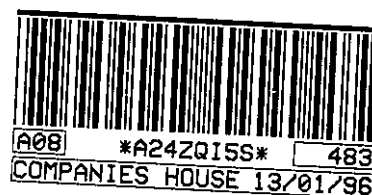


Carrington Productions International Limited

Directors' report and financial statements

31 March 1995

Registered number 2663236



Carrington Productions International Limited

Directors' report and financial statements

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Carrington Productions International Limited

Directors' report

The directors present their report, together with the financial statements for the year ended 31 March 1995.

Principal activity

The principal activity of the company during the year was investment in the family entertainment industry.

Business review

The company has developed and co-produced a number of animated productions for the family audience, in which it owns intellectual copyright rights in perpetuity.

The directors remain confident that the company can take advantage of increasing worldwide markets for intellectual properties and are encouraged by initial sales figures.

Results and dividends

The loss after taxation attributable to shareholders is £259,960 (*1994: loss £108,390*) and has been transferred to reserves. The directors do not recommend the payment of a dividend (*1994: £nil*).

Tangible fixed assets

A summary of the movements in the company's tangible fixed assets is shown in note 7 to the financial statements.

Directors

The directors who held office during the year were as follows:

TJ Hemmings
CJ Hemmings
JM Kirkland
IR Penrose
FJ Livesey
M Robinson (appointed 1 April 1995)

The interest of the directors in the company's ultimate parent undertaking, TJH Group Limited, are disclosed in the financial statements of that company.

No rights to subscribe for shares in or debenture of the company were granted to any of the directors or their families, or exercised by them, during the financial year.

Carrington Productions International Limited

Directors' report *(continued)*

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 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

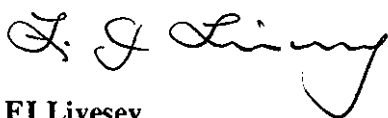
The directors are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Auditors

On 6 February 1995 the auditors changed the name under which they practise to KPMG and, accordingly, have signed their report in their new name.

Pursuant to a shareholders' resolution the company is not obliged to re-appoint its auditors annually and KPMG will therefore continue in office.

By order of the board



FJ Livesey
Secretary

Gleadhill House
Dawbers Lane
Euxton
Chorley
Lancashire
PR7 6EA

31 August 1995



Edward VII Quay
Navigation Way
Ashton-on-Ribble
PRESTON
Lancashire PR2 2YF

Report of the auditors to the members of Carrington Productions International Limited

We have audited the financial statements on pages 4 to 10.

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 affairs of the company as at 31 March 1995 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG
Chartered Accountants
Registered Auditors

31 August 1995

Carrington Productions International Limited

Profit and loss account for the year ended 31 March 1995

	Note	1995 £	1994 £
Administrative expenses		(108,998)	(3,390)
Operating loss	2	(108,998)	(3,390)
Amounts written off investments	8	(117,100)	(100,000)
Loss on ordinary activities before interest		(226,098)	(103,390)
Interest payable	3	(33,862)	(5,000)
Retained loss for the financial year	14	(259,960)	(108,390)

Statement of total recognised gains and losses for the year ended 31 March 1995

The profit and loss account includes the only gains and losses of the company for the current and prior year.

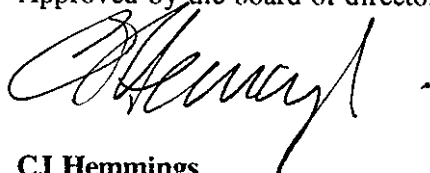
There was no material difference between the reported losses and the historical cost losses of the company.

Carrington Productions International Limited

Balance sheet as at 31 March 1995

	Note	1995		1994	
		£	£	£	£
Fixed assets					
Tangible assets	7		17,477		-
Investments	8		14,687		-
			<u>32,164</u>		<u>-</u>
Current assets					
Stock	9	572,621		-	
Debtors	10	56,221		493	
Cash at bank and in hand		30,297		6,215	
		<u>659,139</u>		<u>6,708</u>	
Creditors: amounts falling due within one year	11	(8,001)		(130,923)	
		<u>651,138</u>		<u>(124,215)</u>	
Net current liabilities					
Creditors: amounts falling due after one year	11		(1,067,477)		-
			<u>(384,175)</u>		<u>(124,215)</u>
Capital and reserves					
Called up share capital	12		100		100
Profit and loss account	13		(384,275)		(124,315)
			<u>(384,175)</u>		<u>(124,215)</u>
Equity shareholders' funds	14		<u>(384,175)</u>		<u>(124,215)</u>

Approved by the board of directors on 31 August 1995 and signed on its behalf by:


CJ Hemmings
Director

Carrington Productions International Limited

Notes to the financial statements

1 Statement of accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material to the financial statements:

Basis of preparation

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

The company is exempt from the requirement of Financial Reporting Standard No 1 to prepare a cash flow statement as it is a wholly owned subsidiary undertaking of TJH Group Limited, and its cash flows are included within the consolidated cash flow statement of that company.

