

REGISTERED NUMBER: 1819018 (England and Wales)

Abbreviated Financial Statements
for the Year Ended 31 March 1997
for
The Copyrights Group Limited



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for the Year Ended 31 March 1997**

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The Copyrights Group Limited

**Company Information
for the Year Ended 31 March 1997**

DIRECTORS: N F Durbridge
Mrs L J Durbridge
T M Bond

SECRETARY: M T Robinson

REGISTERED OFFICE: Cecil House
St Andrew Street
Hertford
Hertfordshire
SG14 1JA

REGISTERED NUMBER: 1819018 (England and Wales)

AUDITORS: Fiddaman & Co.
Chartered Accountants and
Registered Auditors
Cecil House
St. Andrew Street
Hertford
Herts SG14 1JA

The Copyrights Group Limited

Report of the Directors for the Year Ended 31 March 1997

The directors present their report with the financial statements of the company for the year ended 31 March 1997.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of merchandise agents for writers and artists.

REVIEW OF BUSINESS

The results for the year and financial position of the company are as shown in the annexed financial statements.

1996 saw a difficult trading year for The Copyrights Group with some downturn of royalty income in respect of Copyrights' largest property, BEATRIX POTTER. This was particularly so in the United States of America following the bankruptcy of one of Copyrights' major clothing licensees and although the rights were re-licensed quickly, nevertheless the decline in clothing income immediately made itself felt. Against difficult trading for BEATRIX POTTER in the UK, in contrast European business achieved particularly satisfactory results, notably with promotions with C & A.

1996 also saw the foundations laid for future growth as regards PADDINGTON BEAR and THE WOMBLES. The television rights in PADDINGTON BEAR were re-licensed to Cinar, a Canadian animation company, who were proposing to produce a series of half hour programs. Cinar have also acquired the animation company, Filmfair Limited, and have proposed to finance a new television series for THE WOMBLES. Both of these should begin to have benefits in 1997 flowing through to 1998 and beyond.

The company has also been heavily involved in litigation during 1996 as a result of the mismanagement of the Japanese office. Proceedings have been instituted against four of the former directors of Kenrick Copyrights Japan Limited to recover funds wrongly taken from the company. The costs of pursuing litigation is very high in Japan and substantial legal costs have been incurred during the year. Unfortunately at the time of preparing this report there is no conclusion to the current litigation.

As regards the structure and organisation of Copyrights, a number of changes have been made throughout the year. The staff of the Art Approval Department has been expanded. David Buckley continues to carry out the dual role of Vice President in charge of Copyrights America Inc. and President of Copyrights Japan.

Also, during the year ending 31 March 1997, exchange rates moved adversely against the company, and the company suffered losses amounting to £187,696. When taking the exchange losses into account, despite the lower turnover of the company, the profits would have been maintained at levels of the year ending 31 March 1996. In such circumstances the directors remain satisfied with the overall direction and financial standing of the company.

DIVIDENDS

No dividends will be distributed for the year ended 31 March 1997.

EVENTS SINCE THE END OF THE YEAR

Information relating to events since the end of the year is given in the notes to the financial statements.

Report of the Directors
for the Year Ended 31 March 1997

DIRECTORS

The directors during the year under review were:

N F Durbridge
Mrs L J Durbridge
T M Bond

The beneficial interests of the directors holding office on 31 March 1997 in the issued share capital of the company were as follows:

	31.3.97	1.4.96
Ordinary £1 shares		
N F Durbridge	600	600
Mrs L J Durbridge	400	400
T M Bond	-	-

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the 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, the directors are required to

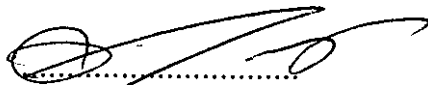
- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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 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

The auditors, Fiddaman & Co., will be proposed for re-appointment in accordance with Section 385A of the Companies Act 1985.

