

Company Registration No. 2663236 (England and Wales)

CARRINGTON PRODUCTIONS INTERNATIONAL LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2000



CARRINGTON PRODUCTIONS INTERNATIONAL LIMITED

COMPANY INFORMATION

Directors

C J Hemmings
I Fishman
M Heap

Secretary

I Fishman

Company number

2663236

Registered office

58/60 Berners Street
London
W1T 3JS

Auditors

KPMG Audit Plc
8 Salisbury Square
London
EC4Y 8BB

CARRINGTON PRODUCTIONS INTERNATIONAL LIMITED

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CARRINGTON PRODUCTIONS INTERNATIONAL LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2000

The directors present their report and financial statements for the year ended 31 December 2000.

Principal activities

The principal activity of the company during the period was the continued investment in family entertainment.

Results

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

Directors

The following directors have held office since 1 January 2000:

C J Hemmings
I Fishman
M Heap

Directors' interests

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

	Ordinary shares of £ 1 each	
	31 December 2000	1 January 2000
C J Hemmings	-	-
I Fishman	-	-
M Heap	-	-

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

Auditors

During the year Grant Thornton resigned as the company's auditors and the directors appointed KPMG Audit Plc to fill the vacancy arising. A resolution re-appointing KPMG Audit Plc as auditors for the ensuing year will be placed before the Annual General Meeting. Special notice has been received for this resolution pursuant to Section 388 of the companies act 1985.

CARRINGTON PRODUCTIONS INTERNATIONAL LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2000

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period 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.

On behalf of the Board



I. Fishman
Director

30 October 2001

CARRINGTON PRODUCTIONS INTERNATIONAL LIMITED

REPORT OF THE AUDITORS TO THE MEMBERS OF CARRINGTON PRODUCTIONS INTERNATIONAL LIMITED

We have audited the financial statements on pages 4 to 12.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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. 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.

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 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

KPMG Audit Plc

30 October 2001

Chartered Accountants
Registered Auditor

CARRINGTON PRODUCTIONS INTERNATIONAL LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2000

		12 Months ended 31 December 2000 £	9 Months ended 31 December 1999 £
	Notes		
Turnover	3	1,043,585	558,048
Cost of sales		(42,351)	(556,979)
Gross profit		1,001,234	1,069
Administrative expenses		(231,248)	(119,762)
Operating profit/(loss)	4	769,986	(118,693)
Interest payable and similar charges	5	-	(587,701)
Profit/(loss) on ordinary activities before taxation		769,986	(706,394)
Tax on profit/(loss) on ordinary activities	6	-	-
Profit/(loss) on ordinary activities after taxation	12	769,986	(706,394)

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

CARRINGTON PRODUCTIONS INTERNATIONAL LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 DECEMBER 2000

		Year ended 31 December 2000 £	9 Months ended 31 December 1999 £
	notes		
Profit/(loss) for the financial year		769,986	(706,394)
Prior year adjustment	18	-	390,360
Total gains and losses recognised since last financial statements		<u>769,986</u>	<u>(316,034)</u>

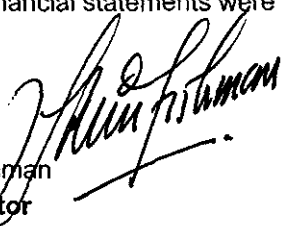
CARRINGTON PRODUCTIONS INTERNATIONAL LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2000

	Notes	2000 £	£	1999 £	£
Fixed assets					
Tangible assets	7	4,777,201		4,955,923	
Investments	8	100		100	
		<u>4,777,301</u>		<u>4,956,023</u>	
Current assets					
Debtors	9	3,257,021		2,406,494	
Cash at bank and in hand		1,948		47	
		<u>3,258,969</u>		<u>2,406,541</u>	
Creditors: amounts falling due within one year	10	-		(96,280)	
Net current assets		<u>3,258,969</u>		<u>2,310,261</u>	
Net assets		<u><u>8,036,270</u></u>		<u><u>7,266,284</u></u>	
Capital and reserves					
Called up share capital	11	13,375,100		13,375,100	
Profit and loss account	12	(5,338,830)		(6,108,816)	
Shareholders' funds - equity interests	13	<u><u>8,036,270</u></u>		<u><u>7,266,284</u></u>	

The financial statements were approved by the board of directors on 30 October 2001 and signed on its behalf by:

I Fishman
Director



CARRINGTON PRODUCTIONS INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2000

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards. Apart from the changes noted below the principal accounting policies of the company have remained unchanged from the previous period.

The company is dependent on the continued support of its ultimate parent undertaking. 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.

1.2 Turnover

Turnover represents the amounts (excluding VAT) derived from the rights held in various intellectual properties.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets other than freehold land 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:

Investment in programmes	Over useful economic life (not exceeding 20 years)
Fixtures, fittings & equipment	25% Reducing balancing basis
Motor vehicles	25% Reducing balancing basis

1.4 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.

1.5 Group accounts

The company has taken advantage of Section 228(1)(b) of the Companies Act 1985 not to prepare group accounts as its parent company prepares consolidated accounts.

