

Snowman Enterprises Limited

FINANCIAL STATEMENTS

for the year ended

30 June 1999



Snowman Enterprises Limited

DIRECTORS AND OFFICERS

DIRECTORS

J P Coates	Chairman
N D Kauffman	
C J Engle	
P J Milne-Smith	

SECRETARY

N D Kauffman

COMPANY NUMBER

01603770 (England and Wales)

REGISTERED OFFICE

2 Bloomsbury Street
London
WC1B 3ST

AUDITORS

Baker Tilly
Chartered Accountants
2 Bloomsbury Street
London
WC1B 3ST

Snowman Enterprises Limited

DIRECTORS' REPORT

The directors submit their report and the financial statements of Snowman Enterprises Limited for the year ended 30 June 1999.

PRINCIPAL ACTIVITIES

The principal activity of the company during the year was that of making, producing and directing animated films.

REVIEW OF THE BUSINESS

The directors are extremely pleased with the level of income generated by the film during the year, and anticipate its success continuing.

YEAR 2000

The directors have assessed the risks to the business in detail, and are confident that all problem areas have been identified.

RESULTS AND DIVIDENDS

The trading loss for the year after taxation was £11,307 (1998 : £32,129).

The directors do not recommend the payment of a dividend.

DIRECTORS

The following directors have held office during the year:-

J P Coates	
N D Kauffman	(appointed 1 February 1999)
C J Engle	(appointed 13 July 1998)
P J Milne-Smith	
I Harvey	(resigned 31 December 1998)

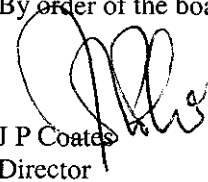
DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

None of the directors held any interests in the shares of the company during the year.

AUDITORS

A resolution to reappoint Baker Tilly, Chartered Accountants, as auditors will be put to the members at the annual general meeting.

By order of the board on


J P Coates
Director

3 February 2000

Snowman Enterprises Limited

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

Company law requires directors to prepare financial statements 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 period. In preparing those financial statements, directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and estimates that are reasonable and prudent;
- c. prepare the financial statements 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 financial statements comply with the requirements of 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.

AUDITORS' REPORT TO THE MEMBERS OF SNOWMAN ENTERPRISES LIMITED

We have audited the financial statements on pages 5 to 10.

Respective responsibilities of directors and auditors

As described on page 3 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.

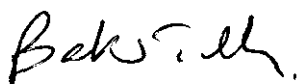
Basis of opinion

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 at 30 June 1999 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



BAKER TILLY

Registered Auditor
Chartered Accountants
2 Bloomsbury Street
London
WC1B 5ST

3 February 2000

Snowman Enterprises Limited

PROFIT AND LOSS ACCOUNT

for the year ended 30 June 1999

	<i>Notes</i>	1999 £	1998 £
TURNOVER	1	601,627	419,901
Cost of sales		119,968	87,800
Gross profit		481,659	332,101
Other operating expenses (net)	2	471,505	337,467
OPERATING PROFIT/(LOSS)		10,154	(5,366)
Investment income	3	857	1,986
Interest payable and similar charges		-	(36)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	4	11,011	(3,416)
Taxation	5	(22,318)	(28,713)
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION RETAINED FOR THE YEAR	10	(11,307)	(32,129)

The operating result for the year arises from the company's continuing operations.

No separate statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the profit and loss account.

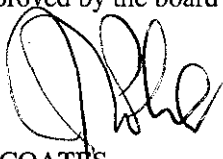
Snowman Enterprises Limited

BALANCE SHEET

30 June 1999

	<i>Notes</i>	1999 £	1998 £
FIXED ASSETS			
Intangible assets	6	100,000	100,000
		<hr/>	<hr/>
CURRENT ASSETS			
Debtors	7	19,964	30,775
Cash at bank and in hand		45,536	41,565
		<hr/>	<hr/>
		65,500	72,340
		<hr/>	<hr/>
CREDITORS: Amounts falling due within one year	8	90,169	85,702
		<hr/>	<hr/>
NET CURRENT LIABILITIES		(24,669)	(13,362)
		<hr/>	<hr/>
		75,331	86,638
		<hr/>	<hr/>
CAPITAL AND RESERVES			
Called up share capital	9	100	100
Profit and loss account	10	75,231	86,538
		<hr/>	<hr/>
		75,331	86,638
		<hr/>	<hr/>