ON BEHALF OF THE BOARD:



N F Durbridge - DIRECTOR

Dated: 27th January 1998

The Copyrights Group Limited

**Report of the Auditors to
The Copyrights Group Limited
Under Section 247B of the Companies Act 1985**

We have examined the abbreviated financial statements on pages five to nineteen, together with the full financial statements of the company for the year ended 31 March 1997 prepared under Section 226 of the Companies Act 1985.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated financial statements in accordance with Section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated financial statements prepared in accordance with Section 246A(3) of the Act to the Registrar of Companies and whether the financial statements to be delivered are properly prepared in accordance with that provision and to report our opinion to you.

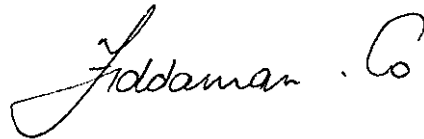
Basis of opinion

We have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated financial statements and that the abbreviated financial statements to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the full financial statements.

Opinion

In our opinion the company is entitled to deliver abbreviated financial statements prepared in accordance with Section 246A(3) of the Companies Act 1985, and the abbreviated financial statements on pages five to nineteen are properly prepared in accordance with that provision.

Fiddaman & Co.
Chartered Accountants and
Registered Auditors
Cecil House
St. Andrew Street
Hertford
Herts SG14 1JA



Dated: 27th January 1998

The Copyrights Group Limited

**Abbreviated Profit and Loss Account
for the Year Ended 31 March 1997**

		31.3.97	31.3.96
	Notes	£	£
GROSS PROFIT		2,117,012	2,541,824
Administrative expenses		1,849,733	2,131,860
OPERATING PROFIT	3	267,279	409,964
Interest receivable and similar income	4	71,787	95,979
		339,066	505,943
Interest payable and similar charges	5	6,194	1,695
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		332,872	504,248
Tax on profit on ordinary activities	6	104,773	178,263
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		228,099	325,985
Retained profit brought forward		1,896,529	1,570,544
RETAINED PROFIT CARRIED FORWARD		£2,124,628	£1,896,529

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current and previous years.

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profits for the current and previous years.

The notes form part of these financial statements

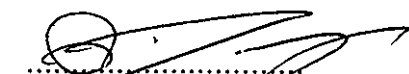
The Copyrights Group Limited

**Abbreviated Balance Sheet
31 March 1997**

		31.3.97		31.3.96	
	Notes	£	£	£	£
FIXED ASSETS:					
Tangible assets	8		476,358		509,012
Investments	9		246,160		183,496
			<u>722,518</u>		<u>692,508</u>
CURRENT ASSETS:					
Stocks	10	26,278		22,567	
Debtors	11	1,194,761		852,388	
Cash at bank and in hand		3,884,332		4,613,557	
		<u>5,105,371</u>		<u>5,488,512</u>	
CREDITORS: Amounts falling due within one year	12	3,673,486		4,185,024	
NET CURRENT ASSETS:			<u>1,431,885</u>		<u>1,303,488</u>
TOTAL ASSETS LESS CURRENT LIABILITIES:			<u>2,154,403</u>		<u>1,995,996</u>
CREDITORS: Amounts falling due after more than one year	13		-		(66,667)
PROVISIONS FOR LIABILITIES AND CHARGES:	17		(28,775)		(31,800)
			<u>£2,125,628</u>		<u>£1,897,529</u>
CAPITAL AND RESERVES:					
Called up share capital	18		1,000		1,000
Profit and loss account			2,124,628		1,896,529
Shareholders' funds	24		<u>£2,125,628</u>		<u>£1,897,529</u>

These abbreviated financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium-sized companies.

