

**NICKELODEON INTERNATIONAL LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR PERIOD ENDED 31 DECEMBER 1997**

**Registered No. 3231743**



## **DIRECTORS' REPORT**

The directors present their report and audited financial statements for the period from 30 July 1996 to 31 December 1997.

### **PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS**

The principal activity is the management and broadcasting of television services.

### **RESULTS AND DIVIDENDS**

The loss for the period attributable to shareholders amounts to £752,102.

### **DIRECTORS**

The directors who served during the period were as follows:

G. Aronow (Appointed 22/8/96)  
T. Ellis (Appointed 22/8/96)  
B. Tuchman (Appointed 5/12/97)  
R. Windmill (Appointed 30/7/96 - Resigned 22/8/96)

### **DIRECTORS INTERESTS**

No directors had any beneficial interests in the shares of the company during the period. No director has had a material interest directly or indirectly at any time during the period in any contract significant to the business of the company.

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are required by Company Law 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 and loss of the company for that period.

The directors consider that in preparing the financial statements on pages 4 to 9 which have been prepared on a going concern basis, the company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all accounting standards which they consider applicable have been followed.

The directors have responsibility for ensuring that the company keeps accounting records which disclose with reasonable accuracy the financial position of the company and which enable them to ensure that the financial statements comply with the Companies Act 1985.

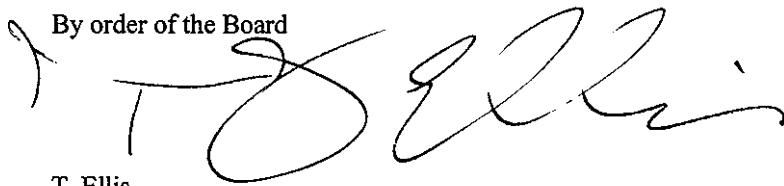
The directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

**AUDITORS**

Price Waterhouse have expressed their willingness to continue in office as auditors of the company and a resolution proposing their re-appointment will be put to the members at the Annual General Meeting

By order of the Board

T. Ellis  
Director

A large, stylized handwritten signature in black ink, appearing to read 'T. Ellis', is written over the printed name and title.

29 May 1998

NICKELODEON INTERNATIONAL LIMITED

**PROFIT AND LOSS ACCOUNT  
FOR THE PERIOD FROM 30 JULY 1996 TO 31 DECEMBER 1997**

	Notes	Period ended 31 December 1997
		£
<b>TURNOVER</b>	2	2,026,877
Cost of Sales		(1,159,223)
Gross Profit		<hr/> 867,654
Administration expenses and other overheads		(1,515,874)
<b>LOSS ON ORDINARY ACTIVITIES BEFORE INTEREST AND TAXATION</b>	3	<hr/> (648,220)
Other interest receivable and similar income	6	15,056
Interest payable and similar charges	7	(118,938)
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<hr/> (752,102)
Tax on loss on ordinary activities	8	0
<b>LOSS FOR THE FINANCIAL PERIOD</b>		<hr/> (752,102)
<b>PROFIT &amp; LOSS ACCOUNT C/FWD</b>		<hr/> (752,102)

The notes on pages 6 to 9 form part of these financial statements.

There are no recognised gains or losses other than those included above and therefore no separate statement of recognised gains and losses has been presented.

Turnover, administrative expenses and loss on ordinary activities before taxation for the period relate exclusively to continuing operations.

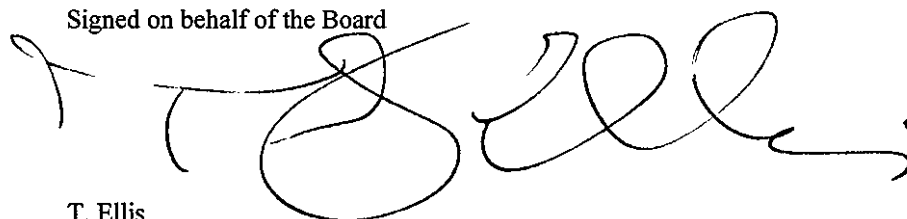
NICKELODEON INTERNATIONAL LIMITED

**BALANCE SHEET AS AT 31 DECEMBER 1997**

	Notes	31 December 1997
		£
<b>FIXED ASSETS</b>		
Tangible assets	9	155,445
<b>CURRENT ASSETS</b>		
Debtors	10	1,397,950
Deferred programming costs	16	613,659
Cash at bank and in hand		304,410
		<u>2,316,019</u>
<b>CREDITORS</b>		
Amounts falling due within one year	11	<u>3,223,565</u>
<b>NET CURRENT LIABILITIES</b>		<u>(907,546)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>(752,101)</b>
<b>NET LIABILITIES</b>		<u><u>(752,101)</u></u>
<b>CAPITAL AND RESERVES</b>		
Share capital	12	1
Profit & loss account		(752,102)
<b>Total shareholders' funds</b>		<u><u>(752,101)</u></u>

The notes on pages 6 to 9 form part of these financial statements.

Signed on behalf of the Board



T. Ellis  
Director

29 May 1998

## 1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS AND ACCOUNTING POLICIES

### Basis of preparation of financial statements

The financial statements are prepared under the historical cost convention of accounting and in accordance with applicable accounting standards.

