

Company Registration No. 1909622 (England and Wales)

HAT TRICK PRODUCTIONS LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003



N/A

29

HAT TRICK PRODUCTIONS LIMITED

DIRECTORS AND ADVISERS

Directors	D O'Donoghue J Mulville H Strong
Joint secretaries	H Strong S Birch
Company number	1909622
Registered office	10 Norwich Street London EC4A 1BD
Registered auditors	Nyman Libson Paul Chartered Accountants Regina House 124 Finchley Road London NW3 5JS
Business address	10 Livonia Street London W1F 8AF
Bankers	Barclays Bank Plc 27 Soho Square London W1D 3QR
Solicitors	Macfarlanes 10 Norwich Street London EC4A 1BD

HAT TRICK PRODUCTIONS LIMITED

CONTENTS

	Page
Directors' report	1 - 2
Independent auditors' report	3 - 4
Consolidated profit and loss account	5
Statement of recognised gains and losses	6
Balance sheets	7
Consolidated cash flow statement	8
Notes to the consolidated cash flow statement	9
Notes to the financial statements	10 - 22

HAT TRICK PRODUCTIONS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2003

The directors present their report and financial statements for the year ended 30 June 2003.

Directors

The following directors have held office since 1 July 2002:

D O'Donoghue
J Mulville
H Strong

In accordance with the company's Articles of Association, H Strong retires by rotation and, being eligible, offers himself for re-election.

Principal activities and review of the business

The principal activity of the group is that of a producer and distributor of television programmes.

The results for the year and the financial position at the year end were considered satisfactory by the directors who, as a result of programme commissions in the post balance sheet period, expect turnover growth in the foreseeable future.

Results and dividends

The consolidated profit and loss account for the year is set out on page 5. The directors do not recommend the payment of dividends.

Post balance sheet events

After the year end the entire share capital of the company was acquired by a newly formed company, Hat Trick Holdings Limited, which became the ultimate parent company.

Directors' interests

The directors' interests in the shares of the company and other group companies were as stated below:

	Ordinary shares of 1p each 30 June 2003	Ordinary shares of £1 each 1 July 2002
D O'Donoghue	30,100	30,100
J T Mulville	30,100	30,100
H Strong	1,228	1,228

Charitable contributions

During the year the group made charitable donations of £25,297 (2002 : £300).

Auditors

The company has by elective resolution dispensed with the obligation to appoint auditors annually in accordance with section 386(1) of the Companies Act 1985. Therefore, the auditors, Nyman Libson Paul, will be deemed to be reappointed for each succeeding financial year.

HAT TRICK PRODUCTIONS LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2003

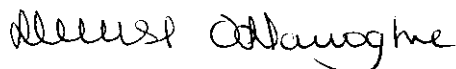
Directors' responsibilities

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 group for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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 the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

On behalf of the Board



D O'Donoghue
Director



J Mulville
Director

12 November 2003



Nyman Libson Paul
CHARTERED ACCOUNTANTS

Regina House 124 Finchley Road London NW3 5JS
Room 37 Pinewood Studios Pinewood Road Iver Heath Buckinghamshire SL0 0NH

HAT TRICK PRODUCTIONS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF HAT TRICK PRODUCTIONS LIMITED

We have audited the financial statements of Hat Trick Productions Limited on pages 5 to 22 for the year ended 30 June 2003. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities on page 2 the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

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 the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

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 and the group'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.



Nyman Libson Paul
CHARTERED ACCOUNTANTS

Regina House, 124 Finchley Road, London NW3 5JS

HAT TRICK PRODUCTIONS LIMITED

**INDEPENDENT AUDITORS' REPORT (CONTINUED)
TO THE SHAREHOLDERS OF HAT TRICK PRODUCTIONS LIMITED**

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's and the group's affairs as at 30 June 2003 and of the group's profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Nyman Libson Paul

12 November 2003

Chartered Accountants
& Registered Auditors

HAT TRICK PRODUCTIONS LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 2003

	Notes	£	2003 £	£	2002 £
Turnover	2		15,296,235		20,383,168
Cost of sales			(9,688,355)		(13,215,710)
Gross profit			5,607,880		7,167,458
Administrative expenses			(4,987,189)		(7,107,407)
Other operating income			817,572		781,188
Operating profit	3		1,438,263		841,239
Share of operating loss in joint venture			(404,587)		(1,083,007)
Profit on ordinary activities before interest			1,033,676		(241,768)
Other interest receivable and similar income			188,333		180,254
Interest payable and similar charges	4		(51,014)		(76,595)
Share of interest receivable in joint venture			-		80
Profit/(loss) on ordinary activities before taxation			1,170,995		(138,029)
Group tax		392,185		19,625	
Joint venture tax		-		68	
Tax on profit/(loss) on ordinary activities	5		(392,185)		(19,693)
Profit/(loss) on ordinary activities after taxation			778,810		(157,722)

The profit and loss account has been prepared on the basis that all operations are continuing operations.