ON BEHALF OF THE BOARD:



N F Durbridge - DIRECTOR

Approved by the Board on 27th January 1998

The notes form part of these financial statements

The Copyrights Group Limited

**Cash Flow Statement
for the Year Ended 31 March 1997**

	Notes	31.3.97		31.3.96	
		£	£	£	£
Net cash (outflow)/inflow from operating activities	1		(560,972)		1,444,887
Returns on investments and servicing of finance	2		65,593		94,284
Taxation			(173,730)		(27,365)
Capital expenditure and financial investment	2		(112,569)		(133,152)
			<u>(781,678)</u>		<u>1,378,654</u>
Management of liquid resources	2		(71,852)		(140,007)
Financing	2		52,453		(51,506)
(Decrease)/Increase in cash in the period			<u>£(801,077)</u>		<u>£1,187,141</u>
<hr/>					
Reconciliation of net cash flow to movement in net funds	3				
(Decrease)/Increase in cash in the period			(801,077)		1,187,141
Cash outflow from increase in liquid resources			<u>71,852</u>		<u>140,007</u>
Change in net funds resulting from cash flows			<u>(729,225)</u>		<u>1,327,148</u>
Movement in net funds in the period			<u>(729,225)</u>		<u>1,327,148</u>
Net funds at 1 April 1996			<u>4,613,557</u>		<u>3,286,409</u>
Net funds at 31 March 1997			<u>£3,884,332</u>		<u>£4,613,557</u>

The notes form part of these financial statements

Notes to the Cash Flow Statement
for the Year Ended 31 March 1997

1. RECONCILIATION OF OPERATING PROFIT TO NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES

	31.3.97 £	31.3.96 £
Operating profit	267,279	409,964
Depreciation charges	79,744	88,956
Loss on sale of fixed assets	2,815	6,851
Increase in stocks	(3,711)	(6,915)
Increase in debtors	(342,373)	(242,588)
(Decrease)/Increase in creditors	(564,726)	1,188,619
Net cash (outflow)/inflow from operating activities	(560,972)	1,444,887

2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	31.3.97 £	31.3.96 £
Returns on investments and servicing of finance		
Interest received	71,787	95,979
Interest paid	(6,194)	(1,695)
Net cash inflow for returns on investments and servicing of finance	65,593	94,284
Capital expenditure and financial investment		
Purchase of intangible fixed assets	-	(10,000)
Purchase of tangible fixed assets	(61,105)	(126,652)
Cash payments - investmt purch	(62,664)	-
Sale of tangible fixed assets	11,200	3,500
Net cash outflow for capital expenditure	(112,569)	(133,152)
Management of liquid resources		
Cash deposited on 7 day notice	(71,852)	(140,007)
Net cash outflow from management of liquid resources	(71,852)	(140,007)

Notes to the Cash Flow Statement
for the Year Ended 31 March 1997

2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT
- continued

	31.3.97 £	31.3.96 £
Financing		
Amount introduced by directors	52,453	-
Amount withdrawn by directors	-	(51,506)
	<u>52,453</u>	<u>(51,506)</u>
Net cash inflow/(outflow) from financing	<u>52,453</u>	<u>(51,506)</u>

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.4.96 £	Cash flow £	At 31.3.97 £
Net cash:			
Cash at bank and in hand	4,613,557		3,884,332
Less: Deposits treated as liquid resources	(174,599)		(246,451)
	<u>4,438,958</u>	<u>(801,077)</u>	<u>3,637,881</u>
	<u>4,438,958</u>	<u>(801,077)</u>	<u>3,637,881</u>
Liquid resources:			
Deposits included in cash	174,599	71,852	246,451
	<u>174,599</u>	<u>71,852</u>	<u>246,451</u>
Total	<u>4,613,557</u>	<u>(729,225)</u>	<u>3,884,332</u>
Analysed in Balance Sheet			
Cash at bank and in hand	<u>4,613,557</u>		<u>3,884,332</u>
	<u>4,613,557</u>		<u>3,884,332</u>

Notes to the Abbreviated Financial Statements
for the Year Ended 31 March 1997

1. ACCOUNTING POLICIES

Accounting convention

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

Turnover

Turnover represents net invoiced sales of goods, excluding value added tax.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Freehold property	- 2% on cost
Short leasehold property	- 12.5% on cost
Fixtures and fittings	- 10% on cost
Motor vehicles	- 25% on reducing balance
Computer equipment	- 20% on cost

Stocks

Stock is valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Deferred taxation

Provision is made at current rates for taxation deferred in respect of all material timing differences except to the extent that, in the opinion of the directors, there is reasonable probability that the liability will not arise in the foreseeable future.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to the profit and loss account as incurred.

