

Jetix Europe Limited (formerly Fox Kids Europe Ltd)

Annual report and financial statements
for the year ended 30 September 2003

Registered Number: 3250589



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Directors, Company Secretary and Auditors

Directors

Olivier Spiner
Martin Weigold
Paul Taylor

Secretary

Oliver Fryer (appointed 13 February 2003)
Kate Trinder (resigned 13 February 2003)

Auditors

PricewaterhouseCoopers LLP
1 Embankment Place
London
WC2N 6RH

Bankers

Barclays Bank PLC
27 Soho Square
London W1A 4WA

Solicitors

Wiggin & Co
The Quadrangle
Imperial Square
Cheltenham
Gloucester GL50 1YX

Registered office

3 Queen Caroline Street
Hammersmith
London W6 9PE

Directors' report (continued)

For the year ended 30 September 2003 and the 15 months ended 30 September 2002

The directors present their annual report on the affairs of the company together with the financial statements and auditors' report, for the year ended 30 September 2003.

Change of name

On 7 July 2004 the company changed its name from Fox Kids Europe Limited to Jetix Europe Limited.

Principal activities and review of the business

The company's principal activity during this period was the operation of children's television channels.

Results and dividends

The profit for the period, after taxation, amounted to £282,000 (2002 - (£4,812,000)). The improvement in net result arises from an increase in subscriber revenues and income received from the Company's investments.

The directors expect the general level of activity to continue for the foreseeable future.

The directors do not recommend the payment of a dividend (2002 – £nil).

Directors and their interests

The directors who served during the period were as follows:

Martin Weigold

Paul Taylor (appointed 17 May 2003)

Olivier Spiner (resigned 30 July 2002, reappointed 13 February 2003)

Kate Trinder (appointed 30 July 2002, resigned 13 February 2003)

Marc-Antoine d'Halluin (appointed 30 July 2002, resigned 17 May 2003)

Bruce Steinberg (appointed 31 December 2002, resigned 12 July 2004)

Ynon Kreiz (resigned 31 December 2002)

No director has any interest in the share capital of the company or of any other group undertaking which requires disclosure under the Companies Act 1985.

Supplier Payment Policy and Practice

It is the company's policy that payments to suppliers are made in accordance with those terms and conditions agreed between the company and its suppliers, provided that all trading terms and conditions have been complied with.

Employment

The Company continues to involve staff in the decision making process and communicates regularly with them during the year. The aim for all members of staff and applicants for employment is to fit the qualifications, aptitude and ability of each individual to the appropriate job, and to provide equal opportunity, regardless of sex, religion or ethnic origin.

Directors' report (continued)

For the year ended 30 September 2003 and the 15 months ended 30 September 2002

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; and
- 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 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.

The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 30 September 2003 and that applicable Accounting Standards have been followed.

Auditors

Pricewaterhousecoopers LLP were appointed auditors on 19 February 2003. Pricewaterhousecoopers LLP have indicated their willingness to continue in office and a resolution proposing their re-appointment will be submitted at the forthcoming Annual General Meeting.

3 Queen Caroline Street
Hammersmith
London W6 9PE

By order of the Board



Martin Weigold
Director

8 October 2004

Independent Auditors' Report to the members of Jetix Europe Limited
For the year ended 30 September 2003

Independent auditors' report to the members of Jetix Europe Limited

We have audited the financial statements which comprise the profit and loss account and balance sheet and the related notes.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 1985. 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 is not disclosed.