HAT TRICK PRODUCTIONS LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 30 JUNE 2003

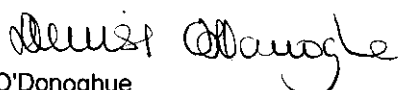
	2003 £	2002 £
Profit/(loss) for the financial year	778,810	(157,722)
Currency translation differences on foreign currency net investments	(1,556)	76
Total recognised gains and losses relating to the year	<u>777,254</u>	<u>(157,798)</u>

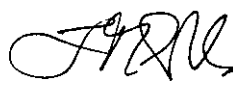
HAT TRICK PRODUCTIONS LIMITED

BALANCE SHEETS AS AT 30 JUNE 2003

		Group		Company	
	Notes	2003 £	2002 £	2003 £	2002 £
Fixed assets					
Tangible assets	7	185,023	332,709	185,023	332,709
Investments	8	2	1	797	733
		<u>185,025</u>	<u>332,710</u>	<u>185,820</u>	<u>333,442</u>
Current assets					
Stocks	9	122,639	85,381	122,639	85,381
Debtors	10	4,677,979	5,425,751	4,695,110	5,389,198
Cash at bank and in hand	11	4,916,381	3,945,996	4,285,485	3,650,943
		<u>9,716,999</u>	<u>9,457,128</u>	<u>9,103,234</u>	<u>9,125,522</u>
Creditors: amounts falling due within one year	12	(7,674,982)	(7,590,050)	(5,678,685)	(6,200,957)
Net current assets		<u>2,042,017</u>	<u>1,867,078</u>	<u>3,424,549</u>	<u>2,924,565</u>
Total assets less current liabilities		<u>2,227,042</u>	<u>2,199,788</u>	<u>3,610,369</u>	<u>3,258,007</u>
Creditors: amounts falling due after more than one year	13	-	(750,000)	-	(750,000)
		<u>2,227,042</u>	<u>1,449,788</u>	<u>3,610,369</u>	<u>2,508,007</u>
Capital and reserves					
Called up share capital	15	614	614	614	614
Other reserves	16	600	600	600	600
Profit and loss account	16	2,225,828	1,448,574	3,609,155	2,506,793
Shareholders' funds - equity interests	17	<u>2,227,042</u>	<u>1,449,788</u>	<u>3,610,369</u>	<u>2,508,007</u>

The financial statements were approved by the Board on 12 November 2003 and signed on its behalf by:


D O'Donoghue
Director


J T Mulville
Director

HAT TRICK PRODUCTIONS LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2003

	2003		2002	
	£	£	£	£
Net cash inflow from operating activities		1,103,731		(451)
Returns on investments and servicing of finance				
Interest received	188,333		180,254	
Interest paid	(50,495)		(76,595)	
Net cash inflow for returns on investments and servicing of finance		137,838		103,659
Taxation		(47,490)		(38,830)
Capital expenditure and financial investment				
Payments to acquire tangible assets	(23,180)		(61,028)	
Payments to acquire investments	(1)		-	
Net cash outflow for capital expenditure		(23,181)		(61,028)
Net cash inflow before management of liquid resources and financing		1,170,898		3,350
Financing				
Issue of ordinary share capital	-		14	
Repayment of other short term loans	(250,000)		-	
Net cash (outflow)/inflow from financing		(250,000)		14
Increase in cash in the year		920,898		3,364

HAT TRICK PRODUCTIONS LIMITED

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2003

1	Reconciliation of operating profit to net cash inflow/(outflow) from operating activities	2003	2002
		£	£
	Operating profit	1,438,263	841,239
	Depreciation of tangible assets	170,866	227,503
	(Increase)/decrease in stocks	(37,258)	42,964
	Decrease/(increase) in debtors	749,041	(729,401)
	Increase/(decrease) in creditors within one year	(1,215,625)	(382,680)
	Net effect of foreign exchange differences	(1,556)	(76)
	Net cash inflow/(outflow) from operating activities	1,103,731	(451)

