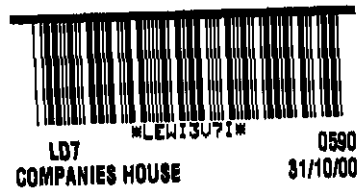


Cos. Hke

Company Registration No. 2487446 (England and Wales)

TRANSYLVANIA PETS LIMITED  
DIRECTORS' REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 1999



TRANSYLVANIA PETS LIMITED

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# TRANSYLVANIA PETS LIMITED

## DIRECTORS' REPORT

The directors present their report and financial statements for the year ended 31 December 1999.

### **Principal activities**

The principal activity of the company continued to be that of the creation and development of characters and concepts for commercial exploitation including publishing, recording and merchandising.

### **Results**

The results for the year are set out on page 5.

### **Year 2000**

The company reviewed its computer systems for the impact of the Year 2000 date change, prepared an action plan to address the issue and carried out all the necessary measures. All systems have continued to operate properly over the Year 2000 date change and through any roll-over procedures that occurred at a later date.

The issue is complex, and no business can guarantee that there will be no Year 2000 problems. As all businesses are dependent on the compliance of their major customers, suppliers and other trading partners, any impact that has occurred on their systems will affect the company's business to a greater or lesser extent.

### **Directors**

The following directors have held office since 1 January 1999:

A Barnes	(Resigned 18 February 2000)
I Fishman	
V Schrager - Powell	(Resigned 31 March 1999)
M Heap	(Appointed 17 February 1999)
M J Powell	(Resigned 31 March 1999)

### **Directors' interests**

The directors' beneficial interests in the shares of the company were as stated below:

	Ordinary shares of £ 1 each	
	31 December 1999	1 January 1999
A Barnes	-	499
I Fishman	-	-
M Heap	-	-

On the 18th February 2000, Mr A Barnes resigned as a director and disposed of his 499 ordinary shares of £1 each to Entertainment Rights plc.

The directors' interests in the shares of the ultimate holding company are disclosed in that company's financial statements.

TRANSYLVANIA PETS LIMITED

DIRECTORS' REPORT

**Auditors**

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Grant Thornton be reappointed as auditors of the company will be put to the Annual General Meeting.

Registered Office:  
58/60 Berners Street  
London  
W1T 3JS  
18 October 2000

Approved by the Board of Directors and  
signed on its behalf by

  
I Fishman  
Director

TRANSYLVANIA PETS LIMITED

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 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 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.

**TRANSYLVANIA PETS LIMITED**

**REPORT OF THE AUDITORS**  
**TO THE MEMBERS OF TRANSYLVANIA PETS LIMITED**

We have audited the financial statements on pages 5 to 9 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

**Respective responsibilities of directors and auditors**

As described on page 3 the company's directors are responsible for the preparation of financial statements in accordance with applicable United Kingdom law and accounting standards. 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 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 circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 1999 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



GRANT THORNTON  
Registered Auditors  
Chartered Accountants

Melton Street  
Euston Square  
London

NW1 2EP

18 October 2000

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**TRANSYLVANIA PETS LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31 DECEMBER 1999**

	Notes	1999 £	1998 £
Turnover	3	381	7,433
Administrative expenses		(458)	(10,022)
		<hr/>	<hr/>
Loss on ordinary activities before taxation		(77)	(2,589)
Tax on loss on ordinary activities	4	-	-
		<hr/>	<hr/>
Loss on ordinary activities after taxation	8	<u>(77)</u>	<u>(2,589)</u>

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

There are no recognised gains and losses other than those passing through the profit and loss account.

The notes on pages 7 to 9 form part of these financial statements.