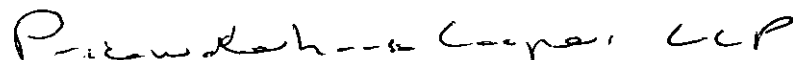
Basis of audit opinion

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 30 September 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
1 Embankment Place
London
WC2N 6RH
8 October 2004

Profit and loss account

For the year ended 30 September 2003 and the 15 months ended 30 September 2002

	Notes	12 months to 30 September 2003 £'000	15 months to 30 September 2002 £'000
Turnover	2	15,103	13,842
Operating expenses		<u>(15,800)</u>	<u>(18,288)</u>
Operating loss	3	(697)	(4,446)
Dividend Income		1,449	-
Finance charges (net)	6	<u>(470)</u>	<u>(366)</u>
Profit / (loss) on ordinary activities before taxation		282	(4,812)
Tax on profit / (loss) on ordinary activities	7	<u>-</u>	<u>-</u>
Retained profit / (accumulated losses) for the financial year / period	11	<u>282</u>	<u>(4,812)</u>

There are no recognised gains or losses in either year other than the retained profit / (loss) loss for the year / period.

All the amounts stated above relate to continuing operations.

A statement of movements on reserves is provided in note 11.

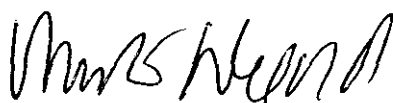
The accompanying notes on pages 7 to 15 are an integral part of this profit and loss account.

Balance sheet

30 September 2003 and 30 September 2002

	Notes	2003 £'000	2002 £'000
Fixed assets			
Tangible fixed assets	8a	1,654	2,170
Investment in subsidiaries	8b	822	822
		<u>2,476</u>	<u>2,992</u>
Current assets			
Debtors	9	14,199	23,475
Cash at bank and in hand		1,692	1,359
		<u>15,891</u>	<u>24,834</u>
Creditors: Amounts falling due within one year	10	<u>(9,026)</u>	<u>(18,767)</u>
Net current assets		<u>6,865</u>	<u>6,067</u>
Total assets less current liabilities		<u>9,341</u>	<u>9,059</u>
Net assets		<u>9,341</u>	<u>9,059</u>
Capital and reserves			
Called-up share capital	11	5,951	5,951
Share premium	11	53,858	53,858
Profit and loss account	11	<u>(50,468)</u>	<u>(50,750)</u>
Equity Shareholders' Funds		<u>9,341</u>	<u>9,059</u>

The financial statements on pages 5 to 15 were approved by the Board of Directors on 8 October 2004 and signed on its behalf by:



Martin Weigold

Director

8 October 2004

The accompanying notes on pages 7 to 15 are an integral part of this balance sheet.

Notes to the financial statements

30 September 2003

1 Principal accounting policies

The principal accounting policies are summarised below. They have all been consistently applied throughout the current year and the preceding period.

a) Basis of accounting

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

Under the provisions of Financial Reporting Standard No.1 (Revised), the company has not prepared a cash flow statement because Jetix Europe N.V., a company incorporated in the Netherlands, has prepared consolidated financial statements which include the financial statements of the company for the period and which contain a consolidated cash flow statement.

b) Revenue recognition

Subscriber fees receivables from cable operators and DTH broadcasters are recognized as revenue over the period for which channels are provided and to which the fees relate. Television advertising revenue is recognized as the commercials are aired.

c) Foreign currencies

Transactions in foreign currencies are translated at the rate of exchange on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rate of exchange prevailing on the balance sheet date. All resultant exchange differences have been dealt with in the profit and loss account for the year.

d) Leasing and hire purchase commitments

Assets held under finance leases, where substantially all the risks and rewards of ownership of the asset have passed to the company, and hire purchase contracts are capitalised in the balance sheet and are depreciated over the shorter of the lease term and their useful lives. The capital elements of future obligations under leases and hire purchase contracts are included as liabilities in the balance sheet. The interest elements of the rental obligations are charged in the profit and loss account over the periods of the leases and represent a constant proportion of the balance of capital repayments outstanding.