Approved by the board on 3 February 2000


J P COATES

Director

Snowman Enterprises Limited

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

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

DEFERRED TAXATION

Provision is made for taxation deferred or accelerated by the effect of timing differences, to the extent that it is probable that a liability will crystallise, at the rate expected to be ruling at that date.

TURNOVER

Turnover represents the invoiced value, net of Value Added Tax, of goods sold and services provided to customers.

FILM PRODUCTION COSTS

Film production costs to 30 June 1985 have been capitalised when incurred.

Amounts have been written off against income to reduce the costs to a written down value of £100,000 which in Directors' opinion is a fair value of the assets. Subsequent costs have been written off as they are incurred.

Snowman Enterprises Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 1999

1 TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The company's turnover and profit before taxation were all derived from its principal activity. Sales were made in the following geographical markets:

	1999 £	1998 £
United Kingdom	174,191	80,088
Europe	2,644	9,164
Far East and Australia	199,702	224,997
USA and Canada	225,090	105,652
	<u>601,627</u>	<u>419,901</u>

2 OTHER OPERATING EXPENSES (NET)

Administration expenses

	1999 £	1998 £
Administration expenses	471,505	337,467
	<u>471,505</u>	<u>337,467</u>

3 INVESTMENT INCOME

Bank interest receivable

	1999 £	1998 £
Bank interest receivable	857	1,986
	<u>857</u>	<u>1,986</u>

4 PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit/(loss) on ordinary activities before taxation is stated after charging:
Auditors' remuneration

	1999 £	1998 £
Profit/(loss) on ordinary activities before taxation is stated after charging: Auditors' remuneration	2,100	2,000
	<u>2,100</u>	<u>2,000</u>

5 TAXATION

Based on the loss for the year:
Surplus withholding tax

	1999 £	1998 £
Based on the loss for the year: Surplus withholding tax	22,318	28,713
	<u>22,318</u>	<u>28,713</u>

Snowman Enterprises Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 1999

6	INTANGIBLE FIXED ASSETS		£
	Cost		
	1 July 1998 and 30 June 1999		308,446
			<u> </u>
	Amortisation:		
	1 July 1998 and 30 June 1999		208,446
			<u> </u>
	Net book value		
	30 June 1999 and 30 June 1998		100,000
			<u> </u>
		1999	1998
7	DEBTORS	£	£
	Due within one year:		
	Trade debtors	3,003	755
	Other debtors	16,961	30,020
		<u>19,964</u>	<u>30,775</u>
		<u> </u>	<u> </u>
		1999	1998
8	CREDITORS: Amounts falling due within one year	£	£
	Trade creditors	3,186	13,752
	Amount due to parent company	28,314	11,600
	Amounts due to associated undertaking	54,287	55,187
	Accruals	4,382	5,163
		<u>90,169</u>	<u>85,702</u>
		<u> </u>	<u> </u>
		1999	1998
9	SHARE CAPITAL	£	£
	Authorised, issued and fully paid:		
	100 ordinary shares of £1 each	100	100
		<u> </u>	<u> </u>
		1999	1998
10	PROFIT AND LOSS ACCOUNT	£	£
	1 July 1998	86,538	118,667
	Loss for the year	(11,307)	(32,129)
		<u>75,231</u>	<u>86,538</u>
	30 June 1999	<u> </u>	<u> </u>

Snowman Enterprises Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 1999

	1999	1998
	£	£
11 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS		
Loss for the financial year	(11,307)	(32,129)
Opening shareholders' funds	86,638	118,767
Closing shareholders' funds	<u>75,331</u>	<u>86,638</u>

12 ULTIMATE PARENT COMPANY

The ultimate parent company is TV Cartoons Limited, incorporated in England.