

Saban Entertainment (UK) Limited

Registered No. 3036727

DIRECTOR

Ynon Kreiz
Olivier Spiner

SECRETARY

Kate Trinder

AUDITORS

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

BANKERS

National Westminster Bank Plc
45 Fulham Broadway
London SW6 1AG

REGISTERED OFFICE

Fox Kids Centre
338 Euston Road
London NW1 3AZ

ERNST & YOUNG



DIRECTORS' REPORT

The directors present their report and accounts for the 13 months ended 30 June 1999.

RESULTS AND DIVIDENDS

The loss for the period after taxation was £152,564 (1998 - loss of £14,416) which, when added to the deficit brought forward, gives an accumulated deficit of £395,559 to carry forward.

The directors do not recommend the payment of a dividend.

PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS

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

DIRECTORS AND THEIR INTERESTS

The directors are listed on page 1. Changes have been as follows:


Ynon Kreiz	(appointed 21 October 1999)
Olivier Spiner	(appointed 21 October 1999)
Michel Welter	(resigned 21 October 1999)

The directors had no interest during the period in the share capital of the company.

YEAR 2000 COMPLIANCE

The date change to year 2000 has not caused the widespread commercial disruption which had been predicted. There is still a risk of future disruption but the directors do not consider that this will adversely impact the company's operations. The directors do not consider that costs arising from any such disruption will be material and they will be subsumed in the normal activities of the company.

On behalf of the board

 April 26 2000
Director

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE
ACCOUNTS

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 period. 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; 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 to 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.

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 directors and auditors

As described on page 3 the company's directors are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you. Our responsibilities, as independent auditors, are established in the United Kingdom by Statute, the Auditing Practices Board and by our profession's ethical guidance.


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 directors 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 30 June 1999 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.


28/4/2000

Ernst & Young
Registered Auditor
London

Saban Entertainment (UK) Limited

PROFIT AND LOSS ACCOUNT for the 13 months ended 30 June 1999

	<i>Notes</i>	<i>13 months ended 30 June 1999</i> £	<i>Year ended 31 May 1998</i> £
TURNOVER	1	191,548	196,422
Administrative expenses		(344,724)	(252,617)
Other operating income		-	41,616
OPERATING LOSS	2	(153,176)	(14,579)
Bank interest receivable		1,049	372
Interest payable		(437)	(209)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(152,564)	(14,416)
Tax on loss on ordinary activities	4	-	-
LOSS ON ORDINARY ACTIVITIES FOR THE PERIOD		(152,564)	(14,416)
Retained loss brought forward		(242,995)	(228,579)
RETAINED LOSS CARRIED FORWARD		(395,559)	(242,995)

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 30 June 1999

	Notes	30 June 1999 £	31 May 1998 £
FIXED ASSETS			
Tangible assets	5	10,393	16,385
CURRENT ASSETS			
Debtors	6	55,334	46,186
Cash at bank		704	125,958
		56,038	172,144
CREDITORS: amounts falling due within one year	7	(461,890)	(431,424)
NET CURRENT LIABILITIES		(405,852)	(259,280)
TOTAL ASSETS LESS CURRENT LIABILITIES		(395,459)	(242,895)
CAPITAL AND RESERVES			
Called up share capital	8	100	100
Profit and loss account		(395,559)	(242,995)
SHAREHOLDERS' FUNDS	10	(395,459)	(242,895)

ERNST & YOUNG

 A. Spencer April 26 2000

Saban Entertainment (UK) Limited

NOTES TO THE ACCOUNTS at 30 June 1999

1. ACCOUNTING POLICIES

Accounting convention

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards. The directors believe 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 FRS 1.

Turnover

Turnover represents the invoiced value of commissions during the period stated net of value added tax in respect of continuing activities.

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.

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%

Operating leases

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

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.

Pensions

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.

2. OPERATING LOSS

	<i>13 months ended 30 June 1999 £</i>	<i>Year ended 31 May 1998 £</i>
Operating loss is stated after charging:		
Depreciation	5,992	5,992
Auditors' remuneration	3,750	3,750
Operating lease rentals - land and buildings	21,276	14,878
	<u> </u>	<u> </u>

Saban Entertainment (UK) Limited

NOTES TO THE ACCOUNTS at 30 June 1999

3. STAFF COSTS

	<i>13 months ended 30 June 1999 £</i>	<i>Year ended 31 May 1998 £</i>
Wages and salaries	133,782	113,399
Social security costs	13,256	11,302
Other pension costs	5,700	4,800
	<u>152,738</u>	<u>129,501</u>

The director received no remuneration during the period.

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

	<i>No.</i>	<i>No.</i>
Administration	<u>3</u>	<u>4</u>

4. TAX ON LOSS ON ORDINARY ACTIVITIES

There are losses for taxation purposes carried forward of approximately £380,000 subject to agreement.

5. TANGIBLE FIXED ASSETS

	<i>Fixtures, fittings and equipment £</i>
Cost:	
At 31 May 1998 and 30 June 1999	<u>29,968</u>
Depreciation:	
At 31 May 1998	13,583
Provided during the period	<u>5,992</u>
At 30 June 1999	<u>19,575</u>
Net book value:	
At 30 June 1999	<u>10,393</u>
At 31 May 1998	<u>16,385</u>

Saban Entertainment (UK) Limited

NOTES TO THE ACCOUNTS at 30 June 1999

6. DEBTORS

	30 June 1999	31 May 1998
	£	£
Trade debtors	49,286	42,704
Other debtors	-	710
Prepayments	6,048	2,772
	<u>55,334</u>	<u>46,186</u>

7. CREDITORS: amounts falling due within one year

	30 June 1999	31 May 1998
	£	£
Amounts due to parent undertaking	299,489	278,768
Trade creditors	109,465	105,636
Other creditors	23,998	24,864
Accruals	28,938	22,156
	<u>461,890</u>	<u>431,424</u>

8. SHARE CAPITAL

	30 June 1999	31 May 1998
	£	£
Authorised, allotted, called up and fully paid: 100 ordinary shares of £1 each	<u>100</u>	<u>100</u>

9. OTHER FINANCIAL COMMITMENTS

(a) Operating leases

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

	Land and buildings 1999	Land and buildings 1998
	£	£
Operating leases which expire within one year	<u>-</u>	<u>19,477</u>

(b) Pension 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.

Saban Entertainment (UK) Limited

NOTES TO THE ACCOUNTS at 30 June 1999

10. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

	<i>Share capital</i> £	<i>Profit and loss account</i> £	<i>Total</i> £
At 31 May 1997	100	(228,579)	(228,479)
Loss for the year	-	(14,416)	(14,416)
At 31 May 1998	100	(242,995)	(242,895)
Loss for the period	-	(152,564)	(152,564)
At 30 June 1999	100	(395,559)	(395,459)

11. RELATED PARTIES

The immediate parent undertaking for the 13 month period ending 30 June 1999, 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. 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.
10960 Wilshire Boulevard
Los Angeles
CA 90024

The company has taken advantage of the exemption available to subsidiaries under FRS 8.

12. POST BALANCE SHEET EVENT

On 25 November 1999 the immediate parent undertaking changed to Fox Kids Europe Properties SARL.