

Report and Accounts

Saban Entertainment (UK) Limited

31 May 1998



Saban Entertainment (UK) Limited

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 1998.

RESULTS AND DIVIDENDS

The loss for the year after taxation was £14,416 (1997 – loss of £81,354) which, when added to the deficit brought forward, gives an accumulated deficit of £242,995 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 of fixed assets are given in note 5 to the accounts.

DIRECTOR AND HIS INTERESTS

The sole director of the company during the year ended 31 May 1998 was Mr Michel Welter.

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

YEAR 2000 COMPLIANCE

As is well known, many computer and digital storage systems express dates using only the last two digits of the year and will thus require modification or replacement to accommodate the year 2000 and beyond in order to avoid malfunctions and resulting widespread commercial disruption. This is a complex and pervasive issue. The operation of our business depends not only on our own computer systems, but also to some degree on those of our suppliers and customers. This could expose us to further risk in event that there is a failure by other parties to remedy their own year 2000 issues.

The company is well advanced in the phase of addressing the risks to our business resulting from the date change to the year 2000. Once this phase is completed we can assess the likely impact on our activities and develop prioritised action plans to deal with the key risks.

The director does not consider that the cost of modifications is material and it will be subsumed in the normal activities 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



23/06/99

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 1998 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



27.6.99

Ernst & Young
Registered Auditor
London

Saban Entertainment (UK) Limited

PROFIT AND LOSS ACCOUNT

for the year ended 31 May 1998

	Notes	1998 £	1997 £
TURNOVER	1	196,422	201,467
Administrative expenses		(252,617)	(282,674)
Other operating income		41,616	—
OPERATING LOSS	2	(14,579)	(81,207)
Interest payable		(209)	(160)
Interest receivable		372	13
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(14,416)	(81,354)
Tax on loss on ordinary activities	4	—	—
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION		(14,416)	(81,354)
Retained loss brought forward		(228,579)	(147,225)
RETAINED LOSS CARRIED FORWARD		(242,995)	(228,579)

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 1998

	Notes	1998 £	1997 £
FIXED ASSETS			
Tangible assets	5	16,385	22,377
CURRENT ASSETS			
Debtors	6	46,186	28,980
Cash at bank		125,958	3,144
		172,144	32,124
CREDITORS: amounts falling due within one year	7	(431,424)	(282,980)
NET CURRENT LIABILITIES		(259,280)	(250,856)
TOTAL ASSETS LESS CURRENT LIABILITIES		(242,895)	(228,479)
CAPITAL AND RESERVES			
Called up share capital	8	100	100
Profit and loss account		(242,995)	(228,579)
SHAREHOLDERS' FUNDS	10	(242,895)	(228,479)

ERNST & YOUNG

Walter

23/06/99

Saban Entertainment (UK) Limited

NOTES TO THE ACCOUNTS

at 31 May 1998

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 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

	1998 £	1997 £
Operating loss is stated after charging:		
Depreciation	5,992	4,417
Auditors' remuneration	3,750	3,750
Operating lease rentals	14,878	13,752
	<u> </u>	<u> </u>

Saban Entertainment (UK) Limited

NOTES TO THE ACCOUNTS

at 31 May 1998

3. STAFF COSTS

	1998 £	1997 £
Wages and salaries	113,399	130,040
Social security costs	11,302	12,570
Other pension costs	4,800	6,927
	<u>129,501</u>	<u>149,537</u>

The director received no remuneration during the year.

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

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

4. TAX ON LOSS ON ORDINARY ACTIVITIES

There are losses for taxation purposes carried forward of approximately £230,000 subject to agreement.

5. TANGIBLE FIXED ASSETS

	<i>Fixtures, fittings and equipment</i> £
Cost:	
At 31 May 1997	29,968
Additions	—
At 31 May 1998	<u>29,968</u>
Depreciation:	
At 31 May 1997	7,591
Provided during the year	5,992
At 31 May 1998	<u>13,583</u>
Net book value:	
At 31 May 1998	<u>16,385</u>
At 31 May 1997	<u>22,377</u>

Saban Entertainment (UK) Limited

NOTES TO THE ACCOUNTS

at 31 May 1998

6. DEBTORS

	1998 £	1997 £
Trade debtors	42,704	15,754
Other debtors	710	10,130
Prepayments	2,772	3,096
	<u>46,186</u>	<u>28,980</u>

7. CREDITORS: amounts falling due within one year

	1998 £	1997 £
Amounts due to parent undertaking	278,768	260,113
Trade creditors	105,636	2,752
Other creditors	24,864	2
Accruals	22,156	20,113
	<u>431,424</u>	<u>282,980</u>

8. SHARE CAPITAL

	1998 £	1997 £
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:

	<i>Land and buildings</i> 1998 £	<i>Land and buildings</i> 1997 £
Operating leases which expire within one year	<u>19,477</u>	<u>13,752</u>

(b) Pension commitments

The company operates a defined contributions 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 31 May 1998

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 1996	100	(147,225)	(147,125)
Loss for the year	—	(81,354)	(81,354)
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)

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 1998, 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.