Fixed assets and depreciation

The cost of tangible fixed assets less their estimated residual value is written off on a straight line basis over their estimated useful lives. The principal annual rates in use are:

Motor vehicles	-	25%
----------------	---	-----

Stock and work in progress

Stock and work in progress represent film production and development costs incurred by the company and are stated at the lower of cost and net realisable value. Where the directors are of the opinion that these costs are not recoverable, they are written off immediately.

Investments

Investments are stated at cost less provision for any diminution in value.

Taxation

The charge for taxation is based on the profit or loss for the year and takes into account the taxation deferred because of timing differences between the treatment of certain items for taxation and accounts purposes. Provision is made for deferred taxation only to the extent that it is probable that an actual liability will crystallise.

2 Operating loss

	1995	1994
	£	£
<i>Operating loss is stated after charging:</i>		
Auditors' remuneration:	1,500	250

Carrington Productions International Limited

Notes (continued)

3 Interest payable

	1995 £	1994 £
Bank loans and overdrafts repayable within five years	22,612	-
On loans from group undertakings	11,250	5,000
	<u>33,862</u>	<u>5,000</u>

4 Taxation

There is no tax charge in the year (1994: *£nil*) due to the losses incurred.

5 Staff numbers and costs

There was no remuneration paid to any employee during the year (1994: *£nil*).

The average number of persons employed by the company during the year (including directors) was:

	Number of employees	
	1995	1994
Management	<u>5</u>	<u>3</u>

6 Director's remuneration

No emoluments were paid to the directors of the company during the year (1994: *£nil*), except for £25,500 (1994: *£nil*) paid to a third party for making the services of a director available.

Carrington Productions International Limited

Notes (continued)

7 Tangible fixed assets

	Motor vehicles £
<i>Cost</i>	
At 1 April 1994	-
Intra group transfers	17,477
	<hr/>
At 31 March 1995	17,477
	<hr/>
<i>Depreciation</i>	
At 1 April 1994	-
Charge for the year	-
	<hr/>
At 31 March 1995	-
	<hr/>
<i>Net book value</i>	
At 31 March 1995	17,477
	<hr/>
At 1 April 1994	-
	<hr/>

8 Fixed asset investments

	Intellectual property £	Other loans £	Total £
<i>Cost</i>			
At 1 April 1994	-	100,000	100,000
Additions	14,687	117,100	131,787
	<hr/>	<hr/>	<hr/>
At 31 March 1995	14,687	217,100	231,787
	<hr/>	<hr/>	<hr/>
<i>Provisions</i>			
At 1 April 1994	-	100,000	100,000
Created during the year	-	117,100	117,100
	<hr/>	<hr/>	<hr/>
At 31 March 1995	-	217,100	217,100
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 31 March 1995	14,687	-	14,687
	<hr/>	<hr/>	<hr/>
At 1 April 1994	-	-	-
	<hr/>	<hr/>	<hr/>

Carrington Productions International Limited

Notes (continued)

9	Stock	1995 £	1994 £
	Work in progress	<u>572,621</u>	<u>-</u>
10	Debtors	1995 £	1994 £
	Other debtors	55,767	493
	Prepayments and accrued income	<u>454</u>	<u>-</u>
		<u>56,221</u>	<u>493</u>
11	Creditors	1995 £	1994 £
	<i>Amounts falling due within one year:</i>		
	Trade creditors	1,650	13
	Amounts owed to parent and fellow subsidiary undertakings	-	130,000
	Accruals and deferred income	<u>6,351</u>	<u>910</u>
		<u>8,001</u>	<u>130,923</u>
	<i>Amounts falling due after one year</i>		
	Amounts owed to parent and fellow subsidiary undertakings	<u>1,067,477</u>	<u>-</u>
12	Called up share capital	1995 £	1994 £
	<i>Authorised</i>		
	100,000 ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>
	<i>Allotted and fully paid</i>		
	100 ordinary shares of £1 each	<u>100</u>	<u>100</u>

Carrington Productions International Limited

Notes (continued)

13 Reserves

Profit and
loss account
£

At 1 April 1994	(124,315)
Retained loss for the year	(259,960)
	<hr/>
At 31 March 1995	(384,275)
	<hr/>

14 Reconciliation of movement in shareholders' funds

	1995 £	1994 £
Loss for the financial year	(259,960)	(108,390)
Shareholders' funds at beginning of year	(124,215)	(15,825)
	<hr/>	<hr/>
Shareholders' funds at end of year	(384,175)	(124,215)
	<hr/>	<hr/>

15 Contingent liabilities

The company is party to group banking arrangements for TJH Group Limited. Consequently, it is jointly and severally liable for the loans and overdrafts of TJH Group Limited and certain of its subsidiary undertakings. At 31 March 1995 the liability under this guarantee amounted to £125,341,544.

16 Ultimate parent company

The ultimate parent company is TJH Group Limited, a company registered in England and Wales.

The largest and smallest group in which the results of the company are consolidated is that headed by TJH Group Limited. The consolidated financial statements of TJH Group Limited are available to the public and may be obtained from:

The Registrar of Companies
Companies House
Crown Way
CARDIFF
CF4 3UZ