2	Analysis of net funds	1 July 2002	Cash flow	Other non-cash changes	30 June 2003
		£	£	£	£
	Net cash:				
	Cash at bank and in hand	3,945,996	970,385	-	4,916,381
	Bank overdrafts	(925,513)	(49,487)	-	(975,000)
		3,020,483	920,898	-	3,941,381
	Debts falling due within one year	(250,000)	250,000	(750,000)	(750,000)
	Debts falling due after one year	(750,000)	-	750,000	-
	Net funds	2,020,483	1,170,898	-	3,191,381

3	Reconciliation of net cash flow to movement in net debt	2003	2002
		£	£
	Increase in cash in the year	920,898	3,364
	Cash outflow from decrease in debt	250,000	-
	Movement in net funds in the year	1,170,898	3,364
	Opening net funds	2,020,483	2,017,119
	Closing net funds	3,191,381	2,020,483

HAT TRICK PRODUCTIONS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

1.2 Basis of consolidation

The consolidated profit and loss account and balance sheet include the financial statements of the company and its subsidiary undertakings made up to 30 June 2003. The results of subsidiaries sold or acquired are included in the profit and loss account up to, or from, the date control passes. Intra-group sales and profits are eliminated fully on consolidation.

1.3 Associated undertakings

The group's share of profits less losses of associated undertakings is included in the consolidated profit and loss account, and the group's share of their net assets is included in the consolidated balance sheet. These amounts are taken from the latest audited financial statements of the undertakings concerned.

1.4 Turnover

Turnover represents amounts receivable in respect of television productions during the year, excluding Value Added Tax.

1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Improvements to leasehold premises	over the period of the lease
Office equipment	25% on cost
Furniture, fixtures and fittings	25% on cost
Motor vehicles	25% on cost

1.6 Leasing

Rentals payable under operating leases are charged against profits as incurred.

1.7 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.8 Stock

Project development costs, carried forward under stock, represent costs incurred on projects in development, and are stated at the lower of cost and net realisable value.

1.9 Pensions

The pension costs charged in the financial statements represent the contributions payable by the company during the year.

1.10 Deferred taxation

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

HAT TRICK PRODUCTIONS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2003

1 Accounting policies (continued)

1.11 Foreign currency translation

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

1.12 Royalties receivable

Royalties which are non-returnable and non-recoupable are accounted for as income on a receipts basis. Non-returnable, recoupable advances are accounted for as other operating income on a royalty earnings basis.

1.13 Production sale and leaseback contracts

The producer's fee for entering into the transaction is credited to the profit and loss account in the year that the contract is fulfilled. The balance of the proceeds and the corresponding lease obligations are not brought into account, as explained in note 22 below.

2 Turnover

The total turnover of the group for the year has been derived from its principal activity.

Segmental analysis by geographical area

The analysis by geographical area of the group's turnover is set out as below:

	2003 £	2002 £
Geographical segment		
United Kingdom	12,422,765	16,726,732
Rest of Europe	531,356	460,915
North America	2,038,834	3,009,756
Rest of the World	303,280	185,765
	<u>15,296,235</u>	<u>20,383,168</u>

3 Operating profit	2003 £	2002 £
Operating profit is stated after charging:		
Depreciation of tangible assets	170,866	227,503
Operating lease rentals	348,665	341,105
Auditors' remuneration (company £18,000 ; 2002 : £16,175)	23,150	19,150
Remuneration of auditors for non-audit work	30,174	14,214

HAT TRICK PRODUCTIONS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2003

4	Interest payable	2003	2002
		£	£
	On bank loans and overdrafts	50,310	76,595
	On overdue tax	704	-
		<u>51,014</u>	<u>76,595</u>
5	Taxation	2003	2002
		£	£
	Domestic current year tax		
	U.K. corporation tax	379,462	16,512
	Adjustment for prior years	4,551	1,795
	Double tax relief	(15,195)	-
		<u>368,818</u>	<u>18,307</u>
	Foreign corporation tax		
	Foreign corporation tax	23,367	1,386
		<u>392,185</u>	<u>19,693</u>
	Current tax charge		
	Factors affecting the tax charge for the year		
	Profit/(loss) on ordinary activities before taxation	<u>1,170,995</u>	<u>(138,029)</u>
	Profit/(loss) on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00 % (2002 : 19.39 %)	<u>351,299</u>	<u>(26,764)</u>
	Effects of:		
	Non deductible expenses	20,257	12,633
	Depreciation	54,805	44,113
	Capital allowances	(35,135)	(29,181)
	Tax losses utilised	(5,978)	16,973
	Foreign tax adjustments	8,172	-
	Adjustments to previous periods	4,551	1,795
	Other tax adjustments	(5,786)	124
		<u>40,886</u>	<u>46,457</u>
	Current tax charge	<u>392,185</u>	<u>19,693</u>

