

Active Licensing UK Limited

(formerly Saban Consumer Products Europe Limited)

Report and accounts for the year ended 30 September 2003

Registered No: 3036727



Directors, Company Secretary and Auditors

Directors

Bruce Steinberg
Martin Weigold
Olivier Spiner
Ronnie Cook

Secretary

Oliver Fryer

Auditors

PricewaterhouseCoopers LLP
1 Embankment Place
London
WC2N 6RH

Bankers

Barclays Bank PLC
27 Soho Square
London W1A 4WA

Registered Office

Fox Kids Centre
338 Euston Road
London NW1 3AZ

Directors' Report

The directors present their annual report together with the accounts and auditors' report for the year ended 30 September 2003.

Principal activity and business review

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

The directors expect the general level of activity to continue for the foreseeable future.

Change of name

The company changed its name from Saban Consumer Products Europe Limited to Active Licensing UK Limited on 13 April 2003.

Results and dividends

The loss for the year after taxation was (£57,415), (30 September 2002 – £78,484). The directors do not recommend the payment of a dividend in respect of the year ended 30 September 2003 (2002 – £nil).

Directors and their interests

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

Stephen Gould (appointed 12 August 2003, resigned 30 January 2004)

Ynon Kreiz (resigned 31 December 2002)

Olivier Spiner (resigned 30 July 2002, reappointed 13 February 2003)

Kate Trinder (appointed 10 July 2002, resigned 13 February 2003)

Jean Philippe Randisi (appointed 30 July 2002, resigned 10 October 2002)

Bruce Steinberg (appointed 31 December 2002)

Martin Weigold

Ian Downes (appointed 10 October 2002, resigned 31 August 2003)

Ian Finnegan (appointed 31 August 2003, resigned 10 June 2004)

Ronnie Cook (appointed 12 February 2004)

The directors had no interest during the period in the share capital of the company or of any other group undertaking which required disclosure under the Companies Act 1985.

Supplier Payment Policy and Practice

It is the company's policy that payments to suppliers are made in accordance with those terms and conditions agreed between the company and its suppliers, provided that all trading terms and conditions have been complied with.

Employment

The Company continues to involve staff in the decision making process and communicates regularly with them during the year. The aim for all members of staff and applicants for employment is to fit the qualifications, aptitude and ability of each individual to the appropriate job, and to provide equal opportunity, regardless of sex, religion or ethnic origin.

Directors' Report (continued)

Directors' responsibilities

Company law requires the directors 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 year. In preparing those accounts, 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 accounts; and
- prepare the accounts 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 enable them to ensure that the accounts 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.

The Directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 30 September 2003 and that applicable Accounting Standards have been followed.

Auditors

Pricewaterhousecoopers LLP were appointed auditors on 19 February 2003. Pricewaterhousecoopers LLP have indicated their willingness to continue in office and a resolution proposing their re-appointment will be submitted at the forthcoming Annual General Meeting.

Fox Kids Centre
338 Euston Road
London NW1 3AZ

By order of the Board



Martin Weigold
Director
14 July 2004

Independent Auditors' Report to the members of Active Licensing UK Limited

Independent auditors' report to the members of Active Licensing UK Ltd

We have audited the financial which comprise the profit and loss account, the balance sheet and the related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out in the statement of accounting policies.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom auditing standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 1985. 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 is not disclosed.

Basis of audit 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.

Independent Auditors' Report to the members of Active Licensing UK Limited

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 30 September 2003 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

1 Embankment Place

London

WC2N 6RH

14 July 2004

Profit and loss account

For the year ended 30 September 2003 and the 15 months ended 30 September 2002

	Notes	Year ended 30 September 2003	15 months ended 30 September 2002
		£	£
Turnover	2	1,454,550	1,836,037
Administrative expenses		(1,527,571)	(1,716,921)
Operating loss/profit	3	(73,021)	119,116
Interest payable		(6,523)	(747)
Loss/profit on ordinary activities before taxation		(79,544)	118,369
Tax on loss/profit on ordinary activities	5	22,129	(39,885)
Retained loss/profit on ordinary activities for the period	10	(57,415)	78,484

The movement on reserves is disclosed in note 10.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

		Year ended 30 September 2003	15 months ended 30 September 2002
		£	£
Loss/profit attributable to members of the company		(57,415)	78,484
Total recognised gains and losses related to the period	10	(57,415)	78,484
Prior period adjustment (note 1g)		-	121,877
Total gains recognised since the last annual report		(57,415)	200,361

All these amounts stated above relate to continuing operations.

