

Company Registration No. 2487446 (England and Wales)

TRANSYLVANIA PETS LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 1996



TRANSYLVANIA PETS LIMITED

COMPANY INFORMATION

Directors

Mr M J Powell
Mr A Barnes
Mr I Fishman
Mrs V J Schrager-Powell

Secretary

Mr I Fishman

Company number

2487446

Registered office

58/60 Berners Street
London
W1P 4JS

Auditors

Hacker Young
168 Church Road
Hove
East Sussex
BN3 2DL

TRANSYLVANIA PETS LIMITED

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TRANSYLVANIA PETS LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 31 DECEMBER 1996

The directors present their report and financial statements for the period ended 31 December 1996.

Principal activities and review of the business

The principal activity of the company continued to be that of the creation and development of characters and storylines capable of being used by the Group in the production of animated television serials.

Results and dividends

The results for the period are set out on page 4.

Directors

The following directors have held office since 1 November 1995:

Mr M J Powell
Mr A Barnes
Mr I Fishman
Mrs V J Schrager-Powell

Directors' interests

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

	Ordinary shares of £1 each	
	31 December 1996	1 November 1995
Mr M J Powell	-	-
Mr A Barnes	499	499
Mr I Fishman	-	-
Mrs V J Schrager-Powell	-	-

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

Auditors

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

TRANSYLVANIA PETS LIMITED

DIRECTORS' REPORT

FOR THE PERIOD ENDED 31 DECEMBER 1996

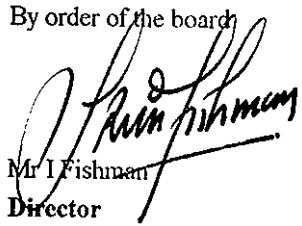
Directors' responsibilities

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;
- 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.

By order of the board



Mr I Fishman
Director

8 April 1997

TRANSYLVANIA PETS LIMITED

AUDITORS' REPORT

TO THE SHAREHOLDERS OF TRANSYLVANIA PETS LIMITED

We have audited the financial statements on pages 4 to 8 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on page 2 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 as at 31 December 1996 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



Hacker Young

8 April 1997

Chartered Accountants
Registered Auditor

168 Church Road
Hove
East Sussex
BN3 2DL

TRANSYLVANIA PETS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31 DECEMBER 1996

		Period ended 31 December 1996 £	Year ended 31 October 1995 £
	Notes		
Turnover	2	103,442	90,000
Administrative expenses		(105,905)	(89,911)
Operating (loss)/profit	3	(2,463)	89
Other interest receivable and similar income	4	282	299
Interest payable and similar charges	5	(32)	(37)
(Loss)/profit on ordinary activities before taxation		(2,213)	351
Tax on (loss)/profit on ordinary activities	6	-	(75)
(Loss)/profit on ordinary activities after taxation	10	(2,213)	276

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.

TRANSYLVANIA PETS LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 1996

	Notes	1996 £	£	1995 £	£
Current assets					
Debtors	7	142,006		60,447	
Cash at bank and in hand		20,703		275	
		<u>162,709</u>		<u>60,722</u>	
Creditors: amounts falling due within one year	8	(190,500)		(86,300)	
Total assets less current liabilities			<u>(27,791)</u>		<u>(25,578)</u>
Capital and reserves					
Called up share capital	9		1,000		1,000
Profit and loss account	10		(28,791)		(26,578)
Shareholders' funds - equity interests	11		<u>(27,791)</u>		<u>(25,578)</u>

The financial statements were approved by the Board on 8 April 1997

Mr M J Powell
Director X



Mrs V J Schrager-Powell
Director X



TRANSYLVANIA PETS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 1996**

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

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.

2 Turnover

Geographical market

	Turnover 1996 £	1995 £
United Kingdom	80,136	90,000
Europe	23,306	-
	<u>103,442</u>	<u>90,000</u>

3 Operating (loss)/profit

Operating (loss)/profit is stated after charging:
Auditors' remuneration

1996 £	1995 £
500	500
<u>500</u>	<u>500</u>

4 Other interest receivable and similar income

Bank interest

1996 £	1995 £
282	299
<u>282</u>	<u>299</u>

5 Interest payable

On bank loans and overdrafts

1996 £	1995 £
32	37
<u>32</u>	<u>37</u>

TRANSYLVANIA PETS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 1996**

6	Taxation	1996	1995
		£	£
	U.K. current year taxation		
	U.K. corporation tax at 24% (1995 - 25%)	-	75
7	Debtors	1996	1995
		£	£
	Trade debtors	19,434	-
	Amounts owed by parent and fellow subsidiary undertakings	122,572	60,447
		142,006	60,447
8	Creditors: amounts falling due within one year	1996	1995
		£	£
	Bank loans and overdrafts	-	1
	Trade creditors	-	25,000
	Amounts owed to parent and fellow subsidiary undertakings	-	19,974
	Corporation tax	-	75
	Other taxes and social security costs	-	15,750
	Accruals and deferred income	190,500	25,500
		190,500	86,300
9	Share capital	1996	1995
		£	£
	Authorised		
	1,000 Ordinary shares of £1 each	1,000	1,000
	Allotted, called up and fully paid		
	1,000 Ordinary shares of £1 each	1,000	1,000

TRANSYLVANIA PETS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 1996**

10 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 November 1995	(26,578)
Retained loss for the period	(2,213)
Balance at 31 December 1996	<u>(28,791)</u>

11 Reconciliation of movements in shareholders' funds

	1996 £	1995 £
(Loss)/Profit for the financial period	(2,213)	276
Opening shareholders' funds	(25,578)	(25,854)
Closing shareholders' funds	<u>(27,791)</u>	<u>(25,578)</u>

12 Employees

Number of employees

There were no employees during the period apart from the directors

13 Ultimate parent company

The company is a subsidiary undertaking of Sleepy Kids PLC, a company incorporated in England and Wales.