Pensions

The company operates defined contribution pension schemes. Contributions payable for the year are charged in the profit and loss account.

Consolidation

The company and its subsidiaries comprise a medium sized group. The company has therefore taken advantage of the exemption provided by section 248 of the Companies Act 1985 not to prepare group accounts.

2. STAFF COSTS

	31.3.97	31.3.96
	£	£
Wages and salaries	914,595	823,051
Social security costs	90,716	82,827
Other pension costs	38,569	38,145
	<u>1,043,880</u>	<u>944,023</u>

The Copyrights Group Limited

**Notes to the Abbreviated Financial Statements
for the Year Ended 31 March 1997**

2. STAFF COSTS - continued

The average monthly number of employees during the year was as follows:

	31.3.97	31.3.96
Sales	30	30
Administration	11	10
Directors	3	3
	<u>44</u>	<u>43</u>

3. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	31.3.97	31.3.96
	£	£
Operating lease income	(40,329)	(44,169)
Depreciation - owned assets	79,743	78,956
Loss on disposal of fixed assets	2,815	6,851
Patents and licences written off	-	10,000
Auditors' remuneration	14,900	13,400
Foreign exchange differences	187,696	(12,233)
	<u>300,068</u>	<u>286,794</u>
Directors' emoluments		
	<u>162,713</u>	<u>157,803</u>

Information regarding the highest paid director is as follows:
Emoluments etc

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	31.3.97	31.3.96
	£	£
Deposit account interest	70,449	95,289
Loan interest	1,338	690
	<u>71,787</u>	<u>95,979</u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	31.3.97	31.3.96
	£	£
Loan interest	6,194	1,695

Notes to the Abbreviated Financial Statements
for the Year Ended 31 March 1997

6. TAXATION

The tax charge on the profit on ordinary activities for the year was as follows:

	31.3.97	31.3.96
	£	£
UK Corporation Tax	107,927	173,752
Under and over provisions	(129)	1,422
Interest on late paid tax	-	289
Deferred taxation	(3,025)	2,800
	<u>104,773</u>	<u>178,263</u>

UK Corporation Tax has been charged at 33 % (1996 - 33 %).

7. INTANGIBLE FIXED ASSETS

	Patents and licences
	£
COST:	
At 1 April 1996	
and 31 March 1997	<u>10,000</u>
AMORTISATION:	
At 1 April 1996	
and 31 March 1997	<u>10,000</u>
NET BOOK VALUE:	
At 31 March 1997	<u>-</u>

8. TANGIBLE FIXED ASSETS

	Freehold property	Short leasehold property	Fixtures and fittings
	£	£	£
COST:			
At 1 April 1996	133,346	4,000	315,456
Additions	-	-	5,265
At 31 March 1997	<u>133,346</u>	<u>4,000</u>	<u>320,721</u>
DEPRECIATION:			
At 1 April 1996	4,735	2,125	93,326
Charge for year	2,367	500	31,982
At 31 March 1997	<u>7,102</u>	<u>2,625</u>	<u>125,308</u>
NET BOOK VALUE:			
At 31 March 1997	<u>126,244</u>	<u>1,375</u>	<u>195,413</u>
At 31 March 1996	<u>128,612</u>	<u>1,875</u>	<u>222,130</u>

Notes to the Abbreviated Financial Statements
for the Year Ended 31 March 1997

8. TANGIBLE FIXED ASSETS - continued

	Motor vehicles	Computer equipment	Totals
	£	£	£
COST:			
At 1 April 1996	139,363	128,151	720,316
Additions	38,311	17,529	61,105
Disposals	(25,394)	-	(25,394)
At 31 March 1997	152,280	145,680	756,027
DEPRECIATION:			
At 1 April 1996	58,721	52,398	211,305
Charge for year	20,393	24,501	79,743
Eliminated on disposals	(11,379)	-	(11,379)
At 31 March 1997	67,735	76,899	279,669
NET BOOK VALUE:			
At 31 March 1997	84,545	68,781	476,358
At 31 March 1996	80,642	75,753	509,012

Included in land and buildings is freehold land valued at £15,000 (1996 - £15,000) which is not depreciated.