HAT TRICK PRODUCTIONS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2003

6 Profit for the financial year

As permitted by section 230 of the Companies Act 1985, the holding company's own profit and loss account has not been included separately in these financial statements. The profit for the financial year is made up as follows:

	2003 £	2002 £
Holding company's profit for the financial year	1,102,362	794,699

7 Tangible fixed assets Company and group

	Improvements to leasehold premises £	Office equipment £	Furniture, fixtures and fittings £	Motor vehicles £	Total £
Cost					
At 1 July 2002	296,993	265,090	161,058	76,727	799,868
Additions	12,153	10,481	546	-	23,180
Disposals	-	(102,357)	(23,886)	-	(126,243)
At 30 June 2003	309,146	173,214	137,718	76,727	696,805
Depreciation					
At 1 July 2002	178,962	147,498	83,159	57,540	467,159
On disposals	-	(102,357)	(23,886)	-	(126,243)
Charge for the year	42,385	68,896	40,398	19,187	170,866
At 30 June 2003	221,347	114,037	99,671	76,727	511,782
Net book value					
At 30 June 2003	87,799	59,177	38,047	-	185,023
At 30 June 2002	118,031	117,592	77,899	19,187	332,709

HAT TRICK PRODUCTIONS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2003

8 Fixed asset investments Group

	Shares in participating interests	Total
	£	£
Cost		
At 1 July 2002	1	1
Additions	1	1
	<u>2</u>	<u>2</u>
At 30 June 2003	2	2
	<u>1</u>	<u>1</u>
At 30 June 2002	1	1

The group has a 50% interest in a joint venture partnership, 12 Yard Productions. This partnership has a 100% interest in two subsidiaries, 12 Yard Scotland Limited and 12 Yard Productions Limited, both non-trading companies.

The group's share of 12 Yard Productions is as follows:

	£	£
Share of turnover		8,628,928
Share of loss before tax	(403,688)	
Share of taxation	-	
	<u>(403,688)</u>	
Share of loss after tax		(403,688)
Share of assets:		
Fixed assets	26,058	
Current assets	1,868,992	
	<u>1,895,050</u>	
Share of liabilities:		
Current liabilities	1,685,411	
Creditors: amounts falling due after more than one year	1,697,222	
	<u>(3,382,633)</u>	
Share of net liabilities (note 12)		(1,487,583)

During the year, the Group acquired a 50% interest in Gasp Productions Limited. As this company started trading on 26 June 2003 its results have not been consolidated into these accounts. Results for the period from its incorporation on 19 March 2003 to 30 June 2004 will be incorporated into the consolidated financial statements for the year ended 30 June 2004.

HAT TRICK PRODUCTIONS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2003

8 Fixed asset investments Company

	Shares in participating interests £	Shares in subsidiary undertakings £	Total £
Cost			
At 1 July 2002	-	733	733
Additions	1	63	64
	<u>1</u>	<u>796</u>	<u>797</u>
At 30 June 2003	1	796	797
	<u>-</u>	<u>733</u>	<u>733</u>
At 30 June 2002	-	733	733

In the opinion of the directors, the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet.

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Shares held Class	%
Subsidiary undertakings			
Hat Trick International Limited	England and Wales	Ordinary	100
Hat Trick 12 Yard Productions Limited	England and Wales	Ordinary	100
Hat Trick Entertainment Inc	USA	Ordinary	100
Hat Trick Music Limited	England and Wales	Ordinary	100
Hat Trick Holdings Inc	USA	Ordinary	100
Participating interests			
Gasp Productions Limited	England and Wales	Ordinary	50

The company also has a 50% interest in a joint venture partnership, 12 Yard Productions. This partnership owns more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Shares held Class	%
Participating interests			
12 Yard Scotland Limited	England and Wales	Ordinary	100
12 Yard Productions Limited	England and Wales	Ordinary	100

The principal activity of these undertakings for the last relevant financial year was as follows:

Principal activity

Hat Trick International Limited	Distribution of television programmes
Hat Trick 12 Yard Productions Limited	Production of television programmes
Hat Trick Entertainment Inc	Production of television programmes

