

Company Registration No. 3073824 (England and Wales)

THE RICHARD DIGANCE CARD COMPANY LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2000



THE RICHARD DIGANCE CARD COMPANY LIMITED

COMPANY INFORMATION

Directors

M Heap
I Fishman

Secretary

I Fishman

Company number

3073824

Registered office

58/60 Berners Street
London
W1T 3JS

Auditors

KPMG Audit Plc
8 Salisbury Square
London
EC4Y 8BB

THE RICHARD DIGANCE CARD COMPANY LIMITED

CONTENTS

	Page
Directors' report	1 - 2
Report of the auditors	3
Profit and loss account	4
Balance sheet	5
Notes to the financial statements	6 - 10

THE RICHARD DIGANCE CARD COMPANY LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2000

The directors present their report and financial statements for the year ended 31 December 2000.

Principal activities

The principal activity of the company continued to be that of the creative source of characters and concepts for commercial exploitation including publishing, recording and merchandising.

The company continued to develop intellectual properties. Income will be generated in future periods by the commercial exploitation of these properties.

Results

The results for the year are set out on page 4.

Directors

The following directors have held office since 1 January 2000:

M Heap
I Fishman

Directors' interests

The directors' interests in the shares of the company were as stated below:

	Ordinary shares of £ 1 each	
	31 December 2000	1 January 2000
I Fishman	-	-
M Heap	-	-

	10% Redeemable Cumulative Preference shares of £ 1 each	
	31 December 2000	1 January 2000
I Fishman	-	-
M Heap	-	-

The directors' interests in the shares of the ultimate holding company, Entertainment Rights plc, are disclosed in that company's financial statements.

Auditors

During the year Grant Thornton resigned as the company's auditors and the directors appointed KPMG Audit Plc to fill the vacancy arising. A resolution re-appointing KPMG Audit Plc as auditors for the ensuing year will be placed before the Annual General Meeting. Special notice has been received for this resolution pursuant to Section 388 of the Companies Act 1985.

THE RICHARD DIGANCE CARD COMPANY LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2000


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 of the company 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 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 financial statements 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.

On behalf of the board



I. Fishman
Director

30 October 2001

THE RICHARD DIGANCE CARD COMPANY LIMITED

REPORT OF THE AUDITORS TO THE MEMBERS OF THE RICHARD DIGANCE CARD COMPANY LIMITED

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

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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. 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 with the company is not disclosed.

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 company's affairs as at 31 December 2000 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

KPMG Audit Plc

30 October 2001

Chartered Accountants

Registered Auditor

THE RICHARD DIGANCE CARD COMPANY LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2000

	Notes	2000 £	1999 £
Administrative expenses		(220)	(20,341)
Loss on ordinary activities before taxation	3	(220)	(20,341)
Tax on loss on ordinary activities	4	-	-
Loss on ordinary activities after taxation	11	(220)	(20,341)

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

THE RICHARD DIGANCE CARD COMPANY LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2000

	Notes	2000 £	£	1999 £	£
Fixed assets					
Intangible assets	5		3,893		4,113
Investments	6		699,968		699,968
			<u>703,861</u>		<u>704,081</u>
Current assets					
Work in progress	7	-		58,000	
Debtors	8	160,959		103,533	
Cash at bank and in hand		-		574	
			<u>160,959</u>	<u>162,107</u>	
Creditors: amounts falling due within one year	9	(449,661)		(450,809)	
Net current liabilities			<u>(288,702)</u>		<u>(288,702)</u>
Net assets			<u>415,159</u>		<u>415,379</u>
Capital and reserves					
Called up share capital	10		62,937		62,937
Share premium account	11		825,893		825,893
Profit and loss account	11		(473,671)		(473,451)
Shareholders' funds - equity interests	12		<u>415,159</u>		<u>415,379</u>

The financial statements were approved by the board of directors on 30 October 2001 and signed on its behalf by:

I Fishman
Director

THE RICHARD DIGANCE CARD COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2000

1 Accounting policies

1.1 Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards. The principal accounting policies have remained unchanged from the previous year and are set out below.

1.2 Trademarks

Publishing rights, titles, trademarks and other intangible assets are stated at fair value on acquisition. Any development costs which are incurred by the company and are associated with an acquired right, title or trademark are written off to the profit and loss account when incurred.

In respect of internally generated publishing rights, titles and trademarks only the external costs incurred of securing the rights are capitalised. All other internal costs are written off to the profit and loss account when incurred.

Cost of publishing rights, titles, trade marks and other intangible assets which are capitalised are amortised over their estimated useful lives, but no longer than 20 years. The estimated useful lives for determining the amortisation charge are reviewed annually and any further provision for permanent impairment is charged against profit in the year concerned.

1.3 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.4 Investment in programmes

Investment in programmes that are in development and for which the realisation of expenditure can be reasonably determined are classified as programme development costs under current assets. Completed investments in programmes are classified as tangible fixed assets.