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

Notes to the financial statements (continued)

30 September 2003

1 Principal accounting policies (continued)

e) *Tangible fixed assets*

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation, less estimated residual value, of each asset evenly over its expected useful life as follows:

Leasehold improvements	- 5 years
Computer equipment and software	- 3 years
Fixtures and fittings	- up to 10 years

f) *Investments*

Fixed asset investments are shown at cost less any provision for impairment.

g) *Pensions*

The company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

h) *Related party transactions*

The company has taken advantage of the exemption conferred by FRS 8 not to disclose details of transactions with other members of the Jetix Europe N.V. group since it is a wholly owned subsidiary undertaking of Jetix Europe N.V. whose consolidated financial statements are available to the public.

i) *Deferred tax*

Deferred tax is provided in respect of all timing differences that have originated, but not reversed, by the balance sheet date. Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws substantively enacted at the balance sheet date.

2 Turnover

Turnover represents amounts receivable in respect of the principal activity, net of VAT and other sales-related taxes.

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 purposes of disclosing the particulars of turnover in these financial statements.

Notes to the financial statements (continued)

30 September 2003

3 Profit / (loss) on ordinary activities before taxation

This is stated after charging / (crediting) :

	12 months to 30 September 2003 £'000	15 months to 30 September 2002 £'000
Staff costs (see note 4)	8,843	10,916
Depreciation	799	1,212
Auditors' remuneration	10	10
Realised gain on foreign exchange	(7)	(18)
Operating lease rentals		
- plant and machinery	3,282	3,324
- other	686	590
	<u> </u>	<u> </u>

4 Staff costs

	2003 Number	2002 Number
Average number of employees (including directors) during the year / period :	<u>150</u>	<u>147</u>

	2003 £'000	2002 £'000
Wages and salaries	7,651	9,762
Social security costs	976	948
Pension contributions	216	206
	<u>8,843</u>	<u>10,916</u>

Notes to the financial statements (continued)

30 September 2003

5 Directors' emoluments

The remuneration of the directors in respect of services to the company was as follows:

	12 months to 30 September 2003 £'000	15 months to 30 September 2002 £'000
Emoluments	1,497	3,294
Pension contribution	<u>50</u>	<u>46</u>

The above amounts include £372,501 (2002 - £846,773) in respect of the highest paid director.

Mr. Marc-Antoine d'Halluin, a director of the company, received an interest free loan from the company during 2002. The loan outstanding at 30 September 2002 was £7,294 and the loan was repaid during 2003.

6. Finance charges (net)

	2003 £'000	2002 £'000
Interest receivable and similar income	<u>12</u>	<u>3</u>
Interest payable and similar charges:		
Bank charges and interest	(14)	(32)
Interest payable to fellow subsidiary	(468)	(337)
	<u>(482)</u>	<u>(369)</u>
Finance charges (net)	<u>(470)</u>	<u>(366)</u>

Notes to the financial statements (continued)

30 September 2003

7 Tax on profit / (loss) on ordinary activities

At 30 September 2003 the company has not made a profit chargeable to corporation tax and hence there is no tax charge (2002 - £nil).

Factors affecting tax charge / (credit)

	2003	2002
	£'000	£'000
Profit / (loss) before taxation	282	(4,812)
Profit / (loss) per ordinary activities multiplied by the standard rate (30%)	85	(1,444)
Expenses not deductible for tax	42	67
Movement in deferred tax on timing difference	125	1,244
Group relief surrendered for no consideration	183	133
Schedule D Case V dividend covered by underlying tax credit	(435)	-
Current tax charge for the period	-	-

Factors that may affect future tax charge

The company has tax losses carried forward and capital allowances carried forward of £44,727,000 (2002 : £46,270,000) and £3,681,000 (2002 : £1,743,000) respectively for which a deferred tax asset has not been recognised as there is not sufficient certainty of them being utilised.