HAT TRICK PRODUCTIONS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2003

Hat Trick Music Limited	Dormant
Hat Trick Holdings Inc	Production of television programmes
Gasp Productions Limited	Production of television programmes
12 Yard Productions (Partnership)	Production of television programmes
12 Yard Scotland Limited	Dormant
12 Yard Productions Limited	Dormant

9 Stock

	Group		Company	
	2003	2002	2003	2002
	£	£	£	£
Project development costs	122,639	85,381	122,639	85,381

10 Debtors

	Group		Company	
	2003	2002	2003	2002
	£	£	£	£
Trade debtors	933,407	2,434,971	719,915	2,156,709
Amounts owed by group undertakings	-	-	219,118	180,121
Amounts owed by participating interests	1,782,293	1,281,975	1,782,293	1,281,975
Corporation tax	1,269	-	-	-
Other debtors	673,500	1,039,257	639,370	869,983
Prepayments and accrued income	1,287,510	669,548	1,334,414	900,410
	4,677,979	5,425,751	4,695,110	5,389,198

Amounts falling due after more than one year and included in the debtors above are:

	2003	2002	2003	2002
	£	£	£	£
Other debtors	-	277,778	-	277,778

HAT TRICK PRODUCTIONS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2003

11 Cash at bank and in hand Company and group

Included within the balance sheet figure of £4,916,381 (2002 :£3,945,996) are sums amounting to £914,195 (2002 : £937,424) held in trust bank accounts on behalf of broadcasters which have advanced funds to cover future production costs.

Within note 12 below, production advances, certain trade creditors and accruals represent the unexpended funds held on trust at the balance sheet date.

12 Creditors : amounts falling due within one year

	Group		Company	
	2003	2002	2003	2002
	£	£	£	£
Bank loans and overdrafts	1,725,000	1,175,513	1,725,000	1,175,513
Trade creditors (note 11)	447,196	307,007	435,378	292,241
Amounts owed to group undertakings	-	-	72,187	-
Investment in joint ventures (note 8)	1,487,583	1,082,996	-	-
Corporation tax	364,267	18,303	358,267	9,339
Taxes and social security costs	164,207	996,370	161,053	993,685
Other creditors	302,703	437,044	295,893	437,044
Production advances (note 11)	708,864	590,785	708,864	590,785
Accruals and deferred income (note 11)	2,475,162	2,982,032	1,922,043	2,702,350
	<u>7,674,982</u>	<u>7,590,050</u>	<u>5,678,685</u>	<u>6,200,957</u>

HAT TRICK PRODUCTIONS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2003

13 Creditors : amounts falling due after more than one year

	Group		Company	
	2003	2002	2003	2002
	£	£	£	£
Bank loans	-	750,000	-	750,000
Analysis of loans				
Wholly repayable within five years	750,000	1,000,000	750,000	1,000,000
Included in current liabilities	(750,000)	(250,000)	(750,000)	(250,000)
	-	750,000	-	750,000
Loan maturity analysis				
In more than one year but not more than two years	-	250,000	-	250,000
In more than two years but not more than five years	-	750,000	-	750,000

The bank loan is secured by a first legal charge over the assets of Hat Trick Productions Limited. Interest is payable at the aggregate of: i) LIBOR, ii) 1.75% and iii) the Associated Costs Rate of the lender.

The loan was repaid in full on 17 July 2003.

14 Pension costs

Defined contribution

	2003	2002
	£	£
Contributions payable by the company for the year	11,970	9,569

15 Share capital

	2003	2002
	£	£
Authorised		
1,120,000 Ordinary shares of 1p each	11,200	11,200
Allotted, called up and fully paid		
61,428 Ordinary shares of 1p each	614	614

HAT TRICK PRODUCTIONS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2003

16 Statement of movements on reserves

Group

	Capital redemption reserve £	Profit and loss account £
Balance at 1 July 2002	600	1,448,574
Retained profit for the year	-	778,810
Currency translation differences on foreign currency net investments	-	(1,556)
Balance at 30 June 2003	600	2,225,828

Company

	Capital redemption reserve £	Profit and loss account £
Balance at 1 July 2002	600	2,506,793
Retained profit for the year	-	1,102,362
Balance at 30 June 2003	600	3,609,155

17 Reconciliation of movements in shareholders' funds

Group

	2003 £	2002 £
Profit/(Loss) for the financial year	778,810	(157,722)
Other recognised gains and losses	(1,556)	(76)
Proceeds from issue of shares	-	14
Net addition to/(depletion in) shareholders' funds	777,254	(157,784)
Opening shareholders' funds	1,449,788	1,607,572
Closing shareholders' funds	2,227,042	1,449,788

