group</b>	<b>Investments £</b>	<b>Total £</b>
<b>Cost</b>		
At 1 September 1996 and at 31 August 1997	8,000	8,000
<b>Provisions</b>		
At 1 September 1996 and at 31 August 1997	(8,000)	(8,000)
<b>Net book value</b>		
At 31 August 1997	-	-
At 31 August 1996	-	-
	<b>Shares in group undertakings £</b>	<b>Total £</b>
<b>Company</b>		
<b>Cost</b>		
At 1 September 1996 and at 31 August 1997	291,278	291,278
<b>Provisions</b>		
At 1 September 1996 and at 31 August 1997	(195,109)	(195,109)
<b>Net book value</b>		
At 31 August 1997	96,169	96,169
At 31 August 1996	96,169	96,169

The group's and company's subsidiary and participating interests are as follows:

	Country of registration or incorporation	Principal activity	Class and percentage of shares held	
			Group	Company
Subsidiary undertakings				
Spitting Image Productions Limited	England and Wales	Production for television	100% ordinary	100% ordinary
Nile Street Films Limited	England and Wales	Puppet manufacture	100% ordinary	-
Screwball Limited	England and Wales	Animation	70% ordinary	70% ordinary
A.N.T.E.I.N Limited (formerly Spitting Image Productions Limited)	England and Wales	In liquidation	100% ordinary	-
Participating interests				
Spitting Swans Limited	England and Wales	Production for television	50% ordinary	50% ordinary

**TOOTH 'N' CLAW LIMITED****NOTES TO THE ACCOUNTS****FOR THE YEAR ENDED 31 AUGUST 1997**

A.N.T.E.I.N. Limited remained in liquidation during the year. This is considered to represent a severe long-term restriction that substantially hinders the exercising of rights by its parent company over its assets or management. Therefore, in accordance with Financial Reporting Standard 2, its results have not been consolidated in these financial statements.

Spitting Swans Limited, in which the group has a participating interest, made a loss for the year ended 31 August 1997 of £4,300 and had net liabilities as at 31 August 1997 of £76,269. In accordance with Statement of Standard Accounting Practice 1 these results have not been equity accounted into the group accounts as the directors of Tooth 'n' Claw Limited have stated that they do not intend to provide support for Spitting Swans Limited.

9 Stocks	1997 £	1996 £
Work in progress	66,771	260,923

The difference between purchase price or production cost of stocks and their replacement cost is not material.

10 Debtors	Company		Group	
	1997 £	1996 £	1997 £	1996 £
Trade debtors	-	-	38,759	77,133
Amounts owed by group undertakings	253	193	-	-
Corporation tax	-	-	469	470
Other debtors	-	-	617	2,532
Prepayments and accrued income	-	-	15,665	16,949
	253	193	55,510	97,084

11 Creditors: amounts falling due within one year	Company		Group	
	1997 £	1996 £	1997 £	1996 £
Trade creditors	-	-	37,944	176,136
Corporation tax	-	-	-	1,526
Other taxes and social security costs	-	-	24,502	29,319
Other creditors	1,126	1,126	2,407	2,000
Accruals and deferred income	-	-	144,747	412,003
	1,126	1,126	209,600	620,984

**TOOTH 'N' CLAW LIMITED****NOTES TO THE ACCOUNTS****FOR THE YEAR ENDED 31 AUGUST 1997****12 Creditors: amounts falling due after one year**

	<b>Company</b>		<b>Group</b>	
	<b>1997</b>	<b>1996</b>	<b>1997</b>	<b>1996</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Amounts owed to a related party	<u>75,000</u>	<u>75,000</u>	<u>75,000</u>	<u>75,000</u>

The amount owed to a related party consists of a loan advanced by Ball 'n' Chain Limited to the company. Ball 'n' Chain Limited is owned by R Law.

**13 Share capital**

		<b>1997</b>	<b>1996</b>
		<b>£</b>	<b>£</b>
Authorised:			
Ordinary shares of £1 each		<u>150</u>	<u>150</u>
	<b>1997</b>	<b>1996</b>	
	<b>No</b>	<b>No</b>	
		<b>£</b>	<b>£</b>
Allotted, called up and fully paid:			
Ordinary shares of £1 each	<u>102</u>	<u>102</u>	<u>102</u>

**14 Profit and loss account**

	<b>1997</b>	<b>1996</b>
	<b>£</b>	<b>£</b>
<b>Group</b>		
At 1 September 1996	15,878	16,391
Retained loss	(1,967)	(513)
	<u>13,911</u>	<u>15,878</u>
At 31 August 1997		

**15 Reconciliation of movements in shareholders' funds**

	<b>1997</b>	<b>1996</b>
	<b>£</b>	<b>£</b>
<b>Group</b>		
At 1 September 1996	15,980	16,493
Loss for the financial year	(1,967)	(513)
	<u>14,013</u>	<u>15,980</u>
At 31 August 1997		

**16 Gross cash flows**

	<b>1997</b>	<b>1996</b>
	<b>£</b>	<b>£</b>
<b>Returns on investments and servicing of finance</b>		
Interest received	<u>4,420</u>	<u>13,741</u>
<b>Capital expenditure</b>		
Payments to acquire tangible fixed assets	(44,413)	(17,390)
Receipts from sales of tangible fixed assets	406	-
	<u>(44,007)</u>	<u>(17,390)</u>



**TOOTH 'N' CLAW LIMITED****NOTES TO THE ACCOUNTS****FOR THE YEAR ENDED 31 AUGUST 1997****17 Analysis of changes in net debt**

	At 1 Sep 1996	Cash flows	Non-cash changes	At 31 Aug 1997
	£	£	£	£
Cash at bank and in hand	225,499	(179,829)		45,670
Total	225,499	(179,829)	-	45,670

**18 Pension commitments**

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the fund and amounts to £nil (1996 - £85,000).

There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

**19 Other financial commitments**

At the year end the group had annual commitments under non-cancellable operating leases as set out below:

	Land and buildings 1997 £	Land and buildings 1996 £	Other 1997 £	Other 1996 £
Operating leases which expire: within two to five years	36,750	36,750	1,000	1,000

**20 Contingent liabilities**

(i) Spitting Image Productions Limited issued a debenture to its bank, Barclays Bank plc, dated 2 August 1990. Security consists of a fixed and floating charge over all the assets of Spitting Image Productions Limited.

(ii) A group company has a consultancy agreement in place the payments on which are contingent on consolidated profits. For the year ending 31 August and subsequent years, payments will be 50% of adjusted profits up to a level of £450,000, and 25% of adjusted profits of any amounts over £450,000.