**TRANSYLVANIA PETS LIMITED**

**BALANCE SHEET**  
**AS AT 31 DECEMBER 1999**

	Notes	1999		1998	
		£	£	£	£
<b>Current assets</b>					
Debtors	5	232,296		232,363	
Cash at bank and in hand		2		61	
		<u>232,298</u>		<u>232,424</u>	
<b>Creditors: amounts falling due within one year</b>	6	<u>(269,815)</u>		<u>(269,864)</u>	
<b>Total assets less current liabilities</b>			<u><u>(37,517)</u></u>		<u><u>(37,440)</u></u>
<b>Capital and reserves</b>					
Called up share capital	7		1,000		1,000
Profit and loss account	8		<u>(38,517)</u>		<u>(38,440)</u>
<b>Shareholders' funds - equity interests</b>	9		<u><u>(37,517)</u></u>		<u><u>(37,440)</u></u>

The financial statements were approved by the Board on 18 October 2000

Signed on behalf of the Board of Directors

  
I Fishman  
Director

The notes on pages 7 to 9 form part of these financial statements.



# **TRANSYLVANIA PETS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS** **FOR THE YEAR ENDED 31 DECEMBER 1999**

### **1 Accounting policies**

#### **1.1 Accounting convention**

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards. The principal accounting policies have remained unchanged from the previous year and are set out below.

#### **1.2 Turnover**

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

#### **1.3 Deferred taxation**

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

#### **1.4 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.

### **2 Going concern**

The Directors have considered the funding requirements for the next twelve months and have concluded that it is appropriate to prepare the financial statements on a going concern basis.

### **3 Turnover**

The total turnover of the company was derived from its principal activity.

### **4 Taxation**

No liability to UK Corporation tax arose on ordinary activities for the year ended 31 December 1999 nor for the year ended 31 December 1998, due to the availability of tax losses within the group.

### **5 Debtors**

	<b>1999</b>	<b>1998</b>
	<b>£</b>	<b>£</b>
Trade debtors	350	7,170
Amounts owed by group undertakings	231,946	225,193
	<u>232,296</u>	<u>232,363</u>

**TRANSYLVANIA PETS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 1999**

<b>6</b>	<b>Creditors: amounts falling due within one year</b>	<b>1999</b>	<b>1998</b>
		<b>£</b>	<b>£</b>
	Amounts owed to parent undertaking	<u>269,815</u>	<u>269,864</u>
<b>7</b>	<b>Share capital</b>	<b>1999</b>	<b>1998</b>
		<b>£</b>	<b>£</b>
	<b>Authorised</b>		
	1,000 Ordinary shares of £ 1 each	<u>1,000</u>	<u>1,000</u>
	<b>Allotted, called up and fully paid</b>		
	1,000 Ordinary shares of £ 1 each	<u>1,000</u>	<u>1,000</u>
<b>8</b>	<b>Statement of movements on profit and loss account</b>		
			<b>Profit and loss account £</b>
	Balance at 1 January 1999		(38,440)
	Retained loss for the year		<u>(77)</u>
	Balance at 31 December 1999		<u>(38,517)</u>
<b>9</b>	<b>Reconciliation of movements in shareholders' funds</b>	<b>1999</b>	<b>1998</b>
		<b>£</b>	<b>£</b>
	Loss for the financial year	(77)	(2,589)
	Opening shareholders' funds	<u>(37,440)</u>	<u>(34,851)</u>
	Closing shareholders' funds	<u>(37,517)</u>	<u>(37,440)</u>

**10** **Contingent liabilities**

There were no contingent liabilities at 31 December 1999 and 31 December 1998.

**11** **Capital commitments**

There were no capital commitments at 31 December 1999 or 31 December 1998.

**TRANSYLVANIA PETS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 1999**

**12 Employees**

**Number of employees**

There were no employees during the year apart from the directors who received no remuneration (1998: nil).

**13 Ultimate parent undertaking and controlling related party**

The ultimate parent undertaking and controlling related party is Entertainment Rights plc, a company incorporated in England and Wales. As a 100% owned subsidiary the company is exempt from disclosing transactions with that company and other members of the group headed by that company under the requirements of FRS8.

The largest and smallest group of undertakings for which group accounts have been drawn up is headed by Entertainment Rights plc. Group accounts are available from the Registered Office at 58/60 Berners Street London W1T 3JS.

**14 Post balance sheet events**

On the 18th February 2000, Mr. A Barnes resigned as a director and disposed of his 499 Ordinary shares of £1 each to Entertainment Rights plc.