Company

	2003 £	2002 £
Profit for the financial year	1,102,362	794,699
Proceeds from issue of shares	-	14
Net addition to shareholders' funds	1,102,362	794,713
Opening shareholders' funds	2,508,007	1,713,294
Closing shareholders' funds	3,610,369	2,508,007

HAT TRICK PRODUCTIONS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2003

18 Financial commitments Group and company

At 30 June 2003 the group and company had annual commitments under non-cancellable operating leases as follows:

	2003 £	2002 £
Expiry date:		
Between two and five years	366,775	341,105

The group has also entered into a financial commitment with 12 Yard Productions partnership, the details of which are fully disclosed in note 24 below.

19 Directors' emoluments

	2003 £	2002 £
Emoluments for qualifying services	1,408,890	3,748,202
Company pension contributions to money purchase schemes	9,258	7,407
	1,418,148	3,755,609

Emoluments disclosed above include the following amounts paid to the highest paid director:

Emoluments for qualifying services	806,052	1,727,687
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20 Transactions with directors

The amounts due to the company at the balance sheet date, and the maximum liability due to the company during the year, for each of the directors is as follows:

	Due to the company		Maximum
	2003	2002	in year
	£	£	£
D O'Donoghue	7,570	-	23,561
J T Mulville	30,120	-	35,811
H Strong	2,563	-	2,563

HAT TRICK PRODUCTIONS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2003

21 Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

	2003 Number	2002 Number
Management	8	8
Administration	17	16
Production, development and writing	2	4
	<u>27</u>	<u>28</u>

Employment costs

	£	£
Wages and salaries	3,129,364	4,888,773
Social security costs	394,267	580,926
Other pension costs	11,970	9,569
	<u>3,535,601</u>	<u>5,479,268</u>

22 Production sale and leaseback transactions

During the year the company entered into sale and leaseback contracts for certain productions. Accounting policy note 1.13 refers to the accounting treatment. The balance of the sale proceeds under each contract (after transferring the producer's fee to the profit and loss account) is held on a bank deposit account and accrues interest over a fifteen year lease period. The lease obligations, together with lease rental charges, will be an equal and opposite amount to the bank deposit funds over the full term of the lease.

The company has no access to the bank deposit funds and these funds exist solely to meet the lease obligations. The funds do not confer any economic benefits to the company and therefore do not represent assets of the company. The lease obligations are guaranteed by the bank and therefore do not represent liabilities of the company. However, the company could be affected in the future by such lease obligations in the event of the bank collapsing whilst still holding the deposit funds. This is considered to be so remote as to not require alteration to the accounting policy chosen.

As a result, applying Financial Reporting Standard No. 5: Reporting The Substance of Transactions, both the bank deposit funds and interest earned, together with the lease obligations and lease rental charges, are excluded from the financial statements. In the opinion of the directors, inclusion of the deposit funds and lease obligations in the balance sheet, and deposit interest and lease rental charges in the profit and loss account, would highly distort the financial statements.

Based on the foregoing, sale and leaseback deposit accounts and corresponding, equal and opposite lease obligations amounting to £5,882,555 (2002 : £4,637,837), have not been included within these financial statements.

HAT TRICK PRODUCTIONS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2003

23 Control

On 17 July 2003, the entire share capital was acquired by Hat Trick Holdings Limited, which became the ultimate parent company.

24 Related party transactions Company and group

The group has made a loan facility available to 12 Yard Productions, a partnership in which the group has a 50% interest. The total amount available to 12 Yard Productions is £2,500,000, of which £1,697,222 (2002: £1,238,899) remains outstanding at the year end. The facility expires on 17 April 2004 and the amount borrowed must be repaid in full by 17 April 2006. Interest is chargeable at 1.75% above the base rate of Barclays Bank Plc.

In addition, 12 Yard Productions owed the group a further £66,010 (2002: £43,086) at the balance sheet date, this amount being interest free and repayable on demand.

The group has made a loan of £1,000,000 to David Young, who retains an interest in 12 Yard Productions. The loan is fully repayable by 16 April 2004 with interest being charged at the Inland Revenue's official rate. At the balance sheet date £277,777 (2002: £611,111) was owed by David Young to the group.

The company has taken advantage of the exemption available under Financial Reporting Standard No. 8: Related Party Disclosures not to disclose transactions with other group entities that are eliminated on consolidation in preparation of the parent company's consolidated financial statements.