Investments in programmes in development are stated at the lower of cost directly incurred on the project less provisions and net realisable value.

1.5 Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

1.6 Group accounts

The company has taken advantage of Section 228(1)(b) of the Companies Act 1985 not to prepare group accounts as its parent company prepares consolidated accounts.

1.7 Cash flow statement

As the ultimate holding company publishes a consolidated cash flow statement in which the company's cash flows are consolidated, and all of the company's share capital is held within the group, the company is exempt from the requirement to prepare a separate cash flow statement.

1.8 Related parties

Under Financial Reporting Standard 8 - Related Party Disclosures, the company is exempt from the requirement to disclose transactions with other entities within the group headed by Entertainment Rights plc.

THE RICHARD DIGANCE CARD COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2000

2 Going concern

The directors have consolidated the funding requirements for the next twelve months and have concluded that it is appropriate to prepare the financial statements on a going concern basis.

The going concern basis has been adopted as the ultimate parent company has indicated that it will continue to provide such financial support as is required for the company's continued operations.

3 Loss on ordinary activities before tax

	2000	1999
	£	£
Loss on ordinary activities before tax is stated after charging:		
Amortisation of intangible assets	220	220
Operating lease rentals	-	7,067
Auditors' remuneration	-	2,000

Directors and auditors remuneration is paid by the parent company.

4 Taxation

No liability to UK Corporation tax resulted on ordinary activities for the year ended 31 December 2000 nor for the year ended 31 December 1999, due to the availability of tax losses within the group.

5 Intangible fixed assets

	Trademarks £
Cost	
At 1 January 2000 & at 31 December 2000	4,383
Amortisation	
At 1 January 2000	270
Charge for year	220
At 31 December 2000	490
Net book value	
At 31 December 2000	3,893
At 31 December 1999	4,113

THE RICHARD DIGANCE CARD COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2000

6 Fixed asset investments

	Shares in subsidiary undertakings £
Cost	
At 1 January 2000 & at 31 December 2000	<u>699,968</u>

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Class	Shares held %
Subsidiary undertakings			
The Tidings Trading Co Limited	England & Wales	Ordinary	100
Clipper Films Limited	England & Wales	Ordinary	100
Ridgeway Films Limited	England & Wales	Ordinary	100

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

	Capital and reserves	Profit for the year
The Tidings Trading Co Limited	(97,306)	-
Clipper Films Limited	264,084	(787)
Ridgeway Films Limited	<u>264,084</u>	<u>(787)</u>

7 Work in progress

	2000 £	1999 £
Programme development costs	<u>-</u>	<u>58,000</u>

8 Debtors

	2000 £	1999 £
Amounts owed by group undertakings	160,959	103,033
Other debtors	-	500
	<u>160,959</u>	<u>103,533</u>

THE RICHARD DIGANCE CARD COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2000

9 Creditors: amounts falling due within one year	2000	1999
	£	£
Amounts owed to group undertakings	449,661	450,809
	<u> </u>	<u> </u>
10 Share capital	2000	1999
	£	£
Authorised		
80,000 Ordinary shares of £ 1 each	80,000	80,000
30,000 10% Redeemable Cumulative Preference shares of £ 1 each	30,000	30,000
	<u> </u>	<u> </u>
	110,000	110,000
	<u> </u>	<u> </u>
Allotted, called up and fully paid		
62,937 Ordinary shares of £ 1 each	62,937	62,937
	<u> </u>	<u> </u>
11 Statement of movements on reserves		
	Share premium account	Profit and loss account
	£	£
Balance at 1 January 2000	825,893	(473,451)
Retained loss for the year	-	(220)
	<u> </u>	<u> </u>
Balance at 31 December 2000	825,893	(473,671)
	<u> </u>	<u> </u>
12 Reconciliation of movements in shareholders' funds	2000	1999
	£	£
Loss for the financial year	(220)	(20,341)
Opening shareholders' funds	415,379	435,720
	<u> </u>	<u> </u>
Closing shareholders' funds	415,159	415,379
	<u> </u>	<u> </u>

13 Contingent liabilities

There were no contingent liabilities at 31 December 2000 or 31 December 1999.

THE RICHARD DIGANCE CARD COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2000

14 Financial commitments

At 31 December 2000 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings 2000 £	1999 £
Expiry date:		
In over five years	-	7,067

15 Capital commitments

There were no capital commitments at 31 December 2000 or 31 December 1999.

16 Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

	2000 Number	1999 Number
Administration	2	3

Remuneration in respect of directors was £nil (1999 : £nil).

17 Control

The ultimate parent undertaking and controlling related party is Entertainment Rights plc, a company incorporated in England and Wales. As a 100% owned subsidiary of Entertainment Rights plc, the company is exempt from disclosing transactions with that company and other members of the group headed by that company under the requirements of FRS 8.

The largest and smallest group of undertakings for which group accounts have been drawn up is that headed by Entertainment Rights plc. Group accounts are available from the Registered Office at 58/60 Berners Street, London W1T 3JS.