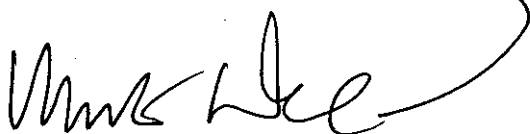
The notes on pages 8 to 13 form an integral part of the financial statements.

Balance sheet

30 September 2003 and 2002

	Notes	2003 £	2002 £
Current assets			
Debtors and prepayments	6	1,942,366	2,970,063
Cash		7,500	-
		<u>1,949,866</u>	<u>2,970,063</u>
Creditors: Amounts falling due within one year	7	<u>(1,931,135)</u>	<u>(2,893,917)</u>
Net current assets		<u>18,731</u>	<u>76,146</u>
Total assets less current liabilities		<u>18,731</u>	<u>76,146</u>
Net assets		<u>18,731</u>	<u>76,146</u>
Equity capital and reserves			
Called-up share capital	9	102	102
Capital reserve	10	299,487	299,487
Profit and loss account	10	<u>(280,858)</u>	<u>(223,443)</u>
Equity Shareholders' funds	10	<u>18,731</u>	<u>76,146</u>

These financial statements were approved by the Board of Directors on 22 April 2004 and were signed on its behalf by:



Martin Weigold

Director

14 July 2004

The notes on pages 8 to 13 form an integral part of the financial statements.

Notes to accounts

at 30 September 2003

1 Principal accounting policies

The principal accounting policies are summarised below. They have all been consistently applied throughout the current and the preceding period, except where noted below.

a) Basis of accounting

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards. The directors consider that the going concern concept is appropriate as Fox Kids Europe N.V. has confirmed it will provide continuing financial support to enable the company to meet its obligations as they become due for payment.

Under the provisions of Financial Reporting Standard No.1 (Revised), the company has not prepared a cash flow statement because Fox Kids Europe N.V., a company incorporated in the Netherlands, has prepared consolidated accounts which include the accounts of the company for the year and which contain a consolidated cash flow statement.

b) Foreign currencies

Transactions in foreign currencies are translated at the rate of exchange on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rate of exchange prevailing on the balance sheet date. All resultant exchange differences are included in the profit and loss account for the year.

c) Leasing and hire purchase commitments

Assets held under finance leases, where substantially all the risks and rewards of ownership of the asset have passed to the company, and hire purchase contracts are capitalised in the balance sheet and are depreciated over the shorter of the lease term or their useful lives. The capital elements of future obligations under leases and hire purchase contracts are included as liabilities in the balance sheet. The interest elements of the rental obligations are charged in the profit and loss account over the periods of the leases and represent a constant proportion of the balance of capital repayments outstanding.

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

Notes to accounts (continued)

at 30 September 2003

1 Principal accounting policies (continued)

d) *Tangible fixed assets*

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment.

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

Computer equipment - 3 years

e) *Pensions*

The company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

f) *Related party transactions*

The company has taken advantage of the exemption conferred by FRS8 not to disclose details of transactions with other members of the Fox Kids Europe N.V. group or its investees since it is a wholly owned subsidiary undertaking of Fox Kids Europe N.V. whose consolidated accounts are available to the public.

g) *Deferred tax*

Deferred tax is provided in respect of all timing differences that have originated, but not reversed, by the balance sheet date. Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws substantively enacted at the balance sheet date.

In the prior period, the company adopted FRS 19 "Deferred Tax" in its financial statements. This represents a change in accounting policy and the effect of the change was to increase prior period profit by £ 121,877 and to create a deferred tax asset of the same amount.

2 Turnover

Turnover represents amounts receivable in respect of commissions and group service charges earned during the year, stated net of value added tax.

It is the opinion of the directors 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.

Notes to accounts (continued)

at 30 September 2003

3 Operating (loss) / profit

Operating (loss) / profit is stated after charging:

	2003 £	2002 £
Depreciation	75,852	95,367
Auditors' remuneration	5,000	5,000
Staff costs (see note 4)	<u>770,096</u>	<u>882,957</u>

4 Staff costs

	2003 £	2002 £
Wages and salaries	694,771	807,513
Social security costs	60,955	62,656
Other pension costs	<u>14,370</u>	<u>12,788</u>
	<u>770,096</u>	<u>882,957</u>

Average monthly number of employees during the year:

	2003 Number	2002 Number
	<u>9</u>	<u>9</u>

The directors received no remuneration in respect of their services to the company during the year (2002 – nil).