### Depreciation

Depreciation has been provided on a straight line basis in order to write off the cost of depreciable fixed assets over their estimated useful lives. The rates used are:

Leasehold improvements	17 years
Computer and video equipment	4 years
Office equipment	4 years
Furniture & fittings	4 years
Tape Library	2 years

### Amortisation

Programming expenditure is amortised on a straight line basis over the estimated useful life of the program. A rate of 2 years has been used in respect of programs amortised within the period.

### Foreign currency items

Assets and liabilities in foreign currencies have been translated into sterling at the rates of exchange ruling at the end of the year. Profit and loss account items in foreign currencies have been translated into sterling at the average rate of exchange during the ruling month of transaction. Differences on exchange are taken to the profit and loss account.

### Deferred taxation

Deferred taxation is provided only to the extent that it is considered probable that an asset or liability will crystallise in the foreseeable future.

## 2. TURNOVER

Turnover represents the invoiced value of services supplied excluding VAT.

	Turnover £
<b>Geographical analysis</b>	
Scandinavia	265,269
Turkey	20,370
United States	<u>1,741,238</u>
	<u><b>2,026,877</b></u>

NICKELODEON INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 1997

**3. OPERATING PROFIT**

Operating profit/loss is stated after charging:

	For the period ended 31 December 1997
	£
Depreciation - owned assets	24,637
Amortisation - deferred programming	442,091
Auditor's remuneration	
- audit services	5,000
- other	10,000
Staff costs	489,938
Foreign exchange loss	186

**4. STAFF COSTS**

(a) The average number of persons employed during the year was 6.

(b) Employment costs

	£'000
Aggregate wages and salaries	459
Social security costs	29
Other pension costs	2
	<hr/> 490 <hr/>

**5. DIRECTORS' EMOLUMENTS**

No director received any emoluments in respect of their services to the company.

**6. INTEREST RECEIVABLE**

	£
Interest earned on bank deposits	15,056

**7. INTEREST PAYABLE**

	£
Interest on balances due to group undertakings	118,938

## 8. TAXATION ON ORDINARY ACTIVITIES

As the company is loss making the tax expense for the period is £nil.

## 9. TANGIBLE FIXED ASSETS

	Leasehold Improvements £	Office Equipment £	Fixtures & fittings £	Tape Library £	Total £
Cost at 30/7/96	0	0	0	0	0
Additions	91,590	25,397	44,444	18,651	180,082
Cost at 31/12/97	91,590	25,397	44,444	18,651	180,082
<b>Depreciation</b>					
Charge for the period	(5,388)	(5,312)	(10,624)	(3,313)	(24,637)
<b>Net book value</b>					
At 31 December 1997	86,202	20,085	33,820	15,338	155,445

## 10. DEBTORS

At 31 December 1997

	£
Trade debtors	185,928
Prepayments and accrued income	153,263
Amounts due from group undertakings	1,058,759
	<u>1,397,950</u>

## 11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

At 31 December 1997

	£
Trade creditors	93,062
Amounts due to group undertakings	2,451,170
Accruals	679,333
	<u>3,223,565</u>

# NICKELODEON INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 1997

### 12. CAPITAL AND RESERVES

	At 31 December 1997 £
Equity interests	
Ordinary share of £1 each (authorised allocated and called up)	1
Profit and loss account	(752,102)
Closing shareholders' funds	<u>(752,101)</u>
<b>CALLED UP SHARE CAPITAL</b>	<b>At 31 December 1997 £</b>
Authorised:	
100 ordinary shares of £1 each	<u>100</u>
Allotted, called up and fully paid:	
1 ordinary share of £1	<u>1</u>

### 13. CASH FLOW STATEMENT

As the company is a wholly owned subsidiary of Viacom UK Limited and is included in the consolidated financial statements of Viacom UK Limited which are publicly available, it has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (Revised 1996), Cash Flow Statements.

### 14. ULTIMATE PARENT UNDERTAKING

The company is a subsidiary undertaking of Viacom UK Limited, a company registered in England and Wales. The Viacom UK Limited group is the smallest group in which the results of the company are consolidated. The financial statements of this group can be obtained from 180 Oxford Street, London W1N 0DS.

The largest group in which the results of the company are consolidated is that headed by Viacom Inc, a company incorporated in the USA. The consolidated financial statements of this company can be obtained from 1515 Broadway, New York, 10036.

Viacom Inc. has confirmed that it will provide such financial support as is necessary for the Company to enable it to meet its liabilities as they fall due and to carry on its business without significant curtailment of operations as long as it remains a subsidiary of Viacom Inc.

### 15. RELATED PARTY DISCLOSURE

As permitted by Financial Reporting Standard 8, Related Party Disclosures, transactions with other entities within the group are not disclosed.

### 16. DEFERRED PROGRAMMING

	At 31 December 1997 £
Unamortised deferred programming costs	613,659

Of the above amount £84,424 is due to be amortised after more than one year.

# **Nickelodeon International Limited**

## **Report of the Auditors to the Members of Nickelodeon International Limited**

We have audited the financial statements on pages 4 to 9 which have been prepared under the historic cost convention and the accounting policies set out on page 6.

### **Respective responsibilities of directors and auditors**

As described on pages 2 to 3, 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 affairs of the company as at 31 December 1997 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

*Price Waterhouse*

**Price Waterhouse  
Chartered Accountants and Registered Auditors  
Southwark Towers  
32 London Bridge  
London  
SE1 9SY**

**29 May 1998**