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3036727

## Report and Accounts

### *Saban Entertainment (UK) Limited*

**31 May 1997**



# Saban Entertainment (UK) Limited

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Registered No. 3036727

## **DIRECTOR**

Mr Michel Welter

## **SECRETARY**

T G Registrars Limited

## **AUDITORS**

Ernst & Young  
Becket House  
1 Lambeth Palace Road  
London SE1 7EU

## **BANKERS**

National Westminster Bank PLC  
831 Fulham Road  
London SW6 5HH

## **REGISTERED OFFICE**

150 Aldersgate Street  
London EC1A 4EJ

**DIRECTOR'S REPORT**

The director presents his report and accounts for the year ended 31 May 1997.

**RESULTS AND DIVIDENDS**

The loss for the year after taxation was £81,354 which, when added to the deficit brought forward, gives an accumulated deficit of £228,579 to carry forward.

The director does not recommend the payment of a dividend.

**PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS**

The company's principal activity during the year was that of a sales agent.

**FIXED ASSETS**

Details are given in note 5 to the accounts.

**DIRECTOR AND HIS INTERESTS**

The sole director of the company during the year ended 31 May 1997 was Mr Michel Welter.

The director had no interest at any time during the year in the share capital of the company.

**AUDITORS**

A resolution to reappoint Ernst & Young as auditors will be put to the members at the Annual General Meeting.

On behalf of the board

Director

*J. Welter*

*20 February 1998*

STATEMENT OF DIRECTOR'S RESPONSIBILITIES IN RESPECT OF THE  
ACCOUNTS

Company law requires the director to prepare accounts 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 accounts, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable him to ensure that the accounts comply with the Companies Act 1985. He is 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.

## REPORT OF THE AUDITORS

to the members of Saban Entertainment (UK) Limited

We have audited the accounts on pages 5 to 10, which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 7.

### **Respective responsibilities of the director and auditors**

As described on page 3 the company's director is responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

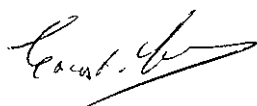
### **Basis of opinion**

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 accounts. It also includes an assessment of the significant estimates and judgements made by the director in the preparation of the accounts, 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 accounts 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 accounts.

### **Opinion**

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 31 May 1997 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in dark ink, appearing to be 'Ernst & Young'.

Ernst & Young  
Chartered Accountants  
Registered Auditor  
London

66 February 1998

# Saban Entertainment (UK) Limited

## PROFIT AND LOSS ACCOUNT for the year ended 31 May 1997

		<i>Year ended 31 May 1997</i>	<i>14 months ended 31 May 1996</i>
	<i>Notes</i>	<i>£</i>	<i>£</i>
<b>TURNOVER</b>	1	201,467	35,230
Administrative expenses		(282,674)	(182,454)
<b>OPERATING LOSS</b>	2	(81,207)	(147,224)
Interest payable		(160)	(1)
Interest receivable		13	–
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(81,354)	(147,225)
Tax on loss on ordinary activities	4	–	–
<b>LOSS ON ORDINARY ACTIVITIES AFTER TAXATION</b>		(81,354)	(147,225)
Retained loss brought forward		(147,225)	–
<b>RETAINED LOSS CARRIED FORWARD</b>		(228,579)	(147,225)

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

There are no recognised gains or losses attributable to shareholders of the company other than as disclosed in the profit and loss account above.

# Saban Entertainment (UK) Limited

## BALANCE SHEET

at 31 May 1997

	Notes	1997 £	1996
<b>FIXED ASSETS</b>			
Tangible assets	5	22,377	12,695
<b>CURRENT ASSETS</b>			
Debtors	6	28,980	15,646
Cash at bank		3,144	1,232
		32,124	16,878
<b>CREDITORS: amounts falling due within one year</b>	7	(282,980)	(176,698)
<b>NET CURRENT LIABILITIES</b>		(250,856)	(159,820)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		(228,479)	(147,125)
<b>CAPITAL AND RESERVES</b>			
Called up share capital	8	100	100
Profit and loss account		(228,579)	(147,225)
<b>SHAREHOLDERS' FUNDS</b>	10	(228,479)	(147,125)

*I. Wilkin*

20 February 1998

NOTES TO THE ACCOUNTS  
at 31 May 1997

1. ACCOUNTING POLICIES

*Accounting convention*

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards. The director believes that the going concern basis is appropriate as the company has adequate facilities to meet its obligations as they fall due and the parent undertaking has pledged to provide continuing financial support.

