

FIDDLEY FOODLE BIRD LIMITED

Report and Financial Statements

31 December 1996

**Deloitte & Touche
Hill House
1 Little New Street
London EC4A 3TR**





REPORT AND FINANCIAL STATEMENTS 1996

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DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the period from 6 December 1995, the date of incorporation, to 31 December 1996.

INCORPORATION AND CHANGE OF NAME

The company was incorporated on 6 December 1995 as Symson Services Limited. On 22 January 1996, the company passed a special resolution to change the name to Nimbus Animations Limited. On 2 August 1996 the company passed a special resolution to change the name to Fiddley Foodle Bird Limited.

PRINCIPAL ACTIVITY AND FUTURE PROSPECTS

The principal activity of the company during the period was the exploitation of animation rights. The directors are confident of the future success of the company.

RESULTS AND DIVIDENDS

The company made a loss before taxation in the period of £8,261. The directors do not recommend a dividend for the period.

DIRECTORS

The directors who served during the year were as follows:

A J Taylor	(appointed 8 January 1996)
M D Miller	(appointed 8 January 1996)
A Najeeb	(appointed 8 January 1996)
Combined Nominees Limited	(appointed 6 December 1995, resigned 8 January 1996)
Combined Secretarial Services Limited	(appointed 6 December 1995, resigned 8 January 1996)

None of the directors had any interest in the share capital of the company.

Mr A J Taylor, Mr M D Miller and Mr A Najeeb are also directors of the ultimate parent company, The Sanctuary Group plc. Details of their shareholdings in that company are disclosed in its annual report.

AUDITORS

A resolution for the reappointment of Deloitte & Touche as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board


A J Taylor
Director

**STATEMENT OF 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 as at the end of the financial year 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;
- prepare the financial statements on a 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.



Chartered Accountants

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AUDITORS' REPORT TO THE MEMBERS OF

FIDDLEY FOODLE BIRD LIMITED

We have audited the financial statements on pages 4 to 8 which have been prepared under the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements 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 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 at 31 December 1996 and of its loss for the period from incorporation on 6 December 1995 to 31 December 1996 and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche

Chartered Accountants and
Registered Auditors

4 Sep. Kemker 1997


PROFIT AND LOSS ACCOUNT
Period from 6 December 1995 to 31 December 1996

	Note	Period ended 31 December 1996 £
TURNOVER - continuing operations		-
Administrative expenses		(5,323)
OPERATING LOSS - continuing operations	2	(5,323)
Interest payable and similar charges	3	(2,938)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(8,261)
Tax on loss on ordinary activities	4	-
LOSS FOR THE FINANCIAL PERIOD	10	(8,261)

There are no recognised gains or losses for the current financial period other than as stated in the profit and loss account.

Movements in shareholders' funds are set out in Note 11 to the financial statements.

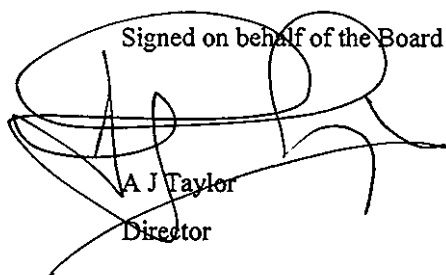


BALANCE SHEET
31 December 1996

	Note	£	1996 £
FIXED ASSETS			
Tangible fixed assets	5		2,203
Intangible fixed assets	5		130,000
			<u>132,203</u>
CURRENT ASSETS	6		
Debtors		1,307	
CREDITORS: amounts falling due within one year	7	(39,626)	
NET CURRENT LIABILITIES			<u>(38,319)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>93,884</u>
CREDITORS: amounts falling due after more than one year	8		102,143
CAPITAL AND RESERVES			
Called up share capital	9	2	
Profit and loss account	10	(8,261)	
			<u>(8,259)</u>
EQUITY SHAREHOLDERS' FUNDS	11		<u>93,884</u>

These financial statements were approved by the Board of Directors on 3 September 1997.

Signed on behalf of the Board of Directors


A J Taylor
Director



NOTES TO THE ACCOUNTS

Period from 6 December 1995 to 31 December 1996

1. ACCOUNTING POLICIES

The financial statements are prepared under the historical cost convention in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

Going concern basis

The balance sheet shows a deficit of net assets of £8,259 and net current liabilities of £38,319 at 31 December 1996. These amounts are stated after liabilities of £16,609 due to The Sanctuary Group plc and its subsidiaries.

The Sanctuary Group plc and its subsidiaries have confirmed their intention to maintain financial support to the company and accordingly the directors have drawn up the accounts on a going concern basis.

Tangible fixed assets

Depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets.

The rates of depreciation are as follows:

Equipment 20% per annum.

Translation of foreign currencies

Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at that date. These translation differences are dealt with in the profit and loss account.

2. OPERATING LOSS

Operating loss is stated after charging:

	Period from 6 December 1995 to 31 December 1996 £
Depreciation on owned assets	37

3. INTEREST PAYABLE AND SIMILAR CHARGES

	1996 £
Bank loans, overdrafts and other loans repayable within five years	30
Bank loans repayable after more than five years	2,908
	<u>2,938</u>

4. TAX ON LOSS ON ORDINARY ACTIVITIES

There is no charge to taxation in view of the losses for the period.



NOTES TO THE ACCOUNTS

Period from 6 December 1995 to 31 December 1996

5. FIXED ASSETS

	Equipment £
Tangible fixed assets	
Cost	
Additions and at 31 December 1996	2,240
Depreciation	
Charge for year and at 31 December 1996	37
Net book value	
At 31 December 1996	2,203
	Animation rights £
Intangible fixed assets	
Cost	
Additions and at 31 December 1996	130,000

6. DEBTORS

	1996 £
Amounts falling due within one year:	
Other debtors	1,307

7. CREDITORS: amounts falling due within one year

	1996 £
Trade creditors	1,410
Bank loan and overdrafts	21,607
Amounts owed to other group undertakings	16,609
	39,626

8. CREDITORS: amounts falling due after more than one year

	1996 £
Bank loans due within two to five years	92,857
Bank loan due after more than five years	9,286
	102,143



NOTES TO THE ACCOUNTS

Period from 6 December 1995 to 31 December 1996

9. CALLED UP SHARE CAPITAL

	1996 £
Authorised	
100 ordinary shares of £1 each	100
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Called up, allotted and fully paid	
2 ordinary shares of £1 each	2
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10. PROFIT AND LOSS ACCOUNT

	£
Loss for the financial period	(8,261)
	<hr/>
At 31 December 1996	(8,261)
	<hr/>

11. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	£
Issue of share capital	2
Loss for the period	(8,261)
	<hr/>
At 31 December 1996	(8,259)
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12. RELATED PARTY DISCLOSURES

In preparing these financial statements, the directors have taken advantage of the exemptions available under paragraph 3(c) of the Financial Reporting Standard No. 8 Related Party Disclosures.

13. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

In the directors' opinion the ultimate parent company and controlling party at 31 December 1996 was The Sanctuary Group plc, a company registered in England and Wales.

Copies of the group financial statements of The Sanctuary Group plc are available from Companies House, Crown Way, Maindy, Cardiff CF4 3UZ.