1.6 Cash flow statement

As the ultimate holding company publishes a consolidated cash flow statement in which the company's cash flow are consolidated, and all of the company's share capital is held within the group, the company is exempt from the requirement to prepare a separate cash flow statement.

1.7 Related parties

Under Financial Reporting Standard 8 - Related Party Disclosures, the company is exempt from the requirement to disclose transactions with other entities within the group headed by Entertainment Rights plc.

2 Going concern

The company is dependent on the continued support of its ultimate parent undertaking Entertainment Rights plc. 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.

The going concern basis has been adopted as the ultimate parent company has indicated that it will continue to provide such financial support as is required for the company's continued operations.

CARRINGTON PRODUCTIONS INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2000

3 Turnover

Geographical market

		9 Months ended 31 December
	2000	1999
	£	£
United Kingdom	400,000	128,556
United States of America	500,565	429,492
Europe	123,125	-
Pacific	19,895	-
	<u>1,043,585</u>	<u>558,048</u>

4 Operating profit/(loss)

	2000	1999
	£	£
Operating profit/(loss) is stated after charging:		
Amortisation of investments in films	178,722	535,978
Auditors' remuneration	-	7,890
	<u></u>	<u></u>

Directors and auditors remuneration is paid by the parent company.

5 Interest payable

	2000	1999
	£	£
On bank loans and overdrafts	-	587,701
	<u></u>	<u></u>

6 Taxation

No liability to UK Corporation tax resulted for the year ended 31 December 2000 nor for the period ended 31 December 1999, due to the availability of tax losses.

CARRINGTON PRODUCTIONS INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2000

7 Tangible fixed assets

	Investment in programmes	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 January 2000 & at 31 December 2000	8,982,281	1,000	17,000	9,000,281
Depreciation				
At 1 January 2000	4,026,358	1,000	17,000	4,044,358
Charge for the year	178,722	-	-	178,722
At 31 December 2000	4,205,080	1,000	17,000	4,223,080
Net book value				
At 31 December 2000	4,777,201	-	-	4,777,201
At 31 December 1999	4,955,923	-	-	4,955,923

8 Fixed asset investments

	Shares in subsidiary undertakings £
Cost	
At 1 January 2000 & at 31 December 2000	100

The company holds the entire ordinary share capital of Lavender Castle limited, a company registered in England and Wales and whose principal activity is the creation and development of animated cartoons.

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

	Capital and reserves	Profit/(loss) for the year
Lavender Castle Limited	(63,627)	78,798

CARRINGTON PRODUCTIONS INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2000

9 Debtors	2000 £	1999 £
Trade debtors	-	4,975
Amounts owed by group undertakings	3,187,419	2,364,029
Other debtors	-	17,245
Prepayments and accrued income	69,602	20,245
	<u>3,257,021</u>	<u>2,406,494</u>
10 Creditors: amounts falling due within one year	2000 £	1999 £
Bank loans and overdrafts	-	10,192
Trade creditors	-	41,088
Other creditors	-	45,000
	<u>-</u>	<u>96,280</u>
11 Share capital	2000 £	1999 £
Authorised		
13,375,100 Ordinary shares of £ 1 each	<u>13,375,100</u>	<u>13,375,100</u>
Allotted, called up and fully paid		
13,375,100 Ordinary shares of £ 1 each	<u>13,375,100</u>	<u>13,375,100</u>
12 Statement of movements on profit and loss account		Profit and loss account £
Balance at 1 January 2000		(6,108,816)
Retained profit for the period		769,986
Balance at 31 December 2000		<u>(5,338,830)</u>

CARRINGTON PRODUCTIONS INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2000

13 Reconciliation of movements in shareholders' funds	2000 £	1999 £
Profit/(Loss) for the financial year	769,986	(706,394)
Proceeds from issue of shares	-	13,375,000
Net addition to shareholders' funds	769,986	12,668,606
Opening shareholders' funds	7,266,284	(5,402,322)
Closing shareholders' funds	8,036,270	7,266,284

14 Contingent liabilities

There were no contingent liabilities at 31 December 2000 or 31 December 1999.

15 Capital commitments

There were no capital commitments at 31 December 2000 or 31 December 1999.

16 Directors' emoluments	2000 £	1999 £
Emoluments for qualifying services	-	12,236

17 Employees

Number of employees

There were no employees during the year apart from the directors previously mentioned (1999: 5).

Director's remuneration was £nil for the year (1999: £nil).

18 Prior year adjustment

The prior year adjustment arises as a result of reversal of interest previously provided on a loan with a subsidiary undertaking. This policy of charging interest on group loans has been changed to conform with the rest of the Entertainment Rights plc group.

The loss for the period ended 31 December 1999 would have increased by £143,010 if the company had continued providing interest.

CARRINGTON PRODUCTIONS INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2000

19 Control

The ultimate parent undertaking and controlling related party is Entertainment Rights plc, a company incorporated in England and Wales. As a 100% owned subsidiary of Entertainment Rights plc, 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 is that headed by Entertainment Rights plc. Group accounts are available from the Registered Office at 58/60 Berners Street, London W1T 3JS.