Notes to the financial statements (continued)

30 September 2003

8 Fixed assets

a) Tangible fixed assets

	Fixtures and fittings £'000	Computer equipment and software £'000	Leasehold improvements £'000	Total £'000
Cost				
At 1 October 2002	1,691	3,625	602	5,918
Additions	6	274	3	283
At 30 September 2003	1,697	3,899	605	6,201
Depreciation				
At 1 October 2002	785	2,507	456	3,748
Charge for the year	52	679	68	799
At 30 September 2003	837	3,186	524	4,547
Net book value				
At 30 September 2002	906	1,118	146	2,170
At 30 September 2003	860	713	81	1,654

b) Investment in subsidiaries

	2003 £'000	2002 £'000
Cost and net book value	822	822

The company has investments in the following subsidiary undertakings:

Subsidiary undertaking	Country of incorporation	Principal activity	Equity interest
Fox Kids Spain	Spain	Children's television channel	50%
Fox Kids Italy S.r.l	Italy	Children's television channel	74%
Jetix Entertainment Limited (formerly Fox Kids Entertainment Limited)	UK	Children's online and interactive activities	100%
Kids Entertainment Services EPE	Greece	Children's television channel	100%

Notes to the financial statements (continued)

30 September 2003

8 b) Investments in subsidiaries (continued)

Fox Kids Spain was incorporated on 24 June 1999. Fox Kids Italy S.r.l was incorporated on 10 February 2000. Jetix Entertainment Limited was incorporated on 5 June 2000. Kids Entertainment Services EPE was incorporated on 26 February 2002.

9 Debtors

	2003 £'000	2002 £'000
Trade debtors	1,200	863
VAT	51	211
Due from fellow subsidiaries	11,613	19,805
Prepayments and accrued income	1,335	2,596
	<u>14,199</u>	<u>23,475</u>

Amounts due from other group undertakings are payable on demand and bear no interest.

10 Creditors: amounts falling due within one year

	2003 £'000	2002 £'000
Trade creditors	414	632
Due to fellow subsidiaries	2,773	13,467
Accruals and deferred income	5,839	4,668
	<u>9,026</u>	<u>18,767</u>

Amounts due to other group undertakings are payable on demand and bear no interest.

Notes to the financial statements (continued)

30 September 2003

11 Share capital and reserves

	2003 £'000	2002 £'000
Ordinary £1 equity shares:		
10,000,000 Authorised	10,000	10,000
5,951,000 allotted, called up and fully paid	5,951	5,951

	Share Capital £' 000	Share Premium £' 000	Profit and loss account £' 000	Total £' 000
At 1 October 2002	5,951	53,858	(50,750)	9,059
Profit for the year	-	-	282	282
At 30 September 2003	5,951	53,858	(50,468)	9,341

12 Guarantees and other financial commitments

Lease commitments

At 30 September 2003 the company was committed to make the following payments during the next year in respect of operating leases:

	Plant and machinery 2003 £'000	Other 2003 £'000	Plant and machinery 2002 £'000	Other 2002 £'000
Operating leases which expire:				
Within one year	788	-	636	-
In two to five years	-	800	142	800
After five years	1,362	-	1,818	-
	2,150	800	2,596	800

Pensions 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 30 September 2003 (2002 – none).

Notes to the financial statements (continued)

30 September 2003

13 Ultimate parent company

The company is a subsidiary undertaking of Jetix Europe Channels B.V., a company incorporated in the Netherlands.

The ultimate parent company is The Walt Disney Company Inc. ("Disney"), a company incorporated in the United States of America.

The smallest group in which the company's financial statements are consolidated is that headed by Jetix Europe N.V., a company incorporated in the Netherlands. These financial statements are available to the public and can be obtained from Jetix Europe N.V., Sumartralaan 45, 1217 GP, Hilversum, The Netherlands.

The largest group in which the company's financial statements are consolidated is that headed by The Walt Disney Company Inc.. These financial statements are available to the public and can be obtained from The Walt Disney Company Inc., 500 South Buena Vista Street, Burbank CA 91521, United States of America.

14 Related parties

The company has taken advantage of the exemption conferred by FRS 8 not to disclose details of transactions with other members of the Jetix Europe N.V. group since it is a wholly owned subsidiary undertaking of Jetix Europe N.V. whose consolidated accounts are available to the public.