9. FIXED ASSET INVESTMENTS

	£
COST:	
At 1 April 1996	183,496
Additions	62,664
At 31 March 1997	246,160
NET BOOK VALUE:	
At 31 March 1997	246,160
At 31 March 1996	183,496
	31.3.97
	£
Unlisted investments	246,160

The Copyrights Group Limited

Notes to the Abbreviated Financial Statements for the Year Ended 31 March 1997

9. FIXED ASSET INVESTMENTS - continued

The company's investments at the balance sheet date in the share capital of unlisted companies include the following:

The Copyrights Company (UK) Limited.

Nature of business: Merchandise agents

Class of shares:	%
Ordinary	holding 100.00

	31.3.97	31.3.96
	£	£
Aggregate capital and reserves	-	409,296
Profit for the year	-	224,511
	<u> </u>	<u> </u>

The Copyrights Company (Europe) Limited

Nature of business: Merchandise agents

Class of shares:	%
Ordinary	holding 100.00

	31.3.97	31.3.96
	£	£
Aggregate capital and reserves	-	(173,493)
Profit for the year	-	138,358
	<u> </u>	<u> </u>

Copyrights Japan Ltd

Country of incorporation: Japan

Nature of business: Merchandise agents

Class of shares:	%
Ordinary	holding 100.00

Kenrick Copyrights Japan Limited

Country of incorporation: Japan

Nature of business: Merchandise agents

Class of shares:	%
Ordinary	holding 50.00

10. STOCKS

	31.3.97	31.3.96
	£	£
Goods for resale	26,278	22,567
	<u> </u>	<u> </u>

Notes to the Abbreviated Financial Statements
for the Year Ended 31 March 1997

11. DEBTORS

	31.3.97 £	31.3.96 £
Amounts falling due within one year:		
Trade debtors	33,155	28,324
Other debtors	7,295	2,688
Prepayments & accrued income	67,003	179,949
Directors current account	-	17,290
Amount due from subsidiary companies	144,529	152,614
Amount due from associated companies	809,295	392,039
	<u>1,061,277</u>	<u>772,904</u>
Amounts falling due after more than one year:		
Loans	<u>133,484</u>	<u>79,484</u>
Aggregate amounts	<u>1,194,761</u>	<u>852,388</u>

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.3.97 £	31.3.96 £
Bank loans and overdrafts (see note 14)	100,000	33,333
Trade creditors	98,144	109,322
Amounts due to clients	2,493,923	2,692,916
Amount due to subsidiary companies	406,882	483,769
PAYE and NIC	29,764	25,900
Directors' current accounts	52,494	41
V.A.T.	70,681	54,844
Taxation	107,648	173,580
Accrued expenses	313,950	611,319
	<u>3,673,486</u>	<u>4,185,024</u>

13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	31.3.97 £	31.3.96 £
Bank loans (see note 14)	<u>-</u>	<u>66,667</u>

The Copyrights Group Limited

**Notes to the Abbreviated Financial Statements
for the Year Ended 31 March 1997**

14. LOANS AND OVERDRAFTS

An analysis of the maturity of loans and overdrafts is given below:

	31.3.97 £	31.3.96 £
Amounts falling due within one year or on demand:		
Bank loans	<u>100,000</u>	<u>33,333</u>
Amounts falling due between one and two years:		
Bank loans	<u>-</u>	<u>33,333</u>
Amounts falling due between two and five years:		
Bank loans	<u>-</u>	<u>33,334</u>

15. OBLIGATIONS UNDER LEASING AGREEMENTS

The following payments are committed to be paid within one year:

	31.3.97 £	Operating leases 31.3.96 £
Expiring: In more than five years	<u>30,000</u>	<u>30,000</u>

16. SECURED DEBTS

The following secured debts are included within creditors:

	31.3.97 £	31.3.96 £
Bank loans	<u>100,000</u>	<u>100,000</u>

The bank loan is secured by a charge over certain of the company's fixed assets.