5 Tax on (loss) / profit on ordinary activities

(a) Analysis of charge in period

	2003 £	2002 £
Current tax	-	-
Deferred tax	<u>(22,129)</u>	<u>39,885</u>
Tax (credit) / charge on (loss) / profits on ordinary activities	<u>(22,129)</u>	<u>39,885</u>

Notes to accounts (continued)
at 30 September 2003

(b) Factors affecting tax charge / (credit) for the period

	2003	2002
	£	£
(Loss) / profit before taxation	(79,544)	118,369
(Loss) / profit per ordinary activities multiplied by the standard rate (30%)	(23,863)	35,511
Expenses not deductible for tax	3,241	4,374
Accelerated capital allowances / other timing differences	118	(36)
Creation / (utilisation) of tax losses	20,504	(39,849)
Current tax charge for the period	-	-

Factors that may affect future tax charge

The company has tax losses carried forward of £338,000 for which a deferred tax asset has been recognised on the basis that the losses should be utilised in the near future.

6 Debtors

	2003	2002
	£	£
Trade debtors	13,845	8,262
Amounts owed by group undertakings	1,617,623	2,742,497
Taxation and social security	6,118	5,875
Deferred tax asset	104,121	81,992
Prepayments and accrued income	200,659	131,437
	<u>1,942,366</u>	<u>2,970,063</u>

Included within the 2002 prepayments and accrued income balance is an amount of £53,011 which was previously classified as inventory. This change in prior year classification is required to conform to the presentation in the current year.

Notes to accounts (continued)

at 30 September 2003

7 Creditors: amounts falling due within one year

	2003 £	2002 £
Trade creditors	2,787	8,673
Amounts due to group undertakings	1,797,732	2,742,587
Other creditors	68,893	49,067
Accruals and deferred income	61,722	93,590
	<u>1,931,135</u>	<u>2,893,917</u>

8 Deferred Tax Asset

	2003 £	2002 £
Capital allowances	2,718	2,594
Tax losses carried forward	<u>101,403</u>	<u>79,398</u>
	<u>104,121</u>	<u>81,992</u>
Deferred tax asset at the start of the period	81,992	
Movement in the period	<u>22,129</u>	
Deferred tax asset at the end of the period	<u>104,121</u>	

9 Share capital

	2003 £	2002 £
Authorised, allotted, called up and fully paid:		
102 ordinary shares of £1 each	<u>102</u>	<u>'102</u>

Notes to accounts² (continued)

at 30 September 2003

10 Reconciliation of shareholders' funds and movements on reserves

	Capital reserve £	Share capital £	Profit and loss account £	Total £
At 30 September 2002	299,487	102	(223,443)	76,146
Loss for the year to 30 September 2003	-	-	(57,415)	(57,415)
At 30 September 2003	<u>299,487</u>	<u>102</u>	<u>(280,858)</u>	<u>18,731</u>

11 Other financial commitments

Pensions commitments

The company operates a defined contribution scheme for certain employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

There are no unpaid contributions outstanding at the year end (2002 – None).

12 Ultimate parent company

The company is a subsidiary undertaking of Fox Kids Europe Properties S.a.r.l., a company incorporated in Luxembourg.

The ultimate parent company is The Walt Disney Company, Inc., a company incorporated in the United States of America.

The smallest group in which the company's financial statements are consolidated is that headed by Fox Kids Europe N.V., a company incorporated in the Netherlands. These financial statements are available to the public and can be obtained from Fox Kids Europe N.V., Sumatrallaan 45, 1217 GP, Hilversum, The Netherlands.

The largest group in which the company's financial statements are consolidated is that headed by The Walt Disney Company Inc.. These financial statements are available to the public and can be obtained from The Walt Disney, Company Inc., 500 South Buena Vista Street, Burbank CA 91521, United States of America.

13 Related Parties

The company has taken advantage of the exemption conferred by FRS8 not to disclose details of transactions with other members of the Fox Kids Europe N.V. group since it is a wholly owned subsidiary undertaking of Fox Kids Europe N.V. whose consolidated accounts are available to the public.