A cash flow statement has not been prepared as the company is exempt as a small company under the provisions of FRS1.

*Turnover*

Turnover represents the invoiced value of commissions earned during the year stated net of value added tax.

It is the opinion of the director that, in view of the company's business, the markets in which it operates do not differ substantially from each other and are therefore treated as one market for the purpose of disclosing particulars of turnover in these accounts.

*Depreciation*

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost less estimated residual value of each asset evenly over its expected useful life, as follows:

Fixtures, fittings and equipment	—	20%
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*Foreign currency*

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

2. OPERATING LOSS

	<i>Year ended</i> <i>31 May</i> <i>1997</i> <i>£</i>	<i>14 months</i> <i>ended</i> <i>31 May</i> <i>1996</i>
Operating loss is stated after charging:		
Depreciation	4,417	3,174
Auditors' remuneration	3,750	3,750
Operating lease rentals	13,752	11,861
	<u>          </u>	<u>          </u>



# Saban Entertainment (UK) Limited

## NOTES TO THE ACCOUNTS at 31 May 1997

### 3. STAFF COSTS

	<i>Year ended 31 May 1997 £</i>	<i>14 months ended 31 May 1996 £</i>
Wages and salaries	130,040	66,226
Social security costs	12,570	6,632
Other pension costs	6,927	—
	<u>149,537</u>	<u>72,858</u>

The director received no remuneration during the year.

The average weekly number of employees during the year was as follows:

	<i>No.</i>	<i>No.</i>
Administration	<u>4</u>	<u>2</u>

### 4. TAX ON LOSS ON ORDINARY ACTIVITIES

There are losses for taxation purposes carried forward of £220,000 subject to agreement.

### 5. TANGIBLE FIXED ASSETS

	<i>Fixtures, fittings and equipment £</i>	<i>Total £</i>
Cost:		
At 31 May 1996	15,869	15,869
Additions	14,099	14,099
At 31 May 1997	<u>29,968</u>	<u>29,968</u>
Depreciation:		
At 31 May 1996	3,174	3,174
Provided during the year	4,417	4,417
At 31 May 1997	<u>7,591</u>	<u>7,591</u>
Net book value:		
At 31 May 1997	<u>22,377</u>	<u>22,377</u>
At 31 May 1996	<u>12,695</u>	<u>12,695</u>

# Saban Entertainment (UK) Limited

## NOTES TO THE ACCOUNTS at 31 May 1997

### 6. DEBTORS

	1997 £	1996 £
Trade debtors	15,754	—
Other debtors	10,130	13,551
Prepayments	3,096	2,095
	<u>28,980</u>	<u>15,646</u>

### 7. CREDITORS: amounts falling due within one year

	1997 £	1996 £
Amounts due to parent undertaking	260,113	97,923
Trade creditors	2,752	62,270
Other creditors	2	405
Accruals	20,113	16,100
	<u>282,980</u>	<u>176,698</u>

### 8. SHARE CAPITAL

	1997 £	1996 £
Authorised, allotted, called up and fully paid: 100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

### 9. COMMITMENTS AND CONTINGENCIES

(a) The company has annual commitments under non-cancellable operating leases as follows:

	<i>Land and buildings</i> 1997 £	<i>Land and buildings</i> 1996 £
Operating leases which expire 28 August 1998	<u>13,752</u>	<u>13,752</u>

(b) Pension commitments

The company operates a defined contribution pension scheme for its employees.

The unpaid contributions outstanding at the year end, included in 'Accruals' (note 7), are £600.

# Saban Entertainment (UK) Limited

## NOTES TO THE ACCOUNTS at 31 May 1997

### 10. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

	<i>Share capital</i>	<i>Profit and loss account</i>	<i>Total</i>
	£	£	£
At 22 March 1995	—	—	—
Issued during the period	100	—	100
Loss for the period	—	(147,225)	(147,225)
At 31 May 1996	100	(147,225)	(147,125)
Loss for the year	—	(81,354)	(81,354)
At 31 May 1997	100	(228,579)	(228,479)

### 11. RELATED PARTIES

The immediate parent undertaking for which group accounts are drawn up and of which the company is a member is Saban Entertainment Inc., a company incorporated in the United States of America. With effect from 1 August 1997, the ultimate parent undertaking is Fox Kids Worldwide Inc., a company incorporated in the United States of America. The financial statements are publicly available from the following:

Fox Kids Worldwide Inc.  
1440 South Sepulveda Boulevard  
Los Angeles  
CA 90025