17. PROVISIONS FOR LIABILITIES AND CHARGES

	31.3.97 £	31.3.96 £
Deferred taxation	<u>28,775</u>	<u>31,800</u>

Notes to the Abbreviated Financial Statements
for the Year Ended 31 March 1997

17. PROVISIONS FOR LIABILITIES AND CHARGES - continued

	Deferred taxation
	£
Balance at 1 April 1996	31,800
Provision for the year	(3,025)
	<hr/>
Balance at 31 March 1997	<u>28,775</u>

18. CALLED UP SHARE CAPITAL

Authorised, allotted, issued and fully paid:

Number:	Class:	Nominal value:	31.3.97 £	31.3.96 £
1,000	Ordinary	£1	<u>1,000</u>	<u>1,000</u>

19. CONTINGENT LIABILITIES

The company has given a guarantee of £11,425 in respect of the rent payable by The Copyrights Company (Europe) Limited.

20. PENSION COMMITMENTS

The company operates defined contribution pension schemes. The assets of the schemes are held separately from those of the company in independently administered funds. The pension cost charge represents contributions payable by the company to the funds and amounted to £38,569 (1996 £38,145). There were no outstanding contributions at the year end.

21. TRANSACTIONS WITH DIRECTORS

During the year, N F Durbridge had an overdrawn directors current account with a maximum amount of £17,290. The loan was repaid in December 1996.

Notes to the Abbreviated Financial Statements
for the Year Ended 31 March 1997

22. RELATED PARTY DISCLOSURES

During the year the company rented premises at rents considered by the directors to be at market value from:
Related party Paid in year

The Copyrights Retirement Benefits Scheme - Group pension scheme	30,000
N F and L J Durbridge - Directors and major shareholders	17,500
	Received in year

The Copyrights Company (UK) Limited - Wholly owned subsidiary	36,000
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During the year the company charged The Copyrights Company (UK) Limited, a wholly owned subsidiary, £488,561 for management fees and £40,329 for the hire of equipment. Interest free finance was made available to the company by the subsidiary throughout the year. The balance due to the subsidiary at 31 March 1997 was £406,882.

The following amounts were due from subsidiary companies at the year end in respect of interest free finance made available:

Due from	£
The Copyrights Company (Europe) Limited	37,337
Copyrights Japan Limited	107,192

The following amounts were due from associated companies at the year end in respect of interest free finance made available:

Due from	£
Copyrights America Inc.	145,634
Kenrick Copyrights Japan Limited	614,541
Copyrights Australasia Pty Limited	49,119

For the whole year, the company was under the control of N F Durbridge, a major shareholder and the managing director of the company.

23. POST BALANCE SHEET EVENTS

In October 1997 the company acquired 33.33% of the issued share capital of The Classic Character Co. Limited to whom long term loans amounting to £110,000 had been provided at the Balance Sheet date. Negotiations are taking place whereby the company is indemnified against any liabilities of The Classic Character Co. Limited, including obligations under finance leases, in exchange for the writing off of all amounts due from The Classic Character Co. Limited and the transfer, at Nil consideration, of the investment therein to an existing shareholder. It is the opinion of the Directors that agreement will be reached on the negotiations referred to above and the loans and investment will be written off in the current years Financial Statements.

Notes to the Abbreviated Financial Statements
for the Year Ended 31 March 1997

24. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	31.3.97 £	31.3.96 £
Profit for the financial year	228,099	325,985
NET ADDITION TO SHAREHOLDERS' FUNDS	<u>228,099</u>	<u>325,985</u>
Opening shareholders' funds	1,897,529	1,571,544
CLOSING SHAREHOLDERS' FUNDS	<u><u>2,125,628</u></u>	<u><u>1,897,529</u></u>
Equity interests	<u><u>2,125,628</u></u>	<u><u>1,897,529</u></u>